

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.13/20

3 December 1958

Limited Distribution

CONTRACTING PARTIES  
Thirteenth Session

Page 206/207

## SUMMARY RECORD OF THE TWENTIETH MEETING

Held at the Palais des Nations, Geneva,  
on Friday, 21 November 1958, at 3 p.m.

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

- Subjects discussed:
1. Expansion of International Trade
  2. German Import Restrictions
  3. Subsidies - Declaration on Article XVI:4
  4. Peruvian Import Charges - Report by Group of Experts
  5. Rhodesia and Nyasaland Tariff
  6. Marks of Origin - Report by Working Party
  7. Election of Intersessional Committee
  8. French Assistance to Exports of Wheat and Flour
  9. Completion of Article XXVIII Negotiations
  10. Nordic Economic Co-operation

### 1. Expansion of International Trade

The CHAIRMAN recalled that on 17 November (SR.13/17) the CONTRACTING PARTIES had agreed to set up three committees - on Tariff Reduction, on Trade in Agricultural Products and on Obstacles to the Expansion of the Export Trade of under-developed countries. The terms of reference had been approved, but the appointment of the committees had been deferred. The Chairman proposed, and the CONTRACTING PARTIES approved, the following composition of the committees:

#### Committee I (Tariff Reduction)

Chairman: Mr. E. Treu (Austria)

<u>Members:</u> Austria	Cuba	Sweden
Belgium	France	Switzerland
Brazil	Germany	Turkey
Cambodia	Italy	United Kingdom
Canada	Japan	United States
Chile	Norway	

Committee II  
(Trade in Agricultural Products)

Chairman: Mr. R. Campos (Brazil)\*

<u>Members:</u> Australia	Finland	New Zealand
Austria	France	Switzerland
Brazil	Germany	South Africa
Canada	Greece	United Kingdom
Cuba	India	United States
Denmark	Italy	Uruguay
Dominican Republic	Netherlands	

Committee III  
(Obstacles to the Expansion of the Export Trade  
of under-developed countries)

Chairman: Mr. J. G. Crawford (Australia)\*

<u>Members:</u> Australia	France	Pakistan
Brazil	Germany	Peru
Canada	Ghana	Rhodesia and Nyasaland*
Ceylon	Greece	United Kingdom
Chile	India	United States
Cuba	Indonesia	
Dominican Republic	Netherlands	

2. German Import Restrictions

The CHAIRMAN recalled that in the discussions on 5 and 7 November (SR.13/13 and SR.13/14) many delegations had expressed their disappointment that the Government of the Federal Republic had not gone further in the removal of its remaining restrictions. He had suggested that the debate should be resumed after delegations had had an opportunity to study the measures announced by the German representative, and that the delegations particularly interested should continue discussions informally with the representative of Germany with a view to arriving at "an understanding fully consistent with the principles and working procedures of the CONTRACTING PARTIES". He had since been in close touch with a number of delegations which had expressed interest and concern in this matter and the general feeling was that further progress towards an agreed solution could best be made through established consultation procedures.

Accordingly he proposed that contracting parties which considered that their interests under the General Agreement and their trade interests were adversely affected should jointly consult, pursuant to Article XXII, with the Federal Republic in order to make a detailed analysis of the quantitative restrictions on imports still maintained by Germany and their trade effects,

\* Subject to confirmation.

to serve as a basis for further consideration by the CONTRACTING PARTIES of the possibilities of finding solutions within the framework of GATT to the problems arising from the maintenance by Germany of such restrictions. A report on the consultations would be made by the participating governments to the Fourteenth Session of the CONTRACTING PARTIES.

Mr. GOLDSTEIN (United States) expressed his delegations's belief that on this question all contracting parties had a common desire to find solutions, within the framework of the procedures of the General Agreement, to the problems posed by the maintenance of import restrictions by the Federal Republic of Germany. The efforts of the United States had been directed, and would continue to be directed, to the end that this common desire would become a reality. His delegation was especially concerned that the CONTRACTING PARTIES should find solutions that would protect from damage the principles of non-discrimination. The achievement of rational solutions was a matter of urgency and he was therefore disappointed that more had not been accomplished at this Session particularly since, although the Federal Republic of Germany had taken further forward steps, so much remained unchanged, and discussions had not resulted in more progress towards a meeting of minds. By the Fourteenth Session nearly two years would have elapsed since the problem was first debated in Geneva.

The Chairman's suggestions offered promise. His delegation supported them and desired to participate in the proposed consultations, which would afford an opportunity, through careful examination of the restrictions in detail, to arrive at, or to bring into clear sight, by the Fourteenth Session the solutions the CONTRACTING PARTIES had been seeking; the achievement of these results should be the goal. In this connexion, the United States delegation had made it plain to the CONTRACTING PARTIES that its first and predominant endeavour had been to find constructive solutions through the agreed procedures of the GATT. It had also been made plain, however, that in the circumstances his delegation could not disregard the various possibilities open under Article XXIII. His delegation's views had not changed and the issues continued to be of fundamental importance, but if the goal he had mentioned was reached the necessity for action under Article XXIII could be avoided.

Mr. Goldstein referred to the degree of liberalization already achieved by Germany, and stated that Germany was the stronger for it, not the weaker, as were all contracting parties. Germany was also the stronger for the liberal trading policies of other countries. What would be the current situation of Germany or the contracting parties generally, if bilateralism were the rule rather than the exception in world trade? In conclusion he expressed the hope that the Chairman's proposals would be accepted by the German delegation and other contracting parties and that, before the proposed consultations began, all participants would devote their best efforts to preparing for success.

Mr. HAGEN (Sweden) welcomed the Chairman's proposals. It would mean that further consideration of the ways and means of reaching a solution to this

problem would be postponed until the Fourteenth Session, without prejudice to the rights of any contracting party, while the question was examined further from its practical side. Other than the main foodstuffs such as grains, fats and meats, which were regulated by the Marketing Laws, Sweden had encountered difficulties and found its trading opportunities adversely affected by German protective measures in favour of a number of other agricultural commodities. His Government would participate in the proposed joint consultations with the Federal Republic.

Mr. GUNDELACH (Denmark) pointed out that the continued maintenance of import restrictions by the Federal Republic had raised serious and far-reaching problems for the CONTRACTING PARTIES; it was perhaps not altogether surprising, therefore, that at this stage it had not yet been possible fully to clarify the problem and to arrive at a final understanding as to procedures for a settlement. Accordingly the Danish delegation agreed that it would materially assist further deliberations if consultations were conducted prior to further consideration of this matter by the CONTRACTING PARTIES. His Government would participate in such consultations without thereby prejudicing its position when this matter was again considered by the CONTRACTING PARTIES. In conclusion he reiterated a suggestion he had made at an earlier debate that at the same time the CONTRACTING PARTIES should avail themselves of possibilities for dealing with the basic elements of German agricultural policy in a broader context which was offered by the CONTRACTING PARTIES' concerted programme for the expansion of international trade.

Mr. TREU (Austria) recorded his delegation's support for the Chairman's proposals which he considered would contribute towards facilitating a final decision by the CONTRACTING PARTIES.

Mr. RATTIGAN (Australia) said that his delegation's views on this question were well known; indeed, all contracting parties were aware that a continuation of the present situation would have extremely wide implications for the General Agreement. His Government found it increasingly difficult to reconcile a situation in which the Federal Republic's exports received most-favoured-nation and non-discriminatory treatment on the Australian market to the position which applied in connexion with Australian exports to the German market. It would be preferable, however, to have a solution to this problem which did not have the effect of contracting world trade. The Australian delegation, therefore, fully supported the Chairman's proposals and would participate in such consultations which, he hoped, would lead to a solution to a problem which cut across the whole concept of expansion of trade on a multilateral basis.

Mr. CASTLE (New Zealand) said that his Government was anxious for a satisfactory solution of this problem to be reached as soon as possible. The New Zealand delegation was disappointed that such a solution had not been found at the current Session but was prepared to support the Chairman's suggestion and would participate in the proposed joint consultations. His delegation could not accept that this item, to which it attached the utmost importance, should continue unresolved beyond the Fourteenth Session.

Mr. SWAMINATHAN (India) said that to date his delegation had not really been in a position to visualize fully the complete extent of damage to India's export trade which the retention of German import restrictions might cause. Although there had been some further elucidation during the Session the apprehensions expressed by his delegation, principally in regard to some simple manufactured products, still continued. In the latter connexion, however, he reported that the delegation of the Federal Republic had arranged meetings with his delegation to examine India's difficulties in certain fields; this examination was still at a preliminary stage.

Mr. Swaminathan said that he had been greatly heartened by the fact that the Minister of Economics of the Federal Republic, at the conclusion of a recent lengthy tour of South East Asia, had been reported in the press as stating that it was inevitable that industrialized countries should purchase manufactured goods from countries in an early stage of development in order that the latter, by increased export earnings, might be able to foster economic development. He felt sure that the spirit of this announcement would pervade any consultations such as were now envisaged. The Indian delegation endorsed the Chairman's proposal for joint consultations and looked forward to participation therein.

Mr. CAPPELEN (Norway) said that he wished to clarify his delegation's position with regard to this matter since it did not participate in earlier discussions at this Session. Most contracting parties, including Norway, were of the opinion that there was no justification, either in the General Agreement or in the Torquay Protocol, for the maintenance of the import restrictions in question. Consequently in the view of the great majority of contracting parties, the Federal Republic was in formal breach of its obligations under the General Agreement. It must be admitted, however, that there were other contracting parties who also applied protective devices contrary to the provisions of the General Agreement. The difference between their legal position and that of the Federal Republic was that those countries were acting under an explicit authorization by the CONTRACTING PARTIES. The reason why the Federal Republic did not wish to request a waiver from Article XI, for those products falling under the Marketing Laws, was presumably that it anticipated that the conditions of such a waiver would be of such a nature that they would be unacceptable to it for internal political reasons. This attitude was in fact confirmed in the statement of the representative of the Federal Republic.

The Norwegian delegation submitted that most contracting parties were of the opinion that if national responsibilities and considerations were to supersede international commitments, then mutually advantageous co-operation, whether under the General Agreement or any other international agreements, would be of a rather limited value. Mr. Cappelen recalled that one of the main objectives of the General Agreement was to expand production and exchange of goods through a general elimination of quantitative import restrictions. How could such an objective be attained if those two-thirds of the contracting parties which were in a weaker economic position than the Federal Republic, created a similar situation if and when they ceased to have balance-of-payments difficulties.

Norway had been faced with a considerable trade deficit since the war; 80 per cent of the global deficit being incurred in trade with the Federal Republic. It was therefore rather difficult to understand why nearly 15 per cent of Norwegian exports, consisting mostly of fish and marine animal products, would still in principle be subject to restrictions without any possibility of being liberalized in the near future. For a number of contracting parties the material interests at stake were much greater and his delegation was pleased to note that consultations had been proposed between these countries and the Federal Republic. Mr. Cappelen expressed the hope that such consultations would prove useful and lead to results before the next Session. If the Federal Republic could make an arrangement with the consulting countries, in order to satisfy at least partially their trade interests, the Norwegian delegation considered that third countries should not press the matter unduly on a legalistic basis. The Norwegian delegation for its part was prepared to recognize that the interest of the consulting countries ought to have priority, but they in turn should bear in mind the difficult internal position of the German Government and be moderate in their claims. The Federal Republic, for its part, should examine the possibility of finding some sort of redress in favour of these contracting parties which could fulfil at least some of their main expectations.

Mr. SCHWARZMANN (Canada) pointed out that the Federal Republic, as one of the world's leading trading and creditor nations, had major responsibilities in the removal of trade barriers, strengthening multilateral trade and setting an example in non-discriminatory commercial policy. It was appreciated that the Federal Republic had special problems in the field of agriculture but the Canadian delegation was prepared to consider procedures consistent with the General Agreement to meet these problems. He regretted, therefore, that it had not been found possible to arrive at an acceptable solution at this Session. The United States representative had referred to the possibility of recourse to Article XXIII and it would be in the best interests of all contracting parties if a solution were reached by the Fourteenth Session so that such action would not be deemed necessary. His Government earnestly hoped that the Federal Republic would take early steps to increase the possibility of access to the German market, to remove restrictions wherever possible and to eliminate any discrimination in the administration of its system of restrictions. Mr. Schwarzmann expressed the hope that substantial progress in this field would be achieved by the next Session. The Chairman's proposals for joint consultations were constructive and his delegation would wish to participate therein.

Mr. BAIG (Pakistan) said that since this matter was last debated, he had received his Government's reactions to the statement by the representative of Germany. Special interest had been paid to the latter's reference to certain goods which were traded under "extra-ordinary commercial conditions". These "extra-ordinary commercial conditions" did not yet seem to have been defined. Mr. Baig considered, however, that if this phrase referred to lower costs of production in countries such as Pakistan then it would seem to involve

discrimination against relatively more efficient production. Pakistan had commenced to produce goods, the raw materials for which were readily available, and if this allowed her to be competitive he did not think that it should permit exclusion from a market. Accordingly, his delegation could not acquiesce in discrimination against semi-manufactured and other goods produced in under-developed countries simply because they were more competitively or efficiently produced. He supported the Chairman's proposal for joint consultations.

Mr. JARDINE (United Kingdom) said that his delegation had examined the statement made by the representative of Germany at a previous meeting, together with the list of further liberalization measures then announced. On that occasion the United Kingdom delegation had expressed the view that the proper course for the Federal Republic in its present situation would be to negotiate a waiver incorporating the terms and conditions of the "hard core" decision in respect of those products, both agricultural and industrial, on which it felt unable to remove import restrictions immediately. The result of his delegation's examination did not change that view. Moreover, he pointed out that the Federal Republic's request for concurrence under the "hard core" decision in respect of six industrial products did not seem likely to meet the required terms and conditions. In any event, that application accounted for only a small proportion of the total area of the residual controls, and informal discussions on the remainder which had taken place with the German delegation had thus far given no hope of an agreed solution within the framework of the General Agreement which would apply generally over the whole field of import restrictions.

In the circumstances, therefore, the United Kingdom delegation felt that the best way to proceed would be along the lines suggested by the Chairman. His Government would participate in such consultations in the course of which it might be found possible by the German authorities to liberalize a wider range of products. In so far as this might not be possible he hoped that the consultations would pave the way for a Working Party at the next Session to find solutions to avoid discrimination in the administration of the remaining import restrictions, and to provide for their gradual relaxation in accordance with the terms of the "hard core" decision. Should progress be unsatisfactory then contracting parties would have to consider what other remedies were afforded to them under the General Agreement.

Mr. BEINOGLU (Greece) endorsed the Chairman's proposals for joint consultations.

Mr. KLEIN (Federal Republic of Germany) recalled that in his statement at a previous meeting he had made it clear that his Government was prepared to seek with contracting parties an agreed solution to the problem of the Federal Republic's import policy within the framework of the General Agreement. In assuming this attitude his Government had been guided by the necessity to avoid splintering its trade relations with other contracting parties into a system of bilateral arrangements. He had also declared his delegation's willingness to give all necessary information and clarification on those items still under restriction. His Government could agree to the proposed joint consultations as suggested by the Chairman; in the view of the German delegation such consultations were likely to result in progress towards a common accord and might well prove to be the basis for the elaboration of a solution to the problems within the framework of the General Agreement. He had taken note of statements made by various delegations and he would report these views to his Government.

The CONTRACTING PARTIES thereupon approved the Chairman's proposals for joint consultations with the Federal Republic of Germany pursuant to Article XXII.

The CHAIRMAN pointed out that contracting parties wishing to be joined in the consultations should do so in accordance with the procedures agreed upon for consultations under Article XXII, as set out in document L/928, by informing the Government of the Federal Republic of Germany and the Executive Secretary.

The Chairman then drew attention to a request submitted by the German delegation for concurrence by the CONTRACTING PARTIES under the hard-core Decision of 5 March 1955 in respect of certain non-agricultural products (W.13/33). He suggested that in view of the agreement to hold joint consultations with the Federal Republic consideration of this request might be deferred until the Fourteenth Session. In the interim the products included therein could be examined in the course of the consultations.

3. Subsidies - Declaration on Article XVI:4 (L/935)

The CHAIRMAN recalled that, when this item was taken up on 30 October, he had reported that only three of the nine contracting parties whose acceptance was required to bring the Declaration into force had accepted the Declaration. Since that meeting the United States Government had accepted the Declaration subject to a reservation the text of which had been distributed, and the United Kingdom Government had also accepted it.

The Chairman asked the representatives of the other four Governments whether they now had authority to sign the Declaration.

Mr. van OORSCHOT (Netherlands) and Mr. FERLESCH (Italy) stated that their delegations were now ready to sign the Declaration. M. de IACHARRIERE (France) announced that his Government was prepared to sign the Declaration and this had been delayed only by administrative formalities. Mr. SCHWARZMANN (Canada) regretted that his Government's signature had also been delayed by administrative formalities.

Mr. HAGEN (Sweden) said that the reservation by the United States Government considerably limited the importance of the United States' adherence to the Declaration. He hoped that when the provisions of Article XVI were reviewed in 1959 it would be possible for the United States Government to announce that it had taken more positive action.

Mr. JARDINE (United Kingdom), Mr. GUNDELACH (Denmark) and Mr. FERLESCH (Italy) associated their delegations with the observations made by Mr. Hagen.

The CHAIRMAN said that the United States delegation would doubtless note the remarks which had been made.

The CHAIRMAN said that even should the Declaration be accepted by all nine contracting parties, it would remain in force only until 31 December 1958. Therefore, the Executive Secretary had prepared for acceptance a Procès-Verbal extending the validity of the Declaration for one year. The text of the Procès-Verbal had been distributed in L/935 and it was open for signature.

4. Peruvian Import Charges - Report by Group of Experts (W.13/58)

The CHAIRMAN recalled that a group of experts had been appointed to assist the Chairman in seeking a procedural and logical solution for the problem raised by the representative of Peru. A draft decision (W.13/58) had been prepared.

The CONTRACTING PARTIES approved the Decision by a vote of thirty-two in favour, none against.

Mr. DE LA FUENTE (Peru) on behalf of his delegation expressed his appreciation of the Decision taken by the CONTRACTING PARTIES. It was clearly difficult for a country with a vulnerable economy like Peru to find immediate solutions to problems resulting from balance-of-payments difficulties; whereas there were numerous solutions for more highly industrialized countries which could count on vast domestic markets which assured them of national outlets for their primary or industrial production. It would have been possible to have recourse to Article XII, which provided an immediate solution to such problems by the application of quantitative import restrictions, but such action, in the view of his delegation, would be contrary to the philosophy and spirit of the GATT and would have been even more harmful to the interests of other contracting parties.

In conclusion, he said that his Government was prepared to enter into consultations with any contracting party concerning problems arising from the application of the tariff increases to specific items as approved in this Decision. In his delegation's opinion the fact of not having applied the tariff increases stipulated in Law 12,955 to goods originating in neighbouring countries would cause no damage to trade with other contracting parties on account of the special pattern and composition of this trade.

5. Rhodesia and Nyasaland Tariff (W.13/46)

The CHAIRMAN recalled that on 14 November (SR.13/16) the CONTRACTING PARTIES had agreed to the request of the representative of Rhodesia and Nyasaland for an extension of the time-limit until 1 July 1959 for completing the process of adjustment of certain preferential rates of duty and had asked the Executive Secretary to prepare a draft decision for consideration by the CONTRACTING PARTIES. He pointed out that the draft now submitted (W.13/46) involved a waiver from obligations under Part I of the Agreement and he suggested that the CONTRACTING PARTIES record in the text of the proposed decision that the procedural requirements which they had agreed to follow for the consideration of waivers from Part I (Decision of 1 November 1956) had been duly observed. One of the points covered in this procedure was that, before granting a waiver, the CONTRACTING PARTIES should be satisfied that the legitimate interests of other contracting parties had been adequately safeguarded. He thought that the CONTRACTING PARTIES could agree that this condition had been fulfilled. Moreover, the procedures provided for consultation on specific action taken under the waiver; this condition appeared to be fulfilled since consultations were expressly provided for in the text. Finally, the procedures contemplated that an annual report should be addressed to the CONTRACTING PARTIES and, although this was not specifically provided for, there would be a report by the Government of the Federation, in accordance with the Decision of 3 December 1955, after the completion of the various negotiations contemplated.

It was agreed to amend the draft as proposed by the Chairman.

Mr. PAPPANO (United States) said that his delegation was prepared to support the extension of time requested for the completion of the Federation's negotiations with Australia. All that was sought in this case was additional time to complete an action in which the CONTRACTING PARTIES had already concurred. On the other hand, the proposal regarding the Portuguese colonial territories and products seemed to raise a number of complex new questions. Products of Portuguese dependencies which had never enjoyed a preference in any part of the Federal territory were to receive such treatment. Moreover the preference to certain Portuguese products would be authorized throughout the Federation instead of in the former Southern Rhodesian territory only. In the latter case a possible derogation from long-standing international obligations was involved. Finally, the United States delegation did not consider the area involved to be sufficiently limited to classify the arrangement as a frontier facility of the kind intended in Article XXIV:3(a). His delegation would therefore abstain from approving the proposal. Mr. Pappano referred in this connexion to the statement of the United States representative at the Eleventh Session on his abstention from the Resolution on the Federation's Tariff adopted on 13 November 1956.

The CONTRACTING PARTIES approved the Decision by thirty-four votes in favour and none against.

6. Marks of Origin - Report by Working Party (L/912)

Mr. BELL (Rhodesia and Nyasaland), Chairman of the Working Party, introduced the Report by expressing his appreciation and gratitude to the members of the Working Party for the high standard of professional competence which they displayed on this technical subject and for the constructive approach adopted by them so as to secure the maximum degree of agreement and extract the maximum value out of the work in the form of positive recommendations. He recalled that these recommendations were based on a series of proposals for the liberalization of national practices in the marks of origin field which had been submitted by the International Chamber of Commerce and he pointed out that the Recommendation proposed by the Working Party went a very long way towards meeting these suggestions. He drew particular attention to point 5 of the Recommendation, the effect of which was that, while countries should remain free to accept any more liberal provisions or to accept any mark of origin, it ensured that products marked in conformity with the Recommendation would be accepted generally in all countries. The Recommendation proposed by the Working Party could be considered to be an important step forward which countries could take in their efforts to harmonize marks of origin requirements in a liberal way and he commended it to the CONTRACTING PARTIES for their approval.

Mr. GUNDELACH (Denmark) stated that his delegation was of the opinion that the Working Party had prepared a very valuable Recommendation. During the review session, his delegation had supported a strengthening of Article IX,

but at that time without success. His Government therefore welcomed the present proposal as a first step, from which the contracting parties could pursue their efforts with the ultimate goal of an elimination of all marking requirements for imported goods. He pointed out that the existing legislation in Denmark covered only a limited number of commodities and that it did not fulfil the provisions of the Recommendation in every respect. However, his Government would be prepared to make every effort to bring the national laws and regulations into conformity with the proposed Recommendation. He stressed that his Government understood such a removal of more restrictive national provisions to be the intention of the Recommendation and that all countries should endeavour to be at least no more restrictive in their legislation than was suggested by the Recommendation.

Denmark had for many years marked Danish agricultural products with the word "Danish", which mark had been generally accepted by all countries as a satisfactory mark of origin. His delegation interpreted point 5 of the Recommendation as meaning that countries should endeavour to lessen their requirements for marks of Origin and, at any rate, not introduce more restrictive regulations in this field. His Government, therefore, had no reason to believe that countries which hitherto had accepted the word "Danish" as a mark of origin on Danish agricultural products should not accept it also in the future.

Mr. JARDINE (United Kingdom) said that his delegation welcomed the principles in the Recommendation which was all the more valuable because differences of legislation and approaches on the part of individual contracting parties obviously did not make it easy to reach agreement on principles of this kind. He stressed that his country already observed the principles laid down in the Recommendation and would continue to do so. Some minor differences in the present legislation of his country would in no way affect the wholehearted support of the general aim of the Recommendation by his Government and its intention of continuing to observe these principles.

Mr. TREU (Austria) welcomed the Recommendation and supported the statement made by the representative of Denmark that it be considered only a first step which should, if possible, be followed by further action by the CONTRACTING PARTIES aiming at the elimination of all marking requirements. He stressed that, in Austria, no general requirement of marks of Origin existed, but that a few products had to be marked under the existing provisions. The marking requirement in these instances was introduced in the interest of consumers and not in order to protect producers.

Mr. MERINO (Chile) reserved his position as there had been insufficient time for close examination by competent officials of his Government.

Mr. HAGEN (Sweden), expressing himself strongly in favour of the Recommendation, stated that marking requirements on many goods had been abolished in Sweden during recent years and that, in some other cases, the Swedish

legislation had been simplified. There were, however, still some decrees in force which required marks of origin and some of which were not in conformity with the Recommendation. He pointed out that some time would be needed to make the necessary legal changes in order to bring the Swedish legislation into conformity with the Recommendation.

Mr. SPREUTELS (Belgium) declared that his delegation warmly supported and welcomed the proposed Recommendation.

Mr. FIELDS (United States) said that, subject to a few reservations which he would now announce together with the explanations therefore, the United States was ready to approve and implement the Recommendation. United States law, with respect to point 2 of the Recommendation, provided in substance for the general application of marks of origin by requiring that all imported articles or their containers be marked, unless specifically exempted. However, since his Government had in fact made such exemptions for large areas of imports, the marking requirements were indeed "limited to cases where such a marking was considered necessary" and therefore it was considered that the United States was in practice conforming with point 2, despite the general applicability of the United States law. Point 1, which the United States approved, might be open to some misinterpretation on this score and his delegation might have suggestions with regard to it at some future session. Point 3 was acceptable except in so far as it related to a limited class of articles which United States law required to be specially marked in a particular manner. He regretted that his delegation could not accept point 4 since United States legislation in a few instances required information in addition to the obligation to indicate the origin of the imported product. With respect to point 10, he wished the CONTRACTING PARTIES to note that "objets d'art" twenty years old or less were not as such exempted under United States Law. Finally, points 8(a) and 8(b) of the Recommendation were not acceptable to the United States, except to the extent that they were limited to articles incapable of being marked or to cases where the marking of the container would reasonably indicate to the ultimate purchaser the origin of the article. In this connexion, he drew the CONTRACTING PARTIES' attention to the strict interpretation which the United States gave to the requirements of points 8(a) and 8(b). In practice, it might not be unlikely that the United States was in fact complying with these recommendations. His delegation would approve the remainder of the Working Party Report without comment.

In conclusion Mr. Fields expressed his delegation's pleasure at having participated in this Working Party and at being able, along with other contracting parties, to respond in such large measure to the suggestions of the International Chamber of Commerce in this important area of international trade.

Mr. SHIMODA (Japan) welcomed the Recommendation and supported the suggestions of the representatives of Denmark and Austria for further action in this field.

The CONTRACTING PARTIES adopted the Report of the Working Party and approved the Recommendation on marks of origin contained therein.

7. Election of Intersessional Committee

The CHAIRMAN recalled that the CONTRACTING PARTIES, when adopting the report of the Working Party on Organization, had approved the proposal to establish an Intersessional Committee of seventeen members to deal with any urgent matters that might arise during the intersessional periods between the Thirteenth and Fifteenth Sessions. The criteria upon which voting should be based, the considerations to be borne in mind by contracting parties accepting membership and the geographical distribution of seats on the Committee had been considered at a meeting of Heads of delegations on 18 November.

An election was held and the following contracting parties were elected to the Intersessional Committee:

Australia	France	Kingdom of the Netherlands
Brazil	Federal Republic	Pakistan
Canada	of Germany	Peru
Czechoslovakia	India	Union of South Africa
Denmark	Italy	United Kingdom
Dominican Republic	Japan	United States of America

8. French Assistance to Exports of Wheat and Wheat Flour - Report by Panel for Conciliation (L/924)

Mr. SWAMINATHAN (India), Chairman of the Panel, said the Panel had first considered whether or not the operation of the French price equalization system for wheat and flour amounted to the grant of subsidies on exports of those products. After a careful examination of the complicated French system the Panel found that since sizeable budgetary appropriations were involved it did in fact result in the grant of export subsidies within the terms of Article XVI:3. The Panel considered whether this had resulted in France obtaining more than an equitable share in world trade for these products inconsistent with the provisions of Article XVI:3. The Panel found in the affirmative. As a result thereof Australia had suffered direct damage, the precise extent of which, however, was difficult to assess; there had also been some indirect damage. The Panel noted that there was no inherent guarantee in the French system which would prevent a recurrence of such damage. In fairness to France, however, the Panel had drawn attention to the general state of disequilibrium in the South East Asian flour markets and to the fact that for various reasons French flour exporters had lost a market for 50-60,000 tons annually in what formerly constituted French Indo-China, and had been forced to seek alternative outlets elsewhere.

Finally, the Panel directed its attention to measures to alleviate the situation and now submitted a draft recommendation for consideration by the CONTRACTING PARTIES. In conclusion Mr. Swaminathan paid tribute to the

thoroughness of the presentation of the Australian case and the co-operative attitude displayed by the French delegation during the Panel's deliberations.

M. de LACHARRIERE (France) observed that the analysis in sub-paragraphs 23(d) and 23(e) of the Report tended to prove that Australia had suffered injury because in a period of shortage of supplies it had not been able to maintain its exports of flour at their usual level. Table C annexed to the Report showed, however, that the proportion of Australian wheat exported in the form of wheat flour had increased steadily since 1955 and the fact that this increase had not been larger could not be considered a prejudice. In other words, what the Panel deemed damage was at the most a lack of gain. Further, while, as indicated in paragraph 19 of the Report, the Panel had recognized that it was not possible to define even approximately an "equitable share" in world exports it had considered that France had acquired more than an equitable share in the world export trade in wheat and wheat flour. His delegation was not unaware of the difficulty of defining precisely a country's equitable share in a market. However, in the interests of the case law to be established, the CONTRACTING PARTIES should beware of such a subjective interpretation of Article XVI:3. Finally, this equitable share - even if left undefined - related to world trade and not to the trade of a region only. The Report, which indeed faithfully reflected the debates of the Panel, gave much greater weight to the South East Asian market than to world trade. The way in which the analysis proceeded from findings based on the study of a regional market to conclusions concerning the world market did not appear free of criticism and weakened the value of the general argument and consequently of the Recommendation. In the light of these reservations the French delegation undertook to bring the Recommendation to the attention of its Government. It hoped that in the future a recurrence of such differences could be avoided by Franco-Australian consultations as suggested in the Recommendation.

Mr. SWAMINATHAN (Chairman of the Panel) replying to the views expressed by the representative of France stressed that the Panel had formulated its conclusions and recommendation only after a full examination of the facts of the case. He pointed out that it was the practice of the Australian Wheat Board, whatever the crop, to set aside a quantity of wheat considered necessary to keep up normal exports of flour; as a result of the loss of flour markets in South East Asia, however, much of this had to be exported in the form of wheat. As regards the point concerning equitable share Mr. Swaminathan pointed out that, as shown in Table 1 of the Report, the Panel had indeed considered the percentage of French exports of wheat flour in relation to world markets and not to one particular region; its examination had shown that significant increases had taken place since 1952.

Mr. RATTIGAN (Australia) commended the Panel on the manner in which it had examined what had been a difficult matter complicated by technicalities of the product and complexities of the French system. This was the first case of this nature under the revised Article XVI and Mr. Rattigan recalled that

when this Article was drawn up at the Review Session it was evident that its operation would depend to some extent on the elaboration of case law. The thorough and painstaking work done by the Panel on this matter would provide a firm basis on which to build such case law. In conclusion he trusted that as a result of the Panel's recommendation it would be possible to reach a solution to this long-standing problem.

The CONTRACTING PARTIES then approved the Recommendation and adopted the Report.

9. Completion of Article XXVIII Negotiations (W.13/56)

The CHAIRMAN reported that five delegations had not found it possible to complete the renegotiations under Article XXVIII which had been initiated in 1957 and had asked for an extension of the time-limit from the end of the present Session until the close of the Fourteenth Session. A recommendation to this effect had been distributed by the Executive Secretary in document W.13/56.

The CONTRACTING PARTIES then agreed that the final date for completion of Article XXVIII negotiations be extended to the end of the Fourteenth Session.

Mr. BENSIS (Greece) said that during the last year his Government had conducted a number of tariff negotiations with other countries on the basis of Article XXVIII for the purpose of modifying duties on certain items in the Greek tariff. It was hoped that outstanding negotiations with two countries would be completed in the near future. The Government of Greece would be obliged to modify as soon as possible the duties which had been negotiated as well as those on which agreement had not yet been obtained. Therefore he expressed the wish that the time-limit be extended only to the end of February 1959.

The CHAIRMAN said that the decision had been to extend the time-limit to the end of the Fourteenth Session in order to enable all the contracting parties concerned to conclude their negotiations.

10. Nordic Economic Co-operation

The CHAIRMAN called on the representative of Norway who wished, on behalf of the four Nordic countries, to inform the CONTRACTING PARTIES of recent developments in the consultations between the four Governments.

Mr. CAPPELEN (Norway) said that the studies on the possibilities of widening the scope of economic co-operation among the Nordic countries, Denmark, Finland, Norway, and Sweden, had been almost completed. In July 1957 a committee of officials from the four countries had presented a detailed plan for a Nordic Market covering 80 per cent of total inter-Nordic trade. The plan presented by the committee of officials included

a common Nordic customs tariff based on the present rates of duty in the four countries. As tariffs in the Nordic countries were fairly low the rates of duty in the proposed common tariff were low or moderate. The common tariff would in principle be applied by the four countries from the date when the Nordic Market came into being. Simultaneously, customs duties and quantitative restrictions would be abolished in inter-Nordic trade. The plans for a Nordic Market further included proposals for a Nordic Investment Bank, for practical co-operation in various fields of industrial production in the four countries and for joint technical and scientific research. In view of the present status of the negotiations for the creation of a European Free-Trade Area in which Denmark, Norway and Sweden had taken part, no political decision had as yet been taken by any of the four countries on the adoption of the plans for a Nordic Market. Since drawing up this joint declaration, the Sixth Session of the Nordic Council had been held in Oslo from 11-15 November 1958. At this Session the Council, which was a consultative body only, composed of members of the Parliaments of the four Nordic countries, had passed a resolution recommending that the Governments of Denmark, Finland, Norway and Sweden on the basis of the reports submitted and in contact with the Council, enter into negotiations with regard to arrangements for Nordic economic co-operation.<sup>1</sup>

The CONTRACTING PARTIES took note of this statement.

The meeting adjourned at 5.30 p.m.

---

<sup>1</sup> The full text of this statement appears in document L/938.