

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE EIGHTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 23 October 1958, at 2.30 p.m.

Chairman: Mr. L.K. JHA (India)

- Subjects discussed:
1. Election of Officers
 2. Rules of Procedure, amendment
 3. Closing Date for the Thirteenth Session
 4. Panel on French Exports of Wheat and Flour
 5. United States Agricultural Waiver
 6. United States Restrictions on Dairy Products
 7. Report on Consultation under Article XII:4(b)
with New Zealand
 8. Consultations under Article XXII
 9. Italian Discrimination against Imported
Agricultural Machinery

1. Election of Officers

The CHAIRMAN introduced this item by referring to Rule 10 of the Rules of Procedure which provides that a Chairman and two Vice-Chairmen are to be elected not later than the seventh day following the opening of each regular session. In accordance with the procedures followed at previous sessions, the Heads of Delegations had met to consider the question of the election of officers and had agreed unanimously to present the candidature of Mr. Garcia Oldini. However, the view had been expressed that the present rule for the election of officers was not altogether satisfactory. It had been suggested that the best arrangement would be for the annual session to be presided over from the beginning and throughout by one chairman who should be elected in advance so that he would have the opportunity to become fully acquainted, in consultation with the secretariat and delegations, with the work of the Session. This meant that he should fully participate in the preparatory work. It had been thought that the present arrangement placed an unfair burden on the Chairman in that he was

required to assume his responsibilities during the course of the Session. It had accordingly been suggested, and the Heads of delegations had agreed, that the Chairman should take up his duties immediately after the Session at which he was elected and continue to exercise them until the end of the following annual Session. The Heads of delegations had, therefore, proposed that Mr. Oldini's term of office should begin at the close of the present Session and that he should hold office until the end of the last Session in 1959. In anticipation of the acceptance of this proposal the Heads of delegations had decided to meet again later in the Session to consider the election of Vice-Chairmen for the coming year.

The CONTRACTING PARTIES decided to amend Rule 10 of the Rules of Procedure in accordance with the proposals put forward by the Heads of delegations and declared Mr. GARCIA OLDINI unanimously elected as Chairman of the CONTRACTING PARTIES for the term of office running from the end of the Thirteenth Session until the end of the last Session in 1959.

The CHAIRMAN congratulated Mr. Oldini upon his election which was a mark of the appreciation of the CONTRACTING PARTIES for his effective and long-standing contribution to their activities.

Mr. GARCIA OLDINI thanked the contracting parties for the honour they had conferred on him. This election represented an honour to his country and to the Latin American countries which had supported his nomination and it was at the same time a source of satisfaction to all countries in the process of economic development.

2. Amendment of the Rules of Procedure (Spec/285/58)

The CHAIRMAN, referring to the decision taken by the CONTRACTING PARTIES during the discussion of the previous item, introduced a draft revised text for Rule 10 of the Rules of Procedure in accordance with that decision (Spec/285/58). He pointed out that account had been taken of the possibility that there might be several sessions in a calendar year. The following was the new text proposed for Rule 10:

"During the course of the last Session in each calendar year a Chairman and two Vice-Chairmen shall be elected from among the representatives. They shall hold office from the end of that Session until the end of the last Session in the following calendar year."

The CONTRACTING PARTIES agreed to the above amendment to the Rules of Procedure.

3. Closing Date for the Thirteenth Session

The CHAIRMAN suggested that the CONTRACTING PARTIES agree to bring the Thirteenth Session to a close not later than 22 November 1958.

It was so agreed.

4. Panel on French Exports of Wheat and Flour

The CHAIRMAN recalled that at a meeting held in April 1958 the Inter-Sessional Committee had appointed a Panel to examine a complaint by the Government of Australia concerning subsidized exports of wheat and flour. The Panel was composed of Mr. F. Gundelach (Denmark), and Mr. R. Arents (Belgium), under the chairmanship of Mr. T. Swaminathan (India). The Panel was to meet again during the Session, but Mr. R. Arents would not be available. The Chairman proposed that Mr. E.C. Boissevain (Kingdom of the Netherlands) be invited to serve on the Panel in place of Mr. Arents.

This was agreed.

5. United States Waiver/Agricultural Adjustment Act (L/862)

The CHAIRMAN referred to the Fourth Annual Report by the Government of the United States (L/862) which had been submitted in accordance with the Decision of 5 March 1955, granting a waiver in connexion with import restrictions imposed under Section 22 of the Agricultural Adjustment Act, as amended.

Mr. BEALE (United States) introduced the report and drew attention to salient points contained therein. All commodities currently under Section 22 control had been included in the report, whether covered by the waiver or not. For example, domestic controls on wheat, cotton and peanuts through the operation of the acreage allotment and marketing quota programmes had been reported, as well as controls in the form of additional import fees on almonds and flaxseed, including linseed oil. None of the latter fee items were the subject of concessions in Schedule XX.

The report described various steps taken to solve the problem of surpluses of certain agricultural commodities, such as through action to reduce new crop supplies and to increase consumption. The levels of price supports for most of the controlled commodities had been reduced during the 1957 crop season and further reduced for the current crop year. The support prices for both wheat and dairy products had been reduced for the third consecutive year and, together with cotton and peanuts, the support levels were at the minimum permitted under the Law.

Mr. Beale pointed out that the control on almonds described in the report had been terminated on 30 September 1958. The controls on the import of short harsh cotton had also been terminated. Thus, there were now in effect import regulations under Section 22 on only seven commodity groups: wheat and wheat products, cotton and cotton waste, rye and rye products, peanuts (including peanut oil), flaxseed (including linseed oil), certain dairy products, and tung oil (including tung nuts). For the reasons stated in the report, it would be necessary to continue the present level of restrictions for a further period. The United States Government would

continue to examine these regulations and, when changed circumstances permit, the controls would be relaxed or terminated. In conclusion Mr. Beale stated it was not his Government's intention to continue the controls any longer than that required to prevent interference with domestic programmes.

Mr. RATTIGAN (Australia) paid tribute to the excellence of the report. He had observed, however, that it again reflected a lack of progress in removing either the import restrictions or the underlying causes thereof. The most disappointing feature was that the purely nominal quotas for commodities on which the United States had undertaken tariff commitments remained unaltered year after year and thus completely frustrated the hope of contracting parties with whom the concessions were negotiated to benefit from them. Once again his delegation urged the United States authorities to give earnest consideration to the possibility of enlarging quotas for dairy products where the introduction of keenly priced imports would assist in stepping up consumption.

It was appreciated that the United States had adopted measures designed to discourage surplus production, and this action was to be commended. Nevertheless, the fact remained that the effects of this action lagged behind the improved output resulting from technological advances. This was not a reason for regarding the problem as beyond solution, but rather a challenge to the United States authorities to adjust their production policies to take full account of the technological revolution in agriculture.

When the waiver was granted the Australian delegation had looked confidently to a gradual removal of the restrictions and to an opening up of opportunities for agricultural products in the United States market. It was a source of disappointment that this had not proved to be the case. His delegation proposed that the report be examined by a working party in which it was hoped that more information could be elicited regarding the plans of the United States Government to move towards a position where the restrictions were no longer necessary.

Mr. GUNDELACH (Denmark) expressed his delegation's appreciation for the comprehensiveness of the report but pointed out that it evidenced only slight modifications in respect of restrictions on dairy products, the trade in which Denmark had a particular interest. Although fully appreciative of the endeavours of the United States authorities to adapt production of dairy products to current demand and world market conditions, his delegation failed to comprehend their inability to increase the extremely small import quotas for these products. In this respect he drew attention to the fact that import quotas for certain varieties of cheese had remained unchanged for six years while other types could be imported freely. His delegation attached great importance to the issues dealt with in the report and accordingly supported the establishment of a working party for a more intensive examination of it.

Mr. SCHWARZMANN (Canada) stated that his delegation had taken note of references in the report to reductions in the level of price support for certain commodities as well as of the efforts being made by the United States authorities to dispose of certain surpluses in such a manner as not to

affect normal commercial trade interests. The fact that internal pressures to increase, or impose restrictions on, certain additional items, had been successfully resisted was also appreciated. His delegation would be interested to study these questions in greater detail when the proposed working party was set up.

Mr. TOWNLEY (Rhodesia and Nyasaland) recorded his Government's concern arising from action taken by the United States in September 1957 to impose a three-year quota on tung oil and tung nuts. Although exports of tung oil from the Federation to the United States were relatively small as compared with the volume of either United States production or trade, they did in fact represent one-third of Nyasaland's production and the possibility of any reduction in these exports was therefore a serious matter for producers in the Federation. In this respect there was a practical difficulty in that no share of the quota had been specifically allocated to the Federation; inclusion in the residual quota available to "all other" suppliers put more distant suppliers such as the Federation at a certain commercial disadvantage. The difficulties of adjustment faced by producers in the Federation were underlined in the report itself in that in view of the long period required for tung trees to come into full production, their problem was no more easily soluble by production controls than that of the United States producers.

Mr. VAN CORSCHOT (Kingdom of the Netherlands) acknowledged the comprehensiveness of the report but stated that it would be appreciated if the United States delegation could furnish more recent data on Government-owned stocks of dairy products than that of 30 June 1958 given therein. His delegation would wish to discuss other points in greater detail in a working party the establishment of which he supported.

Mr. TAYLOR (New Zealand) re-affirmed the importance his Government attached to United States agricultural policies, particularly in relation to dairy products and accordingly supported reference of the report to a working party for more detailed examination.

Mr. VALLADAO (Brazil) acknowledged the excellence of the report submitted and the evidence it showed of the efforts being made by the United States to conform with its obligations under the General Agreement. His delegation was aware of the serious difficulties that had prevented such conformity in the past but it was fully confident of United States endeavours in this field and he expressed the hope that the problems would be resolved in the near future.

The CHAIRMAN stated that general opinion was in favour of the Fourth Annual Report being referred to a working party. Accordingly he proposed that it be referred to the Working Party on Agricultural Waivers by adding the following to its terms of reference:

"To examine the Fourth Annual Report by the United States Government under the Decision of 5 March 1955, and to report thereon to the CONTRACTING PARTIES."

It was so agreed.

6. United States Restrictions on Dairy Products

The CHAIRMAN stated that this item had been placed on the Agenda by the Government of the Netherlands and he invited their representative to introduce it.

Mr. VAN COORSCHOT (Kingdom of the Netherlands) said that his Government's attitude towards this problem was well known and he referred to statements made by his delegation at the six previous sessions. He expressed regret that the United States import restrictions on dairy products had remained substantially unchanged during the past year. Concessions granted by the United States to the Netherlands had therefore remained impaired, in the sense of Article XXIII, to virtually the same degree. In view thereof his delegation was instructed to request an extension for another year of the authorization to apply a limit of 60,000 metric tons per annum on imports of wheat flour from the United States. With respect to the procedure to be followed, he suggested that this request be referred to the Working Party on Agricultural Waivers.

The CONTRACTING PARTIES agreed to this procedure so that this matter could be considered along with the Report by the United States Government.

7. Report on the Consultation under Article XII:4(b) with New Zealand (L/816)

The CHAIRMAN explained that, following certain modifications introduced by New Zealand in its import restrictions on 1 January 1958, the Intersessional Committee had appointed a working party to conduct a consultation with New Zealand under Article XII:4(a). It had then been agreed by the Committee that the consultation which the Government of New Zealand had initiated in 1958 under Article XIV:1(g) should be conducted at the same time. The report of the Working Party on these two consultations had been distributed in document L/816. The Chairman requested the Italian delegation to convey his thanks to Mr. Cozzi, the Chairman of the Working Party.

Mr. TAYLOR (New Zealand) said that at the consultation his delegation had greatly appreciated the sympathetic attitude of the members of the Working Party. He thanked Mr. Cozzi and the International Monetary Fund for their contribution to the consultation.

The CONTRACTING PARTIES approved the report on the consultation with New Zealand.

8. Consultations under Article XXII

Mr. KLEIN (Federal Republic of Germany) reported that during the first days of the Thirteenth Session the representatives of the six Member States of the European Economic Community had entered into preliminary contacts with the delegations of the countries which had requested consultations to be initiated under the procedures envisaged at the meeting of the Intersessional Committee in April 1958. Mr. Klein said that the representatives

of the Member States had noted the desire of these countries to commence discussions as soon as possible and, with a view to meeting that desire and to avoiding further delays, had envisaged the possibility of beginning consultations with the countries whose requests had been accepted by the Member States and the institutions of the Community according to the following programme:

Week commencing 27 October: Tea and Tobacco
Week commencing 3 November: Sugar
Week commencing 10 November: Cocco, Coffee and Bananas

It was understood that this programme envisaged by the Member States would in no way prejudice any subsequent decisions which the CONTRACTING PARTIES might take concerning the consultations as a result of the discussions of the Intersessional Committee which were recorded in Document L/889.

Mr. PARADAS (Dominican Republic), having not yet received instructions from his Government on this question, reserved the position of his delegation.

9. Italian Discrimination against Imported Agricultural Machinery (L/833)

Mr. CAPPELEN (Norway), Chairman of the Panel appointed by the Intersessional Committee to examine the questions raised by the United Kingdom at the Twelfth Session, introduced the report. He said that in accordance with its terms of reference the Panel had considered the matter raised by the Government of the United Kingdom concerning the provisions of a Law of 1952 whereunder loans to farmers on especially favourable terms were granted by the Italian Government for the purchase of agricultural machinery of domestic but not of foreign origin. The Panel had examined, with the representatives of the United Kingdom and Italy, the facts and the legal position of the case. In its Report the Panel submitted for consideration by the CONTRACTING PARTIES a draft of a recommendation that might be made to the Italian Government in accordance with paragraph 2 of Article XXIII.

Mr. JARDINE (United Kingdom), commenting on the Report, expressed his delegation's gratification that the arguments which had been advanced had been accepted by the Panel. If the recommendation were adopted his delegation would be prepared to hold further bilateral talks with the Italian delegation with a view to arriving at a solution of the kind envisaged in the recommendation. He presumed that if it was agreed that the United Kingdom should proceed on these lines, the question would remain on the Agenda of the CONTRACTING PARTIES.

Mr. PARBONI (Italy) stated that his Government had considered the arguments and conclusions of the Panel and he was authorized to inform the CONTRACTING PARTIES that the Italian Government greatly appreciated the spirit in which the Panel had dealt with this very complex problem. In response to the statement of the United Kingdom representative, he said that his delegation was ready to enter into bilateral consultations in order to explore the possibilities which were offered for reaching agreement in the spirit of the recommendation proposed by the Panel.

The CHAIRMAN said that the CONTRACTING PARTIES would be gratified to note that once more a difference had been satisfactorily settled through the panel procedure.

The CONTRACTING PARTIES approved the recommendation contained in the Panel's report.

The meeting adjourned at 3.50 p.m.