

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 10 November, at 2.30 p.m.

Chairman: Mr. TORU HAGUIWARA (Japan)

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1. Article XXVIII renegotiations - extension of closing date for notifications

Mr. TOWNLEY (Rhodesia and Nyasaland) made a statement regarding item 43 of the agenda, which concerned his Government's request to renegotiate under Article XXVIII. He said that certain factors of timing which had guided his Government in its choice of paragraph 4 of Article XXVIII had fallen away and he now requested the agreement of the CONTRACTING PARTIES that these negotiations should be pursued in terms of paragraph 1 of Article XXVIII, that the Federation be granted the extension of the time-limit for notifications granted to other contracting parties at the previous meeting of the CONTRACTING PARTIES (SR.17/3) and that document SECRET/130 be accepted as the necessary notification.

The CONTRACTING PARTIES agreed to the request of the Federation of Rhodesia and Nyasaland and to the consequential removal of item 43 from the agenda.

2. French trading arrangements with Morocco (L/1332)

Mr. PHILIP (France) said that his Government's proposal aimed to eliminate discrimination between products from various regions of what was now the same country. The tariff quotas, which were determined by the inter-ministerial Decree of 13 September 1948 and which affected about 400 products admitted duty free within

the limits of the quotas, would not be increased; as a consequence there would be no extension of the preferential regime. The present arrangement, whereby only the former French zone of Morocco benefited from the tariff quotas, discriminated between the different regions of Morocco and was illogical in view of the unification of the country; moreover, it deprived the city of Tangier of the opportunity of economic development which it could legitimately expect. Mr. Philip in conclusion said that, in his delegation's view, the request raised no real problem as the tariff quotas would not be increased.

Mr. TNANI (Tunisia), stressing that no increase in tariff quotas was envisaged in the French request, said that, in the view of his delegation, the measure proposed was both right and equitable.

The CHAIRMAN, in the absence of further discussion, proposed that the CONTRACTING PARTIES should approve the request of the Government of France and that the Executive Secretary should distribute a draft decision for consideration at a later meeting.

This was agreed.

3. Turkish tariff reform (L/1359, L/1268, L/1284 and Corr. 1 and Add.1)

The CHAIRMAN said that the Turkish Government had described in two recent communications (L/1268 and L/1284) the reform of its customs tariff which was at present in progress and had explained the need for a waiver from Article II to permit the revised rates of duty to be put into effect in advance of negotiations under the GATT. At the meeting of the Council in September, the representative of Turkey had given further explanations of the action being taken by his Government and in support of the request for a waiver (L/1284/Add.1).

Mr. CUHRUK (Turkey), having referred to the statement made by the representative of Turkey at the meeting of the Council in September, and having given the historical background to the Turkish tariff reform, outlined the reasons which had persuaded his Government to complete the reform of the tariff begun in 1954. First he described why the tariff reform was technically necessary. Then, referring to the economic reasons for the reform, Mr. Cuhruk said that the present Turkish tariff did not respond to the needs of a growing national economy. In fact, apart from the conversion of specific duties, the tariff had stayed the same as before the revision in 1954 and the Turkish Schedule had remained without significant change insofar as the level of duties was concerned. The tariff was inadequate in the light of the general evolution of the Turkish economy. In mentioning other disadvantages resulting from the present tariff, Mr. Cuhruk said that the absence of adequate tariff protection had resulted in industries being protected through the medium of quantitative restrictions; this, inter alia, compromised the future competitiveness of these industries. Moreover, the inefficacy of the tariff structure impeded government programmes aimed at a more liberal economic and commercial policy. A further factor was that the revision of the rate of exchange for the Turkish pound, following the abandonment of the multiple exchange rate system, made necessary the revision of certain duties. In reference to Turkey's international obligations, Mr. Cuhruk said that, having ratified the Brussels Convention of

15 December 1950 and the annexed Protocol of 1955, Turkey was under an obligation to adapt its tariff to the Brussels Nomenclature (1955). Because of the very real practical disadvantages and difficulties which arose from the present GATT Schedule XXVII, it was necessary to replace the Schedule by one which conformed with the Brussels Nomenclature; as he had already explained, the present Schedule had preserved the nomenclature of the old Turkish tariff.

Those were among the considerations which had persuaded the Government of Turkey to undertake the new tariff revision, which was now in its final phase. The new instrument would be put into effect immediately after the completion of the ratification procedures towards the end of January 1961, in other words after the beginning of the new period of "firm validity" for the GATT Schedules. Having referred to the scientific and complete nature of the tariff reform, Mr. Cuhruk said that the reform did not involve a systematic increase in customs duties and the modifications that had been made did not increase the general incidence of the tariff or of Turkey's tariff concessions. Mr. Cuhruk went on to say that, for reasons of tariff policy and because of the desire to avoid disturbing the normal flow of its imports, the Turkish Government considered it essential to apply the new tariff quickly and in its entirety. For this reason it was seeking from the CONTRACTING PARTIES, at the present session, a waiver from its obligations under paragraph 1(b) of Article II. Admittedly it would have been preferable if Turkey had been able, in advance, to renegotiate modifications to its Schedule during the period reserved for such renegotiations during the current tariff conference. Circumstances which were known to the CONTRACTING PARTIES, together with legal and constitutional considerations, made this impossible however. The Turkish Government hoped, therefore, that the CONTRACTING PARTIES could also agree that Turkey should be authorized to renegotiate under Article XXVIII during the second phase of the tariff conference.

Summing up the reasons which his Government considered, justified the present request, Mr. Cuhruk said that first, the maintenance of the Schedule in its present form during the period of renegotiations would run the risk of creating disturbances in Turkey's imports; secondly, given the difference in nomenclature between the proposed tariff and that of the Schedule, the maintenance in effect of the Schedule would create administrative and possibly judicial difficulties; thirdly, the putting into force of the new tariff in its entirety would have the advantage of permitting certain changes in the import field which could not be achieved if the Schedule continued in force in its present form. Mr. Cuhruk went on to say that, if Turkey's request were approved by the CONTRACTING PARTIES, his Government would put into effect, at the same time, the new customs tariff and a provisional Schedule comprising, among other things, rates of duty offered in compensation for concessions which had been modified or withdrawn. Moreover, it would undertake to enter into negotiations from 1 January 1961 in conformity with paragraphs 1 to 3 of Article XXVIII, with the aim of completing the negotiations within a maximum period of one year. For legal and constitutional reasons it was not possible for the Turkish Government to communicate at this moment the text of the proposed new tariff and revised

Schedule; these would be transmitted to the CONTRACTING PARTIES immediately after their entry into force. In conclusion, Mr. Cuhruk stressed that, in the view of his Government, the introduction of the new Turkish tariff should give contracting parties no cause for concern as regards their commercial relations with Turkey; the tariff reform was essentially a measure of rationalization.

Mr. KYDIS (Greece) said that his delegation supported the Turkish request. Greece was not only a neighbour of Turkey but had itself needed to seek from the CONTRACTING PARTIES a similar dispensation to enable it to undertake the reform of its tariff. It fully understood, therefore, the difficulties involved.

Mr. SULLIVAN (India), in supporting the Turkish request, said that his delegation recognized the problems which faced Turkey in its attempt to rationalize its tariff and nomenclature.

The CHAIRMAN proposed that the request of the Government of Turkey should be approved and that the Executive Secretary should distribute a draft decision for consideration at a later meeting.

This was agreed.

4. Chilean import charges

The CHAIRMAN recalled that, by the Decision of 27 May 1959, the CONTRACTING PARTIES had granted to the Government of Chile a waiver from Article II to allow the maintenance of special import surcharges as "an emergency measure designed to overcome the existing threat to its monetary reserves and to ensure the success of its stabilization programme". Under the Decision, all the surcharges maintained were to be eliminated before 1 January 1961. The representative of Chile had advised the Council at its meeting in September that his Government would request an extension of the time-limit.

Mr. OLINDI (Chile), having referred to the terms of the waiver granted to Chile and the reasons for it, went on to describe the remarkable degree of success that had attended his Government's efforts. The value of the dollar had not changed since January 1959, the cost of living index had been virtually stabilized since September of the same year, a brake had been put on the alarming drain on the reserves and foreign trade had been given a stability and freedom unprecedented in recent years. In May 1959 the restricted list of imports had been extended so as to embrace practically the whole range of the country's normal imports. At the same time, the "certificate of necessity" which had been required for certain imports was abolished. Since the waiver granted to Chile had come into effect, prior deposits had been reduced and were being gradually replaced by import surcharges; in 1959, the number of categories of deposits and their general level had also been reduced. During 1960 this trend had continued and, at the present time, the proportion of goods subject to the system of prior deposits was only slightly more than two-fifths of total imports;

the remaining three-fifths, in conformity with the Decision of the CONTRACTING PARTIES, were subject to surcharges. Mr. Oldini went on to describe other measures taken by his Government to further its aim of liberalizing trade. These liberalization measures had resulted in a definite improvement in imports which, in the first half of 1960, exceeded those for the same period in 1959 by 43 per cent.

However, Mr. Oldini continued, despite his Government's efforts, it would not be possible to complete within the time-limit set by the task of replacing prior deposits by surcharges and of preparing the new customs tariff which was, in turn, to replace the surcharges. A number of economic, financial and technical factors, to which must be added the results of the terrible natural disasters that had struck Chile, were responsible for this delay. It had been necessary for the Government to devote its time to plans to meet these disasters, while the abnormal economic conditions resulting from the disasters did not permit even an approximate assessment of the effects the new taxes would have in normal conditions. Moreover, the need for reconstruction in the wake of the disasters had given rise to new inflationary pressures. The importance of these pressures should not be under-estimated and the Government was doing its utmost to control the situation. Among other measures, and for reasons which Mr. Oldini explained, the situation had obliged the Government to maintain a certain number of prior deposits. Mr. Oldini concluded by saying that the reasons he had given explained why his Government had been unable to complete, within the prescribed time-limit, the conversion of prior deposits into surcharges and the preparation of the new customs tariff. They likewise explained why his Government was obliged to seek from the CONTRACTING PARTIES an extension, until 31 December 1961, of the waiver granted to Chile in the Decision of 27 May 1959.

The CHAIRMAN recalled that, when the waiver was granted in May 1959, the CONTRACTING PARTIES had consulted with the International Monetary Fund concerning Chile's balance-of-payments position. He enquired whether the representative of the Fund wished to comment on Chile's present request.

Mr. HEBBARD (International Monetary Fund) said that the Fund had provided material on Chile to the CONTRACTING PARTIES in connexion with the work of the Committee on Balance-of-Payments Restrictions. That material included the Executive Board Decision of 20 July 1960 taken at the conclusion of the consultation with Chile under Article XIV of the Fund Agreement. In that Decision the Fund noted the substantial progress made by Chile since the previous Fund consultation in establishing stability and welcomed the determination of the authorities to continue Chile's stabilization programme despite the new burden arising from the earthquake damage. The Fund also stated that the success of the programme depended upon progress in reducing substantially the budget deficit, in addition to the maintenance of firm monetary and wage policies. While Chile's foreign exchange reserves were substantially above the level at the end of 1958, they had recently declined and the future stability of the balance of payments continued to depend upon the maintenance of an adequate stabilization programme which, in turn, depended upon the collection of adequate budget revenue. The

Fund remained satisfied that the revenue resulting from the various elements of the stabilization programme, including the measures covered by the CONTRACTING PARTIES' Decision of 27 May 1959, were not more than was consistent with the success of the stabilization programme.

Mr. ADAIR (United States) said that, considering the special and unfortunate problems with which the Government of Chile had recently been faced, the United States delegation were prepared to agree to an extension of the existing waiver for one year. They looked forward, of course, to the completion of the new tariff as expeditiously as possible, so that the existing import surcharges might be eliminated. In connexion with the new tariff, Mr. Adair said he would like to emphasize the advisability of keeping to a minimum increases on products covered by Chile's GATT concessions, bearing in mind that compensation would have to be provided for such increases as had to be made. He hoped the Chilean delegation would be able to give the contracting parties some assurances on this matter.

Mr. SWARJNATHAN (India) said that, in view of the very special and particularly unfortunate events that had happened in Chile in the recent past, the Indian delegation were very ready to accede to Chile's request for an extension of the waiver.

Mr. PHILLIPS (Australia), having stated his delegation's sympathy for the grave natural disasters that had occurred in Chile, expressed their support for Chile's request for an extension of the waiver. Nevertheless, Mr. Phillips went on, it was to be hoped that the introduction of the new Chilean tariff would be completed by the end of 1961 and that it would not be necessary for Chile to request a further extension beyond that date.

Mr. BUSSALMI (Peru) expressed his Government's full support for Chile's request.

Mr. OLDEWI (Chile), in replying to the observations made by the representatives of the United States and Australia, said that his Government was itself anxious to draw up and put into effect the new customs tariff as quickly as possible. As for the few preferences which Chile maintained in conformity with Annex E of the GATT, his Government was conscious of the obligations prescribed in paragraph 4 of Article I. Where necessary, Chile proposed to renegotiate under the provisions of Article XLVIII; the requirements of paragraph 2 of that Article should constitute the assurance the representative of the United States had asked for.

The CHAIRMAN proposed that the request of the Government of Chile for an extension of the waiver until 31 December 1961 should be granted and that the Executive Secretary should distribute a draft decision for consideration at a later meeting.

This was agreed.

5. Luxemburg import restrictions (L/1308)

The CHAIRMAN recalled that, on 3 December 1955, the CONTRACTING PARTIES granted the Government of Luxemburg a waiver from the provisions of Article XI to permit the maintenance of import restrictions on certain agricultural products. Each year the Government of Luxemburg had submitted a report on the administration of these restrictions. The waiver was not of limited duration, but provision had been made for its review in 1960, in the light of the progress made in the harmonization of Luxemburg's agricultural policy with that of its Benelux partners, in making agriculture more competitive and in relaxing the restrictions in force. For the purpose of this review the Government of Luxemburg had submitted a report contained in document L/1308.

Mr. DE MUYSER (Luxemburg) having referred to the waiver granted to Luxemburg and to the provision for its review, drew attention to Luxemburg's fifth annual report under the waiver (L/1303); this report, in the view of his delegation, would also serve as the basis for the review of the waiver. Mr. de Muysen went on to say that, despite a real increase in agricultural productivity, it had not been possible for Luxemburg to cease to apply quantitative import restrictions although, he added, these restrictions had been applied in a flexible manner. The problem of the progressive abolition of the restrictions arose, not only in the context of GATT, but also in connexion with Benelux and the EEC, in which Luxemburg participated. Under each of those Treaties, Luxemburg was permitted to impose quantitative restrictions in the case of certain products and had, at the same time, undertaken to do what was necessary to improve the competitive position of its agriculture. There was, however, no reason to conclude that the exception made in the case of Luxemburg's agriculture must continue indefinitely. In this connexion Mr. de Muysen stressed the significance of Luxemburg's progressive participation in the common agricultural policy of the EEC and the implications insofar as the eventual removal of Luxemburg's import restrictions were concerned. As the common agricultural policy had not yet been established, however, and as, in any case, it would only be possible to make a progressive reduction of quantitative restrictions when the common agricultural policy was established, the Government of Luxemburg requested the CONTRACTING PARTIES to continue the waiver granted to Luxemburg in 1955. However, as an earnest of its determination to do away with quantitative restrictions in due course, the Government of Luxemburg was prepared to remove immediately from the list attached to the Decision of 3 December 1955, the following two products, eggs not in the shell, and macaroni, spaghetti and the like.

Mr. DE SMET (Belgium) pointed out that both small countries, like Luxemburg, and big countries, like the United States, had their agricultural problems. These problems were not only economic; they had political and social implications as well. If a big country could not solve its agricultural problems it was reasonable to ask how a small country could be expected to solve these problems more easily or more quickly. Moreover, Mr. de Smet went on, Luxemburg applied its restrictions in a very flexible way and he did not know of any complaints from contracting parties in this connexion. Having commented

on the significance for Luxemburg's restrictions of the eventual implementation of the common agricultural policy of the EEC, Mr. de Smet mentioned the immediate liberalization of two products to which the representative of Luxemburg had just referred. For a small country this step was at least a demonstration of goodwill.

Mr. ADAIR (United States) said that the report before the CONTRACTING PARTIES revealed that Luxemburg's agricultural problems still persisted and would continue to require the special treatment afforded by the waiver. He added that it was his Government's hope however that, pending the development and adoption of a common agricultural policy by the EEC, a serious and continuing effort would be made by Luxemburg to move toward the elimination of the restrictions covered by the waiver.

Mr. THRAANE (Denmark) pointed out that, in accordance with the waiver, Luxemburg should also provide information about the administration of the restrictions; this point did not seem to be covered in the present report. Perhaps this could be taken up in any working party consideration of the report, as might the question of the possible liberalization of products other than the two to which the representative of Luxemburg had referred.

The CHAIRMAN proposed that the Working Party on Agricultural Waivers should be requested to carry out the review provided for in the Decision of 3 December 1955 and that accordingly the following paragraph should be added to the Working Party's terms of reference:

"To carry out the review provided for in paragraph (c) of the Decision of 3 December 1955 and to report to the CONTRACTING PARTIES."

This was agreed.

6. United Kingdom reports under waivers

- (a) waiver from Article I (L/1342)
- (b) waiver for dependent overseas territories (L/1341).

Mr. HEINEMANN (United Kingdom) said that, as was explained in document L/1342, the United Kingdom waiver from Article I had only been invoked once during the past year, namely in the case of fresh tomatoes. His Government had informed the secretariat on 5 May 1960 of the intention to invoke the waiver and, for the reasons explained in the report, the changes in duty were introduced on 16 May; no request for consultation in accordance with paragraph 2 of the procedures under the waiver was received from any contracting party. Paragraph 4 of the report indicated that one case which was pending; this related to a certain product which was named in the secret document referred to in the report; the United Kingdom was in contact with

certain contracting parties which had asked to consult. As regards the waiver for dependent overseas territories Mr. Heinemann said that this also had not been used during the past year; the pending case to which he had just referred, however, also arose under this waiver and the United Kingdom was in consultation with interested contracting parties.

Mr. ADLER (United States) having said that the procedures under the waivers ensured against a diversion of trade resulting from changes in preferential margins incidental to changes in United Kingdom duties, expressed his view that the CONTRACTING PARTIES were to be complimented on their handling of this matter. He also expressed appreciation for the United Kingdom's co-operative attitude in carrying out the procedures under the waivers.

The CONTRACTING PARTIES took note of the two reports submitted by the United Kingdom.

7. Relations with Yugoslavia (L/1337, L/1338)

The CHAIRMAN said that, at its meeting in September, the Council considered the question of the first annual review provided for in the Declaration of 25 May 1959 on relations between contracting parties and Yugoslavia. The Council recommended that the review should be carried out by a working party in which participation would be open to all signatories of the Declaration. The secretariat had distributed document L/1337 as a basis for the review. The Government of Yugoslavia had also submitted a memorandum (L/1338).

Mr. KRUNIC (Yugoslavia) said that the documents distributed to contracting parties showed that, during the past year, there had been a certain evolution in Yugoslavia's system of foreign trade and payments. A substantial modification of this system was envisaged and, in the view of his delegation, this should encourage closer co-operation between Yugoslavia and contracting parties and permit Yugoslavia eventually to become a full GATT member. His delegation would be pleased to give the working party whatever further information it might require.

Mr. LYDIS (Greece) said that the volume of trade between Greece and Yugoslavia was considerable and was increasing. He referred inter alia to the exchange of hydro-electric energy between the two countries and the supply of Yugoslav industrial materials envisaged within the framework of the Greek five-year plan. Despite fundamental differences in political and economic structure, trade relations between the two countries were established and prospered in accordance with the most exacting standards of the GATT.

Mr. DE SMET (Belgium) said that Yugoslavia's action in taking steps towards the introduction of a customs tariff for equipment and the easing of administrative import formalities was to be welcomed. As regards the extent to which Belgium applied to Yugoslavia the provisions of GATT, Mr. de Smet said that Belgium had extended to Yugoslavia the regime it applied to OMEC members; m.f.n. rates of duty were applied to imports from Yugoslavia.

Mr. PARBONI (Italy) said that the documents before the contracting parties gave a good picture of the evolution of Yugoslavia's commercial policy. Important progress had been made by Yugoslavia towards reaching a position in the future where it would be able to apply the provisions of the GATT; in particular, the measures taken towards the establishment of a customs tariff were to be welcomed.

Mr. PHILIP (France) pointed to the increased flexibility that would exist in Yugoslavia's foreign trade system from the beginning of 1961, the global quotas for equipment goods and the serious efforts being made to give the foreign trade system a multilateral basis. Having mentioned the measures taken by France with respect to imports from Yugoslavia, Mr. Philip referred to the new Franco-Yugoslav trade agreement which was currently under negotiation. He concluded by expressing the hope that, with the continuation and perhaps the acceleration of the present progress, the time would arrive when Yugoslavia could become a full GATT member.

Mr. PHILLIPS (Australia) said that Australia had welcomed the association of Yugoslavia with the work of the CONTRACTING PARTIES and had indicated its hope and desire that the association would progressively lead to full membership. During the past year it would appear that good progress had been made by Yugoslavia toward bringing its trading practices more closely into line with GATT. Document L/1138 referred, for example, to a number of important changes in Yugoslavia's import system, the partial removal of coefficients, the beginning of a customs tariff and so on. His delegation would wish to take up some points of detail in the working party.

Mr. OLINTI (Chile) stressed the significance of the documents before the contracting parties. He referred to the serious doubts that had been expressed at the time of Yugoslavia's request for association with the CONTRACTING PARTIES as to whether a country with a centrally planned economy could have reciprocal and mutually advantageous trading relations with contracting parties on the basis of GATT. There was a feeling at that time that the different commercial techniques that resulted from a different economic conception would make a meaningful arrangement impossible. Experience would appear to have belied these doubts however. Mr. Oldini mentioned certain passages in the documents before the contracting parties, such as the reference to the virtual abandonment of central planning of production targets for each enterprise and the steps towards the establishment of a Yugoslav customs tariff. Measures of this sort could be of great significance, both for the development of Yugoslavia's commercial policy and in relation to a meaningful co-operation, within the GATT, between countries with differing types of economies.

Mr. MARTINS (Austria) said that in a note to the secretariat his delegation had set out the measures relating to the import regime and customs duties which Austria had taken to further its trade exchanges with Yugoslavia.

Mr. CASTLE (New Zealand) said that his Government welcomed the changes which had taken place in Yugoslavia's import system and procedures. It looked forward to an increase in trade between New Zealand and Yugoslavia and to Yugoslavia's eventual full membership of the GATT.

Mr. TNANI (Tunisia) said that the fact that his Government had not yet signed the Declaration was simply due to procedural reasons. Having referred to the considerable increase in trade between Tunisia and Yugoslavia, Mr. Thani welcomed Yugoslavia's intention to eliminate multiple exchange rates and to undertake the further measures referred to in its memorandum (L/1338); these proposals brought Yugoslavia's policies closer to the principles of the GATT. Tunisia hoped that Yugoslavia would in due course become a full GATT member.

Mr. SWAMINATHAN (India) also referred to the growing volume of trade between his country and Yugoslavia. The documents before the contracting parties showed conclusively that Yugoslavia was living up to its expressed intention of going as far as possible to meet the wishes of the CONTRACTING PARTIES.

Mr. CROWE (Canada) said that Canada would watch with interest the development of Yugoslavia's foreign trade and exchange systems. It was to be hoped that the steady progress so far made would continue and would eventually result in the full application of the GATT with respect to Yugoslavia.

Mr. ADAIR (United States) said that the basic document provided by the secretariat and the memorandum submitted by Yugoslavia on the development of its foreign trade and exchange systems indicated the progress already made in bringing Yugoslavia's system to a position which was more compatible with the principles and provisions of the General Agreement; significant additional steps in this direction were also envisaged for the near future. These developments were welcomed by the United States Government.

Mr. SCHNEBLI (Switzerland) said that Yugoslav products imported into Switzerland received most-favoured-nation treatment. They also enjoyed, on a non-discriminatory basis, the conditions established for imports into Switzerland.

Mr. SWARD (Sweden) said it was to be hoped that the economic reforms being undertaken by Yugoslavia would lead to a further improvement in its trade relations with contracting parties. There was reference in document L/1137 (paragraph 18) to the fact that Yugoslav importers sometimes found their freedom to choose their sources of supply limited and that, apparently, this was due to the bilateral payments arrangements which Yugoslavia had with a number of countries, including a number of contracting parties. This was a matter which could usefully be examined by the working party.

Mr. WILKS (United Kingdom), having referred to some of the measures taken by his Government, including the application of the most-favoured-nation tariff, to United Kingdom imports from Yugoslavia, said that the documents before the contracting parties, indicating the developments in Yugoslavia's economy would constitute a useful basis for the working party's examination of this question.

The CHAIRMAN proposed that the Working Party recommended by the Council should meet on the following day, under the chairmanship of Mr. N.V. SKAK NIELSEN (Denmark) and that the Working Party should have the following terms of reference:

"To conduct the first annual review under Section C of the Declaration of 25 May 1959 and to report to the CONTRACTING PARTIES".

This was agreed.

8. Working languages - use of Spanish (L/1355)

The CHAIRMAN said that the Executive Secretary had examined the financial implications of the proposal put forward by the Government of Uruguay that the Spanish language should be adopted as an official or working language; the results of his enquiry were set out in document L/1355.

Mr. LACARTE (Uruguay) said that the proposal had been put forward on practical, and not on emotional grounds. There were several considerations to bear in mind. First, Spanish was one of the official and working languages in the United Nations as well as in other international organizations. Secondly, Spanish as a means of communication was becoming increasingly used in the world. Thirdly, the number of contracting parties whose mother tongue was Spanish almost equalled the number whose mother tongue was French; there was, in fact, three distinct language groups within the GATT although, at present, there were only two working languages. There was the objection that consecutive interpretation in three languages would be time-consuming, but against this should be offset the advantage which would accrue to the Spanish-speaking countries; often in the past, these countries had been unable to send to GATT meetings representatives with the best technical qualifications because of their inability to speak English or French. The adoption of Spanish as a working language in GATT would thus enhance the contribution which the Spanish-speaking contracting parties could make to GATT's activities. As regards costs, Mr. Lacarte expressed the view that there was no reason why the CONTRACTING PARTIES should not approve, at once, simultaneous interpretation during plenary meetings of the CONTRACTING PARTIES and the Council from Spanish into English and French since, as would be seen from document L/1355, this would involve no extra cost. Further, it was the secretariat's practice already to translate Spanish documents into French and English when requested, so that this was another way in which the work of the Spanish-speaking delegations could be facilitated. Mr. Lacarte then referred to formula 2 in document L/1355 which would enable Spanish-speaking delegations, at a very modest budgetary cost, to speak their own language in all GATT meetings; if this could be approved it would be a big step forward. In reference to the higher costs that would be involved in giving Spanish precisely the same treatment as English and French at the present time, Mr. Lacarte said that he recognized the need to be reasonable in view of the already substantial size of the 1961 budget. Nevertheless, as he had already said, there were certain aspects of his proposal which involved little or no additional cost and which, in his view, could justifiably be implemented at once. He would suggest that the whole question was one which could reasonably be referred to the Budget Working Party.

Mr. ANIEL-QUIROGA (Spain) supported the view put forward by the representative of Uruguay that the introduction of Spanish as a working language would not only conform with United Nations' practice, but would contribute to the increased effectiveness of the work of GATT. The proposed balance and progressive introduction of Spanish should, moreover, make acceptance of the proposal more easy. Formula 3 in document L/1355 would be the ideal solution, but if financial resources would not permit this for the moment, he would suggest the adoption of formula 2 and the arrangements regarding documentation in paragraph 4(b) of document L/1355; this would already be a big step forward.

Mr. DE SMET (Belgium) said that the reasons advanced by the representative of Uruguay were a valid justification for the introduction of Spanish as a working language. His delegation in principle supported the proposal and he considered that the ways and means of implementing it, the speed at which it should be implemented and so on, could best be discussed in the Budget Working Party.

Mr. RANGANATHAN (India) recognized that the introduction of Spanish as a working language would greatly facilitate the work of an important group of contracting parties; the request, therefore, was easily understandable. The difficulty, of course, was the financial implications involved but his delegation hoped it would be possible to work out a satisfactory solution.

Mr. OLDINI (Chile) said that, with the addition of new Spanish speaking contracting parties, the time was appropriate for the proposal to be put forward. In addition to the justification for the proposal which had already been made, Mr. Oldini said he wished to stress that there were psychological, as well as practical and technical considerations, to take into account. When speaking a foreign language one often failed to give the depth of meaning that was necessary and to convey adequate expression of the aspirations of one's country. Apart from this, of course, he would underline, as had already been done by the representative of Uruguay, the disadvantages involved when a Spanish speaking country was unable to send to certain GATT meetings the representative best qualified technically to attend, because of language difficulties; this aspect was becoming more important as questions relating to Latin America came increasingly to the fore in GATT discussions. In conclusion, Mr. Oldini supported the idea that the formula to be adopted should be considered by the Budget Working Party.

Mr. VALLADAO (Brazil) considered that the proposal to make Spanish a working language was a logical development. His delegation supported the proposal which, in their view, should be further examined in the Budget Working Party.

Mr. ADAIR (United States) said that his delegation had given serious consideration to the proposal and felt it would be appropriate to go as far as was possible to introduce Spanish as a working language. The extent to which this should be done however required, in the view of his delegation, more time for consideration. The budgetary aspect would necessarily have to be carefully examined. He would suggest, therefore, that the proposal be given further study. On the other hand, it was possible to take some action at once in view of the fact that, according to document L/1355, no extra cost would be involved in providing simultaneous interpretation from Spanish into English and French during plenary meetings of the CONTRACTING PARTIES and of the Council. If, therefore, it was agreed in principle that Spanish should become a working language, he would suggest that the CONTRACTING PARTIES should decide at the present session to introduce simultaneous interpretation from Spanish in the way envisaged in formula 2 of document L/1355, probably at the next meeting of the Council. This would not preclude any additional measures which might be found possible within the indicated limitations of the present budget.

Mr. BRUNET (France) said that it would be right to recognize the validity of the request put forward by Uruguay and to agree that the question should be further studied. In the view of his delegation, whatever decision was taken should envisage a progressive and not an immediate implementation of the proposal and this seemed to correspond to the opinions expressed by representatives who had already spoken.

Mr. HEINEMANN (United Kingdom), while expressing sympathy for the proposal which had been put forward, said that there were nevertheless far-reaching implications in the proposal which had not yet been fully taken into account. The size of the present budget already presented difficulties for a number of contracting parties. The activities of the CONTRACTING PARTIES might well increase in the future, with a corresponding increase in costs, and the need might arise to decide on which items or activities the available money should be spent. It was on purely practical grounds that he was not satisfied that a sufficient case had been made out for the introduction of Spanish. Judging by the excellence of the English or French spoken by representatives of the Spanish speaking countries, there would appear to be no real necessity to introduce Spanish for plenary discussions of the CONTRACTING PARTIES or the Council. If, therefore, the need related primarily to the question of technical representation on working parties and committees, considerable problems of a financial character would arise; in this connexion Mr. Heinemann stressed also the implications of paragraph 5 of document L/1355. Because of its repercussions on the future financing of the work of the CONTRACTING PARTIES he regretted he could not support the proposal and would have to reserve the United Kingdom's position.

Mr. DE ALCAMBAR PEREIRA (Portugal) expressed the support of his delegation for the proposal put forward by the representative of Uruguay.

The CHAIRMAN proposed that the Budget Working Party be asked to examine the request of the representative of Uruguay, in the light of the foregoing discussion, and to submit recommendations.

This was agreed.

9. Fellowship programme (L/1327)

The CHAIRMAN said that the fellowship programme had been in operation for five years and that ten training courses had been organized by the secretariat. A report by the Executive Secretary had been distributed in document L/1327.

The DEPUTY EXECUTIVE SECRETARY drew the attention of delegations to the inconvenience which was caused when candidates were awarded fellowships and then withdrew from the course at the last minute. He went on to say that, because of language difficulties, the secretariat might have to run two courses, one for French speaking and the other for English speaking candidates.

The representatives of Ghana, Greece, Indonesia, Israel, Malaya, Nigeria, Pakistan, Peru, Tunisia, the United Kingdom, the United States, and Yugoslavia stressed the great benefit which was derived from the secretariat courses both by the participants and, as a consequence, by governments and expressed their strong hope that the courses would continue. Representatives thanked the secretariat for the work it had done and paid tribute in particular to the Deputy Executive Secretary for the interest he had shown and for the work he had done in connexion with the courses.

Thanks were also expressed to UNTAA and to the governments which had acted as hosts to visiting fellows during the courses.

The CONTRACTING PARTIES took note of the Executive Secretary's report.

The meeting adjourned at 5.45 p.m.