

RESTRICTED

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
Thirteenth Session

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## SUMMARY RECORD OF THE FOURTEENTH MEETING

Held at the Palais des Nations, Geneva,  
on Friday, 7 November 1958, at 2.30 p.m.

Chairmen: Mr. E. TREU (Austria), for the first item,  
and  
Mr. I.K. JHA (India)

Subjects discussed: 1. German Import Restrictions  
2. Relations with Yugoslavia  
3. Plans for Tariff Reduction  
4. Nicaragua-El Salvador Free Trade Area  
5. Article XIX: United States Request  
for Extension of Time-Limit

### 1. German Import Restrictions

At the request of the Chairman, the CONTRACTING PARTIES permitted him to participate in the proceedings concerning this item as the representative of his country in accordance with Rule 14 of the rules of procedure.

Mr. TREU (Austria) took the chair.

Mr. JHA (India) explained that he had asked the CONTRACTING PARTIES to speak in his capacity as leader of his delegation and to relieve him temporarily of his status as Chairman because the subject and situation on which he would address the meeting was one of grave consequence to India's economy and to India's relationship with the CONTRACTING PARTIES.

His delegation had attempted to analyse carefully the measures of liberalization proposed by the German Government. It seemed that there were several items on which tariffs had been bound by the Federal Republic to India and which would not be liberalized. These were<sup>1</sup>: vegetable oils refined for consumption; woven

<sup>1</sup>This list of items not liberalized has been revised in the light of later clarification by the German delegation.

fabrics of jute; knotted carpets of coir; carpets, mats or matting, n.c.i. of coir; narrow woven fabrics of jute; and jute bags and sacks. India had a substantial suppliers' interest in several other items on which the tariffs had been bound in negotiation with other countries and which apparently had not yet been liberalized. These were: household linen cotton; fixed vegetable oils; fats and oils, hydrogenated; calf leather, only tanned; box-calf leather; other calf leather; certain other types of leather for belting, saddle and harness; bottom leather; lining leather; goat, sheepskins leather NES, kid and lining leather; and jute yarn. Among these goods leather items were to be liberalized only from 1960. Further, there were other items on which tariffs had not been bound but in which India had a substantial export interest which would not be liberalized. These were mainly cotton textiles.

The Indian Government had always indicated its willingness to discuss with the Federal Government any special difficulties which German industries might face if restrictions on imports were abolished overnight. Indeed, the principle of the "hard core waiver" to which India subscribed took full account of such transitional problems. India adhered to these principles without reservation. However, the intention of the German Government to maintain import restrictions seemed to be on an entirely different footing. First, when the Federal Government had given tariff concessions on particular items less than ten years before, it had been clearly conscious of the effects on domestic industry. It would not be unreasonable to suppose that it felt confident of the ability of those industries to compete with imports from other contracting parties, including India, not only when there were no quantitative restrictions but also with tariffs lower than that in force before the negotiations. What then had since happened to alter the German Government's attitude? So far as it was known, costs of production and price levels of these products in India were at present substantially higher than at the time when the concessions were negotiated.

One of the most important exports of India was manufactures of jute. These were at present produced in less favourable conditions than in the past because, since partition, India like other producers of jute manufactures had been importing a part of its requirements of raw jute. The earnings from the export of jute goods had always been a very important factor in enabling India to pay for its imports. Even with import restrictions in the Federal Republic, exports, according to Indian statistics, amounted to over DM.12 million in 1952, and over DM.23 million in 1954; this figure had dropped to less than DM.3 million in 1957. Statistics of the German Government showed that while imports from India had shrunk to less than DM.3 million in 1957, total imports of jute manufactures had amounted to over DM.14 million that year. The main suppliers were Belgium and the Netherlands. Was this the effect of liberalization given under the OEEC arrangements or of any policies pursued because of the formation of the European Economic Community? Whatever the reason might be, was there any justification for a situation in which Indian jute fabrics and bags were restricted by quotas and substantial imports were allowed from other countries on a basis which seemed to be discriminatory? The maintenance of restrictions was not only in clear breach of Article XI; it also undermined the sanctity of tariff bindings and was contrary to the principle of non-discrimination.

Increased earnings through exports were of paramount importance to India. Many contracting parties including the Federal Republic had been very generous to help India in its present difficulties to enable it to continue with its Second Five Year Plan and to maintain a programme of essential imports. This other aspect of German policy was therefore frankly bewildering. He could not believe that the German Government could possibly pursue such a policy if it were cognizant of its full implications. Moreover, jute manufactures, cotton textiles, vegetable oils and leather were items of export interest to many of India's neighbouring countries which were also contracting parties.

The Experts' Report which had been welcomed by Ministers of many countries including the Federal Republic had brought out the importance of the additional contribution which the CONTRACTING PARTIES might make to facilitate the development of the export trade of under-developed countries. It was hoped to launch at the present Session a programme to seek ways and means of giving concrete shape to these ideas. Was it too much to ask that, while efforts were being made to launch new ideas, at least the old obligations should not be forgotten?

India's continued association with the GATT had been the subject of a good deal of criticism in India which had come not from protection-minded industries but from people who genuinely believed that better opportunities for export could be secured by following a path of bilateral negotiations rather than subscribing to a multilateral system. According to this view India would be better advised to buy more from countries which allowed unrestricted entry to its products than from countries which placed all kinds of impediments in their way. While certain countries were prepared to buy India's export products of a value equal to what it was prepared to import from them, other countries restricted through one device or other the main products which India could export. These critics further argued that in bilateral negotiations a country with a vast domestic market with 400 million consumers would not fare too badly. Mr. Jha said that he had personally argued against a departure from the principles of multilateralism and that association with the GATT provided India with an opportunity to compete in the overseas markets of other contracting parties on equal terms. He had argued that it was open to India to get more favourable terms of entry by negotiating on a mutually advantageous basis. What reply, in view of the latest statement of German attitude, would he give these critics? It was of no use to refer to the facilities provided in Article XXIII. India needed German products and was buying them with the last DM available but could not spend more DM than it could earn. In his statement, Dr. Klein had referred to "a relatively small group of goods being traded in the market under extraordinary commercial conditions". What were these extraordinary conditions? From India's point of view the group of goods which was being restricted was not small. They accounted for nearly half of its total export trade with the contracting parties.

In concluding, Mr. Jha called attention, first, to the fact that the import restrictions on the goods to which he had referred struck at the very basis of the legal and moral obligations of the GATT; secondly, they had the effect of reducing the resources with which India imported wheat and rice as well as plant and machinery; and, thirdly, what India was seeking was not compensation, much less avenues of retaliation, but a clear indication from the CONTRACTING PARTIES as to whether its association with the GATT was something which had meaning and substance.

Mr. KLEIN (Federal Republic of Germany) said that his delegation would carefully examine the problems raised by the maintenance of the restrictions on the items mentioned by the Indian representative as well as the issues of principle which he had raised. It was prepared to discuss these questions with contracting parties which so desired. Strictures were also being voiced in the Federal Republic, both in agricultural and industrial circles, against participation in the GATT. Recently criticism seemed to have increased. The arguments of the representative of India could equally be adduced in discussions concerning the membership of the Federal Republic in the GATT.

Mr. SANTIAPILLAI (Ceylon) associated himself with the remarks made by the delegate of India and expressed disappointment at the limited liberalization measures which the Federal Government intended to take. The measures mentioned in the German statement created a new situation and his delegation therefore wished to reserve its position until it had received instructions. He thanked the German representative for his encouraging statement and hoped that before the end of the Session an understanding could be reached on these serious problems.

Mr. SCHWARZMANN (Canada) said that the discriminatory restrictions referred to by the representative of India illustrated how the balance of advantages and benefits under the Agreement was being impaired. On many products restrictions were not maintained because of special problems arising in the agricultural field, but with a view to implementing special bilateral or regional arrangements. His delegation shared the serious concern expressed by the Indian representative and hoped that during the Session the German delegation would examine these problems in a spirit of co-operation.

Mr. DJOYOADISURYO (Indonesia) associated his delegation with the views set forth by the delegate of India which concerned the fundamental principles of the Agreement. He took note with dismay of the discriminatory restrictions which the Federal Republic imposed on Indonesian exports. His Government looked forward to the prompt removal of these restrictions and to the expansion of the otherwise satisfactory trade relations it maintained with the Federal Republic.

Mr. BAIG (Pakistan) said that Pakistan had an interest in some of the commodities which would continue to be subject to import restrictions. He wished to reserve his position until receipt of instructions from his Government.

Mr. JARDINE (United Kingdom) stated that his delegation sympathized with the opinions expressed by the Indian representative and other speakers. He re-emphasized what he had said at a previous meeting about the unfortunate example the Federal Republic set as regards the observance of the rules of the Agreement and about her duties as a creditor country. He hoped that the German Government would be able to reconsider the matter in the light of the statements which had been made.

Mr. PAPPINO (United States) pointed out that the discussion had strengthened his belief that the continued imposition of import restrictions raised an issue of basic principle. Discriminatory trade practices must be a matter of concern to the CONTRACTING PARTIES which should endeavour to eliminate them.

Mr. VARGAS GOMEZ (Cuba) expressed sympathy for the difficult problems with which India was confronted and hoped that a solution could be found for the problems under consideration so that the fruitful trade relations which many countries, including Cuba, maintained with the Federal Republic could expand.

The CHAIRMAN stated that the discussion would be continued at a later meeting.

Mr. L.K. JHA took the chair.

2. Relations with Yugoslavia (L/879)

The CHAIRMAN reminded the CONTRACTING PARTIES that discussion on this subject had been deferred in order to allow delegations an opportunity to examine the statement made by the representative of Yugoslavia at a previous meeting.

Mr. BEINOGLOU (Greece), in supporting the application of Yugoslavia for associate membership, said he felt that the combined efforts of the CONTRACTING PARTIES to expand trade would stand to gain from this closer relationship. Mr. Popovic had described the circumstances which had induced his Government to apply for a limited form of membership and in the opinion of the Greek Government the GATT rules were flexible enough for the appropriate action to be taken.

Mr. PHILIP (France) wished to clarify his Government's position regarding the Yugoslavian Government's request. It was in the interest of the CONTRACTING PARTIES to extend the scope of the GATT by encouraging non-members to join. For those countries in whose economic structure State trading had an overwhelming importance, the present GATT rules were inapplicable. Although the Yugoslavian economy had certain special characteristics, the operation of the market, the price mechanism and the calculation of costs were factors technically comparable to those in other economies. In Yugoslavia, State trading was rare and this showed that the differences between the different economic systems could be less important than it seemed on first sight. In view of the desire of the Yugoslavian Government to increase the efficiency of its economy and to adapt it, as far as possible, to the existing international economic relations, the French Government felt that it should be possible to elaborate the GATT rules and to reach an agreement which would allow Yugoslavia to become a full member of GATT.

Mr. Philip was not in agreement with the introduction of a permanent statute of associate member but felt that the CONTRACTING PARTIES should deal with the problem step by step. The initial stage could be an agreement for association on a transitional basis which should be followed by negotiations with a view to the accession of Yugoslavia as a full member. He concluded by suggesting that the declaration which had been made and the draft which had been distributed could be used as a basis for discussion by a working party which would seek as soon as possible to draw up the terms of immediate association with Yugoslavia and thenceforth study the conditions under which this country could subsequently become a member of the CONTRACTING PARTIES.

Mr. PAPPANO (United States) stressed the importance of the issues involved, and proposed that the matter be referred to a working party. In view of the time which would be required to obtain and examine the views of the various governments, he suggested that the working party should meet after the end of the Session and report to the CONTRACTING PARTIES at the Fourteenth Session.

Mr. MATHUR (India) said that his country had commercial relations with many countries whose foreign trade was conducted by the state. In view of the fact that trade with such countries was expanding, he felt that discussion of commercial problems in GATT should be on as wide a basis as possible. He recalled the statement made by the Minister of Commerce of India who said that "the GATT was not an exclusive club, and the more countries that subscribed to its principles the greater would be its effectiveness. If for any reasons member countries were not able to fulfil all the obligations which the CONTRACTING PARTIES had accepted, it would, in the view of the Indian delegation, still be worthwhile to explore the possibilities of a limited form of affiliation with countries which were otherwise sympathetic with our broad aims and objectives". Mr. Mathur recognized, however, that there would be difficulty in elaborating a mutually satisfactory arrangement for co-operation with countries whose tariffs played little part in their international trade. Tariff negotiations were a central feature of the co-operative efforts by the CONTRACTING PARTIES with a view to the expansion of trade. Nevertheless, in order that a satisfactory basis for association might be elaborated, he proposed the institution of a working party to examine the question. Although there was a possibility of other similar requests being made by countries who, for particular reasons, were not able to accede to full membership, he felt that it would be more expedient for the working party to focus its attention on the Yugoslavian request rather than on the general principle.

Mr. TREU (Austria) said that his delegation was in full agreement with the different considerations brought to the notice of the CONTRACTING PARTIES by the French delegation. He was confident that a solution acceptable to the CONTRACTING PARTIES would be found for association with Yugoslavia whose economy had demonstrated its adaptability during the past years.

Dr. VAN OORSCHOT (Netherlands) stated that the main purpose of such an association would be closer relations with the countries with whom most of Yugoslavia's trade was effected. He proposed that the transitional stage of associate membership should be subject to a time-limit.

Mr. GARRONE (Italy) said that his Government favoured this request in view of the close commercial relations between the two countries.

Mr. GUNDELACH (Denmark) stated that it was in his country's interest that the principles and rules of the General Agreement should be applied to the largest possible field of international trade.

Mr. SCHWARZMANN (Canada) felt that close examination of the different problems was important in order that the terms of accession should ensure an equitable balance of rights and obligations between Yugoslavia and the other contracting parties.

The delegates of Chile, Indonesia, Peru, Belgium and Finland also supported Yugoslavia's request to become an associate member and agreed with the proposal to institute a working party to examine the problems involved.

Mr. JARDINE (United Kingdom) agreed that it would be useful to consider the problems raised by the Yugoslavian request. The economy of this country was sufficiently different from those of countries which were contracting parties to warrant serious study. He therefore agreed with the proposal to set up a working party to report to the Fourteenth Session. Mr. RATTIGAN (Australia) stressed the importance of the matter under consideration. Membership on a basis which did not include the exchange of full obligations, even if for a limited period, presented difficult problems. Therefore it was necessary to work out a careful basis for association.

Mr. SVEC (Czechoslovakia) had originally wanted to support the proposal for examination of the Yugoslavian request by a working party. In view of the fact that the proposal was that the working party should be intersessional, he requested the representative of Yugoslavia to express his opinion on this matter. Mr. U SAW OHN TIN (Burma) supported the request made by Mr. Svec.

Mr. TREU (Austria) felt strongly that the terms of reference of the proposed working party should not include the consideration of the establishment of a permanent statute of associate membership. Rather, in his opinion, each application for accession to the CONTRACTING PARTIES should be considered on its merits, particularly when it concerned a country which did not initially request full membership. He recognized, however, that many conclusions which would be valuable in future consideration by the CONTRACTING PARTIES of this question could result from discussions in a working party.

The CHAIRMAN, in view of the divergence of opinion concerning both the timetable of the proposed working party and its terms of reference, called on the representative of Yugoslavia to express his Government's viewpoint.

Mr. POPOVIC (Yugoslavia) thanked contracting parties for the sympathetic attention they had accorded his statement. He had sought to find a formula for reaching the ultimate objective without undue complication of the issue by less important considerations. Whilst thanking the delegate of Czechoslovakia for his enquiry, he felt that it would be prejudicial to a full understanding of the problem if a working party had to concentrate its discussions into too limited a period of time in order to report to contracting parties before the end of the current Session. He assured the CONTRACTING PARTIES that his Government would give full co-operation and support to the working party.

Mr. SVEC (Czechoslovakia) wished to stress that he had had no objection to the institution of a working party but that his desire had been to give the representative of Yugoslavia the opportunity to express his point of view.

The CHAIRMAN, in thanking the representative of Yugoslavia for his ready understanding of the position, proposed the announcement of the membership and the terms of reference of the working party at a later meeting.

3. Plans for Tariff Reduction (L/885)

The CHAIRMAN invited the representative of the United States to present his Government's proposals.

Mr. PAPPANO (United States) referred to document L/885 which contained proposals for arrangements to be made at the present Session for the convening of a tariff conference. By enacting the Trade Agreements Extension Act of 1958, which authorized the President to offer new tariff concessions in exchange for new concessions by other countries, the United States had placed itself in a position to participate with other countries in new tariff negotiations. At the Ministerial discussions several ministers had agreed that a new round of multilateral tariff negotiations was a subject to which attention should be given, and the United States Government considered that this was one of the most important tasks ahead. In addition to such general negotiations, various other tariff negotiations were already in prospect which made it especially opportune to combine in a single operation a variety of negotiations. Negotiations under Article XXIV concerning the new Common Market tariff were in prospect. In this connexion, Mr. Pappano expressed the hope that every effort would be made to provide the tariff by the middle of 1959. Some countries might also be ready to negotiate for accession to the Agreement. Furthermore, the next period of assured life of existing tariff commitments would begin on 1 January 1961. Some countries might find it necessary to renegotiate items during the six months prior to that time.

It was of immediate importance that initial steps be taken to arrange for such negotiations because of events already scheduled. It might appear that there was ample time for preparing and conducting the negotiations. However, when considering the variety and complexity of the negotiations ahead, the time was in fact very short. It was, therefore, important to schedule the beginning of detailed preparations for the negotiations for the middle of 1959 and to set mid-1960 as a target date for the opening of the conference. These dates might be subject to re-examination. It was important that in the meantime questions relating to the scope of the negotiations, the rules and conditions which would apply and their timing and place be considered and that suggestions be made to the CONTRACTING PARTIES as soon as possible. These tariff negotiations, by providing additional facilities for the expansion of trade, would contribute to the expansion of production and the raising of standards of living which were the objectives of the General Agreement.

Mr. RINDAL (Norway) said that his delegation had noted with satisfaction the declared readiness of the United States Government to engage in a new round of tariff negotiations. He recalled that it was the United States which had taken the initiative in 1945 to start tariff

negotiations on a reciprocal and mutually advantageous basis and which had launched the idea that the tariff concessions agreed upon should be of a multilateral character. Since the entry into force of the Trade Agreement Extension Act of 1945 protectionist forces in the United States had actively, and unfortunately with some success, tried to limit the authority of the President to reduce tariff rates. Under these circumstances several European countries with a tariff level inferior to that of the United States, had found it extremely difficult to negotiate with each other and with other countries throughout the world for further tariff reductions because that would have widened the disparity between their tariff levels and that of the United States. Even if certain results in the tariff field had been achieved by the CONTRACTING PARTIES the reluctance of countries to participate in new tariff negotiations had to some extent paralysed their activities and had delayed progress towards freer trade. Undeniably, tariff concessions were the basis for the General Agreement; the other provisions had been included in the Agreement mainly to prevent the nullification of tariff concessions.

Norway, which traditionally maintained a moderate tariff level, had urged that tariffs should be further reduced and for many years had insisted that the CONTRACTING PARTIES should proceed to reduce tariffs preferably on an automatic basis. This proposal had not been found acceptable and at the Review Session the Norwegian delegation had requested the insertion in the Agreement of provisions implying an obligation for contracting parties to take part in tariff negotiations. As this attempt had also failed a certain resignation had since prevailed in Norway. His delegation was therefore grateful to the United States Administration for its efforts to renew the Trade Agreements Act. The United States had now again taken up the traditional leadership in this field of international trade policy and it was hoped that all contracting parties would review their policies with a view to making substantial reductions in tariff levels. His delegation believed that the outcome of the 1960 tariff negotiations would be of vital importance for the future co-operation between contracting parties and that they would be a proof of their willingness to further the basic objectives of the Agreement.

Mr. SCHIARZMANN (Canada) said that his Government appreciated that it was the periodic renewal of the tariff legislation of the United States which had permitted a significant lowering of tariff levels and therefore welcomed a further extension of the Trade Agreements Act. Though his delegation felt that it was important to make early preparations looking towards arrangements for tariff negotiations, it could not at this stage undertake commitments with respect to the position which the Canadian Government would wish to take on the tariff negotiations.

Mr. GUNDELACH (Denmark) appreciated the initiative which the United States Government had taken and its endeavours further to reduce tariff levels. His delegation was prepared to examine the arrangements which it would be necessary to make. He recalled that his delegation had

repeatedly emphasized that the traditional system of bilateral tariff negotiations was no longer likely to lead to a substantial lowering of tariffs and to a significant reduction in the disparity between high and low tariffs. The last tariff negotiations had been disappointing in this respect and had failed to bring about a balance between the reductions in the agricultural and industrial fields. However, efforts within the GATT to moderate agricultural protectionism might somewhat improve the prospect of a successful outcome of new tariff negotiations of the traditional type. Many contracting parties agreed that the only effective approach would be the adoption of a plan for automatic tariff reduction. However, other developments had overtaken this concept and his Government realized that it was no longer in the forefront. His delegation suggested that when preparing the negotiations the CONTRACTING PARTIES would be well advised not to lose sight of the need for more effective negotiations procedures. Many anxieties about the current integration plans could no doubt be allayed if tariff levels and the disparities between them could significantly be reduced.

Mr. JARDINE (United Kingdom) considered that the United States proposal for multilateral tariff negotiations constituted an important initiative and were a significant aspect of the proposals for the expansion of world trade which had emerged from the opening debate. The United Kingdom delegation would gladly participate in discussions on arrangements to give effect to this proposal. Though the suggestion of automaticity in tariff reduction might be examined in connexion with the preparations for the negotiations, his delegation inclined to the view that experience had shown the greater practicability of product-by-product negotiations as in the past.

Mr. RATTIGAN (Australia) was in favour of the proposal to examine the arrangements to be made for new tariff negotiations. His Government considered that any progress towards removing barriers to trade was in the interest of all contracting parties and that advantage should be taken of the opportunity now presented. But as he had pointed out on earlier occasions, the tariff was not the main barrier to Australia's exports, and before his Government could indicate firmly its attitude with respect to further tariff negotiations, it would wish to be certain that the CONTRACTING PARTIES had made satisfactory progress in their endeavours to tackle the non-tariff devices which hampered trade in primary products.

Mr. HYZEN (representative of the Commission of the EEC) said that the Community had carefully studied the United States proposal to convene a new multilateral tariff conference in 1960. The Council of Ministers of the Community had made a preliminary examination of this subject at its meeting on 4 November. The discussion had not been concluded, but it would be pursued at the next meeting in a few days. He reminded the CONTRACTING PARTIES that under the Treaty of Rome it fell the Commission to conduct negotiations on the common tariff with third countries and that

it was incumbent upon the Council to authorize the Commission to enter into such negotiations. In spite of the fact that the institutions of the Community had not yet completed their examination of this matter, he was authorized to state, without, however, committing the Community on the issue of principle, that it was prepared to examine with the CONTRACTING PARTIES whether, and under what conditions, general tariff negotiations as proposed might be undertaken.

Mr. BRONDI (Uruguay) thanked the United States delegation for its constructive initiative. He informed the meeting that the Uruguayan tariff, which was extremely low, was at present being revised. Moreover, his delegation had not yet received instructions concerning the United States proposal. He therefore reserved the position of his Government.

The CHAIRMAN said that the proposals of the United States had generally met with the approval of contracting parties and recalled that in concluding the Ministerial discussion he had drawn attention to the opinion generally expressed, that among the steps which the CONTRACTING PARTIES ought to take to foster the expansion of international trade, tariff negotiations should figure prominently. He therefore proposed to refer the United States proposals to the drafting group which had been appointed to prepare the terms of reference and procedures for the proposed Committee on Expansion of Trade.

This was agreed.

#### 4. Nicaragua - El Salvador Free Trade Area (L/873)

The CHAIRMAN invited the delegate of Nicaragua to present the Seventh Annual Report submitted by his Government on the Free Trade Area between his country and the Republic of El Salvador in accordance with the Decision of 25 October 1951.

Mr. CASTILLO (Nicaragua) drew attention to the fact that the report showed a considerable increase in trade since the Treaty had come into operation. Both countries were satisfied with the results of the existing arrangements. The Treaty had justified itself in establishing a free trade area in the sense of Article XIV of the General Agreement.

He reminded the CONTRACTING PARTIES of their Decision taken at the Eleventh Session to recognize that the Government of Nicaragua was entitled to claim the benefits of Article XXIV relating to the formation of free trade areas. In this respect he desired to inform the CONTRACTING PARTIES that the Multilateral Treaty of Free Trade and Economic Integration of Central America had been signed in Tegucigalpa, Honduras, on 10 June 1958. The Treaty as it had been approved in its final form was virtually the same as the draft circulated among contracting parties in 1956. The Multilateral Treaty was still being considered by some of the legislatures

of the Central American Republics and it was expected that the majority of the countries would ratify the Treaty in the near future. It would come into operation as soon as three of the countries had ratified it, and thenceforth the Nicaraguan Government would be willing to furnish the CONTRACTING PARTIES with an annual report on its progress.

Mr. PAPPANO (United States) expressed the hope of his delegation that the lists of products covered by the Free Trade Treaty would be progressively expanded. He also hoped that the quantitative restrictions on trade between El Salvador and Nicaragua would be completely removed as soon as possible.

Mr. CASTILLO (Nicaragua) assured the CONTRACTING PARTIES of his Government's desire to expand the list of articles and to find a reasonable solution to the problem of quantitative restrictions as soon as possible.

The CONTRACTING PARTIES took note of the report.

5. Article XIX - United States Request for Extension of Time-Limit  
(Action by the Federal Republic of Germany -  
Suspension of General Licence for Imports of Hard Coal  
and Hard Coal Products (L/855))

Mr. PAPPANO (United States) drew the attention of contracting parties to the fact that on 4 September 1958 the Federal Republic of Germany had taken action under the terms of Article XIX of the General Agreement to suspend the general licence for the importation of hard coal and hard coal products from countries outside the European Coal and Steel Community. The United States Government had entered into consultations in this matter with the Federal Republic. It was not certain that the consultations would be completed in time for the United States to avail itself of its rights to suspend equivalent obligations or concessions pursuant to paragraph 3(a) of Article XIX of the General Agreement should the consultation end in failure. He therefore requested an extension of this time-limit and recalled that there were precedents for such action.

Mr. ELSON (Federal Republic of Germany) said that his delegation had no objection to the extension of the time-limit as proposed by the United States delegation.

The CONTRACTING PARTIES agreed that the time-limit should be extended and the CHAIRMAN asked the Executive Secretary to prepare the text of a decision to be placed before the CONTRACTING PARTIES for adoption.

The meeting adjourned at 5.10 p.m.