

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Thirteenth Session

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SUMMARY RECORD OF THE SEVENTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Monday, 17 November 1958, at 2.30 p.m.

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

- Subjects discussed:
1. Expansion of International Trade
 2. Sessions of the CONTRACTING PARTIES and Intersessional Procedures
 3. Italian Assistance to Exports of Flour
 4. Position of Cambodia
 5. Subsidies and State Trading
 6. European Coal and Steel Community
 7. Report by Intersessional Committee
 8. Article XIX - United States Request
 9. Relations with Yugoslavia.
 10. United States - Import Quotas on Lead and Zinc
 11. Freedom of Contract in Transport Insurance

1. Expansion of International Trade

The CHAIRMAN recalled that on 21 October (SR.13/7) he had summed up the discussion which had taken place in the meeting of Ministers and in subsequent Plenary Meetings on trends in international trade and on the Experts' Report. He had suggested that three major issues had been emphasized; firstly, the proposal for a fresh round of negotiations to reduce general tariff levels; secondly, the obstacles to the expansion of trade which arise from national agricultural policies; and, thirdly, other obstacles to the expansion of the export trade of under-developed countries. In this discussion there had been general agreement that these three points should be taken up by the CONTRACTING PARTIES in the context of the objectives of the GATT. Therefore, the Chairman had suggested that arrangements be made for the study of these questions after the close of the Session. A Group had been established to make recommendations for procedures for intersessional bodies to carry out these tasks and to draft their terms of reference. At a more recent meeting contracting parties had discussed the proposal by the United States delegation (L/885) concerning plans for new tariff negotiations.

The Drafting Group had now presented its Report (W.13/39) proposing the establishment of three committees. In this connexion the secretariat had distributed

(INF/63) the text of two Resolutions on agricultural support policies adopted by the Food and Agriculture Organization, and at the last meeting of the CONTRACTING PARTIES a representative of the FAO had made an important statement which delegations would, no doubt, wish to take into account in their further examination of these questions.

Mr. JARDINE (United Kingdom) said his delegation was ready to accept the proposed terms of reference, but he would like to make a few comments on matters to which the terms of reference related. At the beginning of the Session, the Ministers had formally recorded their appreciation of the work undertaken by the Experts and the best reward for them would be to see their recommendations translated into action. The challenge which faced the CONTRACTING PARTIES was clearly indicated in the Experts' Report. Firstly, there was the need of under-developed countries to market their manufactured goods in highly industrialized countries. Secondly, there was the effect on under-developed countries of the high revenue duties which were levied on their exports of tropical products. Thirdly, there was the effect of high protection on mineral production. And, lastly, there was the widespread problem of the effects of agricultural protectionism. He felt that the CONTRACTING PARTIES were now ready to set up machinery to deal with these matters in order to show that they recognized the challenge. He had no wish to make any changes in the terms of reference because this would lead to a long, and not necessarily profitable, discussion, but, in his opinion, it would have been better if the terms of reference had listed all the problems of barriers to trade to which the economists had called attention. The purpose of this would have been to reassure the under-developed countries that the problems were being borne in mind and to emphasize to all, including industry and public opinion in highly developed countries, the issues to be faced. He was convinced that it would be profitable if delegates returning from this meeting could report to their respective governments on the issues involved and on the need to grapple with them. The general nature of the terms of reference meant that governments had all the more responsibility to educate public opinion in this field. He wished to stress the importance, in the work of the CONTRACTING PARTIES, of a continued and firm lead by the United States in the direction of policies of liberalization. The Experts' Report and the discussions in the GATT had shown the way in which members of the European Economic Community, both individually and collectively, could contribute to the solution of these problems. Furthermore, there was need for all highly industrialized countries to accept an increase in imports of manufactured goods from under-developed countries. In some of the member countries of the European Economic Community the problem of high taxation on certain tropical products was acute. Mr. Jardine also stressed the importance of the outcome of consultations concerning the threat of trade diversion which might result from the establishment of a common tariff for certain products imported from the associated overseas territories of the Six, and of the tariff to be agreed for items falling within List G in The Rome Treaty. The contribution which European countries could make would also depend on their ability to adopt outward-looking commercial policies. In the need for confrontation of agricultural policies, all contracting parties were involved. The United Kingdom and other Commonwealth countries should, he felt, be conscious of their responsibility in all these fields as set out in the Report of the Montreal Conference.

Mr. SWAMINATHAN (India) was prepared to accept the terms of reference of the proposed Group (W.13/39) although he was grateful to Mr. Jardine for having raised an issue which he felt was important to all less developed countries, viz. the need for more detailed terms of reference of Committee III in order to give fuller guidance to the proposed working party of the lines on which the CONTRACTING PARTIES expected the examination to be made. Since it was near the end of the Session, further discussion would not be profitable, but it would be advantageous if contracting parties could give further consideration to the subject, and if there could be a fuller debate at the next Session. It should be possible, in the light of reflection and subsequent debate, to give more adequate guidance to Committee III.

Mr. PRIESTER (Dominican Republic) said that his delegation shared the concern expressed by the previous speakers that the terms of reference of the third committee were insufficient. It was no secret that under-developed countries who were members of GATT regretted that further attention had not been given to their problems. In his view the Experts' Report had made valuable suggestions which would be useful as a basis for further discussion. The important question of barriers to trade had not been mentioned in the terms of reference. In conclusion he said that the Indian proposal for a fuller debate on this item at the next Session would be acceptable to Latin America and other under-developed countries.

Mr. SCHWARZMANN (Canada) drew attention to the close interrelation between the three committees and stressed the need for the participation of the major trading countries. In his view the most important thing was the spirit in which the matter would be pursued. Although no mention was made of the common tariff of the European Economic Community, he understood that this would be a matter for study by Committee I. In his view the purpose of the review of agricultural protectionism in Committee II was to strengthen the effectiveness of GATT in this field by the examination of such questions as surplus disposals, and that Committee III would examine problems of importance to both the industrial and the less-developed countries. He concluded by saying that his delegation was prepared to participate actively in the work of the committees.

Mr. HELL (Federation of Rhodesia and Nyasaland) enquired whether the representative of India was proposing that the terms of reference of Committee III would be on the agenda for the March Session. He understood that the proposal did not imply the postponement of the appointment of the Committee at this Session, but simply that an elaboration of the terms of reference, in the sense of an addendum to the Experts' Report, would be made at the March Session.

Mr. SWAMINATHAN (India), in reply to the delegate of the Federation of Rhodesia and Nyasaland, stated that his proposal had not implied any postponement of the work to be undertaken by the Committees. With regard to the second point, it was perhaps premature to decide that the elaboration of the terms of reference should take the form of an addendum to the Experts' Report. Committee III would consider the whole matter in the light of the plenary discussion by the CONTRACTING PARTIES at the next session.

Mr. BAIG (Pakistan) said that his Government was specially interested in the work to be undertaken by Committee III since this dealt with the expansion of trade with particular reference to the export earnings of less developed countries.

His delegation felt that the proposed terms of reference did not sufficiently emphasize the importance of the conclusions of the Experts' Report and that the problems of primary producing countries could have received more detailed attention in relation to the conclusions of the Experts' Report. The recommendations contained in the Report should be discussed fully and should be implemented as far as possible. Therefore, he supported the inclusion of this item on the agenda of the next session and his Government would wish to be associated in the further examination of this question.

Mr. KLEIN (Germany) speaking on behalf of the Governments of the six Member States of the European Economic Community said that they were prepared to accept the terms of reference proposed by the drafting group.

Dr. VARGAS GOMEZ (Cuba) stated that his delegation had been disappointed by the vagueness of the terms of reference for Committee III. Amplification was needed to enable the Committee to discuss the problems of the under-developed countries.

Mr. GARCIA OLDINI (Chile) remarked that most speakers had expressed dissatisfaction with the terms of reference of Committee III. He wondered whether postponement of this question to the next session would not disappoint world opinion. It might be helpful to invite governments to study the question before the terms of reference were finally decided by the CONTRACTING PARTIES which should then be determined on the basis of governmental replies, the debate in plenary session and the Experts' Report.

Mr. HAGAN (Sweden) said that his delegation was very glad that agricultural problems and their implications were now to be examined. He wished to emphasize that it was very important that the tariff negotiations should not be amalgamated with the result that the reductions that they would bring about would be less than the sum of individual actions.

Mr. GUNDELACH (Denmark) said that his Government considered that the initiative taken by the CONTRACTING PARTIES in considering these problems was very important. Discussion of agricultural protectionism was of special concern to Denmark and this was the first time that the CONTRACTING PARTIES had been prepared to consider the problem in its entirety. He hoped that the new approach would give good results.

Mr. CASTLE (New Zealand) said that the terms of reference of the three committees were acceptable to his delegation but that he wished to draw attention to one point in connexion with Committee II. He noted the reference to co-operation with various international organizations, in particular the FAO, but the statement made by the representative of the FAO (document I/E/63) seemed to him to suggest the possibility of conflict between the FAO and GATT. He would wish the Committee to draw on all possible sources, but would not like to see delay due to any jurisdictional conflict and hoped that this point would be clarified before the next session.

Mr. RATTIGAN (Australia) expressed his delegation's acceptance of the proposed terms of reference. If contracting parties co-operated fully, a real contribution to the expansion of international trade would be made. With the representative of Canada, he also understood the terms of reference of Committee II to infer a study of surplus disposals. Referring to the question raised by the delegate of New Zealand, he felt that this sort of study was proper to GATT and that there was no need for confusion since the work of the CONTRACTING PARTIES and the FAO were related to different aspects of agricultural problems.

Mr. CORSE (United States) said his delegation was prepared to accept the terms of reference of the committees, especially in view of the possibilities for multilateral tariff reduction. He hoped that the secretariat would be able to begin work immediately on the matters involved. Before commenting on the other two committees, his Government wished to give further study to the issues raised by the Experts' Report.

The CHAIRMAN said the discussion showed that there was general agreement in favour of establishing three committees. As explained in the report, it was recommended, in the light of the arrangements which were being considered concerning two meetings of the CONTRACTING PARTIES next year, that the work of the committees should be supervised and co-ordinated by the CONTRACTING PARTIES themselves. A number of delegates had referred to the importance of avoiding conflict of jurisdiction between GATT and other international bodies, such as FAO; this was a matter for individual governments to resolve, since it was obvious that no government could take a contradictory position in two international bodies. It was important to recognize the FAO principles applicable to trade in agricultural products, but the obligations incurred under GATT were stronger. Moreover, it was indispensable to the work of the committees that they should profit from work undertaken elsewhere, whether by agreement or by the collection of data. He emphasized that the scope of the work undertaken in GATT was materially different from that done in FAO.

So far as the terms of reference of Committee III were concerned many delegations had expressed disappointment over the lack of clear instructions. In part this could be due to abbreviation, but, as stated in the report, the drafting group had not considered it necessary to enter into greater detail since the mention of the Experts' Report in the preamble was sufficient indication of the intentions of the CONTRACTING PARTIES that the committees should take into account all relevant passages. Public opinion might be disappointed by the inexact wording of the terms of reference for Committee III, but this could be avoided to some extent by care in drafting the communiqué on the proposed programme of work.

Referring to the suggestion by the representative of Chile, the Chairman said that governments would have more opportunity between now and the next session to examine and study the Experts' Report than they had had by the beginning of this Session, and this would give greater meaning to the debate at the Session in the spring. In reply to the suggestion by the Indian delegate, that the item should appear on the agenda of the Fourteenth Session, the Chairman said that this was inherent in the concept that the CONTRACTING PARTIES themselves would co-ordinate and supervise the work of the three committees. On the same occasion, the CONTRACTING PARTIES could consider the need and feasibility of appointing a full-time Chairman to co-ordinate the work of at least two of the Committees. The exact time the work could begin depended on the programme for meetings during the intersessional period and this was to be discussed by the CONTRACTING PARTIES before the end of the Session.

The Decision was adopted.

2. Sessions of the CONTRACTING PARTIES and Intersessional Procedures

Mr. KAWASAKI (Japan), Chairman of the Working Party in introducing the Report by the Working Party on Organization (L/916) called attention to some of the salient points set out therein. The Working Party was of the opinion that in order to ensure more efficient and effective administration of the Agreement, the CONTRACTING PARTIES should meet twice a year in two bi-annual sessions which should be treated as of equal importance. In the light of this recommendation the Working Party had considered that the functions hitherto assigned to the Intersessional Committee could be considerably reduced both in volume and importance. The Working Party proposed to discharge the Committee of its functions in connexion with the sessional agenda and to entrust them to the Executive Secretary. Also the functions hitherto assigned to the Committee in relation to Articles XIII to XV could be taken up directly by the Working Party which, it was expected, the CONTRACTING PARTIES would establish to conduct balance-of-payments consultations. The Working Party had therefore concluded that there would indeed be little to be dealt with by the Committee except matters arising under certain provisions of Articles XVIII and XXVIII and questions which required urgent action intersessionally. The Working Party recommended that these new arrangements be reviewed at the Sixteenth Session.

Mr. HAGEN (Sweden), speaking on behalf of Denmark, Finland, Norway and Sweden, said that the Nordic delegations would not, at this stage, press their claim for proportional representation on the Intersessional Committee, but wished to reserve the right to take up this question at a later date.

Mr. TREU (Austria), while prepared to accept the Report, wondered whether it was really necessary to defer consideration of the size and composition of the Intersessional Committee to some future session. His delegation reserved its position as regards the composition of the Committee.

The CHAIRMAN pointed out that in the discussions in the Working Party on the composition and size of the Committee, there had been wide divergencies of opinion, and that no agreement had been reached on this question. Therefore it did not seem likely that a satisfactory arrangement could be arrived at immediately. It would be noted that several delegations were concerned about the Committee's composition. Further thought should be given to this question and constructive proposals should be prepared with a view to evolving satisfactory working arrangements at a later date. It must be borne in mind, however, that contracting parties which were not members of the Intersessional Committee could be represented by observers and could request to be co-opted if any matter arose in which they had an interest.

The Report of the Working Party on Organization was adopted.

3. Italian Assistance to Exports of Flour

Mr. RATTIGAN (Australia) recalled that at the Intersessional Committee meeting in September, after hearing the case submitted by his Government concerning Italian assistance to exports of flour, had agreed that, if bilateral discussions failed to produce satisfactory results, the question could be referred to the Panel established in April to examine a similar complaint concerning French exports. The Australian Government had also initiated consultations with another contracting party on exports of flour. While hoping that agreement could be reached in the course of the current bilateral consultations, his delegation requested that arrangements be made whereby these questions could be examined by a panel if necessary.

Mr. PARBONI (Italy) informed the meeting that the operation of his Government's scheme of assistance had very recently been revised, but that his delegation had not yet received the text of the new regulations. If full information on the revised regulations could not be obtained before the close of the Session, his delegation would have no objection to the matter being referred to the Panel for Conciliation for examination after the Session.

The CONTRACTING PARTIES agreed that, if no agreement were reached in the course of bilateral discussions, the matters raised by the Government of Australia would be referred to the Panel for Conciliation which had been established to deal with the Australian complaint on French assistance to exports of wheat and wheat flour, and authorized the Chairman of the CONTRACTING PARTIES to appoint a substitute, if necessary, for any member of the Panel who might no longer be able to participate in it.

4. Position of Cambodia (W.13/44)

The CHAIRMAN recalled that at the meeting on 30 October (SR.13/11) the representative of Cambodia had informed the CONTRACTING PARTIES of his Government's desire to accede eventually under Article XXXIII and meanwhile to continue to apply the Agreement on a reciprocal basis to contracting parties. The CONTRACTING PARTIES had requested the Executive Secretary to draw up a draft decision and this had now been circulated (W.13/44).

Mrs. POTTER (United States), whilst supporting the adoption of the draft decision, reserved the position of her Government so far as the entry into tariff negotiations with Cambodia was concerned on account of domestic procedural requirements.

The CONTRACTING PARTIES approved the Decision.

The CHAIRMAN drew attention to paragraph 3 of the Decision in which contracting parties which were prepared to apply the Agreement de facto in their relations with Cambodia were requested to notify the Executive Secretary without delay. In pursuance of paragraph 5 of the Decision the Chairman invited the representative of Cambodia to take his place at the table.

Mr. KOCH SAN (Cambodia) expressed the thanks of his Government to the CONTRACTING PARTIES for the Decision taken in its favour. Cambodia was prepared to support the GATT with all means at its disposal.

The CHAIRMAN drew attention to the fact that in view of the wording of the provisions of Articles XXV and XXXII, it was not possible, from a strictly legal point of view, to give full voting rights to Cambodia. However, in the normal course of business this was not very important since the CONTRACTING PARTIES did not usually proceed to a formal vote in reaching decisions; generally, the Chairman took the sense of the meeting and Cambodia would have the same opportunity as contracting parties to express its opinion.

5. Subsidies and State Trading

The CHAIRMAN recalled that at a previous meeting it had been agreed to establish a panel to examine and report on the adequacy of notifications submitted under Articles XVI and XVII (SR.13/11) and to postpone the review of the operation of the provisions of Article XVI until the panel's report had been received. Consideration of the terms of reference and membership of the panel had been deferred and the Chairman now introduced proposals in this regard (W.13/25).

The CONTRACTING PARTIES thereupon approved the establishment of a Panel on Subsidies and State Trading with the following membership and terms of reference:

Members:

Mr. E.C. Boissevain (Kingdom of the Netherlands)	Mr. F. Manhart (Austria)
Mr. H. Corson (France)	Mr. J.T. Smith (Australia)
Mr. J.W. Evans (United States)	Mr. T. Swaminathan (India)
Mr. F. Gundelach (Denmark)	Mr. P.E. Thornton (United Kingdom)

(The Panel would elect its own Chairman.)

Terms of reference:

1. To undertake the preparatory work for the review which the CONTRACTING PARTIES will conduct in 1959 of the operation of the provisions of Article XVI, and in particular:

- (a) to examine the range and extent of subsidies maintained by contracting parties, in the light of the notifications submitted by them to the CONTRACTING PARTIES, and of any other relevant information;
- (b) to discuss with the notifying contracting parties any point requiring clarification and any comments or suggestions put forward by other contracting parties to the Panel concerning the documentation received;
- (c) to make practical suggestions to the CONTRACTING PARTIES with a view to improving the procedure for notifications;
- (d) to assemble material for the draft report on the operation of the provisions of both sections of Article XVI.

2. To examine the notifications sent to the CONTRACTING PARTIES concerning the products imported into or exported from their territories by enterprises of the kind described in paragraph 1(a) of Article XVII, and to make practical suggestions to the CONTRACTING PARTIES with a view to improving the procedure for notifications under that Article.

In view of the fact that it had not yet been possible to confirm the acceptance of each of the members of the Panel the CONTRACTING PARTIES authorized the Executive Secretary, if necessary, to appoint an alternate in consultation with the member of the Panel.

The CHAIRMAN then pointed out that before the Panel could start its work, it appeared desirable for it to have at its disposal a general description of all subsidies, including income or price support measures which were maintained by contracting parties. Under paragraph 1 of Article XVI, the contracting parties were required to inform the CONTRACTING PARTIES of the existence and working of subsidies, including any form of income or price support which operate directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory. Although these notifications received from time to time from the contracting parties contained valuable information, it appeared desirable to have a more general idea of the whole field of subsidies. Accordingly the Chairman invited contracting parties on this occasion and for the sole purpose of facilitating the review contemplated in paragraph 5 of Article XVI to furnish comprehensive information to the secretariat by 31 January 1959 about the subsidies they operate, whether or not, in their view, these subsidies were likely to increase exports or reduce imports of the subsidized products.

6. European Coal and Steel Community (L/886)

The CHAIRMAN recalled that the transitional period provided for in the Decision of 10 November 1952 had ended on 10 February 1958. At the Twelfth Session the CONTRACTING PARTIES had empowered the Intersessional Committee to examine the final Report of the Member States. At its meeting in April the Committee had discussed and taken note of the Report (IC/SR.38) and its conclusions (L/886) were set out in Section I(c) of the Committee's Report to the CONTRACTING PARTIES. The Chairman suggested that this part of the Committee's Report should be considered to represent the views of the CONTRACTING PARTIES as their final Report and, subject to editorial changes, that it be reproduced in the Seventh Supplement of the Basic Instruments and Selected Documents. This section should be read in conjunction with the summary records of the Intersessional Committee meeting where the subject was discussed and the Executive Secretary might consider whether a brief analysis of the views there expressed could not be appended to the Report as published.

The Chairman felt that he spoke on behalf of all contracting parties in stating that the procedures laid down in the Decision had proved of great value and had set a valuable precedent for the establishment of friendly and

fruitful relations between a regional integration scheme and the GATT. The annual discussions which contracting parties had carried out with the representatives of the Member States and the High Authority had enabled both sides to reach a better understanding of the problems involved and to reconcile differences which were bound to arise from time to time in a fairly satisfactory manner.

The Chairman, on behalf of the CONTRACTING PARTIES, thanked the representatives of the Member States and the High Authority for the co-operative spirit they had shown in these consultations, and expressed the hope that, if problems arose in the future, the parties would make full use of the consultation procedures which were provided for in the General Agreement and would approach these problems in a spirit of mutual understanding. He also hoped that the High Authority would continue in the future to send observers to GATT sessions and to give the CONTRACTING PARTIES and their secretariat the benefit of its experience when problems on which they were competent were being dealt with.

Mr. TREU (Austria) recalled that when this question was discussed by the Intersessional Committee in April his delegation had recorded the Austrian Government's apprehensions as to the effects the harmonization of the external tariffs of the Member States could have on Austrian exports, particularly on exports to Italy. At that time his delegation had reserved the right, accorded under the terms of Article XXVIII, to return to these problems either at the Thirteenth Session or later. He now wished to draw the CONTRACTING PARTIES' attention to certain indications which, in the opinion of the Austrian delegation, confirmed their earlier preoccupations. The Austrian industry had reported a considerable falling off in Italian orders, particularly of special steels, and his delegation feared that this decline might have been due to causes other than those normally inherent in fluctuations in economic activity. His Government was following developments with particular attention but the studies undertaken were as yet incomplete. Consequently, the Austrian Government at this Session would abstain from invoking the reservation it had made at the April meeting of the Intersessional Committee.

Mr. GUNDELACH (Denmark) recorded his Government's appreciation to the Member States and the High Authority for the detailed information which they had submitted to the CONTRACTING PARTIES in the past and the co-operative and understanding manner in which they had participated in discussions with the CONTRACTING PARTIES. He expressed his confidence that the spirit of co-operation that had prevailed would be maintained in the future and that any commercial problems which arose could be settled equitably under the normal provisions of the General Agreement.

Mr. HAGEN (Sweden), Mr. SWAMINATHAN (India) and Mr. CZYZAK (United States) associated their delegations with the latter remarks.

Mr. KLEIN (Federal Republic of Germany) on behalf of the Member States thanked the delegations for the remarks they had made and said that he had taken note of the statement by the representative of Austria. He assured the CONTRACTING PARTIES that the spirit of co-operation that had prevailed in the past between them and the Member States and the High Authority would be continued.

The CONTRACTING PARTIES adopted Section I(c) of the Intersessional Committee's Report (L/886).

7. Report by the Intersessional Committee on Action between the Twelfth and Thirteenth Sessions (L/886)

The CHAIRMAN pointed out that some of the items in the Report had already been dealt with, namely Section I(a) dealing with the Rome Treaty, and Section I(c) on the European Coal and Steel Community. The CONTRACTING PARTIES should now adopt the Report as a whole. In doing so, however, the Chairman pointed out that the CONTRACTING PARTIES would not be giving formal approval to the various documents referred to therein which were before the CONTRACTING PARTIES under other items on the Agenda.

The CONTRACTING PARTIES adopted the Report of the Intersessional Committee.

8. Article XIX - United States Request (W.13/41)

The CHAIRMAN recalled that on 7 November the CONTRACTING PARTIES had agreed to an extension of the ninety-day limit in paragraph 3(a) of Article XIX to enable CONTRACTING PARTIES to continue their consultations with the Federal Republic of Germany concerning the suspension of the general licence for imports of hard coal and hard-coal products. The Executive Secretary had prepared a draft decision (W.13/41) for approval by the CONTRACTING PARTIES.

Mr. SHOOSHAN (United States) said that his delegation had examined the terms of the draft decision to extend the time-limit in Article XIX:3(a) in connexion with the suspension by the Federal Republic of Germany of the general licence for imports of hard coal and hard-coal products from countries outside the ECSC. In his view the text was in conformity with similar decisions of the CONTRACTING PARTIES in the past. Agreement by the United States at this time, however, was not to be construed as meaning that the United States was waiving its rights to question the propriety of the Federal Republic of Germany's action under Article XIX with respect to this item.

Mr. ELSON (Germany) said that his delegation agreed to the draft and noted the reservation by the United States delegation. He suggested that there should be bilateral negotiations in case a discussion of this matter were considered necessary by the United States.

The Decision was approved.

9. Relations with Yugoslavia (W.13/48)

The CHAIRMAN recalled that at the meeting of the CONTRACTING PARTIES on 7 November (SR.13/14) it had been agreed to establish a working party on relations with Yugoslavia. Draft terms of reference were now submitted for approval.

Mr. RISTIC (Yugoslavia) expressed the hope of his delegation that the results of the deliberations in the working party would be satisfactory to all concerned. He recalled that the representative of Yugoslavia in a previous statement had drawn attention to the fact that the present stage of economic development of his country precluded full membership of the GATT although this was his Government's ultimate objective. He was sure that this had been taken into consideration in formulating the terms of reference of the working party. He hoped that the deliberations of the working party would not go beyond the objectives which the Yugoslavian Government was able to accept at present.

The CHAIRMAN confirmed that the terms of reference had taken full account of the present possibilities of the Yugoslavian Government.

The CONTRACTING PARTIES approved the appointment of a working party with the following membership and terms of reference:

Chairman: Mr. T. Hagen (Sweden)

<u>Members:</u>	Australia	Czechoslovakia	Italy
	Burma	Denmark	Netherlands
	Canada	France	United Kingdom
	Chile	India	United States

Terms of Reference:

1. To consider the terms on which the Government of Yugoslavia might be brought into association with the CONTRACTING PARTIES.
2. To submit to the CONTRACTING PARTIES at their Fourteenth Session a report on paragraph 1 and on the advisability of further study on the possible development of such association into full participation in the General Agreement.
3. The Working Party will consult, as necessary, with the representatives of Yugoslavia.

10. United States - Import Quotas on Lead and Zinc

Mr. SCHWARZMANN (Canada) recalled that in September the United States Government, invoking Article XIX, had notified the imposition of import quotas on lead and zinc, and that it had been announced at the opening of the Session

that discussions would be undertaken with respect to the commodity problems involved. Although he had hoped that Sir Edwin McCarthy, Chairman of ICCICA, would report back to the CONTRACTING PARTIES during the Session, he now understood that the commodity discussions would be resumed early next year. Since the discussions had not yet been concluded, he proposed that the time-limit in Article XIX:3(a) should be extended beyond the ninety days provided and until the end of the Fourteenth Session, in conformity with the right of the contracting parties affected to seek consultations and, if they should fail, to suspend equivalent benefits.

This proposal was supported by Mr. RATTIGAN (Australia), Mr. SPREUTELS (Belgium), Mr. STEYN (South Africa), Mr. SOLBERG (Norway), Mr. BUSSALLEU (Peru), and Mr. JARDINE (United Kingdom).

Mr. PAFRANO (United States) said that his delegation had no objection to this procedure.

Accordingly, the CHAIRMAN requested the Executive Secretary to prepare a draft decision for consideration by the CONTRACTING PARTIES.

11. Freedom of Contract in Transport Insurance

The CHAIRMAN informed the CONTRACTING PARTIES that the Norwegian delegation, in response to his request when this matter was taken up on 14 November (SR./13/12), had discussed the draft resolution of the Tenth Session with other delegations and had now submitted a revised text with the request that this be distributed and that further consideration of the item be deferred until the Fourteenth Session. Accordingly, the Chairman suggested that the item be placed on the Agenda for the Fourteenth Session when the Norwegian proposal would be considered together with the Working Party report in document L/462.

It was so agreed.

The meeting adjourned at 5 p.m.