

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Sixteenth Session

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SUMMARY RECORD OF THE NINTH MEETING

Held at the Palais des Nations, Geneva, on
Thursday, 2 June 1960, at 2.30 p.m.

Chairman: Mr. E.P. BARBOSA DA SILVA (Brazil)

- Subjects discussed:
1. Committee II - programme of work
 2. Restrictive business practices
 3. Subsidies - Article XVI:4
 4. Facilities for duty-free temporary admission
 5. Italian measures in favour of domestic production of ships' plates
 6. Greek waiver - extension of time-limit
 7. European Economic Community (continued)
 8. Paris economic meetings (continued)
 9. Brazilian waiver - extension of time-limit

1. Committee II - Programme of Work (L/1207)

The CHAIRMAN recalled that at the meeting on 20 May the second report of Committee II (L/1192) had been adopted and the Committee had been requested to reconvene during the session in order to establish its future work programme in the light of the comments made during the discussion. The Committee had now submitted a report on its future work arrangements, contained in document L/1207. The Chairman called on Mr. Paterson (Canada), Chairman of Committee II, to introduce the report.

Mr. PATERSON (Canada) said that the views expressed in the previous plenary meeting had been taken into account by Committee II in drawing up its work programme. He felt that the next stage of the work of Committee II would be very productive.

Mr. WARWICK SMITH (Australia) stated that his delegation felt that it was now time for the Committee to begin to relate the work it had done in the country consultations to the impact of national policies on international trade and this should be done by a commodity-by-commodity approach. He therefore welcomed the arrangements recommended by the Committee. The report did not go as far as he might have wished, but it did provide an opportunity for useful progress. The types of material which it was proposed to assemble would form a useful basis for the discussions planned for September next. He also welcomed the Committee's decision to appoint a small group to study the possibilities of measuring agricultural protection. The group would not have an easy task; however, the

Australian authorities would be glad to co-operate in furthering its work. He referred again to his delegation's belief that the imminence of the tariff negotiations and the development of a common agricultural policy by the European Economic Community would require effective short-term activities by the Committee. Particularly, he expected that the Committee would provide an opportunity to examine the prospects for tariff negotiations in the field with which it is concerned.

Mr. KASTOFF (Denmark) expressed his delegation's satisfaction with respect to the future work of Committee II; the Danish wishes had been fully taken into account.

Mr. ADAIR (United States) stated that the proposals of the Committee on its future business was interesting; the procedures proposed were reasonable and he hoped that the members attending these analytical meetings would find it possible to examine and consider the material and the issues well in advance. His delegation supported the intention of the Committee to set up a small expert group to study the possibility of measuring agricultural protection.

Mr. LACARTE (Uruguay) supported the work programme of the Committee, particularly with regard to several products which would be studied specifically at the next stage.

Mr. GAJINOVIC (Yugoslavia) stated that his country was particularly interested in the work of the Committee. This was understandable in view of the facts that agricultural exports were by tradition an important part of total Yugoslav exports and that these were largely directed to western European countries. A solution for the problems before the Committee is important for the development of relations between the industrially developed and the under-developed countries and for the expansion of world trade. For this reason his Government had given careful consideration to the Haberler report on the consequences of agrarian protectionism in the industrial countries and on the possibilities open to world trade in agricultural commodities in the event of a partial alleviation of this protectionism. His delegation was aware that the solution of these problems was not easy since, apart from economic reasons, social and political considerations were involved. Nonetheless, he was confident that Committee II would provide the basis required to find generally satisfactory solutions. His delegation would support the proposal for the establishment of a group to study possible methods of evaluating agrarian protectionism.

The work programme proposed by Committee II was approved.

2. Restrictive Business Practices (L/1015 and W.16/12)

The CHAIRMAN recalled that the report of the group of experts, contained in document L/1015, had been distributed in June 1959 and at the thirteenth session it had been agreed that this item should appear on the agenda for the present session. He drew the attention of contracting parties to his note distributed in document W.16/12 where it was proposed that the matter be the subject of further study and that the consideration of this item be

postponed until November. The proposed working party would meet during the first week of the seventeenth session. Meanwhile, contracting parties should send in their comments and proposals concerning the recommendations contained in the report by the group of experts.

This was agreed and the following working party was appointed:

Terms of Reference:

To examine the report (L/1015) by the Group of Experts on action by the CONTRACTING PARTIES in dealing with restrictive business practices in international trade, taking into account any comments and proposals received from the contracting parties concerning the recommendations contained therein, and to report to the CONTRACTING PARTIES at the seventeenth session.

Members:

Austria	Japan
Brazil	Malaya
Canada	Netherlands
Chile	New Zealand
Denmark	Norway
France	Pakistan
Federal Republic of Germany	Rhodesia and Nyasaland
Ghana	Sweden
Greece	United Kingdom
India	United States

Chairman: Mr. T. Swaminathan (India)

3. Subsidies - Article XVI:4 (W.16/7)

The CHAIRMAN recalled that at the fifteenth session certain delegations had felt that the possibilities for a more progressive system for the extension of the standstill provisions of Article XVI:4 should be examined. Following informal discussions with interested countries, the secretariat had drawn up a note on this subject (W.16/7), including the draft of a declaration which if approved, might be opened for acceptance after the seventeenth session.

It was agreed to refer the secretariat's proposals to the seventeenth session.

4. Facilities for Duty-Free Temporary Admission (L/1208 and Corr.1, L/1209)

The CHAIRMAN stated that the group of experts on duty-free temporary admission had been asked to examine two draft conventions, one on temporary duty-free importation of packings and the other a preliminary draft convention on temporary importation of professional, cinematographic and television equipment. He called on Dr. Benes (Czechoslovakia), the Chairman of the group of experts, to present the reports.

Dr. BENES (Czechoslovakia) presented the two reports of the group of experts which had considered the draft conventions forwarded from the Customs Co-operation Council in Brussels.

The group of experts had devoted attention first to an examination of the articles of the draft convention on packings. The convention introduced the principle of duty-free temporary admission of all packings, imported filled to be re-exported empty or filled, or imported empty to be re-exported filled, provided that they were identifiable at re-exportation. This rule did not modify legislation on the assessment of import duties on contained goods. A reservation clause was introduced to solve the problem as to whether duty-free admission should apply to packings purchased by a person resident in the importing country. It should be noted that the convention sets out only the minimum facilities to be accorded. It would enter into force three months after five countries had fully accepted it. Dr. Benes pointed out the importance to the flow of trade insofar as the customs treatment of these packings is concerned, since most goods entering international trade are exported with some sort of packing material. It was the view of the group of experts that the adoption of general rules on the temporary duty-free importation of packings would afford considerable advantages to international trade. The group, therefore, suggested that the CONTRACTING PARTIES transmit a communication to the Customs Co-operation Council in the terms outlined in paragraph 7 of document L/1208.

With regard to the temporary duty-free importation of professional, cinematographic and television equipment, the group had studied the preliminary draft convention on the temporary importation of these articles. Recognizing that this draft was only provisional and incomplete, the group had confined its consideration to some points of principle. For instance, it had considered the question as to whether a single convention should deal with the temporary importation of the three classes of equipment or whether two conventions would be preferable. Furthermore, it considered the list of articles to be covered by the convention and possible amendments thereto. The majority of the experts expressed themselves in favour of an international instrument incorporating the necessary guarantees for the re-exportation of imported equipment. The recommendation to the CONTRACTING PARTIES by the group of experts was contained in paragraph 15 of the report (document L/1209). The group also suggested that the CONTRACTING PARTIES could best further progress on this subject by maintaining a continued close co-operation with the Customs Co-operation Council.

The two reports were adopted.

5. Italian Measures in Favour of Domestic Production of Ships' Plates (L/1194)

The CHAIRMAN stated that this item had been on the agenda of the CONTRACTING PARTIES on more than one occasion. It was a question of a complaint by the Government of Austria concerning certain measures enforced by Italy. At the fifteenth session it was understood that a consultation between Austria and Italy would take place and the Government of Austria had now reported in document L/1194 that these consultations were held in February 1960.

Mr. PARBONI (Italy) stated that the differences of view on this question had not been resolved and that the two parties maintained their positions. The new Italian measure was still in the state of being a draft. The damage anticipated by the Austrian Government had not yet been caused. He informed the CONTRACTING PARTIES that as a result of a new situation in the field of maritime construction in Italy the administration was undertaking a study of radical changes in the present system of assistance. It was not possible now to give the exact extent of the new measures envisaged but he felt that they would be such as to calm the fears of the Austrian Government. He was not able to indicate when the final decision would be taken, but this information would be notified to the CONTRACTING PARTIES as soon as possible. His delegation had always been of the opinion that it would not be possible to examine this question until the final measures had been adopted. Mr. Parboni requested the CONTRACTING PARTIES to adjourn the further discussion of this question.

Mr. MARTINS (Austria) stated that his delegation was gratified by the announcement just made by the Italian delegation. However, they had learned that implementation of the measures which gave rise to the complaint was still under consideration in Italy. He explained that if certain provisions of this bill were made effective it would, in their view, impair the value of the advantages arising for Austria from the General Agreement and would be in conflict with the General Agreement. He expressed concern at the possibility that the new measures now announced by the Italian delegation might become effective only at a later stage after the provisions his delegation considered harmful had already entered into force. Therefore, his delegation felt compelled to ask the CONTRACTING PARTIES to keep this point on their agenda in order to enable his Government to revert to the problem if the need should arise.

The CHAIRMAN said that the statements by the representatives of Italy and Austria would be noted and that the question would be placed on the agenda for the seventeenth session.

6. Greek Waiver - Extension of the Time-Limit (L/1220)

The CHAIRMAN stated that at the fifteenth session the Government of Greece was granted a waiver from the obligations of Article II in order to apply its revised customs tariff prior to the completion of negotiations and consultations pursuant to Article XXVIII. According to paragraph 3 of the waiver, these negotiations and consultations were to have been completed by the end of the present session; however, as outlined in document L/1220, the Greek delegation now asked for an extension of this time-limit until the end of the seventeenth session.

Mr. TRANOS (Greece) stated that his Government when forwarding the tariff modifications to Parliament circulated a document containing these modifications, either raising the customs tariff or lowering it as the case may be, and contacted the various contracting parties concerned, but it was not possible to proceed to immediate negotiations, as had been foreseen in paragraph 3 of the Decision of 12 November 1959. Consequently, in his Government's letter of 4 May 1960, it was proposed that either negotiations should be held in Athens in June or July or that negotiations proceed in September when the tariff conference has begun. Therefore, the Greek delegation proposed an extension of the time-limit in order to enable them to terminate the negotiations.

Mr. ELSON (Federal Republic of Germany) supported the request of the Greek Government to extend the time-limit of the Decision of 12 November 1959 until the close of the seventeenth session.

The CHAIRMAN noted the willingness shown by the Greek delegation to proceed with the negotiations in Athens or if this were found impracticable that they should take place in Geneva in September at the 1960 tariff conference. As contracting parties appeared ready to meet the Greek request, a draft decision would be prepared by the secretariat and would be submitted for the approval of the CONTRACTING PARTIES at a later meeting.

7. European Economic Community (L/1215, L/1218) (continued)

The CHAIRMAN recalled that the discussion on this item had been begun at the meeting of the CONTRACTING PARTIES on 27 May (SR.16/7). Since then, the statement then made by the representative of the Commission of the Community had been distributed in document L/1215 and the recent Decision of the Member States to accelerate the implementation of the Rome Treaty had been distributed in document L/1218.

Mr. TAYLOR (New Zealand) in reference to the statement which had been made by the representatives of the Community and the Commission at the meeting on 27 May, said it was helpful for contracting parties to be kept informed about the progress made in the establishment of the Community, especially insofar as matters affecting the interests of other contracting parties were concerned. Like other delegations, the New Zealand delegation would expect the Community's proposals concerning its common agricultural policy to be submitted to the CONTRACTING PARTIES in sufficient time to enable their views to be made known before final decisions affecting this most important economic sector were taken by the Community.

Mr. WIRASINHA (Ceylon) said that, as an exporter of primary commodities which had a substantial market in the Community, Ceylon naturally looked forward to the continuing success of this venture in Europe. Nevertheless, the less-developed countries were still looking for an improvement in their trade with the Community. While welcoming the decision of the Community to set up a committee on economic trends which would assist and guide the Commission, and while agreeing that stable economic conditions in the industrialized countries were an important factor in stabilizing commodity prices, it was the view of his delegation that economic stability in the industrialized countries could not by itself solve the problems of primary producers. While Europe's economic prosperity had continued to grow, the prices of certain primary products had actually declined; it was noted from the statement made by the representative of the Commission that imports into the Community increased by 5 per cent in quantity in 1959 without there being an increase in value. There was, therefore, a need for more positive action on behalf of the Member States of the Community aimed at assisting the primary producing countries to increase their earnings of foreign exchange. To this end, apart from other measures that might suitably be taken, it was essential that the Member States should implement the recommendations of Committee III. In commenting that experience with the so far had not been encouraging, Mr. Wirasinha referred to the

lack of success of the Article XXII consultations which had taken place on a number of commodities and to the common tariff rates proposed, for example, for vegetable oils which were by any standard on the high side. Mr. Wirasinha went on to say that the Community might well play a greater part than had the individual Member States in the past in assisting the less-developed countries with their economic development programmes; in this connexion, his delegation were encouraged by the fact that the Member States of the Community were individually and collectively represented on the new Development Assistance Group. On the other hand, there was a certain lack of logic in the fact that countries declaring their interest in assisting financially the less-developed countries should, at the same time, fail to adopt liberal trade policies which could have the effect of augmenting the foreign exchange earnings of these countries. It was to be hoped therefore that, when the representative of the Commission made his next statement to the CONTRACTING PARTIES, he would be able to announce significant measures of trade liberalization taken by the Member States of the Community.

Mr. MATHUR (India) said that his delegation had noted the Community's view that the growth of economic activity which would result from integration would also generate an expansion of trade with third countries. At the same time, however, it had to be recognized that the acceleration of the process of integration within the Community might bring problems of adjustment in the trade patterns of other countries, unless this process was accompanied by a progressive relaxation of barriers and restrictions against the trade of the outside world. The representative of the Commission had stated that the Community recognized its special responsibilities as regards trade with the less-developed countries. In this connexion the Indian delegation would have welcomed a more specific reference in the Commission's statement to measures taken during the period under review to alleviate some of the difficulties experienced by developing countries as a result of the association of the overseas territories with the Community, and to remove some of the obstacles to the export trade of the less-developed countries which had been pinpointed by Committee III. In particular, India attached special importance to the rapid elimination of residual quantitative restrictions applied to exports from less-developed countries by some of the Member States; the Community's positive statement in the Decision circulated to contracting parties on 1 June that the Member States intended to eliminate quantitative restrictions on exports from third countries in accordance with their obligations under the General Agreement was, therefore, an encouraging sign. One serious cause of concern to less-developed countries, however, was the high level of the Community's common tariff on some of their principal exports to the Member States. In India's case, for example, the application of the principle of the arithmetical average would mean that 72 per cent of India's present trade with the Member States would be subject to rates considerably higher than those charged at present. With regard to certain specific items such as tea, coffee, tobacco and some vegetable oils, the application of the duties provided for in the common tariff would clearly have a harmful effect on India's trade. The Indian delegation had therefore found encouragement in the fact that the Member States intended to establish the common tariff at a level 20 per cent lower than the rate applicable at the base dates. They also noted that it would be possible for Member States

to extend the reduction in their internal tariffs to third countries within the limits provided in the common tariff. Continuing progress by the Community in this direction could help to ensure that the development of trade exchanges between Member States was accompanied by an expansion of trade with other countries. It was to be hoped, however, that the Member States would not take a rigid view on the question of reciprocity and that they would take full account of the various difficulties which confronted the less-developed countries, such as India, in their trade with the Six and the serious problems which these countries had in offering substantial concessions in their tariff.

Mr. PSCOLKA (Czechoslovakia) said that the attitude of his delegation towards the Community and towards closed economic groupings in Western Europe generally was well known. However, it had to be recognized that the process of acceleration which was now proposed could increase the adverse effects of the Common Market and countries outside the Community would have to adjust themselves more quickly as a result of the new situation. While this acceleration was in progress, however, a significant factor which continued to aggravate the situation was the discriminatory application of quantitative restrictions which were not justified under the provisions of the General Agreement. The continuation of such restrictions and of unnecessary administrative obstacles was bound to have an unfavourable effect both on trade and on trade relations. This was particularly so when discrimination was not only against third countries but also between third countries. A serious reconsideration of this policy was long overdue. The effect of such discriminatory measures was to disrupt the regular flow of goods and to make long-term transactions difficult, thereby limiting the possibility of specializing for certain markets. His delegation hoped, however, that the needs of international trade and its further expansion would bring about a more realistic approach with regard to existing obstacles impeding the development of international trade; in their view, every effort should be made to achieve this goal.

Mr. GAJINOVIC (Yugoslavia) said that his Government, which in the past had voiced its concern about the effects of the Common Market, considered that the GATT was the appropriate place where the problems which arose should be examined. From a preliminary assessment, it appeared to his Government that the Community's common tariff would adversely affect Yugoslavia's exports to the Member States, particularly insofar as its traditional export commodities, such as wine, tobacco, eggs, etc. were concerned. The new tariff might well be detrimental to present and future efforts aimed at promoting industrial co-operation with the Member States which had recently begun to develop in a mutually advantageous manner. The common agricultural policy of the Community was also a matter for concern. This, likewise, could have an adverse effect on the normal development of Yugoslavia's agricultural exports, which were largely directed to Western Europe. His Government attached particular importance to the successful development of its foreign trade and other economic relations with the Member States of the Community. It would, therefore, welcome any reduction in the protective aspects of the common tariff and in the policies of the Community generally; in this connexion his delegation would express the hope that the forthcoming tariff negotiations would have satisfactory results. As Yugoslavia was unable to participate in these negotiations his delegation had all the more reason for supporting the proposal for informal meetings in which Yugoslavia would like to participate.

Mr. SUBARDJO (Indonesia) congratulated the Community on the progress which it had made so far. However, certain questions gave his Government cause for concern. When the Treaty of Rome first came before the CONTRACTING PARTIES at the end of 1957 the Indonesian delegation, like others, had voiced apprehensions regarding the effects which certain provisions of the Treaty might have in the long run on their export trade. In this connexion, he would mention the consultations which contracting parties had had with the Member States under Article XXIII in respect of certain commodities; so far those consultations had not been fruitful. The Indonesian delegation regretted that the representative of the Commission, in his statement, had not given the CONTRACTING PARTIES information about the results achieved by the ad hoc committee set up by the Community in order to study the question of possible action which the Community could initiate in favour of the less-developed countries. Further, he had to point out that the common tariff rates for certain commodities contained in List G could also cause more difficulties for Indonesia's export trade; those rates were disappointing to Indonesia. In concluding, Mr. Subardjo said that the concern felt by his Government at the time of the signing of the Rome Treaty now seemed to be confirmed. To safeguard Indonesia's export trade with the Member States his Government might have recourse to paragraph 6 of Article XXIV.

Mr. HIJZEN (Commission of the European Economic Community), commenting on certain points made in the discussion, said that the Community fully recognized its responsibilities towards the less-developed countries and that it would continue the work which it was undertaking and in which it was participating in a co-operative and constructive spirit. This was particularly true of the work being undertaken under the auspices of the CONTRACTING PARTIES. The work of Committee III was certainly very important and the Commission would continue to co-operate actively in its work. As regards proposals for the reduction of the common external tariff, products on List G would be treated in accordance with the same procedure as that applied to other products, except in the case of the most sensitive products; it was hoped that the list of such products would be very short. As for the level of the tariff, there would be the opportunity to revert to this question during the negotiations under paragraph 6 of Article XXIV and thereafter during the discussions under paragraph 5 of that Article. He would say, however, that he did not agree with the view that the Community's external tariff was very high. Preliminary calculations showed that the incidence of the common external tariff was lower than the incidence of the national tariffs. Commenting on the question of reciprocity to which the representative of India had referred, Mr. Hijzen said that he would certainly report this important point of view to the institutions of the Community in Brussels. He would likewise report to Brussels all the comments which had been made and the concerns which had been expressed by delegations. In particular, reference had been made to agriculture and on this point he would not, at this stage, add anything to the statement he had already made to the CONTRACTING PARTIES.

The CHAIRMAN said he felt that the exchange of views which had taken place would prove of the greatest value to the CONTRACTING PARTIES in their future consideration of this question. He suggested that the established procedure should be followed concerning the possibility of this item being placed on the agenda for the seventeenth session.

8. Paris Economic Meetings (L/1166 and Add.1, L/1219)

The CHAIRMAN recalled that this question had been discussed by the CONTRACTING PARTIES at some length at their meeting on 20 May (SR.16/3) on the basis of a report submitted by the Executive Secretary in document L/1166. At that time delegations had in mind that there was to be a Conference in Paris a few days later concerning the reorganization of the OEEC. At the close of the discussion, the CONTRACTING PARTIES had agreed to revert to this item at a later meeting. The Chairman went on to say that, following a meeting of Heads of delegations, it had been decided that he should go to Paris so as to see the Chairman of the Conference. He had circulated in document L/1219 a report on his visit to Paris; the report included a communication received from the Chairman of the Conference and the text of a Resolution adopted by the Conference on 25 May.

Mr. SWAMINATHAN (India) stressed that, in a matter of this sort, speed was of great importance and he was sure that all contracting parties were grateful that the Chairman had made his visit to Paris. There were three features about the proposed new organization which had to be borne in mind. First, the new organization would have a limited membership; secondly, the efforts of the organization to deal comprehensively with economic co-operation among its members, would have important effects on non-members as well. When the United States and Canada became full members, the new organization would consist of countries with extremely large resources with which they would be able to affect the course of economic development in the world. Thirdly, non-members would not be able to play an effective part in determining the course of action of the new organization; this aspect was one of great importance. Mr. Swaminathan went on to say that the GATT was a world-wide trade organization and, by virtue of its increasing membership, it had become the organization which normally dealt with the commercial policies of most countries of the world. Paragraph 2(f) of the Resolution of the Conference dated 25 May referred to consultation "as appropriate with the relevant international organizations". The letter from the Chairman of the Conference to the Chairman of the CONTRACTING PARTIES stated that the Conference unanimously agreed "that any rules with regard to commercial policy transferred to or adopted by the new organization would have to be compatible with the rules of GATT". Many contracting parties who would not be members of the new organization would not be completely satisfied with these expressions of intention. In the view of the Indian delegation, the OECD should not only conform to the rules of GATT but should, as a working group, deal with questions of commercial policy only insofar as they affected other aspects of the work of the organization. The formulation of rules of commercial policy should be left to the CONTRACTING PARTIES which had been dealing with these matters satisfactorily and adequately for a number of years; in this connexion the increasing GATT membership reflected the growing status of the GATT in the trade field. It was hoped that the views he had put forward, which might well be shared by other delegations, would be brought to the notice of the new organization at an appropriate time. It was for consideration, although this idea was of a personal character and had not been conveyed in instructions from his Government, whether the CONTRACTING PARTIES should not be represented in the new organization, possibly in a non-voting capacity, so that there would be the assurance that the interests of non-member contracting parties would always be adequately emphasized.

Mr. ADAIR (United States) pointed out that, during the discussion by the CONTRACTING PARTIES on this item on 20 May, he had stressed that it was the intention of his Government that the new organization should not detract in any way from the primacy of GATT in the field of trade policy. This was also the position taken by the Chairman of the Conference in his letter to the Chairman of the CONTRACTING PARTIES. The United States delegation, was, of course, also in full agreement with the statement of the Chairman of the Conference that "any rules regarding commercial policy transferred to or adopted by the new organization would have to be compatible with the rules of GATT". It would have been noted from the letter of the Chairman of the Conference that the Resolution adopted at the meeting recorded the intention of the Conference that, during its work, the Working Party established by the Conference would consult where appropriate with other international organizations. So that this intention could be implemented, the United States had taken the position in the Working Party that the Working Party Chairman should immediately establish informal contact with the Executive Secretary, so as to work out the most effective consultation with GATT concerning the review of the trade aspects of a reconstituted OEEC. It was the belief of the United States delegation that this could best be achieved through the participation of a GATT secretariat observer. Since trade aspects of the new organization would become clear only after a review of the OEEC code of liberalization and the decisions of the OEEC relating to trade matters it was, in the view of the United States delegation, premature to have a substantive discussion on these issues at the present time. They would propose that the item be retained on the agenda of the CONTRACTING PARTIES for the seventeenth session; the basis for the discussion at that session could be a report from the Executive Secretary on his consultations with the Working Party.

The EXECUTIVE SECRETARY, in reference to the last paragraph of the letter from the Chairman of the Conference and paragraph 2(f) of the Resolution of 25 May, informed the CONTRACTING PARTIES that the Chairman of the Working Party set up by that Resolution had, on instructions from the Working Party, already been in contact with him and had undertaken to keep him informed of the arrangements which would be made by the Working Party to consider the trade aspects of the reconstitution of the OEEC. It was expected that these questions of procedure would be under discussion shortly in Paris as a preliminary to discussion on the substantive questions involved. He had accepted this offer from the Chairman of the Working Party as being an appropriate arrangement to give effect to paragraph 2(f) of the Resolution at this stage. The Chairman had also indicated that in due course he would get in touch with him so as to discuss the most appropriate arrangements for the type of consultation contemplated in paragraph 2(f) of the Resolution.

Mr. CAREY (United Kingdom) said that the visit of the Chairman of the CONTRACTING PARTIES to Paris had been a valuable initiative both for the present meeting of the CONTRACTING PARTIES and for the future. Mr. Carey went on to say that the United Kingdom delegation wholly supported the views which had just been expressed by the representative of the United States. The United Kingdom was very conscious of the need that nothing in the new organization should in any way weaken or cut across the work of the General Agreement. His delegation welcomed what the Executive Secretary had said

about consultation with the Chairman of the Working Party established by the Conference; this was of importance to all contracting parties and should help to allay the anxieties expressed by certain contracting parties. The United Kingdom delegation supported the proposal that the item should be considered again at the seventeenth session, at which time a useful exchange of views could take place on the basis of a further report from the Executive Secretary.

Mr. WARWICK SMITH (Australia) said that, like the Indian delegation, his delegation considered it was not sufficient that any rules on commercial policy taken over by the organization which replaced OEEC should be consistent with the GATT. The main source of anxiety was that the new organization would impinge on the role of the GATT in the field of international trade; there was a need for this anxiety to be allayed. If the new organization had any trade functions, it was clearly the desire of many contracting parties that these functions should be extremely limited; even if they were limited, however, there would still remain a threat to the effective operation of the General Agreement. One practical answer was the acknowledgment by all the contracting parties of the need to strengthen and improve the GATT so as to enable it to play an even fuller role in international trade. The Australian delegation welcomed the assurances given by the representative of the United States, and they hoped that those contracting parties participating in the work of the Working Party would give due weight to the concerns and anxieties that had been expressed by contracting parties. Finally, if the proposed Council was established by the CONTRACTING PARTIES, this might be an appropriate subject for consideration intersessionally by the Council. If, for example, the Working Party now established in Paris completed its work within the next month or so and if there were a meeting of the GATT Council shortly afterwards, it might be appropriate for the Executive Secretary to report to the Council on the proceedings of, and on his participation in, the work of the Paris Working Party.

Mr. WEITNAUER (Switzerland) said that, fundamentally, he agreed with the views expressed by the representative of India. He recalled, however, that the OEEC had done magnificent work in liberalizing trade and it would be only logical that the new organization should aim to complete the work of the OEEC and extend as quickly as possible the benefits of trade liberalization in Europe to the whole world; in the view of his delegation, if the new organization retained any functions in the trade field, this should be their only aim. Viewed from this angle, the objectives of OEEC and of the OECD on the one hand and GATT on the other were really identical; in a sense, the OECD would be a kind of branch office of the GATT.

Mr. GRANDY (Canada) said his delegation supported the United States proposal that this item should be retained on the agenda for the seventeenth session. He assumed that the question of whether there would be an appropriate occasion for the GATT Council to discuss the question would be a matter for the Council to consider in due course.

Mr. DUHR (Luxembourg), speaking on behalf of the Member States of the EEC, said it was right that the views which had been expressed by contracting parties should have been made known to the Conference in Paris. In the view of the Member States the letter from the Chairman of the Conference in Paris, dated 27 May, as well as the conversations which he had had with the Chairman of the CONTRACTING PARTIES, had well defined the position of the twenty governments participating in the Conference. He would, however, like to comment on certain aspects of this new effort towards economic co-operation. First, the proposed action of the new organization in the field of economic co-operation in general was important. Any effort aimed at stabilizing the economies of the industrialized countries could only benefit the export trade of those countries producing primary commodities. As for the role which the new organization might play in the field of assistance to the less-developed countries, he would say that the Member States attached the highest importance to all action aiming at increasing the efforts being made in favour of these countries. As regards the problems of a purely commercial character, the position of the Member States was well known. He would limit himself to recalling the decisions relating to external relations taken by the Council of the Community at its meetings on 23 and 24 November 1959 at Strasburg and the more recent decisions set out in the Declaration of intention of 13 May 1960. These decisions constituted the Community's line of action and there should be no doubt regarding the Member States' determination to respect their obligations under the General Agreement and to avoid any weakening of the Agreement. On the other hand, the Member States were convinced that the new organization would be an instrument which would facilitate the attainment of the objectives of the General Agreement. It was felt that the statements made at this session of the CONTRACTING PARTIES by the different countries participating in the new European organization should allay the apprehensions expressed by a certain number of contracting parties. The Member States would, however, certainly bring to the attention of their governments the various points of view that had been expressed by other contracting parties. In conclusion, Mr. Duhr said that the Member States supported the proposal that this matter should be further considered at the seventeenth session.

Mr. RIZA (Pakistan) welcomed the assurances given by the Chairman of the Paris Conference and the contacts already made between the Chairman of the Paris Working Party and the Executive Secretary. The new organization, combining the highly developed countries of Western Europe, the United States and Canada, would be very powerful and this should make the countries concerned appreciate the apprehensions felt by countries which would not be members of the new organization and should make them conscious of their responsibilities towards those countries. His delegation would like to see a more positive approach by the new organization to trade problems, bearing in mind that unjustified restrictive measures were still being maintained by some of the Member countries; it was to be hoped that any such measures would be eliminated. In conclusion, Mr. Riza referred to the objective relating to the development of the less-developed countries laid down by the Heads of State in December 1959 and expressed the hope that this objective would figure prominently in the convention to be drawn up by the Paris Working Party.

Mr. HAGUIWARA (Japan) said it was valuable that it had been possible to convey to the Paris Conference the views which had been expressed by individual contracting parties, especially those which would not be represented in the proposed reconstituted OEEC. His delegation welcomed the assurance given by the Chairman of the Conference that there was no intention of weakening the GATT or interfering with GATT's activities. The Chairman of the Conference had said that, as regards commercial policy, the intention was to formulate stricter rules than those formulated in the GATT; it was not easy to see how rules stricter than those contained in the GATT could be formulated and applied by the new organization in a non-discriminatory manner not only as between the Member countries, but also towards third countries. Would the "stricter rules" to be applied among the Member countries on the basis of reciprocity be applied also to their trade with non-members who would not be obliged to accept these stricter rules? His delegation still doubted the wisdom of the new organization dealing with commercial matters at all. As for the expressed intention of the potential members of the organization to ensure that any rules with regard to commercial policy transferred to or adopted by the new organization would be compatible with the rules of GATT, he would point out that only the CONTRACTING PARTIES themselves were competent to decide on this question of compatibility. Further, the CONTRACTING PARTIES should be in a position to overrule, if necessary, any such trade rules as might be established by the new organization. For this reason, his delegation agreed with the United States proposal that this question should be retained on the agenda. He also agreed that the proposed GATT Council should pay attention to this matter during the intersessional period.

Mr. LACARTE (Uruguay) stressed the need to maintain the status and pre-eminence of GATT in those matters which fell within its competence. His delegation continued to have certain preoccupations and, in this respect, they supported many of the views which had now been put forward by other contracting parties. They were glad to see that the Paris Resolution of 25 May provided for appropriate consultation with the relevant international organizations and they were pleased that contacts had already been made between the Chairman of the Paris Working Party and the Executive Secretary. In conclusion, Mr. Lacarte agreed that the GATT Council should occupy itself with this matter and that the question should be retained on the agenda for the seventeenth session.

Mr. GARCIA OLDINI (Chile) welcomed the fact that the CONTRACTING PARTIES had acted in time and that the Chairman had made his visit to Paris. Nevertheless, he had to say that he still had some concern despite the assurances which had been given. However, there was a positive side in the consultations which would take place between the Paris Working Party and the Executive Secretary. He would stress the need for the points of view and apprehensions expressed by contracting parties to be given full weight in these consultations. He felt that the task of the Executive Secretary would be a very difficult and delicate one. He therefore supported the proposal that this question should be followed by the Council which the CONTRACTING PARTIES proposed to set up, and that it should be included on the agenda for the seventeenth session.

The CHAIRMAN welcomed the assurances by representatives of several countries represented at the Paris meetings that careful attention would be paid to the anxieties and apprehensions that had been expressed by contracting parties. He felt that the discussion which had taken place would serve a very useful purpose and bring a constructive contribution to the task of those who were building up the new organization. He said that the new GATT Council would be able to follow closely, and discuss current developments in connexion with, the setting up of the new organization, and the question would appear on the agenda of the seventeenth session.

9. Brazilian Waiver - Extension of Time Limit

The CHAIRMAN stated that he had had a request of an urgent nature from the representative of Brazil who wished to raise a question for consideration by the CONTRACTING PARTIES at this meeting.

Mr. VIDAL (Brazil) stated that at the fifteenth session in Tokyo his delegation had explained to the CONTRACTING PARTIES the reasons why the Brazilian Congress had not yet been able to complete its study of the draft law which approved the tariff negotiations concluded in Geneva in May 1959. At that session the Brazilian delegation had requested and had obtained an extension of the waiver provided for in the Decision of 16 November 1956. The Brazilian authorities fully understood the position of the governments which participated in the negotiations with his country and for that reason they had used all means within their power to obtain the entry into force of the concessions which were negotiated. However, in spite of these efforts, difficulties of a legislative nature had caused an unexpected delay in the study of this subject by the Brazilian Congress and furthermore administrative problems due to the transfer of his Government's capital to Brasilia had caused a further delay. In spite of this situation his Government felt that the procedure of approval and ratification of the tariff negotiations would have been terminated before the end of the present session, but to date the Brazilian delegation had not been able to inform the CONTRACTING PARTIES of this approval. Therefore, his Government had to ask for a further extension.

Mr. LACARTE (Uruguay) expressed his familiarity with the process of parliamentary approval and stated that his delegation would support the Brazilian request for a lengthening of the period.

Mr. SWARD (Sweden) enquired as to the length of the period requested for the extension.

Mr. VIDAL (Brazil) stated that he was unable to indicate the exact amount of time required for approval of this legislation; furthermore, he felt it would not be fair to ask for an extension until the next session.

Mr. SWARD (Sweden) stated that his Government was faced with strong pressure from exporters because Swedish concessions had already been put into effect. He suggested that the extension be limited to 1 July.

Mr. JARDINE (United Kingdom) understood the difficulties faced by the Brazilian authorities but felt it a depressing prospect for countries interested in the tariff concessions to be confronted with a succession of requests for an extension of the waiver. However, since it appeared that only a matter of days was required his delegation supported the Swedish suggestion for the extension until the end of June.

Mr. ADAIR (United States) appreciated the Brazilian explanation and his delegation was prepared to approve the extension of the time-limit under the Brazilian waiver. He suggested, however, that sufficient time be granted, perhaps a sixty-day period would be safer than thirty days, in order to assure that the necessary action could be taken in time.

Mr. VIDAL (Brazil) understood the difficulties faced by governments from their exporters. He formally proposed that the extension to be granted be fixed at sixty days.

Mr. SWARD (Sweden), Mr. IBSEN (Norway) and Mr. GRANDY (Canada) supported the proposal for a sixty-day prolongation of the time-limit contained in the Brazilian waiver.

Mr. VIDAL (Brazil) stressed that his Government had decided to apply the results of the negotiations as soon as Congressional approval was obtained; it did not intend to use the sixty-day period if it obtained approval beforehand. The Brazilian Government would ratify and publish the results of the negotiations the very date of the Congressional approval.

The CHAIRMAN stated that the secretariat would prepare a draft decision in the light of the present discussion which would be submitted for the approval of the CONTRACTING PARTIES.

The meeting adjourned at 5.20 p.m.