

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Fourteenth Session

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SUMMARY RECORD OF THE SIXTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 21 May, at 2.30 p.m.

Chairman: Mr. F. GARCIA OLDINI (Chile)

- Subjects discussed:
1. The Rome Treaty
 2. Expansion of International Trade
 3. Request for Accession by Poland -
Appointment of Working Party

1. The Rome Treaty

The CHAIRMAN recalled that at the end of the discussion on the Treaty of Rome which the CONTRACTING PARTIES had had on 20 May, he had said that he would revert to this question at a later meeting to sum up the situation.

The representative of Australia, in his first statement and at the end of the discussion, had indicated his acceptance of the statement made by the delegate of France in the name of the Six, while regretting that the Six could not accept that the question of the Treaty of Rome should figure automatically on the agenda of the CONTRACTING PARTIES. The Chairman said that, in the circumstances, it seemed to him that the situation would be as follows: each time the Member Countries of the Community presented a report in accordance with the provisions of Article XXIV:7(a), the question would be included on the agenda of the CONTRACTING PARTIES. When such a report was not presented but a contracting party considered that there had been developments which would appear to justify such a report, the contracting party concerned would be at liberty to ask for the inclusion of the question on the agenda. So as to give to contracting parties the full possibility of recourse to this procedure, the Executive Secretary would inform the CONTRACTING PARTIES, well in advance of each session, whether or not a report would be submitted at the session by the Six countries of the Community.

This was agreed.

2. Expansion of International Trade (COM.I/3, COM.II/5, COM.III/1, W.14/17, W.14/15)

The CHAIRMAN invited the CONTRACTING PARTIES to resume the discussion which had been begun on the previous day.

Mr. DE LA FUENTE LOCKER (Peru) said that Peru, as one of the countries which had subscribed to the Note (W.14/15) presented by the less-developed countries, supported the suggestions made in the Note concerning the work of the three Committees. The recommendations made by the Committees constituted an important step towards the solution of the problems facing the less-developed countries. There was, however, a type of trade barrier which had a very serious effect on Peru's economy and which was given insufficient attention; this barrier consisted of import quotas imposed for protectionist reasons.

The drop in world cotton prices was a serious problem for Peru's economy. If one took into account new restrictions which might be imposed on cotton imports, following demands made by producers in certain industrialized countries, the difficulties faced by Peru as a result of earlier import restrictions on lead and zinc would be further aggravated. Such measures reflected a purely protectionist policy. The case of cotton and of lead and zinc proved the contradiction between theory and practice in the conduct of commercial relations; the crux of the matter was the protection of the domestic producer against foreign competition. In the first place, artificial means were used, such as subsidies which stimulated uneconomic production and were likely to encourage the accumulation of very large stock-piles. The disposal of these stock-piles upset traditional channels of trade in certain primary products. If the measures first introduced did not have the desired effect, there followed import quotas or complete prohibitions. It was almost impossible to justify such a system, even from the point of view of the country imposing the measures, when one considered that it resulted in increased prices for domestic consumers and, at the same time, deprived potential foreign customers of foreign exchange to pay for the imports they needed.

It was true that aid given in the form of loans, gifts, etc. helped to bolster up vulnerable economies, but this could not be a long-term solution. The economies of the less-developed countries still had need of technical assistance and even loans, but on condition that such temporary aid was not accompanied by the creation of barriers affecting their export of primary commodities. These countries wanted to work, produce and maintain commercial relations in the spirit of international freedom which GATT stood for and should protect. Peru, in supporting the work of the three Committees, asked that direct and immediate action should be taken and that some solution should be found to the problem of protectionist practices which had such damaging effects, even if, in their application, such practices seemed to be in conformity with certain provisions of the General Agreement.

Mr. ABE (Japan) said that the Japanese delegation supported the conclusions reached by Committee I. Japan intended to participate both in the renegotiations with the European Economic Community under Article XXIV:6 and in the proposed new round of tariff negotiations. As for the Committee's

suggestion that negotiations, under Article XXIV, should be completed by the end of 1960, the Japanese delegation would like to suggest that these negotiations should be continued beyond the end of 1960 if any questions remained outstanding.

The report of Committee I indicated that there were still a number of other subjects to be discussed. The Japanese delegation considered, therefore, that the Committee should continue its work and report to the CONTRACTING PARTIES as early as practicable, possibly at the fifteenth session. In the view of the Japanese delegation, important questions such as the examination of "general incidence" should be given further study. In addition, there were questions of a practical nature, such as target dates for the exchange of request lists and of lists of products and information about the site of the Conference. A decision on these points should be made without delay, so as to enable the participating countries to put the necessary preparations in hand.

The Japanese delegation considered that the work of Committee II could have a significant effect on the agricultural policy of each country and on international trade in agricultural products. Committee III was dealing with problems of the utmost importance and the need to find a solution to these problems was a matter of urgency. The Japanese delegation, therefore, hoped that the Committee would continue its work and that it would, in particular, take full account of the observations contained in the note submitted by the less-developed countries (W.14/15).

M. PHILIP (France) said that the representative of the European Economic Community had already expressed the Community's views on the work of the three Committees (SR.14/3, page 30). The French delegation wished to make some observations, however, particularly on document W.14/15 which had been presented by the less-developed countries. He added that he was, of course, also speaking on behalf of the French Community, which contained a considerable number of states in the process of developing their economies.

The French delegation had been impressed by document W.14/15, which analysed clearly the serious problems facing the countries concerned. They were in agreement with the analysis made in the first three paragraphs of the document. As for paragraph 4, which expressed the view that the ability of the less-developed countries to participate in tariff negotiations of the normal type was limited or perhaps even nil, M. Philip hoped that the use of the word "nil" was somewhat exaggerated and that the negotiations would not be limited to the major industrialized countries alone. There was, however, no doubt that the ability of the less-developed countries to participate in the negotiations was limited and the CONTRACTING PARTIES should recognize this.

The French delegation was equally in agreement with the principle set out in paragraph 7 of W.14/15 and something should be done in this direction although France, of course, had to bear in mind the legitimate interests of the under-developed areas contained within the French Community. Further, the French delegation felt that the proposals contained in paragraph 12 should be closely examined within the general framework of the work of the CONTRACTING PARTIES.

Mr. JARDINE (United Kingdom) said that he was speaking, not only as the representative of an industrialized country, but also on behalf of the United Kingdom Colonies which were dependent on the export of primary products and of simple manufactures. It was true that, for the industrialized countries, the question of the importation of simple manufactures from the less-developed countries presented difficulties, but a bigger effort should be made in this direction. It was necessary to educate public opinion regarding the interdependence of the less-developed countries and the industrialized countries. The United Kingdom delegation agreed that the work of Committee III should be accelerated and that the Committee should meet during the present session.

As regards the report of Committee I, the United Kingdom delegation agreed with the proposed time-table; it also agreed with the suggestion contained in document W.14/7 that Committee I should meet again before the fifteenth session.

The United Kingdom attached importance to the work of Committee II. It would be recalled that the President of the Board of Trade, at the thirteenth session, had put forward the proposal that there should be consultations on agricultural policies. The United Kingdom was prepared to be in the first group of countries with whom consultations would be held. In the view of his delegation, Committee I would be the appropriate forum to decide on the question of the participation of agricultural exporting countries in the forthcoming tariff negotiations.

Mr. AHMAD (Pakistan) said that his delegation had been gratified to see, at the last session of the CONTRACTING PARTIES, that the Haberler Report, and some of the important recommendations contained in it relating to the problems of the less-developed countries, had been widely acclaimed by all shades of opinion represented at the session. Since then, as was reflected in the reports now before the CONTRACTING PARTIES, some progress had been made in the programme of work drawn up at that session. With reference to the statement of the United States delegate regarding the policy of his Government towards the economic problems of the less-developed countries, Mr. Ahmad said that Pakistan appreciated the action of the United States and of others in taking measures of the kind which the United States delegate had mentioned. These, however, were measures taken mainly in the financial field. What should be done in the GATT forum was to take action and practical measures in the field of commercial policy, so as to stabilize and strengthen the economies of the less-developed countries.

Mr. Ahmad explained Pakistan's position in regard to participation in a new round of tariff negotiations. He pointed out that, as a country mainly exporting primary commodities and raw materials, Pakistan did not have many concessions to ask for nor, in the present fiscal pattern of the country where most of the duties had revenue implications, did it find itself in a position to offer any substantial concessions. Further, the Pakistan delegation felt that it was the less-developed countries' acute shortage of foreign exchange which restricted the volume of their imports. It was the ability to import which had to be improved. Pakistan had recently been emerging as an exporter of simple manufactured goods, and this was a field where it might be possible for Pakistan to show some interest. Mr. Ahmad concluded his comments on the proposed tariff negotiations by saying that, if criteria or procedures were

developed which took into account the special position of the less-developed countries, this would greatly influence his Government's decision on the question of participation in the tariff negotiations.

Being a producer and exporter of agricultural commodities, Pakistan also had a direct interest in the work of Committee II and would be interested to participate in the proposed consultations. On account of staffing difficulties which countries like Pakistan had to face, however, Mr. Ahmad urged that the consultations should be held at the same time as sessions of the CONTRACTING PARTIES.

Pakistan attached the highest importance to the work of Committee III. Promotion of economic development in the less-developed countries was largely dependent on the ability of those countries to expand exports and to increase their earnings of foreign exchange. This could only be achieved by speedy action to eliminate the barriers which many of the products, both primary and manufactured, emanating from these countries encountered in export markets.

The plan of work which had been suggested for Committee III would be time-consuming and this fact had been a matter of great concern to the Pakistan delegation as well as to other delegations. The less-developed countries were anxious that the work of the Committee should be carried out expeditiously and in a manner likely to achieve a speedy expansion of their export earnings. This consideration had prompted the less-developed countries to put forward the recommendations contained in document W.14/15, which the Pakistan delegation strongly supported.

Mr. BEINOGLU (Greece) said that the Greek delegation attached particular importance to the work of the three Committees. The maintenance of quantitative restrictions on imports and of State monopolies by other contracting parties on Greece's basic export - tobacco - had contributed considerably to a deficit in her trade balance and to the disruption, both of traditional markets and of markets in process of development. Greece had every confidence in the rules and principles of the General Agreement, but these rules and principles were not applied consistently in every case.

The Greek delegation had studied with sympathetic interest document W.14/15. The problems confronting his country were not identical with those of the less-developed countries, but nevertheless Greece shared their vital interest in the expansion of international trade. No new measures would be necessary to enable less-developed countries to increase their exports, but what was necessary was a better understanding by others of the problems facing less-developed countries and a willingness on their part to seek a balance of rights and obligations between all contracting parties, whether less-developed or industrialized. Less-developed countries could only hope to ensure the development of their economies by increasing their exports to the level of their imports and the Haberler Report had indicated that, if industrial countries lowered their excise duties slightly, imports into these countries of primary products would rise considerably in a comparatively short space of time. In this connexion, he wished to point out the disadvantages suffered by certain countries as a result of measures by other countries to dispose of surplus primary products on the world market. A determined effort to conform to the principles which

had already been established would help the less-developed countries to overcome a number of their problems and he called upon the industrial countries to take the lead in this; the result for them would be the development of new and existing markets for their products.

Mr. Beinoglou referred to the statement, in paragraph 11 of the report of Committee II, that agricultural exporting countries would expect recognition from importing countries that they had already paid heavily for concessions which had proved of little or no value and would expect to negotiate only for those concessions and benefits to which they were not already entitled under the General Agreement. As his country had always behaved liberally in binding tariff rates, he thought this point particularly important and suggested that the Executive Secretary might set in motion a study of this question. Conclusions on a method of calculating the value of previous concessions would have to be ready for submission to the Intersessional Committee, if the programme of negotiations established by Committee I was to be observed.

The Greek delegation had listened with attention to the statements of the representatives of the European Economic Community during the previous meeting and attached particular importance to the participation of the Community in any future tariff negotiations. His delegation was in agreement with the procedures envisaged in the report of Committee II for agricultural consultations.

Mr. MACFARLANE (Federation of Rhodesia and Nyasaland) said that, when the first rounds of tariff negotiations took place, the Federation was a young country with little or no industrial development. Its tariff did not contain the many divisions and sub-divisions of nomenclature which appeared in the tariffs of the industrialized countries. Because it was not possible to foresee its tremendous industrial development, the Federation had bound tariff rates on whole classes of goods. Some of the new industries which had since come to the Federation, however, inevitably fell within the wide classes of goods on which tariffs had been bound. While the Federation did not afford protection to these industries as a matter of policy, it would in some instances not unnaturally wish to give at least some degree of protection. In the renegotiations which were thus made necessary, the concession holder expected to obtain full compensation, despite the fact that the residual trade in the class of goods concerned was three or four times the value of the original binding. The Federation could reasonably feel that it had bound too many items in the first place, particularly since in practical terms it received very little in return. Although it did not mean that the Federation would not participate in the proposed tariff conference the fact remained that, unless the negotiation procedures were changed, the Federation would have very few items to bring forward.

The Federation was prepared to take part in the consultations discussed in Committee II. He would agree with the representative of South Africa that the consultations should be carried out objectively. In connexion with the work of Committee III, the Federation considered that the time had passed when it was necessary for countries to produce uneconomically, on the pretext of self-sufficiency, minerals or agricultural products of a non-basic foodstuff variety. A further point was that the industrialized countries sought only

raw materials, and not materials in a semi-processed state, from the less-developed countries. The Federation could possibly accept as a general principle the implication in the report of the Committee that caution should be exercised in connexion with the types of industrial investment which were accepted; it considered, however, that the best judge of the type of investment and of the place where he should invest was the investor himself. The Federation agreed that the country in which the investment was made should not, as a principle, create artificial conditions by means of super-protection. Conversely, the industrialized countries should not maintain or create conditions which artificially led to the uneconomic production of primary products. Mr. Macfarlane considered that, in the section in the questionnaire attached to the Committee's report referring to import or export values, there should be included a question as to whether the answer given revealed a normal trend within the last, say, five years and if not what was the reason for the increase or decrease. He also considered, in regard to paragraph II(3)(b) of the report, that the measures referred to should be notified, particularly when they were imposed solely on behalf of a metropolitan country.

In conclusion, Mr. Macfarlane said that the Federation was concerned about the effects of stock-piles. The decision to stock-pile or to make disposals could have serious effects on the direction of employment in small countries which were unable, because of the lack of diversification, to absorb changes readily.

Mr. TAYLOR (New Zealand) said that it was appropriate to consider the reports of the three Committees under a single item of the agenda, as each Committee was dealing with a different aspect of the same problem. This was demonstrated by certain sections of the reports of Committees II and III, and by the supplementary document (W.14/15) circulated by the less-developed countries, which drew attention to the preoccupations of agricultural exporting countries and of the less-developed countries regarding their participation in the proposed tariff conference; these preoccupations deserved urgent and serious consideration by the CONTRACTING PARTIES before final arrangements were made for the tariff conference being planned by Committee I.

Mr. Taylor, having stressed the inadequacy of the normal procedures for tariff negotiations in present circumstances, said that it was an urgent problem to devise procedures whereby under-developed countries and exporters of raw materials and primary products could take part in the further tariff negotiations and receive meaningful benefits from them. Special account should be taken of the difficulties these countries faced in their international trade. In the view of the New Zealand delegation, the problem of the participation of some agricultural exporting countries in the proposed tariff negotiations could more appropriately be examined by Committee I, and he would therefore suggest that it be referred to that Committee which should report to the CONTRACTING PARTIES at the fifteenth session. The New Zealand delegation would agree in principle with the proposals to hold a new round of tariff negotiations. They were not, however, yet in a position to say whether or not New Zealand would be able to participate.

The work of Committee II was of particular interest to New Zealand. The Committee's report provided a good basis for the examination of agricultural policies and their effects on international trade, and could lead on to a fuller consideration of the questions contained in paragraph (b) of the Committee's terms of reference. His delegation could accept the report of the Committee and, in particular, the recommendation that consultations on agricultural policies should be initiated with all contracting parties. The procedures proposed for these consultations, which should be conducted by Committee II, were acceptable to New Zealand. It was hoped that a start could be made with the consultations quickly and that as many consultations as possible would take place before the fifteenth session. It was probably inevitable that there should be some break in the programme of consultations during the period shortly before, during and after the fifteenth session, but it should be possible to resume the consultations late in November and carry on until just before Christmas, resuming again as early in January as possible. His delegation supported the proposal in the report that a start should be made by consulting with the major importing countries, although New Zealand would not be averse to the inclusion of exporters as well in the early stages. Reference had been made to consultations which certain countries had already undertaken in the OIEC. While those consultations differed from those about to be undertaken in the GATT, Mr. Taylor said he did recognize that information in connexion with consultations which had already taken place in other organizations would be of material assistance. His delegation accepted that the consultations should cover products entering importantly into international trade, but they agreed with the suggestion in the report that products of major importance to a particular contracting party should not be excluded. His delegation suggested that the secretariat should draw up a programme of consultations and submit it to the CONTRACTING PARTIES later in the session.

As for the report of Committee III, Mr. Taylor said that his delegation supported the programme of work which had been proposed and were prepared to co-operate fully. In view of the urgency and importance of the problems which that Committee was considering, however, his delegation would support the desire of the less-developed countries, as expressed in paragraph 12 of W.14/15, that the work of the Committee should proceed rapidly.

Mr. CUHRUK (Turkey) said his delegation supported the recommendations of Committee I and favoured the proposal that there should be a further tariff conference. Turkey itself, however, would have doubts about participating in the conference unless certain conditions were settled in advance. First, as a substantial part of its tariff was already bound, Turkey would hardly be in a position to offer new concessions. Secondly, Turkey attached great importance to an improvement in the technique of the negotiations; consideration should be given, for example, to the possibility of internal taxes and import quotas being made negotiable. In this connexion, his delegation supported the suggestions in document W.14/15 submitted by the less-developed countries. Thirdly, Turkey was concerned about the effects of agricultural protectionism in importing countries on tariff concessions relating to agricultural products. A further point was the reduced value of the concessions originally negotiated which arose from changes in terms of trade; these, over recent years, had been unfavourable to the less-developed countries. The CONTRACTING PARTIES should make a serious effort to improve

the negotiation procedures and Committee I could usefully study this question. The Turkish delegation attached great importance to the Article XXIV re-negotiations with the European Economic Community. Turkey would wish, in so far as possible, to negotiate with the Six on the basis of the common tariff which would result from the Article XXIV re-negotiations.

The Turkish delegation supported the conclusions and recommendations of Committee II. The proposed consultations were likely to lead to a better understanding of the problems which existed. It should be stressed, however, that at the moment the balance of the General Agreement was compromised by agricultural protectionism. Tariff concessions covering a large number of agricultural products had been progressively nullified by import restrictions. Thus, many delegates had already expressed the view that a new round of tariff negotiations did not offer the same possibilities for countries exporting primary products as it did for the industrialized countries.

The Turkish delegation attached great importance to the work of Committee III. In carrying out its work the Committee should follow as closely as possible the recommendations of the Haberler Report. He agreed that the work of the Committee should be accelerated.

Mr. CAPPELEN (Norway) recalled, in connexion with the work of Committee I, that it had been estimated after the tariff conference in 1956 that approximately 60,000 tariff items had been bound against increase by contracting parties. While this figure was impressive, it represented to a large extent bindings of existing rates of duty and covered only half the trade between contracting parties. There was still, therefore, much progress to be made before tariff barriers were removed to the same extent as other restrictions on trade. Provision was made under the General Agreement for other means of protection to be removed automatically in certain circumstances but tariffs too were supposed to be reduced even if only progressively and, in the Norwegian view, countries with high tariffs should, in accordance with the spirit of the Agreement, move further in this direction. Substantial results must be aimed at in any further round of negotiations. If positive results were not attained the prestige of the GATT could be quite seriously affected and efforts towards tariff reduction would be brought to a standstill for a considerable period. Smaller countries, many of whose tariffs were low, often met with reluctance on the part of other contracting parties to negotiate tariff bindings at a reasonable level. This negative attitude which was based on a preference to retain a protected home market instead of embarking upon the development of foreign markets, and which probably also resulted from the fact that the tariffs of many small countries were already at a comfortably low level was, in the view of the Norwegian delegation, contrary to the principles and objectives of the General Agreement. The outcome of a new round of tariff negotiations would depend necessarily on the participation of the United States, the United Kingdom, the more industrialized Commonwealth countries and the European Economic Community. His delegation hoped that these countries would prepare themselves for full-scale negotiations with all contracting parties and not only with the more important industrialized countries, and urged all contracting parties to consider further reduction in their tariffs. If all contracting parties were to aim at a 20 per cent overall cut in existing rates there would be a fair balance of offers from all sides.

With regard to the report of Committee II, the Norwegian delegation agreed with those members of the Committee who had taken the view that there was no shortage of material relating to agricultural policies and that the need for more information on certain aspects of the problem should not preclude consideration by the Committee of the other points covered by its terms of reference. With reference to the declaration of the agricultural exporting countries that their participation in a new round of tariff negotiations would be influenced by their special problems, he considered that a liaison arrangement should be made to enable this problem to be studied both by Committees I and II. His delegation also supported the proposed consultations on agricultural policies. More basic material would, as the report indicated, have to be assembled, but as it was not always satisfactory to get extensive and technical information in written form, he felt that it was important that national representatives participating in the consultations should be experts.

One point connected with the work of Committee II was of particular interest to Norway. Although offering modest possibilities for agriculture, Norway was situated near some of the richest fishing grounds in the world. Norway, however, had to try to produce some of the agricultural goods it needed although these could obviously be imported from more favourably situated countries because fish products met with a number of restrictions in those countries. Increased exports of fish from Norway would offer possibilities for the expansion of imports of agricultural products into Norway.

With reference to Committee III, his delegation was satisfied that the CONTRACTING PARTIES had embarked upon a serious endeavour aimed at the expansion of the trade of less-developed countries and he had listened with great attention to the statements of the representatives of the less-developed countries. The problems of these countries were of fundamental importance to all and the GATT could not fulfil its objectives if assistance were not given to less-developed countries enabling them to improve their trade possibilities.

Mr. van WIJK (Netherlands) said that his delegation supported in particular the recommendations of Committee II. The consultations with all contracting parties would lead to frank discussions and would result in a better understanding of the agricultural policies of contracting parties. His delegation supported the view put forward by the representative of South Africa; the consultations should be conducted in an objective way so as to lead to an understanding of the motives underlying the agricultural policies of a particular country. His delegation also supported the views put forward by the representative of New Zealand regarding the organization of the consultations and the role of Committee II itself.

Mr. SAW OHN TIN (Burma) said that Burma's economy depended predominantly on two or three primary products. His Government was trying to diversify the economy and this necessitated a considerable amount of foreign exchange for the purchase of capital goods. The fall in the price of the

exports of the less-developed countries was, therefore, a serious matter and it was imperative that steps be taken quickly if living standards were to be maintained at a reasonable level. In this connexion, the effects of subsidies on agricultural products applied in Burma's traditional markets was of particular significance. In so far as the proposed tariff negotiations were concerned, Burma's tariff was essentially a revenue tariff and it was, therefore, very difficult to offer concessions without affecting the country's development programme. In his view, in the case of the less-developed countries, concessions should be made unilaterally by the industrialized countries. Burma was prepared to consult on its agricultural policies, but would prefer that these consultations should take place during the sessions and not intersessionally.

Mr. ELSON (Federal Republic of Germany) stressed that the problems connected with the development of international trade were so widespread that they could not all be solved immediately. It was necessary to proceed step by step on the basis of a partnership between the industrialized countries and the less-developed countries. His delegation was prepared to accept the recommendations of the three Committees, but he had some observations to make on certain points. In the view of his delegation, Committee I was the appropriate body to examine the participation of agricultural exporting countries in the proposed tariff conference. As for the proposed consultations on agricultural policies, he felt it was too early to decide the exact machinery which should be set up to co-ordinate the consultations. He would suggest that Committee II should conduct the consultations in the first place, with the Executive Secretary in the Chair. After this first round, the Committee could report to the CONTRACTING PARTIES on the possibility of having further consultations under special procedures. As for the question of the negotiability of internal taxes, it was his opinion that these could not be the subject of negotiation, as this would represent an interference in matters of fiscal control which were the responsibility of the government of the country concerned. His delegation supported the view set out in document W.14/15, submitted by the less-developed countries, that Committee III should aim to arrive at an early solution to the problems with which it was confronted. Nevertheless, it had to be remembered that the collection of the necessary documentation and material would be a long task and care should be taken not to overburden the secretariat. In the view of his delegation, the work of the Committees should involve the following stages: collection of material; analysis of the material; the drawing of conclusions. It would be unreasonable to expect solutions without sound preparatory work.

Mr. SCHWARZMANN (Canada) stressed the great importance which his delegation attached to the programme for the expansion of international trade which they saw against the background of the initiative taken at the Commonwealth Conference, in relation to the proposals adopted in the International Monetary Fund and the International Bank for increased liquidity and in the light of the recent moves to convertibility of major trading currencies. The work of the three committees was of importance to all contracting parties and he hoped that differences between developed and under-developed and between agricultural and industrial countries would not be too sharply defined. His delegation could accept the reports and recommendations of the three committees and hoped to see rapid progress made in their work. The three fields of work were closely interrelated and lack of progress in any one field might affect results in the others.

Canada had already indicated that it would be prepared to participate in a further round of tariff negotiations. The achievements of the GATT during the last ten years in the field of tariff reductions had been of great significance and Canada recognized the important and positive rôle played in this by the United States. His delegation welcomed the decision of the European Economic Community to participate and hoped that in formulating the level of the Common Tariff, in particular on the commodities of basic importance in world trade included in List G, the Community would take account both of their own interests and those of world trade generally by determining low rates of duty. It would be useful for Committee I to meet again during the Session as many complex problems required further detailed examination, particularly those relating to the participation of the European Economic Community.

The Canadian delegation considered that Committee II should direct its attention to the general reduction of agricultural protectionism in all its forms and to the problems raised in world trade by the disposal of surpluses. The consultations recommended by Committee II should proceed as rapidly as possible and should be conducted by the Committee.

Committee III was dealing with one of the most urgent problems in world trade and the establishment of this Committee was evidence that the CONTRACTING PARTIES had recognized the principle that aid must be supplemented by trade. His delegation agreed with the suggestion of the less-developed countries that the Committee should meet during the session to consider whether a start could be made on the basis of information already available and an early deadline should be set for the submission of further information so that work could proceed as rapidly as possible.

Mr. MERINO (Chile) said that the main views of his delegation, which attached great importance to the work of the three committees, were included in the Note circulated by the less-developed territories. He wished to refer specifically to a question which Chile considered should be given further consideration by Committee I. Article XXIV:6 of the General Agreement provided that in negotiations connected with the establishment of a

customs union due account should be taken, in determining compensatory adjustment, of compensation already afforded by reductions in corresponding duties in the other constituents of the union. His delegation considered that a reduction in the tariff of a country which had little importing interest could not compensate for increases by other countries and that compensation should be measured by its real value. A study of this question could be undertaken by Committee I under its terms of reference.

Mr. PARBONI (Italy) said that his delegation supported the work programmes proposed for the three committees. It supported particularly the plans for consultations proposed by Committee II and wished to underline the proposal in the report of the Committee that all contracting parties should participate in the consultations. With reference to paragraph 16 of the report, the Italian delegation was in favour of a study being undertaken of the problems affecting participation of agricultural exporting countries in the proposed tariff conference.

In so far as the work of Committee III was concerned, the Italian delegation had no objection in principle to the Committee examining "the possible advantages to the trade of less-developed countries of reductions in revenue and internal fiscal charges" on the part of more developed countries. However, if in the course of such an examination there was a tendency to determine that fiscal taxes and charges were negotiable, the Italian delegation would consider that certain reservations would have to be attached to such a principle.

Mr. Abdul KARIM (Indonesia) said that his delegation were primarily interested in the work of Committee III although they attached great importance to the work of all the committees. An expansion of trade was of fundamental importance to Indonesia, which had important development programmes and which was heavily dependent on export earnings. He supported the proposals in document W.14/15, which had been submitted by the less-developed countries, and expressed the hope that the recommendations of Committee III would be sympathetically considered by the highly industrialized countries and that agreement could be reached that the work of the Committee should be expedited.

Mr. BOSSMAN (Ghana) said that his delegation had subscribed to document W.14/15 which had been presented by the less-developed countries. Ghana, like other less-developed countries, was dependent on its export markets. It needed assured markets and stable prices. In regard to the European Economic Community, the association of the overseas territories of the Member States presented serious problems for Ghana's export trade. While recognizing that metropolitan governments should have sufficient freedom to preserve economic and social stability in the overseas territories, Ghana could not accept the extent of discrimination involved in this case. Ghana did not expect to be able to participate in the proposed tariff negotiations.

Mr. SUJAK BIN RAHIMAN (Federation of Malaya) pointed out, in regard to the recommendations of Committee I, that Malaya was one of the lowest tariff countries in the world. There was very little which Malaya would offer in the way of concessions and there was, therefore, little chance of Malaya participating in the proposed tariff conference. There was, however, a marginal possibility that Malaya might have to renegotiate oilseeds with the European Economic Community. As for the other type of negotiations arranged for 1960, there was little scope for negotiation in so far as Malaya was concerned; the Malayan schedule only contained one bound item. Malaya was, however, prepared to participate in the consultations discussed by Committee II although, in so far as rubber and tin were concerned, the export of these was not at present affected by non-tariff measures taken by other countries. This did not mean, of course, that Malaya did not share the apprehensions of other less-developed countries regarding the effects of these non-tariff measures. It was necessary to think of the future and, for example, of the possible effects of the development of the synthetic rubber industry on the use of non-tariff measures. His delegation had nothing to add to the observations made in document W.14/15 to which Malaya had contributed. He would stress, however, the need for the CONTRACTING PARTIES to consider the problems involved as a matter of urgency.

Mr. BEALE (United States) referred to the request of the representative of India at the previous meeting for an indication of the attitude of the industrialized countries towards the work of Committee III. It was obvious that no government could commit itself to courses of action before they were clearly defined, but he could give an assurance that the United States would participate fully in the work of Committee III, and would be prepared to join in further work at this session if that were practicable. The work of Committee III would obviously present some serious difficulties. The United States would be frank about the problems confronting it and hoped that all the participating countries would be equally frank in order that a better understanding could be reached of the nature of those difficulties and that possible solutions could be formulated.

Mr. SWAMINATHAN (India) said that he wished on behalf of his colleagues from the less-developed countries to express gratitude for the indication of their co-operative attitude to this important question by the representatives of Australia, Canada, the United Kingdom, the United States and the European Economic Community. He could not, however, concur with the view expressed by the representative of the Federal Republic of Germany that the work of Committee III could not proceed speedily because the secretariat would be burdened during the Intersessional period by the work of Committee II. There were urgent reasons, such as the imminence of tariff negotiations, why the work of Committee III could not be delayed and the less-developed countries asked industrial countries to recognize the importance and urgency of the work. While it might be logical for each stage of the work of the Committee to be completed before it embarked upon the next stage, this would be possible only if political and economic developments were not taking place.

The less-developed countries did not envisage the completion of the work by the fifteenth session but saw the work of the Committee as a continuous process on the lines of the plan set out in their Note.

Mr. ELSON (Federal Republic of Germany) said that he had not intended to give the impression that his delegation had no interest in the work of Committee III. They were on the contrary willing to participate in a positive manner. By his reference to the timing proposed by the less-developed countries he had not meant to imply that the deliberations of the Committee should be postponed, but simply that a solid basis for conclusions should be created. Mr. Elson recalled that the Federal Minister of Economics had returned from a tour of the Far East with the view that the Federal Republic of Germany should open her markets to the manufactured and semi-manufactured products of less-developed countries and he could assure the group of less-developed countries of the Federal Republic's co-operative participation in the work of Committee III.

Mr. SWAMINATHAN (India) thanked the representative of the Federal Republic for clarifying his statement. India was aware of the general attitude of Germany to this problem and of the goodwill which the Federal Minister of Economics had brought back with him from his Far Eastern tour.

Mr. VALLADAO (Brazil) said he wished to comment on some of the statements that had been made. His delegation recognized the helpful attitude of the Federal Republic of Germany and Italy towards the problems of the under-developed countries. He was, therefore, surprised to hear that the representatives of the Federal Republic of Germany and of Italy had found difficulty in accepting the principle that fiscal duties should be negotiable. The importance of this question had been emphasized in paragraph 2 of document W.14/15 and he hoped that the representatives of the Federal Republic of Germany and of Italy would convey to their governments the sense of importance which several delegation attached to this point.

The CHAIRMAN said that the full exchange of views on the programme of work of the committees dealing with the expansion of international trade indicated that a number of points would have to be examined before the end of the present session. In order to enable the committees which would have to meet immediately to draw up a programme of work and to make some procedural arrangements, he proposed that the CONTRACTING PARTIES should take a number of decisions. First, he proposed that the CONTRACTING PARTIES should approve the recommendations submitted by Committee I in COM.1/3. When this decision had been taken, Committee I could then take up the other matters which had to be dealt with in order to submit a final report to the fifteenth session. He then proposed that the CONTRACTING PARTIES should decide that the problems referred to in the report of Committee II concerning the participation in the future tariff negotiations of exporters of agricultural products should be referred to Committee I. Lastly, he proposed that the CONTRACTING PARTIES should also refer to Committee I the questions raised in paragraph 6 of the Note submitted by the less-developed countries (W.14/15), with a view to adjusting negotiating procedures for the future tariff conference so as to

secure a larger expansion in the exports of the less-developed countries. If the CONTRACTING PARTIES approved these proposals, Committee I could meet during the present session in order to draw up the list of questions which still had to be dealt with and to establish its time-table until the fifteenth session.

As regards the work of Committee II, he suggested that the secretariat should submit to a later meeting practical suggestions concerning arrangements to be made for the consultations on agricultural policies, as suggested by Committee II, and a time-table for such consultations.

Lastly, the Chairman proposed that Committee III should meet at the earliest possible date in order to examine those proposals referred to in the Note submitted by under-developed countries, (W.14/15), which had not been referred to Committee I. Committee III could also take advantage of this further meeting to draw up a time-table for the work which was still outstanding.

The Chairman's proposals were agreed.

Mr. WARWICK-SMITH (Australia) said that the proposals put forward by the Chairman were entirely acceptable to his delegation. However, he would not like to see omitted some provision for the observations of Committee II on the question of non-tariff obstacles to trade to be referred to Committee I.

The CHAIRMAN said he thought that the proposals he had just made did, in fact, cover the point made by the representative of Australia.

3. Request for Accession by Poland - Appointment of Working Party

The CHAIRMAN recalled that, when this question was discussed on 18 May, there was general agreement to establish a working party to consider the Polish request. He now proposed the following terms of reference and composition for the working party:

Terms of Reference:

1. to consider, in the light of the Polish request and the discussion at the fourteenth session, arrangements for closer association of Poland with the CONTRACTING PARTIES and to submit recommendations to the fifteenth session;
2. the working party will consult as necessary with representatives of Poland.

Composition:

Chairman: Mr. A. Beinoglou (Greece)

Members :	Australia	Czechoslovakia	Italy
	Austria	Denmark	Sweden
	Belgium	France	United Kingdom
	Brazil	India	United States
	Canada	Indonesia	

This was agreed and the meeting adjourned at 5.50 p.m.