

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.13/21  
10 December 1958

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CONTRACTING PARTIES  
Thirteenth Session

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## SUMMARY RECORD OF THE TWENTY-FIRST MEETING

Held at the Palais des Nations, Geneva,  
on Saturday, 22 November 1958, at 10 a.m.

Chairman: Mr. L.K. JHA (India) for items 1 - 15  
Mr. F. GARCIA-OLDINI (Chile) for items 16 - 17

- Subjects discussed:
1. Trade in Primary Products - Report by Working Party
  2. Balance-of-Payments Restrictions - Reports by Working Party
  3. Article XVIII - Reports by Panel
  4. Schedules - Report by Working Party
  5. Budget - Report by Working Party
  6. Brazilian Tariff Negotiations
  7. Latin American Economic Integration
  8. Accession of Switzerland
  9. Amendment Protocols and Organization for Trade Cooperation
  10. Article XIX - Action by United States on Lead and Zinc
  11. Programme of Meetings 1959
  12. Article XXVIII - Swedish Request
  13. Australian Waiver/Papua - New Guinea
  14. Derestriction of Documents
  15. Closing Statement by Mr. L.K. Jha
  16. Tributes to Outgoing and Incoming Chairmen
  17. Statement by Mr. F. Garcia-Oldini

1. Trade in Primary Commodities - Report by Working Party (L/930)

Mr. van OORSCHOT (Kingdom of the Netherlands), Chairman of the Working Party, introduced the Report. The Working Party had reviewed the basic Resolution of 17 November 1956 and had submitted suggestions for a more effective implementation thereof. In this connexion it had deemed it appropriate to underline the importance for the CONTRACTING PARTIES of the conclusions in the Experts' Report with regard to excessive short-term fluctuations in the prices of primary products. The Working Party considered that the CONTRACTING PARTIES should henceforth go further than merely taking note of the annual report by the Chairman of ICCICA and had suggested that the annual review, under the basic Resolution, of the impact of commodity problems upon international trade should be based not only on GATT documentation but also on documents and reports of the CICT, FAO and other inter-governmental agencies. To prepare for future reviews the CONTRACTING PARTIES should appoint a special Working Party to meet before the last annual session to examine current commodity problems.

The Working Party had drawn attention to specific provisions of the General Agreement to which recourse could be had by contracting parties in the implementation of the basic Resolution. As regards paragraph 2 of the Resolution reference was made to balance-of-payments consultations under Article XII and it was suggested that henceforth the CONTRACTING PARTIES should take into account in such consultations all factors influencing world supply and demand for primary products. Paragraph 3 of the Resolution could be implemented under the consultation procedures of Article XXII; these could be broadened into multilateral consultations and there was nothing in the Article which precluded the invitation of non-contracting parties to participate. Further, the CONTRACTING PARTIES could take joint action under Article XXV to arrange for consultations between importing and exporting countries thus employing appropriate and well proved GATT techniques to avoid recourse to unilateral action.

As regards the invitation extended to the CONTRACTING PARTIES by the Economic and Social Council to participate in the next session of the Commission on International Commodity Trade at New York in March 1959, the Working Party invited the CONTRACTING PARTIES to permit the Executive Secretary or his representative to affirm and demonstrate the continuing interest of the CONTRACTING PARTIES in the problems of trade in primary products and the possibilities they envisaged for arriving at solutions in conformity with the general interests of commercial policy. Finally the Working Party supported the Executive Secretary's suggestions for better co-ordination in the exchange of information with various other international bodies concerned with trade in primary commodities. In conclusion Mr. van Oorschot said that the Working Party was convinced that the suggestions in its Report would contribute towards a better mutual understanding of problems arising in this extremely delicate and complex field.

Mr. VALLADAO (Brazil) pointed to certain aspects of the Report which his delegation considered to mark a new phase in the consideration of problems related to trade in primary products. It was noted that instead of being limited to the report of the Chairman of ICCICA as hitherto, the CONTRACTING PARTIES' annual review would henceforth be based on documents and reports of other inter-governmental agencies such as those of CICT and the FAO. Further, the Report surprisingly evinced certain possibilities for action to resolve problems in commodity trade under various Articles of the General Agreement of which to date no cognizance had been taken. His delegation welcomed the suggestions which would permit the Executive Secretary to clarify the rôle of GATT with some precision in other international forums and arrange for the reciprocal exchange of information with these bodies. While the Brazilian delegation held the view that problems arising from trade in primary commodities should be examined more efficaciously by the CONTRACTING PARTIES, it felt that any decisions or recommendations would have little effect until there was a real desire for action in this field. When such a desire became apparent there would be hope for a new era in the consideration of these problems. The Brazilian delegation therefore, accepted the suggestions in the Working Party's Report and Mr. Valladao expressed the hope that there would be progress towards a better understanding of problems in commodity trade leading to solutions in the best interests of all contracting parties.

Mr. DE LACHARRIERE (France) commended the Working Party for having successfully elaborated the competence of the CONTRACTING PARTIES in relation to problems in international commodity trade and the manner in which GATT techniques should apply to them. The French delegation would accept the Working Party's Report.

Mr. PAPPANO (United States) said that his delegation considered that the CONTRACTING PARTIES were approaching a helpful understanding of what their rôle in the commodity field should be. At the Review Session there had been a strong interest on the part of many governments to expand the responsibilities of the GATT beyond those which were inherent in the operation of the Agreement, detailed in Article XX:(h). The United States delegation found it necessary to oppose this expansion of responsibilities, partly because of its view that there were few situations in which a commodity agreement was feasible or desirable. At the Eleventh Session, a search for an "alternative approach" to commodity problems in the GATT led to the Resolution of 17 November 1956, on which the recommendations now before the CONTRACTING PARTIES were based. The Resolution and the Working Party Report recognized that the basic provisions of the General Agreement might be utilized to arrange for study and discussion of the problems of commodity trade which were of concern to individual contracting parties or the CONTRACTING PARTIES generally. The present recommendations were designed to clarify the procedures applicable under the Resolution of 17 November 1956 and to relate the activities which might develop under the Resolution more precisely to the particular competence and responsibilities of the CONTRACTING PARTIES.

In so far as the present recommendations of the Working Party might in any way be construed as an endorsement of the commodity agreement approach, Mr. Pappano emphasized that the United States' position on commodity agreements had not changed. As Mr. Dillon had indicated, the United States was prepared to examine, pragmatically and on a case-by-case basis, the question of what desirable or feasible measures might offer a solution to particular commodity problems. It continued to be his Government's belief that there were not likely to be many situations in which a commodity agreement might be desirable or feasible. These few situations were likely to require expert groups such as the lead-zinc conference, which had just met in Geneva, or commodity study groups in which the major producing and consuming countries with their intimate knowledge of the circumstances of each case would participate. Significantly, however, the recommendations of the Working Party were not concentrated on questions of price stability. They were principally directed to other types of commodity problems, particularly those relevant to the CONTRACTING PARTIES' interest in promoting the expansion of world trade through the reduction of unnecessary barriers, the fostering of sound trade policies and the multilateral consideration of common problems. The recommendations contemplated annual reviews which would throw more light on the significance of problems in commodity trade for world trade generally. They drew attention to the possibilities offered by the General Agreement for multilateral consultations on those problems which arose from, or might lead to, commercial policy action restricting or disrupting trade. Finally they fully took into account the competence of other international bodies concerned with commodity trade. In the light of these considerations therefore, the United States delegation generally supported the recommendations of the Working Party.

Mr. RATTIGAN (Australia) congratulated the Working Party on their Report and recorded his delegation's concurrence with the proposals contained therein.

The CONTRACTING PARTIES thereupon adopted the Report of the Working Party on Commodities and approved the recommendations therein.

Consequent thereto the CONTRACTING PARTIES appointed a Working Party on Commodities with the following membership and terms of reference:

Chairman: M. Etienne (Belgium)

<u>Members:</u>	Australia	Denmark	New Zealand
	Belgium	Federation of Malaya	Pakistan
	Brazil	France	Peru
	Ceylon	Germany (Fed. Rep.)	Turkey
	Chile	India	United Kingdom
	Cuba	Indonesia	United States
	Czechoslovakia	Japan	Uruguay

Terms of Reference:

To examine documentation relevant to the Review by the CONTRACTING PARTIES of the impact of commodity problems upon international trade and to submit a report and, where appropriate, recommendations to the CONTRACTING PARTIES to provide a basis for the Review.

2. Balance-of-Payments Restrictions - Reports by Working Party

- (a) 1958 Consultations under Article XIV:1(g) (L/915 and Add.1)
- (b) Arrangements and Procedures for Future Consultations (L/931, Sections I and II)
- (c) Review of Restrictions under Articles XII and XVIII:B (L/931, Section III)

Mr. HAGEN (Sweden), Chairman of the Working Party, stated that the Working Party had, in accordance with its instructions, conducted the consultations initiated by five contracting parties under paragraph 1(g) of Article XIV. It had been the first occasion on which consultations had been held with Ghana and the Federation of Malaya. In all cases the representatives of the consulting countries had willingly supplied information as requested by other representatives, and there had been a full and frank exchange of views on all aspects of the balance-of-payments difficulties and restrictions. The delegation of Ceylon had announced after the close of its consultation that the remaining discriminatory restrictions on imports from the dollar area had just been eliminated. Consequently, that consultation had become the last one to be conducted with that contracting party under Article XIV. Past consultations with Ceylon had clearly contributed to the realization of this progress. In the case of the United Kingdom, the Working Party had been instructed to defer substantive discussions and the United Kingdom had supplied a statement containing much encouraging information on its present situation and policy.

As instructed, the Working Party had also considered arrangements and procedures for the conduct of future consultations under Article XII:4(b) and Article XVIII:12(b). After very thoroughly discussing all aspects of the question the Working Party had agreed to recommend arrangements and procedures which, in his view, constituted a well-balanced and carefully considered scheme and did full justice to the experience gained in the 1957 consultations. Mr. Hagen drew attention to the recommendation in paragraph 6 of the Report (L/931) that contracting parties applying import controls and restrictions should keep the secretariat regularly informed of any changes in their restrictive systems and to supply it with relevant documentation. It was strongly urged that contracting parties comply with this request; for in the absence of such co-operation the secretariat would find it extremely difficult to perform its functions and, in particular, to prepare the basic documents for the consultations. The time-table for consultations, as recommended by the Working Party, had been drawn up on the basis of

certain assumptions regarding the number and identity of contracting parties resorting to Article XII and Section B of Article XVIII. These assumptions which had been proved correct through an enquiry made by the Chairman of the CONTRACTING PARTIES and which were set out in W.13/20/Add.1 would have to be confirmed by the CONTRACTING PARTIES. The Working Party had suggested the membership for the Committee on Balance-of-Payments Restrictions, but had not nominated a chairman for it; in accordance with the usual practice, it had left this task to the Chairman of the CONTRACTING PARTIES. As had been agreed, in future, occasional consultations arising from intensification of restrictions should be dealt with by the Committee on Balance-of-Payments Restrictions, rather than by the Intersessional Committee; the necessary changes in the Intersessional Procedures were proposed in Part II of the Report.

Finally, as regards the Review of import restrictions which should have been concluded at this Session, the Working Party suggested, in paragraph 21 of its Report, that more time should be allowed for contracting parties to reflect and to examine the secretariat draft circulated in document W.13/53. Contracting parties were asked to send any comments or suggestions to the secretariat as early as possible and not later than 15 January 1959; a re-draft, to be prepared by the secretariat in the light of the suggestions and comments received, would be examined by the Committee on Balance-of-Payments Restrictions and then submitted for approval by the CONTRACTING PARTIES at the spring session.

In concluding, Mr. Hagen said that the documents supplied by the International Monetary Fund had formed a useful source of information for the consultations. The Fund representatives had participated in the deliberations of the Working Party and had made valuable contributions. The CONTRACTING PARTIES were therefore greatly indebted to the Fund for this assistance.

The CHAIRMAN, on behalf of the CONTRACTING PARTIES, expressed their indebtedness to the International Monetary Fund for its valuable contribution.

Mr. HEBBARD (International Monetary Fund) thanked Mr. Hagen and the Chairman for their remarks, on behalf of his colleagues in Washington who had prepared the background papers. He considered this courtesy to be also a recognition of the very close relationship which existed between the CONTRACTING PARTIES and the Fund, two institutions which pursued common objectives.

Mr. GOLDSTEIN (United States) recalled that for a number of years balance-of-payments consultations had been held primarily, but not exclusively, with a small group of countries which were availing themselves of the provisions of Annex J and Article XIV:1(c). Ghana and the Federation of Malaya had now joined this group. His delegation was gratified to note that Ceylon as the Union of South Africa had done in 1954, had announced the elimination of its discriminatory restrictions. It was noteworthy that Ceylon, an under-developed country, had found it possible to take this final step which had been preceded by successive relaxation measures. Since the CONTRACTING PARTIES approved the Report on the consultation with New Zealand held earlier in the

year, his delegation had received a copy of a statement by the Minister of Customs of New Zealand when announcing the import licensing programme for 1959, which included the following encouraging passage: "There is a new and striking feature in the programme, the introduction of global licences on a far greater scale than ever before. These global licences are available for imports from any country in the world."

During the consultations reference had been made to the policy statements in the Report of the Montreal Conference, which reaffirmed in stronger terms than before, the intention of the participating countries to reduce discrimination in import restrictions and which, more importantly, laid down certain specific objectives, at least as far as the United Kingdom was concerned. The Conference had reaffirmed the common objective of freer trade and payments and had agreed that dollar discrimination should be progressively reduced and ended as soon as possible. The report further mentioned that the United Kingdom had announced its intention, all being well, to take specific measures in 1959. The general direction to which the report pointed seemed to have been reflected in the consultations held during the Session.

The regular consultations under Article XII which were to commence in 1959, were not intended, in the opinion of the United States delegation, to be occasions merely for examining the restrictions of the consulting countries; they afforded an opportunity for an exchange of views which might be of value to the consulting countries and in finding solutions to their problems and in their efforts to remove restrictions. His delegation hoped that the consulting countries would regard the consultations in that light and give serious thought in advance to the difficult problem of incidental protection which might impede the removal of import restrictions. For successful consultations both the earnest co-operation of all contracting parties and assistance from the secretariat would be required.

Mr. SANTIAPILLAI (Ceylon) stated that notwithstanding serious balance-of-payments difficulties, Ceylon had successfully maintained a liberal import policy. His Government had now removed the remaining element of discrimination in its import control system. He hoped that this example of a small underdeveloped country which was beset with numerous difficulties would be followed by its more important trading partners.

Mr. SCHWARZMANN (Canada) shared the views of the United States representative on the importance of the consultation procedure on balance-of-payments restrictions and of continuing progress in the removal of import restrictions and discrimination. Canada had repeatedly stressed the importance of early progress in this field, both in the interest of the countries resorting to import restrictions and of international trade generally. As already mentioned by the representative of the United States, the objective of removing import restrictions as quickly as consistent with balance-of-payments requirements had been reaffirmed at Montreal. In his statement at the Ministerial discussion, Mr. Churchill, Minister of Trade and Commerce of Canada, had expressed

appreciation of the action taken during the Conference by the United Kingdom, Australia and some other countries. His delegation greatly welcomed the decision of the Ceylon Government to remove discrimination.

The CONTRACTING PARTIES adopted the reports on the consultations with Australia, Ceylon, the Federation of Rhodesia and Nyasaland, Ghana, the Federation of Malaya and the interim report on the consultation with the United Kingdom. They also adopted the report on arrangements and procedures for future consultations, and on the Review of Restrictions under Articles XII and XVIII:B and approved the decisions contained therein, including the list of contracting parties resorting to Article XII and Section B of Article XVIII.

The CONTRACTING PARTIES approved the following terms of reference and membership for the Committee on Balance-of-Payments Restrictions:

Terms of Reference:

To conduct the 1959 consultations under Article XII:4(b) and Article XIV:1(g) and such other consultations as may be initiated during the year under Article XII:4(a) or Article XVIII:12(a).

Membership:

Australia	Denmark	India
Belgium	Dominican Republic	Japan
Brazil	France	Norway
Canada	Federal Republic of Germany	United Kingdom United States

The CONTRACTING PARTIES agreed that the Chairman of the CONTRACTING PARTIES would in due course nominate the Chairman of the Committee.

Mr. CAPPELEN (Norway) stated that his delegation would notify the secretariat at a later date as to Norway's membership in the Committee on Balance-of-Payments Restrictions, which had been proposed by the Working Party.

3. Article XVIII - Reports by Panel (L/932 and L/933)

Mr. TREU (Austria), Chairman of the Panel, in presenting the report (L/932), stated that the Panel had considered the notifications submitted by the Government of Ceylon under Section C of Article XVIII (L/878/Rev.1). The Ceylon Government wished to apply the Industrial Products Act to facilitate the marketing of domestically-produced tooth brushes and household electric bulbs and had requested that the CONTRACTING PARTIES concur in the measures affecting the imports of these products. Moreover, the Ceylon Government requested the CONTRACTING PARTIES for an extension of the scope of their Decision of 16 November 1956 concerning cotton sarees to a wider range of piecegoods which could be cut into sarees and to sarees of mixed and synthetic

fibres. The Panel, after having ascertained that Ceylon was eligible under paragraph 4(a) of the Article to avail itself of the provisions of Section C of the Article, examined, in consultation with the representatives of Ceylon and of other interested contracting parties, the various aspects of the proposed measures in the light of the provisions and procedures laid down in Article XVIII. The request for broadening the scope of the release on cotton sarees involved certain tariff items, duties on which were bound under the Agreement. In accordance with the provisions of Article XVIII:18 the Ceylon delegation had entered into consultations with the countries interested. All these consultations had not been successfully completed by the time the Panel ended its deliberations, and the Panel therefore recommended that the Intersessional Committee be given the necessary powers to complete the procedure provided for in paragraph 18 of Article XVIII. The Panel was fully satisfied that the measures proposed by the Ceylon Government met all the criteria set out in Article XVIII. The Panel recommended that the CONTRACTING PARTIES concur in the measures as set out in the proposed Decision.

The Panel, in accordance with its terms of reference, had also conducted the annual review (L/933) provided for in Article XVIII:6 concerning the measures in which the CONTRACTING PARTIES concurred at their Twelfth Session. The measures concerned related to those applied by the Government of Ceylon and covered by the Decision of the CONTRACTING PARTIES of 28 November 1957. The review was made on the basis of a report submitted by the Government of Ceylon (L/881/Rev.1). The Panel was of the opinion that the annual review provided for in paragraph 6 of Article XVIII served a very useful purpose and, in particular, this annual opportunity of discussing the measures after they had been concurred in by the CONTRACTING PARTIES should enable the latter to adopt more flexible procedures in dealing with notifications under the Article XVIII:C in the mutual interests of the notifying country and of the exporting countries. In concluding, the Chairman expressed the gratification of the Panel for the excellent documentation submitted by the Ceylon delegation and for its wholehearted co-operation.

The CONTRACTING PARTIES approved the recommendation contained in paragraph 21 (L/932) and instructed the Intersessional Committee to complete the procedure provided for in Article XVIII:18. The draft Decision contained in paragraph 27 was also approved.

The report on the notifications (L/932) was adopted.

The CONTRACTING PARTIES also adopted the report on the First Annual Review under Article XVIII:6 (L/933).

Mr. PAUL (Ceylon) expressed the appreciation of his delegation to the CONTRACTING PARTIES for their sympathetic consideration of the notifications submitted by his Government and for concurring in the measures and reaffirmed that recourse was sought to the marketing facilities under the Industrial Products Act only in a few cases where they apprehended strong consumer resistance. He said that a large number of small-scale industries had been set up

in Ceylon in the past and the establishment of many more was being contemplated without resort to the provisions of Article XVIII:C. Mr. Paul wished to thank the United States Government for waiving its right to be consulted in respect of bound tariff items covered by the present notification and hoped that consultations with the interested contracting parties would be successfully concluded in the near future.

Mr. MATHUR (India) said that his delegation sympathized both with the problems facing the Ceylon Government and with the need for the application of special measures, even when they tended to restrict India's export earnings which were needed for the promotion of her own development programme. He informed contracting parties that the consultations between India and Ceylon in respect of bound tariff items had been satisfactorily concluded, and it only remained to send notifications to the secretariat.

The CHAIRMAN thanked the Ceylonese delegation for the excellent manner in which it had co-operated with the CONTRACTING PARTIES in availing itself of the provisions of Article XVIII for the development of domestic industries. Ceylon had been the first country to take advantage of these provisions and this had enabled the CONTRACTING PARTIES to develop their use in a constructive fashion.

#### 4. Schedules - Report of the Working Party (L/934)

Mr. WINTERMANS (Netherlands), Chairman of the Working Party, introduced the report. It had been necessary to recommend the drawing up of two protocols of rectifications and modifications instead of one. In the opinion of the Working Party, the inconvenience of this method was outweighed by the advantages of a timely and orderly disposal of the various objects envisaged. He called attention to paragraph 4 of the report which required the delegations of contracting parties mentioned in paragraph 3 to send to the Executive Secretary before the end of the Session a list of the contracting parties with which points arising out of its submission remained to be settled. A notification was also to be sent by those delegations against whose submission there were no longer any objections; in this case any amendments to the original list were to be notified for circulation to other contracting parties. In this way the secretariat would be able to start the preparation of the draft schedule and circulate it in time to allow its opening for signature on the date envisaged in the report.

The CONTRACTING PARTIES adopted the report and approved the recommendations contained therein.

Mr. TREU (Austria) said that his delegation wished to thank the Chairman of the Working Party, particularly in view of the comprehension he had shown for its special difficulties. He reported that his delegation had informed the secretariat that it had concluded all its consultations with interested contracting parties. A list of modifications had been transmitted to the secretariat for the information of CONTRACTING PARTIES.

5. Financial Statement and Budget - Report by the Working Party (L/922)

Mr. CHATTERJEE (India) Chairman of the Working Party introduced the Report which he said reflected the unanimous view of the Working Party except on one point where one delegation had reserved its position. He then invited the attention of the CONTRACTING PARTIES to three points in the Report. Firstly, whilst at first glance the not inconsiderable increase in the rate of contributions seemed out of proportion with the modest increase in estimated expenditure for 1959, it should be recognized that this apparent discrepancy arose from the fact that the 1959 contributions would have to cover the repayment to the Working Capital Fund of advances provisionally drawn in connexion with Special Projects, whilst on the other hand certain sources of income which had been available for the financing of the 1958 Budget were no longer available.

Secondly, as regards the Working Capital Fund, the proposed re-wording of part of the Resolution regarding the ceiling of the Fund would make it possible to accept into the Fund advances payable by newly acceding contracting parties.

Thirdly, the Chairman referred to the Trade News Bulletin dealt with in paragraph 27 of the Report. Whilst he had addressed a note to all delegations inviting their comments on a number of suggestions which had been made, unfortunately less than half of the delegations had conveyed their views to the Working Party. Hence, as stated at the end of the Report, the recommendation of the Working Party was not based on conclusive evidence and merely on the majority of the replies actually received.

Mr. PAPPANO (United States) stated that his Government's contribution for 1959 exceeded the amount budgeted for and that this excess was therefore subject to the appropriation of funds by Congress.

Mr. BAIG (Pakistan) said that whilst his Government would vote for the adoption of the Report he had been asked to express concern about the fact that contributions had a tendency to increase year by year.

The CHAIRMAN then drew the attention of the Executive Secretary to the need of the Chairman of the CONTRACTING PARTIES for secretarial assistance during the Session. The EXECUTIVE SECRETARY said that he was aware of this problem and that such provision could be made without a specific decision being taken by the CONTRACTING PARTIES.

The Report of the Working Party was adopted and the recommendations contained therein, including the Resolution on Expenditure and Ways and Means, were approved.

## 6. Brazilian Tariff Negotiations (TNB/23 and 24)

Mr. GUNDELACH (Denmark), Chairman of the Tariff Negotiations Committee, reported that the negotiations between a number of contracting parties and Brazil, conducted in accordance with the Decision of 16 November 1956, were approaching their conclusion. Bilateral negotiations had been concluded with fourteen contracting parties. The negotiations with the United States had been practically concluded but final agreement had not yet been reached; with the United Kingdom and with the Benelux countries negotiations were in progress; with a few other countries discussions had been held which might result in formal agreements. The Committee had prepared a draft "Protocol relating to negotiations for the establishment of a new Schedule III - Brazil" (TNB/23 and 24) which it submitted to the CONTRACTING PARTIES for their approval. The Committee proposed that the Protocol be opened for signature on 31 December 1958. If, however, negotiations between Brazil and any contracting party should be completed after the Protocol had been opened for signature, the results of these negotiations might be annexed to the Protocol by a procès-verbal signed by the contracting party concerned and by Brazil. The Schedules to be annexed to the Protocol on 31 December 1958 would be submitted to all contracting parties at least one week before that date. Any Schedules which might be annexed to the Protocol after that date would be circulated at least one week before they were so annexed. As a result of the negotiations some governments had reserved the right to withdraw from their Schedules, or modify, items which had been initially negotiated with Brazil. The Committee suggested that if a contracting party proceeded to such a withdrawal or modification, the CONTRACTING PARTIES agree that other contracting parties, having an interest in the products concerned be authorized to avail themselves of the same procedures as those provided for in the case of suspension of concessions, as laid down in paragraph 2 of the Decision of 16 November 1956.<sup>1</sup>

Mr. JARDINE (United Kingdom) thanked the Committee and the Brazilian delegation for their helpful attitude towards the difficulties of the United Kingdom in completing the negotiations and in agreeing that the date for opening the Protocol for signature be postponed. He referred to paragraph 3 of the Decision of 16 November 1956 which provided that "As soon as the negotiations ... have come to an end the Brazilian Government and other negotiating contracting parties shall submit to the CONTRACTING PARTIES a report on the results of the negotiations and on other action taken in pursuance of this Decision." The submission of such a report would give contracting parties an opportunity to discuss with the Brazilian delegation developments in Brazil on the matters covered by the assurances recorded in the Decision. Mr. Jardine presumed that it would be possible for the CONTRACTING PARTIES to conduct this Review at the Fourteenth Session if, as it was hoped, all negotiations had been concluded by then.

Mr. SPREUTELS (Belgium) reported that the negotiations between Benelux and Brazil were practically concluded when a difficulty had arisen. The two parties were endeavouring to find a solution. Prospects of reaching agreement were favourable.

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<sup>1</sup>The Report of the Chairman of the Tariff Negotiations Committee has been distributed as TNB/26.

Mr. PAPPANO (United States) stated that the tariff negotiations with Brazil had been a matter of great interest to the United States Government from the very beginning of the project for tariff revision. His delegation was gratified to see that the negotiations, including those with the United States, were now approaching a successful conclusion. He expressed appreciation for the co-operation and understanding which the Brazilian delegation and the other negotiating countries had shown throughout the consultations. He associated himself with the proposal of the United Kingdom for a report at the following Session.

Mr. GUNDELACH (Chairman of the Committee) confirmed that it was the intention of the Committee to submit a full report to the CONTRACTING PARTIES when all negotiations had been concluded. He hoped that the report would be ready for the Fourteenth Session.

Mr. BARBOSA DA SILVA (Brazil) said that his Government had embarked on the difficult task of tariff revision with great concern. The understanding and co-operation of all the countries participating in the negotiations had made it possible to reach the satisfactory conclusion now in sight. He expressed appreciation for the competent assistance of the Chairman of the Committee, Mr. Gundelach, who had helped to overcome many complex difficulties. His delegation agreed to the preparation of a report on the results of the negotiations for the following Session. He assured the CONTRACTING PARTIES that his Government would do its utmost to submit the results of the negotiations at the earliest possible time to the Brazilian Congress which would convene in February or early March, and hoped that through these efforts Brazil would soon reciprocate the action of those governments which already applied the concessions granted during the negotiations.

The CONTRACTING PARTIES approved the text of the Protocol, as amended, relating to negotiations for the establishment of a new schedule for Brazil, and agreed that it be opened for signature on 31 December 1958.

#### 7. Latin American Economic Integration (L/921)

The CHAIRMAN drew attention to a joint statement on this item submitted by the delegations of Brazil and Chile (L/921).

Mr. BARBOSA DA SILVA (Brazil)<sup>1</sup> explained that this item had been proposed for the agenda with a view to keeping the CONTRACTING PARTIES informed on the development of plans for economic integration in Latin America. Those plans reflected a long-standing desire on the part of the countries of that region to speed up the rhythm of their economic development through the gradual and progressive integration of their economies. Since 1949 the Economic Commission for Latin America had declared itself in favour of the intensification of inter-Latin American trade by recommending the adoption of a number of measures, among them some leading to the establishment of a common regional market. In November 1956 a working group was set up by ECLA to examine the plans for such

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<sup>1</sup>The full text of Mr. da Silva's statement is reproduced in document L/921/Add.1.

a market and the repercussions its establishment would have on the economic development of the participating countries. During the Seventh Conference of ECLA in May 1957, the Latin American countries reaffirmed their intention to establish a regional market as early as possible and, at the Economic Conference of the Organization of American States in August 1957, the governments there represented agreed on a Resolution in favour of the gradual and progressive establishment of a multilateral and competitive Latin American regional market. In order to examine some aspects of trade relations between the Argentine Republic, Brazil, Chile and Uruguay, a group of high officials in charge of the commercial policy of those countries met, in a personal capacity, in August 1958, under the auspices of ECLA. Various comments were made at that time to the ECLA secretariat concerning the measures which should be encouraged with a view to increasing trade between those countries. In the light of those observations, the secretariat of ECLA prepared a document entitled "Memorandum on the Establishment of Preferential Tariffs in Latin America", which brought into focus the advantages which would accrue to the Latin American countries and to international trade as a whole if trade relations within that area were to receive special incentives. During an informal meeting of Foreign Ministers of the twenty-one American Republics in Washington in September 1958, it was also recommended that mutual efforts for the establishment of regional markets in that continent be intensified.

On 31 October 1958, as the result of an initiative of the Governments of Brazil, the Argentine Republic, Chile and Uruguay, a meeting was called of the Ambassadors of the Latin American Republics in Rio de Janeiro. The majority present approved a "Joint Declaration" stating, on the basis of the ECLA Memorandum, their common purpose to promote, by adequate means, trade expansion within the area so as to bring about a more intense economic co-operation between their countries with a view to the progressive formation of a regional market. Consequently, it was decided to initiate the collective or individual actions necessary to achieve those aims. Such Declaration was since then left open, in Rio de Janeiro, for the signatures of the Latin American countries. Argentine, Brazil, Bolivia, Chile, Colombia, Ecuador, Haiti, Honduras, Mexico, Peru and Uruguay had signed it.

On broad lines, these were the main features of the problem brought before the CONTRACTING PARTIES, a problem which was becoming vital for a population of 180 million which, by 1975, should reach 275 million. It was clear that under-employment which already existed in the agriculture of the region would be aggravated and consequently industrialization appeared to be the dynamic alternative for the advancement of the standards of living of the Latin-American populations. The problem became more serious when it was noted that, in almost the whole of Latin America, exports grew at a lower rate than the population increased. Furthermore, the market for primary products on which the exports of most of the less developed countries were based, had never behaved in a way to allow a less pessimistic prospect with regard to the progressive deterioration in the levels of income of the Latin-American countries. The reduction in the capacity to import left no option; either certain

specific goods would have to be produced domestically or they could not be offered to the population at all for the simple reason that the country did not possess the resources to purchase them abroad. Such obstacles as the relative scarcity of factors of production and reduced market sizes which limited the opportunities for private initiative could be minimized or eliminated by common action, avoiding, among other anomalies, the use of inflationary measures or the multiplication of activities short of the minimum levels of productivity.

It was essential, therefore, for the countries of Latin America urgently to unite their efforts for economic development. The surveys made by ECLA clearly indicated that the effects of that joint effort, both on the trade of the area and on that between Latin America and the rest of the world, could only bring about further development in that area and a liberal expansion of world trade. In view of such considerations, the Brazilian delegation wished to inform the CONTRACTING PARTIES of the intention of its Government to initiate with the Governments of the Argentine Republic and of Chile negotiations for concluding instruments designed to foster conditions conducive to the gradual integration of their economies, hoping that they would be joined in their efforts by the other countries of Latin America as soon as they deemed fit to do so. As soon as such arrangements took concrete form, the Government of Brazil, in accordance with its obligations as a contracting party would bring them forward for the consideration of the CONTRACTING PARTIES.

Mr. GARCIA OLDINI (Chile) stated that the traditional aspirations of the countries of Latin America to integrate their economies, while partly inspired by cultural and historical factors, were mainly prompted by their geographical location, their stage of industrial development and the growing evidence of their economic inter-dependence. These considerations had led the Chilean delegation at the conferences of Geneva and Havana and at the Review Session to endeavour to obtain the insertion in the Agreement of provisions which would permit the Latin American countries to proceed with the establishment of a common regional market. The Central Bank agreements of Montevideo and Santiago, which constituted preliminary steps on the path of regional co-operation, would be supplemented by arrangements to be agreed upon at their meeting in Rio de Janeiro which, it was hoped, would result in the institution of a wider and more effective system for the settlement of payments. In Latin America the mineral resources and the national patterns of agricultural production - because of differences in climate - were mostly complementary. This was the basis for intra-regional trade in primary commodities which could be expanded considerably. In the industrial sector, development had so far been hampered by the small size of the domestic market which discouraged capital investment, prevented local industries from becoming competitive and induced governments to resort to protectionist policies. In the other markets of the region, Latin American producers and exporters faced, in conditions of inequality, the fierce competition of the large industrial nations. These factors impeded economic progress and gave rise to a variety of interacting difficulties which constituted almost insuperable obstacles to the solutions proposed by economic and political experts.

International organizations and national administrations had embarked on detailed studies of the various ways in which these obstacles might be overcome. The recent meeting of the Heads of Diplomatic Missions in Rio de Janeiro had addressed itself to this task and had concluded that the remedy lay in the integration of the national economies which should be made complementary. The meeting had resolved to promote individual and collective action aimed at facilitating the expansion of trade within Latin America so that by progressive preferential co-operation the national economies could gradually be wrought into a unified economic structure. The modality of the integration would be determined at a later stage. It did not seem reasonable to expect that all the Latin American countries would be able to proceed at the same pace. Therefore, the Governments of Chile, Brazil and Argentina, which had already gained experience and made progress in organizing trade between them, had considered that they could and should take the first steps on the path towards economic integration. The three Governments were convinced that other countries in Latin America would join them in this attempt as soon as they were in a position to do so.

The Governments of Chile and Brazil, as members of the GATT, had thought it appropriate to inform the CONTRACTING PARTIES of their decisions and to announce their intention to submit any concrete arrangements for their consideration. Contracting parties would thus dispose of sufficient time to examine the issue and to reflect on their responsibilities in this particular matter. The Agreement provided a number of specific solutions to deal with problems of economic integration and for recourse to special procedures and methods for cases not specifically covered by any Article. No difficulties of principle would therefore arise, the more so as the scheme of integration which the Latin American countries proposed to devise would be consistent with the spirit of the General Agreement. The CONTRACTING PARTIES would once more have to show flexibility and find imaginative solutions to accommodate the interests of individual contracting parties and world trade.

Mr. PIRIZ COELHO (Uruguay) pointed to his Government's particular interest in the joint statement by the Brazilian and Chilean delegations which outlined Latin American aspirations with regard to an intensification of economic relations in that region. The Uruguayan Government was prepared to continue to contribute actively to all endeavours to promote inter-Latin American trade which was the first step towards the natural economic evolution of that continent. Such an undeniable reality must be recognized in an epoch characterized by an increasing trend towards regional integration such as that accomplished by the Six and the Central American countries and proposals under consideration for a European Free Trade Area and a Nordic common market. It was difficult at present, however, for his Government to determine with any precision the most appropriate course to attain that end, owing to the complex and technical problems it raised for the country's economic future. A basic study of all the implications involved would be necessary before his Government could adopt a definitive position and this had not yet been completed. It was not possible at this stage, therefore, for the Uruguayan Government to associate itself more closely with Brazil and Chile which were much more advanced in their decisions

and had submitted a joint statement to the CONTRACTING PARTIES to that effect. In conclusion, he expressed the hope that the CONTRACTING PARTIES would give sympathetic consideration to the aims and intentions of the Latin American countries in their endeavours to institute a regional marketing system.

Mr. DE LA FUENTE LOCKER (Peru) said that his Government shared the objectives expressed by the Brazilian and Chilean delegations with regard to a gradual and progressive integration of the Latin American economies and had taken an active part in all steps realized towards that end. He recorded his delegation's full support for the joint statement by Brazil and Chile (L/921) and expressed the hope that in the near future his Government would be able to join efforts for the common purpose so clearly stated in the Declaration of Rio de Janeiro of 31 October 1958.

Mr. PAPPANO (United States) said that, as contracting parties were aware, market integration was a topic of great interest to the United States Government which had supported a number of projects designed to achieve that purpose. The General Agreement contained provisions applicable to such arrangements which provided adequate safeguards for the interests of other contracting parties; if these provisions were adhered to he was confident an expansion of trade would result. In this connexion he cited a recent statement by Mr. Dillon at a meeting of the Organization of American States: "It has been the policy of the United States to encourage arrangements to achieve economic integration between two or more countries because it believed that such arrangements, if correctly designed, could lead to increased competitive opportunities, greater productivity and higher levels of trade both within the area concerned and with other countries." In short, therefore, his Government had encouraged integration measures of a forward-looking, trade-creative nature, while at the same time opposing narrower arrangements which would divert or restrict trade. If the proposals for a regional market in Latin America seemed likely to result in genuine economic benefits for the countries directly concerned, and in the long run for the development of international trade, his Government would give them careful study in relation to its commercial policies and trade agreements.

Mr. VARGAS-GOMEZ (Cuba) said that national and international integration were two of the main objectives of current economic policy. International integration meant that many factors, especially those of a political and social nature, had to be taken into consideration, but it seemed that the economic incentive was the main motivating force through the necessity to surpass national limitations which in certain cases had proved incapable of maintaining an adequate rhythm of expansion. The evolution of this idea had already been witnessed in relations between countries which had achieved the greatest possible degree of development within their national territories. These countries recognised the need to establish new channels of expansion for their economic activities which apparently could not be contained in their domestic markets; thus the European Economic Community emerged as a major instrument to foster the growth and development of the Member States. The application of the same technique had also been seen in quite a different atmosphere among a number of Central American countries which were in the early stages of economic development.

Now certain Latin American countries in an intermediate stage of economic development were contemplating the integration of their economies with a view to accelerating their development and facilitating the solution of their serious economic difficulties.

He emphasized that the Cuban Government believed in the philosophy of international economic integration. It clearly understood the necessity for the economic development of under-developed countries, both from the national and international standpoint, as a positive way of improving international trade as a whole. International integration was favoured as another form of economic development provided it contributed to an expansion of international trade as a whole. The Cuban Government also favoured the establishment of institutions and arrangements for economic co-operation as transitional measures before full integration was accomplished provided that their operation did not have the long-term effect of diminishing the total volume of trade with third countries. The establishment of any international arrangements within a general plan of economic integration which proved to be detrimental to the development of world trade would be viewed with apprehension.

The Cuban Government welcomed the plans of the South American countries for economic integration and was anxious to co-operate with these governments in an endeavour to find a satisfactory solution to their difficulties which in many respects were similar to those of Cuba. The Declaration of Rio de Janeiro of 31 October 1958, however, raised questions of procedures and policies which might be opposed to the achievement of economic integration as an ultimate objective. These problems were still under careful consideration by his Government. It was acknowledged that the proposals had not yet been formulated definitively and his delegation was prepared to postpone the expression of its views on these matters until the occasion arose. Meanwhile, the Cuban Government would endeavour to co-operate in these efforts having regard to the basic principle of fostering national and international development when it tended to secure, at the same time, an expansion of world trade.

Mr. SCHWARZMANN (Canada) stated that Canada maintained particularly close and cordial relations with Latin American countries in many fields, especially in trade. Having, therefore, a genuine understanding of the problems which these countries faced, his Government appreciated the concern of many of them to find dependable markets for their exports of primary agricultural and mineral commodities and, equally important, to encourage the domestic development of soundly based industries. But the solution of the major problems of Latin American countries and of other countries in a similar situation lay to a large extent in the world sphere rather than in the regional sphere. The general expansion of world trade, the removal of discriminatory restrictions, the increase in financial liquidity and greater stability in the prices of commodities were all objectives for which Canada and the countries in Latin America were striving. His Government was appreciative of the long-standing aspirations of the Latin American countries for greater unity, and was greatly interested in the work done by the United Nations and other bodies recommending a degree of economic integration in Latin America. While fully supporting the general objectives, the Canadian Government was concerned, as in all attempts

towards integration to ensure that these regional efforts be directed to the benefit of world trade, that they be outward-looking and less, rather than more, restrictive. When not conforming to GATT principles and objectives regional arrangements involved dangers for all countries. When shaped in the light of constructive policies such arrangements could be beneficial to the world economy generally. His delegation was prepared to give useful and sympathetic consideration to any concrete proposal which Latin American countries might wish to make.

Mr. KLEIN (Federal Republic of Germany) expressed the understanding and sympathy of the Member States of the EEC for the plans of various countries in Latin America to form a wide unified market and to integrate their economies. As it was to be expected, the Six which had embarked on a similar enterprise welcomed such intentions of closer co-operation in the economic field. They were prepared to support the Latin American initiative to the fullest extent and hoped that the plans for integration would be implemented so as to promote intra-Latin American trade and world trade generally.

Mr. SWAMINATHAN (India) said that his Government sympathized with the aspirations of Latin America for accelerated and rational economic development. The integration of several political systems consisting of large populations could be an effective method to foster economic development. The Latin American countries concerned, which were at present taking part in consultations in connexion with another attempt at integration, would no doubt give thought in due course to the apprehensions of other contracting parties. Concrete proposals for economic co-operation would be considered with sympathy and understanding.

Mr. ECHENIQUE (Dominican Republic) associated himself with the remarks of the Cuban representative. His Government followed the endeavours of the Latin American countries with great interest and sympathy and wished them success.

Mr. JARDINE (United Kingdom) assured the representatives of the Latin American countries concerned that his Government would approach the problems of integration in a spirit of sympathy and understanding. Arrangements designed to encourage economic development and expansion in Latin America could benefit not only that region but also the rest of the world, provided always that, in accordance with the spirit and objectives of the Agreement, these arrangements were directed to reducing obstacles to trade within Latin America and not to raising barriers to trade with other countries, provided, in other words, that the plan for integration created trade and did not simply divert it.

Mr. DUPONT (Haiti) stated that his Government, which was at present carefully studying the proposals under consideration, welcomed the initiative of Latin American countries to strengthen their economies and to expand world trade and would co-operate in the implementation of the plans.

The CHAIRMAN then proposed the following statement for approval and for incorporation in the record of the meeting:

"The CONTRACTING PARTIES took note of the statements made by the delegates of Brazil and Chile referring to the Declaration of Rio of 31 October 1958. They noted with sympathy and understanding the desire of a number of Latin American countries to work out new arrangements designed to expand trade within the Latin American region and eventually to promote a closer integration of the Latin American economies. They pointed out that the General Agreement recognized that arrangements leading to closer integration between the economies of contracting parties could make a contribution to the expansion of international trade, provided such arrangements aimed at facilitating trade between the contracting parties concerned without raising barriers to trade between them and other contracting parties. Convinced that the countries concerned would develop their plans within the spirit and objectives of the General Agreement, the CONTRACTING PARTIES awaited with interest further information about the development of these plans and stood ready to extend to the countries concerned their assistance in this process."

It was so agreed.

Mr. BARBOSA DA SILVA (Brazil) said that in framing their plans for integration the Latin American countries would bear in mind the spirit and objectives of the Agreement.

At the request of Mr. GARCIA OLDINI the CONTRACTING PARTIES agreed to derestrict forthwith document L/921 and Add.1 containing the joint statement by the delegations of Brazil and Chile.

8. Accession of Switzerland (L/937)

Mr. GUNDELACH (Denmark), Chairman of the Tariff Negotiations Committee, said that in accordance with the arrangements made by the CONTRACTING PARTIES at the Eleventh Session, the Committee had prepared a Declaration for the provisional accession of Switzerland and this was now open for signature. These arrangements also provided for a Resolution, to be passed by two-thirds of the contracting parties, inviting Switzerland to participate in the work of the CONTRACTING PARTIES. A draft Resolution was now before the CONTRACTING PARTIES (L/937) and the Committee recommended that it be adopted before the end of the present Session. In connexion with this draft Resolution, he recalled that in 1956 the CONTRACTING PARTIES had provided that such a Resolution should continue in effect for the same period as the Declaration. This involved a slightly longer period than the two years originally envisaged; the Declaration was in fact expected to be in force until Switzerland acceded to the Agreement under Article XXXIII or until 31 December 1961, whichever was the earlier. The Resolution was to continue in effect until the Swiss Government acceded to the General Agreement under the provisions of Article XXXIII or until 31 December 1961, whichever date was earlier, unless the CONTRACTING PARTIES agreed to extend it to a later date. At the utmost, therefore, the period of provisional accession, unless extended by the CONTRACTING PARTIES, would be two and a half years. For this, and other important reasons, the Committee had unanimously agreed to 31 December 1961.<sup>1</sup>

The CHAIRMAN said that, as had been done on previous similar occasions, he wished to draw 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 Switzerland. However, in the normal course of the 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 Switzerland would have the same opportunity as contracting parties to express its opinion.

Mr. RATTIGAN (Australia) recalled that at the Eleventh Session his delegation had found it necessary to reserve its position on the decision determining the procedures and conditions on which Switzerland was to accede provisionally to GATT. The reason for this was that the conditions and procedures permitted Switzerland to apply the General Agreement in its relations with other countries whilst at the same time reserving the right to protect its agricultural market by action contrary to the provisions of GATT. Certain members of the Working Party at the Twelfth Session had recorded their unwillingness to accept that any country should accede to the General Agreement and secure, in respect of its agriculture, restrictions which went beyond the "Hard Core" Waiver Decision of 5 March 1955. Australia fully subscribed to this view and saw no advantage for her export trade which might accrue from the type of arrangement envisaged by the Swiss accession. The Working Party report referred to had taken the view that the Swiss reservation on agriculture was of a limited character and had made it clear that the arrangement was for a limited period of time. The Working Party had also based its decision on the offer by Switzerland to enter into consultations with CONTRACTING PARTIES as

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<sup>1</sup> The Report of the Chairman of the Tariff Negotiations Committee has been distributed as TNS/12.

soon as the provisional arrangements came into effect. In his opinion it should be a basic condition of Switzerland's accession that consultations be held to resolve the removal of agricultural restrictions. He was glad to note that this condition had been recognized in paragraph 1(c) of the Declaration and that it was to be formally accepted by Switzerland. Mr. Rattigan hoped that the provisional accession would lead to Switzerland becoming a full member of GATT in accordance with the provisions of Article XXXIII.

Mr. CASTLE (New Zealand) said that the conditions of Switzerland's provisional accession as set out in paragraph 1(b) of the Declaration were such that his delegation was unable to vote in favour and wished to record its abstention. Trade between Switzerland and New Zealand was governed by most-favoured-nation treatment on a very friendly basis and this would continue so far as New Zealand was concerned.

Mr. GUNDELACH (Denmark) recalled that at the Eleventh Session his delegation had also expressed serious concern about the proposed arrangement by which Switzerland was to be permitted accession to GATT on special terms permitting her to retain agricultural restrictions. He wished to maintain the objections which had been recorded in the report of 17 November 1956. His Government had noted that the arrangement proposed was only for a limited period of time and that Switzerland was prepared to enter into consultations with contracting parties with a view to finding a solution which would be compatible with the General Agreement. Bilateral negotiations had taken place between Denmark and Switzerland and agreement had been reached. The Danish delegation was, therefore, prepared to accept the proposed resolution and hoped that the consultations referred to would be taken up at an early date in order that Switzerland would soon be in a position to accept the obligations of the General Agreement and thereby become a full member.

Mr. PAPPANO (United States) said that his delegation supported the terms of the resolution as proposed and although his delegation was unable to vote for the resolution that day, he expected that this would be possible in due course.<sup>1</sup> The United States Government was pleased that arrangements and procedures had been worked out to make Switzerland's provisional accession possible, and he was authorized to say that the United States intended to sign the Declaration subject to satisfactory renegotiations of the Swiss schedule and without prejudice to the United States' provisions of the bilateral agreement with Switzerland of 1936 or possible reservations on its part or on the part of other contracting parties. He said that his Government intended to maintain its schedule following such renegotiations as might take place within the provisions of the bilateral agreement and outside the framework of the GATT. Bilateral negotiations were to take place with Switzerland for the attainment of this objective. Mr. Pappano also expressed the hope that during the period of Switzerland's provisional accession a solution would be worked out to remove the difficulties standing in the way of full Swiss accession under Article XXXIII.

The CONTRACTING PARTIES adopted the Resolution by a vote of thirty-three in favour and none against.

The CHAIRMAN expressed the great satisfaction of contracting parties to see their host country finally taking her place at the table.

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<sup>1</sup> The secretariat was informed on 24 November 1958 that the United States delegation had received instructions after the close of the Session to vote in favour of this Resolution.

Mr. SCHAFFNER (Switzerland), on behalf of his delegation, thanked the Chairman for the kind words he had expressed on the occasion of the provisional accession of Switzerland to GATT. Switzerland had been a participant in the Havana Conference where her case had been discussed. When it became apparent that the Havana Charter would not go beyond the drafting stage means were sought to enable Switzerland to become a member of the General Agreement which so competently upheld the idea of a world trade organization. The results were to be seen in 1956 when the ground was laid for Switzerland's provisional access. This had been embodied in the Resolution which the CONTRACTING PARTIES had just accepted. Switzerland was happy to become an associate member of the GATT since she was a country with world-wide trading interests due to the fact that she was entirely deprived of raw materials and that her soil did not provide enough food for her inhabitants. Her imports had to be paid for by exports, services and proceeds of investments abroad. Switzerland was therefore a world trading nation "par excellence" and she had no difficulty in understanding the situation of those nations in the world which had to cope with the problems of economic development. They were among her most cherished trading partners. As a commercial nation, Switzerland realized that the expansion of world trade could be achieved only as a result of low tariffs, the absence of all quantitative restrictions that were not absolutely indispensable and by non-discriminatory trade practices.

This world trade philosophy had a new significance in Europe in the light of recent events. Great efforts were being made by Switzerland and her European partners to supplement the European Economic Community of the Six by a free trade area of which the objects would be to avoid discrimination in Europe and to keep doors open to the trade of the whole world. For political and economic reasons of a special nature Switzerland had been unable to join the Six countries. Her economic interests were almost equally divided between Europe and the rest of the world and she did not wish to compromise friendly trading relations with her extra-European partners. On the other hand, as a country firmly committed to the policy of non-discrimination, and seriously concerned with the potential dangers of economic division in Europe, she maintained the absolute necessity of the free trade area. The latter could only make a real contribution to the expansion of international trade if it were built as a bridge connecting Europe and the outside world and not erected as a wall against it. Although it was not the intention of the founders of the EEC to form a protectionist block, discrimination against all non-members was an unavoidable and unfortunate consequence. Therefore, in his opinion, the only way of tempering undesirable effects on the rest of the world would be by including, as a first stage, all the other OEEC countries in the gradual elimination of trade barriers within the framework of the free trade area. Since the eleven countries would preserve the autonomy of their trade and tariff policies towards the outside world they in practice would be outward-looking members of the common market and thus a bridge between the community and the rest of the world.<sup>1</sup>

In conclusion, Mr. Schaffner expressed his gratitude to the Chairman of the CONTRACTING PARTIES, the Chairmen of the Working Party and of the Tariff Negotiations Committee for the efforts they had made to render the accession of Switzerland possible.

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<sup>1</sup> Mr. Schaffner's statement is reproduced in full in Press Release GATT/431.

9. Amendment Protocols and Organization for Trade Cooperation (W.13/59)

The CHAIRMAN recalled that it had been agreed at the meeting on 20 November that the closing date for signature of certain protocols should be extended for one year. The Executive Secretary had submitted a draft Resolution (W.13/59) which would extend the closing date for signature of the said protocols until two weeks after the opening of their Fifteenth Session.

The CONTRACTING PARTIES approved the Resolution.

10. Article XIX - Action by the United States on Lead and Zinc (W.13/57)

The CHAIRMAN stated that as requested at a previous meeting (SR.13/17) the Executive Secretary had distributed a draft Decision on this item for the consideration of the CONTRACTING PARTIES (W.13/57).

The Decision was approved.

Mr. SCHWARZMANN (Canada) thanked the CONTRACTING PARTIES for the decision they had just taken. He recalled the serious concern over the United States action that had been expressed by his delegation earlier in the Session and the view put forward that the United States quota restrictions constituted an impairment of major benefits accruing to Canada under the General Agreement. The results of preliminary discussions on these commodities under United Nations auspices had thus far been disappointing; the Canadian delegation hoped that when these meetings were resumed next year the United States would reconsider its position so that attention could be directed towards a multilateral solution in which both importing and exporting countries could play their appropriate part. In conclusion, Mr. Schwarzmann pointed out that his delegation did not regard the United States as yet having initiated consultations with Canada in the sense of Article XIX. His Government would continue to follow closely developments on this matter and might wish to consider availing itself of appropriate procedures of the General Agreement to resolve these problems.

Mr. CAPPELEN (Norway) pointed out that although Norway was not a regular exporter of lead and zinc to the United States its exports had been indirectly affected by the effects the United States quota restrictions have had on the international market.

Mr. PAPPANO (United States) reiterated the statement made by his delegation at a meeting of the Intersessional Committee (IC/SR.41) that his government considered that it had in fact initiated consultations under the provisions of Article XIX at the time when the Tariff Commission report was submitted to the President for his consideration in April 1958.

11. Programme of Meetings for 1959 (Spec/353/58)

The CONTRACTING PARTIES approved the revised programme of arrangements for the Fourteenth and Fifteenth Sessions.

Mr. CASTLE (New Zealand) referred to the fortnight that had been allowed for consultations with the Federal Republic of Germany and wished to know whether this period could be extended if it were found to be necessary.

The CHAIRMAN said that this would be possible.

Mr. SCHWARZMANN (Canada) suggested that CONTRACTING PARTIES should consider the possibility of holding the Committee on Balance-of-Payments Restrictions, 1 to 24 October 1959, during the Fifteenth Session rather than just before.

The CHAIRMAN stated that this would be a matter for contracting parties to decide at the Fourteenth Session when this part of the programme would be reviewed.

The programme was approved.

12. Article XXVIII: Request by Sweden for authority to enter into renegotiations (SECRET/102)

The CHAIRMAN drew attention to a request by the Government of Sweden for authority to enter into negotiations with respect to an item in Part I of Schedule XXX, details of which were set out in document SECRET/102.

The CONTRACTING PARTIES in the light of the facts set out in document SECRET/102 agreed that special circumstances existed in the sense of Article XXVIII:4 and decided to authorize the Government of Sweden to enter into renegotiations.

The CHAIRMAN suggested that any contracting party which considered it had a "principal supplying interest" or "substantial interest" in the item should communicate such claims in writing, and without delay, to the Swedish Government, at the same time informing the Executive Secretary. Any claim recognized by the Swedish Government would be deemed to be a determination by the CONTRACTING PARTIES within the terms of paragraph 1 of Article XXVIII. If no agreement could be reached between the Swedish Government and a government claiming interest, the matter might be referred to the CONTRACTING PARTIES or to the Intersessional Committee.

It was so agreed.

Mr. KOLLBERG (Sweden) thanked the CONTRACTING PARTIES for the authorization granted to his Government.

13. Australian Waiver/Papua-New Guinea

Mr. RATTIGAN (Australia) reported a technical difficulty encountered by his Government in action it proposed under the Decision of 24 October 1953, as amended by the Decision of 13 November 1956, relating to special customs treatment accorded by Australia to products of Papua-New Guinea. In accordance with the provisions of paragraph 1 of the Waiver his Government wished to raise the most-favoured-nation duty on unshelled almonds, (item 78(H)(1)), while continuing to accord nominal duty-free entry to imports from Papua-New Guinea. The Waiver permitted such action provided the item was "not then specified in Schedule I"; there was a concession granted on the item, however, in that it was exempt from primage duty. The most-favoured-nation duty was not bound. The withdrawal of the concession, therefore, was not necessary except for a purely technical point arising out of the text of the Waiver. The Australian delegation considered it would not be in the best interests of the CONTRACTING PARTIES to withdraw this concession, and those contracting parties it had consulted which were mainly

concerned had concurred with this view. Accordingly, Mr. Rattigan proposed that the CONTRACTING PARTIES might permit his Government to proceed as desired. He also suggested that at some future date the CONTRACTING PARTIES might re-examine the text of the Waiver with a view to avoiding any recurrence of such cases in the near future.

The CHAIRMAN pointed out that, following consultations on this matter with a group of interested contracting parties, it appeared to him that the text of paragraph 1 of the Waiver of 24 October 1953 went beyond the intention of those who drafted it in the sense that in a case such as this where the concession in Schedule I was limited to the exemption from primage duty it was not intended to debar Australia from increasing an unbound customs duty, while continuing to grant free entry to the same product from Papua-New Guinea. Therefore, it would not be in the interests of the CONTRACTING PARTIES to oblige Australia to withdraw the concession from Schedule I (exemption from primage duty) in order to allow her to raise the unbound rate. The Chairman suggested therefore that in the case of item 78(H)(1), Unshelled Almonds, the CONTRACTING PARTIES agree to Australia taking the proposed action to increase the rate of duty in accordance with the Waiver, without withdrawing the existing concession. Finally, he suggested that at the next Session the CONTRACTING PARTIES examine the Waiver granted to Australia with a view to bringing it into conformity with the intention of the CONTRACTING PARTIES at the time the Waiver was granted.

The CONTRACTING PARTIES agreed to the Australian request and approved the procedure proposed by the Chairman.

#### 14. Derestriction of Documents

The CHAIRMAN pointed out that in accordance with the normal procedures the Reports, Decisions, etc. of the Thirteenth Session would not be derestricted until 20 February 1959. The CONTRACTING PARTIES during the Session had agreed to derestrict document L/862 (Fourth Annual Report by the United States under the Decision of 5 March) and at this meeting further agreed to derestrict certain documents pertaining to the item "Latin American Economic Integration" viz: L/921 and Add.1. In order to permit publication in January of the Seventh Supplement to the Basic Instruments and Selected Documents, it was proposed in Spec/346/58 that, with specified exceptions, the Reports, Decisions, etc., adopted during the Session be derestricted on 15 January 1959.

It was so agreed.

#### 15. Closing Statement by Mr. L.K. Jha

Mr. JHA said that he had come to Geneva for the Thirteenth Session of the CONTRACTING PARTIES immediately after attending the Commonwealth Conference at Montreal and the meetings of the Boards of Governors of the International Bank and the International Monetary Fund at New Delhi. He expected a quick and positive response from the CONTRACTING PARTIES to the challenge of the struggling young nations which had been so much in evidence at Montreal and New Delhi, for they themselves had played an important part in creating this new and more hopeful atmosphere for international economic co-operation by commissioning the report of the Experts which had been so widely acclaimed. On the basis of the discussions in which a number of Trade Ministers participated, the foundations

had been laid for a co-ordinated programme for a further expansion of international trade. If the governments made a success of this programme then all would look back upon the Thirteenth Session of the CONTRACTING PARTIES as one of historic importance. Mr. Jha felt that one of the most significant elements in the programme was the recognition of the urgent need to help under-developed countries to help themselves. The wealthier countries has shown great generosity in the last few years in extending their financial aid and technical assistance to the less developed countries, but the growing need of the less developed countries was to have opportunities to expand their foreign earnings by trading with other countries, and thus provide themselves with additional means for paying for the imports which were essential for their economic expansion and the resulting higher standard of living for their peoples. It was hoped that this new programme for expansion of trade would reconcile the interests of producers of agricultural and food products with the desire of the more highly industrialized countries to assure a measure of support for the incomes of their own agricultural producers. On the basis of the proposals of the United States, a new general round of tariff negotiations was expected. This would give a further impulse to the expansion of trade, and thus facilitate the adjustment of the world trading community to such developments as the coming into existence of the European Economic Community. The success or failure of this programme would largely depend on the leadership given by the principal trading nations, viz. the United States, the United Kingdom and the European Economic Community. He felt sure that if these countries gave a strong lead in this enterprise, a good many of the difficulties would disappear in the general advance.

The impressive agenda at the Session had included a report on the conclusion of the negotiations for the provisional accession of the Government of Switzerland, which would henceforth be participating in the work of the CONTRACTING PARTIES in accordance with the Resolution just adopted. He hoped that the association of Cambodia would be followed by her full accession in the course of the general tariff negotiations which were being planned in connexion with the programme for expansion of trade. In response to a request which had been received from Yugoslavia a working party had been set up to examine the possibilities for closer association between the CONTRACTING PARTIES and that country.

Many governments had found it necessary for one reason or another to seek a release from the tariff bindings which they had accepted under the GATT. Thus, Norway, Cuba and Denmark were engaged in a wholesale revision of their tariff structures and systems, while some other governments had found it necessary to make adjustments. A report had also been received on negotiations designed to replace Brazil's existing tariff Schedule. He looked forward to the speedy entry into force of this new Protocol and of the results of the tariff negotiations which were annexed to it.

Consultations had been carried on with those contracting parties which were obliged to use quantitative restrictions on their import trade because they were in balance-of-payments difficulties. The success of consultation procedures in resolving differences was, in his view, one of GATT's outstanding achievements. Thus, when the European Coal and Steel Community had been formed, grave apprehensions had been expressed by many contracting parties about the effects of the establishment and policies of the Community on their trade. Under the waiver granted by the CONTRACTING PARTIES, consultations had been held with the

Community over their annual reports. The last of these consultations had now been held and at this Session there had been a general note of satisfaction that through these consultations full understanding had been reached. It was not, therefore, surprising that the CONTRACTING PARTIES had decided to have recourse to consultation procedures to reconcile the differences that persisted over two of the most important items on the Agenda this year, namely the European Economic Community and German Import Restrictions. With regard to the former, as agreed by the Intersessional Committee, consultations with the Six member countries of the European Economic Community had started during this Session in respect of a number of important products, namely, coffee, tea, cocoa, sugar, tobacco and bananas. Acute differences had persisted throughout the Session concerning the import restrictions maintained by the Federal Republic of Germany. The well-tried and well-proven procedures of consultations would be resorted to in the hope that once again these would lead the CONTRACTING PARTIES in the direction of a generally acceptable solution.

An important statement had been made on behalf of the countries of Latin America about their plans for the expansion of trade in that area, and Mr. Jha was sure that contracting parties felt great satisfaction that the Latin American countries concerned, even before their plans had fully matured, had thought it appropriate to inform them of their intentions and hopes. The delegate of Norway had also made a statement on the proposed Nordic Economic Union.

At this Session it had been decided to embark upon new fields of study with a view to examining whether understanding and agreement in the GATT could not be further extended in respect of subsidies, State trading, restrictive business practices and anti-dumping and countervailing duties. Appropriate bodies had been set up to carry out these studies. The wide variety of matters which had engaged the attention of the CONTRACTING PARTIES in these last weeks showed the range and importance which their work assumed in greater measure with each successive year. Hence, in order to deal with this impressive range of matters which called for the attention of the CONTRACTING PARTIES it had been decided to hold two regular sessions in 1959, and arrangements had also been made for an impressive volume of work in preparation for these sessions. This programme would impose a heavy strain upon the CONTRACTING PARTIES, but he felt that the very success which had attended the work over the past lay at the root of its steady expansion and also provided the justification for governments making the sacrifices necessary to ensure that the GATT moved forward upon the basis of work well done.

Mr. F. Garcia Oldini took the Chair

#### 16. Tributes to Outgoing and Incoming Chairmen

Mr. GARCIA OLDINI thanked Mr. Jha in the name of the CONTRACTING PARTIES for the comprehension and understanding he had shown during his term of office. He had been an ideal Chairman, an example to be copied by his successors.

Many delegations associated themselves with the tributes of thanks extended by Mr. Garcia Oldini to Mr. Jha on their behalf. The CONTRACTING PARTIES would long remember his tact and the masterly guidance he had exercised from the Chair. His unfailing humour had disposed those expressing opposing

points of view to seek a joint and happy solution to their problems. Mr. Jha had presided over the CONTRACTING PARTIES during a most important period of their work beginning at the Twelfth Session, through a momentous meeting of the Intersessional Committee up to the end of the Thirteenth Session. With him went the gratitude and best wishes of the CONTRACTING PARTIES as well as the confident hope that his Government would appreciate the need they would have of his understanding and advice during future sessions.

Mr. JHA (India) thanked his colleagues for their kind words, and joined with other delegations in welcoming Mr. Garcia Oldini to the Chair. Under his leadership the CONTRACTING PARTIES looked forward to further progress towards the common objective. His personality and his outstanding gift as a conciliator would stand the CONTRACTING PARTIES in good stead.

Statement by Mr. Garcia Oldini, Chairman of the CONTRACTING PARTIES

Mr. GARCIA OLDINI (Chile) reviewed the main problems with which the CONTRACTING PARTIES were at present confronted. The Treaty establishing the European Economic Community had just come into effect and even before concrete commercial policy measures had been taken it had given rise to hopes and fears, both of which were justified. It would be the responsibility of the CONTRACTING PARTIES to ensure that the hopes would materialize and to dispel the apprehensions. The prospects for establishing a free trade area in Europe were alternatively bright and dim. Contracting parties, however, hoped that obstacles would be overcome and that the scheme would be implemented. Here again the CONTRACTING PARTIES would have to demonstrate their efficiency in settling problems and achieving conciliation. Plans to institute a Nordic common market and to achieve Latin American integration which were gradually taking shape would give rise to various problems which would no doubt require understanding, a sense of realism and imagination. But the most outstanding fact which at present loomed largest in the mind and work of the CONTRACTING PARTIES was the Experts' Report which introduced a new era in the life of GATT. The purpose of the Report was to find ways and means to expand trade; the question on which it focussed was the situation of the less developed countries. Indeed the problems which these countries faced were the greatest and most momentous challenge to the CONTRACTING PARTIES. The future depended on how this challenge could be met. The CONTRACTING PARTIES would bring their contribution. Their efforts were already reflected in the Experts' Report and would further be manifested in the activities of the Committees which had been appointed to follow up in a practical way the Experts' recommendations. It was reasonable to hope that such activities would yield positive results, for the task of the Committees would perhaps be a decisive one.

The CHAIRMAN declared the Thirteenth Session closed at 2 p.m.