

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.18/1
18 May 1961

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CONTRACTING PARTIES
Eighteenth Session
15-19 May 1961

SUMMARY RECORD OF THE FIRST MEETING

Held at the Palais des Nations, Geneva,
on Monday, 15 May 1961, at 3 p.m.

Chairman: Mr. W.P.H. VAN OORSCHOT (Netherlands)

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1. Adoption of agenda and order of business (L/1439/Rev.1, W.18/1)

The CHAIRMAN referred to the provisional agenda for the session, which was contained in document L/1439/Rev.1. He added that the inclusion of three additional items had been requested as follows:

- (a) further extension of closing date in the Decision of 19 November 1960 for the completion of renegotiations under Article XXVIII (requested by the United States);
- (b) authority under Article XXVIII:4 to enter into renegotiations for the modification of certain items in the Pakistan schedule (requested by Pakistan);

- (c) arrangements for a consultation under Article XII:4(a) on the intensification of New Zealand import restrictions (proposed by Council).

Mr. WARREN (Canada) said his delegation might, at a later date, request the inclusion of an item relating to Article XXVIII.

Mr. PRIESTER (Dominican Republic) likewise gave notice that his delegation might, at a later date, request the inclusion of an item relating to Article XXIII.

The agenda proposed for the session in document L/1439/Rev.1, with the addition of the three items announced by the Chairman, was adopted. The statements of the representatives of Canada and the Dominican Republic were noted.

The CONTRACTING PARTIES agreed upon an order of business for the session, based upon proposals by the Council in document W.18/1.

2. Balance-of-payments import restrictions - reports on consultations (L/1427, L/1462, L/1465, L/1464, L/1463)

- (a) Consultation under Article XVIII:12(a) with Ceylon (L/1427)

The CHAIRMAN said that in February the Council instructed the Committee on Balance-of-Payments Restrictions to carry out a consultation with the Government of Ceylon under paragraph 12(a) of Article XVIII concerning an intensification of balance-of-payments import restrictions which had taken place in January. The Committee's report on the consultation was distributed in document L/1427.

Mr. NAEGELI (Denmark), Chairman of the Committee on Balance-of-Payments Restrictions, in presenting the Committee's report on the consultation with Ceylon, said that the general views of the Committee on the consultation were reflected in paragraph 21 of the report (L/1427).

The report on the consultation with Ceylon (L/1427) was adopted.

- (b) Consultations under Article XII:4(b) with South Africa (L/1463) and Chile (L/1462) and under XVIII:12(b) with Indonesia (L/1465), Turkey (L/1464)

The CHAIRMAN said that, in accordance with the programme of work agreed upon at the seventeenth session, the Committee on Balance-of-Payments Restrictions met in April to carry out consultations with certain contracting parties. The proposed consultations with Austria and Burma were postponed. Those with Chile, Indonesia, Turkey and South Africa had been completed and the reports distributed.

Mr. NAEGELI (Denmark), Chairman of the Committee on Balance-of-Payments Restrictions, said that the Committee had met from 17 April-1 May. For various reasons the consultations with Austria and Burma had been deferred until the meeting of the Committee in October. Each report contained conclusions in which the observations of the Committee and the results of the consultations were summarized.

Mr. OLDINI (Chile) said that the situation reflected in paragraph 23 of the report on the consultation with Chile had now been modified. He would communicate information about the present situation to the secretariat and hoped that an addendum or corrigendum to the report would be issued accordingly.

The reports on the consultations with Chile (L/1462), Indonesia (L/1465), Turkey (L/1464), and South Africa (L/1463) were adopted.

Following the adoption of the reports, the CHAIRMAN expressed the gratitude of the CONTRACTING PARTIES to the representatives of the International Monetary Fund for their assistance and collaboration in the conduct of the consultations.

3. Italian import restrictions (L/1468)

The CHAIRMAN recalled that, at the seventeenth session, it was agreed that if the Government of the United States requested a review of the import restrictions maintained by Italy the Chairman would appoint a Working Party to carry out the review. Such a request was subsequently received and the Chairman accordingly appointed a Working Party, which was instructed to consider import restrictions maintained by Italy which were no longer justified for balance-of-payments reasons and which previously had been the subject of consultations under paragraph 1 of Article XXII. The Working Party which, it was understood, would proceed within the framework of paragraph 2 of Article XXII, was instructed to report to the Council, but the matter had been deferred for consideration by the CONTRACTING PARTIES at their eighteenth session. The report of the Working Party was contained in document L/1468.

Mr. SWARD (Sweden), Chairman of the Working Party, said that the Working Party used as a starting point the negative list of restrictions provided by the Italian Government and reproduced in document L/1433. After a general exchange of views among members of the Working Party, the Italian Government announced a number of further measures which it intended to take in the near future with a view to removing or alleviating restrictions (see Annexes A and B of document L/1468).

Mr. Sward then drew attention to certain general points which had emerged from the detailed discussion of the negative list. The Italian representative had stated that, with respect to certain products - bananas, wheat, wheat-flour and salt, there was a state monopoly maintained in accordance with legislation which had been in existence prior to the Annex Protocol. The Working Party, recalling past discussions in this context, had decided that this legal problem was outside its competence.

A lengthy discussion took place on problems concerning agricultural products on lines already familiar to contracting parties. The representative of Italy, supported by some members of the Working Party, referred inter alia to the social and economic difficulties which prevented the liberalization of agricultural products, and to the general nature of the problem which faced all industrialized countries. These restrictions, in the Italian view, could not be considered solely in the legal context of Article XI. On the other hand, members of the Working Party representing agricultural exporting countries pointed out that the General Agreement contained no special provisions concerning agricultural products and that there was no reason why agricultural products should have special treatment.

The Working Party devoted considerable attention to the different treatment accorded by Italy to imports from different sources. The representative of Italy recalled the progress which had been made in the past ten years in the reduction of discrimination and expressed the view that the discrimination that remained was insignificant. Other members of the Working Party, however, in particular those representing the dollar area countries, underlined the patience they had shown in accepting discrimination when it had been justified on financial grounds, and pointed to the increasing complaints from their domestic producers. They therefore urged Italy to

eliminate quickly the remaining discrimination. During the discussion on discrimination, reference was also made to special treatment and other arrangements made by Italy in favour of imports from EEC countries. The Italian representative maintained that this action was in accordance with the provision of the General Agreement.

The Working Party then discussed the question of the relationship between Article XXIV and import restrictions. In this connexion, the representatives of Israel and Japan took the opportunity to inform contracting parties of the bilateral consultations they were conducting with Italy under paragraph 1 of Article XXII. The administration of these restrictions was also discussed by the Working Party, and certain views were expressed which the Italian representatives undertook to convey to the attention of the competent authorities.

Mr. Sward then drew the attention of the CONTRACTING PARTIES to the last three paragraphs of the report (L/1468) which concerned the timing for further action. The declaration of the Italian representative reproduced in the last sentence of paragraph 17 stated the firm intention of the Italian Government to remove its restrictions as soon as circumstances permitted; this was a statement of particular importance. Nevertheless, some members had not considered this to be enough. The consensus of opinion was that the slow progress must be regarded as unsatisfactory and that Italy should take further action as soon as possible with a view to removing all the remaining restrictions.

The Working Party considered the type of conclusion or recommendation that it could most usefully submit to the CONTRACTING PARTIES. It decided to take note of the undertakings given by the representative of Italy, reproduced in paragraph 19 of the report, and to convey them to the CONTRACTING PARTIES.

Mr. PARBONI (Italy) made a statement in which he advised the CONTRACTING PARTIES that his Government had drawn up two new decrees which would be presented for signature to the competent authorities in the very near future. The first decree would provide for the liberalization of the products included in Annex A of document L/1468 when these originated in List A countries (the United States, Canada, Brazil, Chile, Cuba, the Dominican Republic, Haiti, Nicaragua, Peru and Uruguay). The second decree would provide for the establishment of quotas for the items which remained under restriction after the new liberalization measure was enforced. Mr. Parboni said that, after the implementation of these decrees, only about thirty items in the Italian customs tariff would remain subject to quantitative restrictions.

In reference to paragraph 19 of the report, Mr. Parboni said that the revised list was in fact already prepared. It could not, however, be officially distributed until the new liberalization measures had entered into force. He would communicate the list to the secretariat before the end of the session and would immediately inform the secretariat as soon as the new liberalization measures were in force, so that the list could then be circulated to contracting parties.

It was agreed to continue the discussion on this item at the next meeting.

4. Article XXXV review (W.18/2)

The CHAIRMAN recalled that the CONTRACTING PARTIES agreed at the seventeenth session to meet the request of the Government of Japan for a review, under paragraph 2 of Article XXXV, of the operation of the Article in respect of its invocation by a number of contracting parties vis-à-vis Japan. The Council was requested to submit recommendations regarding the scope and timing of the review.

The Council considered this question at its meeting in February (C/P/4) and recommended that the review be conducted by a working party to be appointed at the present session of the CONTRACTING PARTIES. The terms of reference for the working party were drawn up by the Council and were contained in document W.18/2. This document reproduced the terms of reference set out in Council minute C/M/4, pages 5-6.

The terms of reference in document W.18/2 were approved.

The composition of the working party, as follows, was approved:

Chairman: Mr. N.V. Skak-Nielsen (Denmark)

Members:

Australia	Federal Republic of Germany	Netherlands	Sweden
Brazil	Ghana	New Zealand	Switzerland
Canada	India	Pakistan	Tunisia
France	Japan	Spain	United Kingdom
			United States

5. Article XVIII: review under paragraph 6

The CHAIRMAN said that paragraph 6 of Article XVIII provided that the CONTRACTING PARTIES should review annually all measures applied pursuant to the provisions of Sections C and D of that Article. The measures to be reviewed in 1961 were principally those applied by the Government of Ceylon which had suggested that the review be carried out at the nineteenth session. The Chairman proposed that, as there would, in any case, hardly be time to complete the review during the present short session, it should be deferred until the nineteenth session. In the meantime, the secretariat, in collaboration with the Government of Ceylon would collect the necessary material for the review, so that complete and up-to-date documentation would be available.

This was agreed.

6. Reports under waivers

(a) Australia/Papua-New Guinea (L/1450)

The CHAIRMAN said that the Decision of 24 October 1953 authorized the Government of Australia to grant, subject to certain conditions, special customs treatment to the products of Papua and New Guinea. The seventh annual report by Australia, under this Decision, was contained in document L/1450.

Mr. PHILLIPS (Australia) said he had little to add to document L/1450; no measures under the Decision had, in fact, been taken since the previous report. Mr. Phillips recalled that it had been agreed at the fifteenth session to defer the next report until the present session. The advantages of reporting at this time of the year were demonstrated by the fact that some of the information in the report covering the year 1960, only became available in March 1961.

The report in document L/1450 was noted.

(b) South Africa/Rhodesia and Nyasaland (L/1422)

The CHAIRMAN recalled that the Decision of 4 June 1960 authorized the Government of South Africa to accord, subject to certain conditions, special customs treatment to products of the Federation of Rhodesia and Nyasaland. The first annual report by the Government of South Africa under this waiver was contained in document L/1422.

Mr. PANSEGROUW (South Africa) said that, as indicated in paragraph 4 of the report, a request for consultations was made by the United States in the case of one of the two actions taken by South Africa under the waiver. The consultation took place in February 1961.

The report in document L/1422 was noted.

7. Status of Protocols

The CHAIRMAN advised the CONTRACTING PARTIES that the Protocols amending the General Agreement, which had been drawn up six years ago, had still not been accepted by three of the contracting parties. At the seventeenth session there had been a further extension of the closing date for signature until the present session.

The EXECUTIVE SECRETARY said that the existing situation naturally caused concern to the CONTRACTING PARTIES. The amendments to certain basic provisions of Part I of the Agreement had still not entered into force, although they had been accepted by the great majority of contracting parties. Moreover, the other amendments to the Agreement had only entered into force for those contracting parties which had accepted them with the result that, as regards these amendments, different provisions were in force for different contracting parties. In view of the number of years that had elapsed during which the contracting parties concerned had not found it possible to accept the amendments, it was reasonable to conclude that there were some fundamental difficulties involved for these countries, which would be unlikely to be overcome in any period during which the date for signature might be further extended. If this reading of the situation was correct, it would be best for the CONTRACTING PARTIES to face up to the necessity of abandoning the amendments requiring unanimity. If, therefore, the countries concerned could not hold out some hope of being able to accept the Protocols in the near future, he would suggest that the CONTRACTING PARTIES should further extend the closing date for signature until the end of the nineteenth session only, and at that session consideration should be given as to whether those amendments requiring unanimity should be abandoned since their application could not be achieved in accordance with the requirements of Article XXX.

Mr. SETTE CAMARA (Brazil) stated that the Protocols in question were undergoing the appropriate constitutional consideration in his country; he trusted that the matter would be decided in the near future. He welcomed the suggestion of the Executive Secretary that the date for signature should be extended only until the end of the nineteenth session.

Mr. LACARTE (Uruguay) advised the CONTRACTING PARTIES that he had been in constant touch with his Government on this subject and that he had also held consultations with the Executive Secretary with a view to arriving at some solution. He assured the CONTRACTING PARTIES that the opinions expressed on this subject would be communicated urgently to his Government with a view to facilitating an early solution to the question.

Mr. PRIETO (Chile) stated that the Protocols were at present under consideration by the Chilean Parliament. One reason for the delay which had occurred was the earthquakes in his country which had fully engaged Parliament's attention during the past year. Nevertheless he expected that Chile would very soon be able to give its approval to the Protocols.

The CHAIRMAN observed that the statements that had been made offered some hope that, in the near future, these Protocols would have been signed by all contracting parties. If this in fact were the case, the item could be removed from the agenda of the nineteenth session. If this were not the case, consideration should be given at the nineteenth session to the question as to whether or not the amendments requiring unanimity should be abandoned. He proposed that the closing date for signature should be extended until the nineteenth session and that the Executive Secretary should be requested to prepare the text of a draft decision for consideration at a later meeting.

This was agreed.

8. Financial and administrative questions

(a) United Nations Resolution on Joint Staff Pension Fund (L/1441)

The CHAIRMAN said that document L/1441 reproduced a Resolution adopted by the United Nations General Assembly concerning the pensionable remuneration of staff for purposes of contributions payable to the Pension Fund. In this Resolution, it was recommended that "other member organizations on the Fund take appropriate action to ensure that the pensionable remuneration of their staffs be increased to the same extent as that of United Nations staff". Accordingly the Executive Secretary recommended a change in the pensionable remuneration for ICITO/GATT participants in the Fund, the additional cost in 1961 to be financed from savings or by withdrawal from the Working Capital Fund.

The recommendation in paragraph 5 of document L/1441 was approved.

The recommendation in paragraph 6 of document L/1441 was approved.

(b) Final position under GATT 1960 budget (L/1440)

The CHAIRMAN pointed out that, in document L/1440, the Executive Secretary reported on savings, transfer of credits and withdrawals from the Working Capital Fund effected during 1960 and had submitted proposals thereon. In accordance with the United Nations Financial Regulations, formal approval was sought for the assessment of certain contributions and advances to the Working Capital Fund by newly acceded and associated governments.

The recommendation in paragraph 4 of document L/1440 was approved.

The recommendation in paragraph 11 of document L/1440 was approved.

(c) Appointment of working party

The CHAIRMAN recalled that the Council, in discussing the conduct of its work and ways and means of preparing for sessions and facilitating the work of the CONTRACTING PARTIES, had proposed that, in future, a Budget Working Party

should meet prior to the Council meeting which preceded the session at which the annual budget was considered by the CONTRACTING PARTIES. The Working Party would examine the budgetary and administrative proposals put forward by the Executive Secretary. Its report would be considered by the Council and would then be submitted, together with the Council's recommendations, to the CONTRACTING PARTIES.

The Chairman went on to say that, if this procedure were acceptable to the CONTRACTING PARTIES, it would be necessary at the present session to appoint a working party to meet in September, prior to the meeting of the Council scheduled for 25 September, to consider the Executive Secretary's proposals for the 1962 budget.

The Chairman proposed the following composition and terms of reference for the working party:

Chairman: Mr. L.D. Thomson (Australia)

Members

Belgium	France	Indonesia
Canada	Germany	Peru
Czechoslovakia	Ghana	United Kingdom
Denmark	India	United States

Terms of reference:

- (a) to examine any questions arising in connexion with the audited accounts for 1960, the financing of the 1961 budget and the proposals for the budget for 1962, including any other proposals by the Executive Secretary;
- (b) to examine the question of the further introduction of Spanish.

Uruguay would be co-opted for the examination of the question of the further introduction of Spanish.

The composition of the working party, the terms of reference and the co-option of Uruguay as indicated above were approved.

9. Appointment of Deputy Executive Secretary

The EXECUTIVE SECRETARY recalled that, at a Council meeting earlier this year, he had confirmed that Mr. Royer would be relinquishing his appointment as Deputy Executive Secretary later in 1961; Mr. Royer would, in fact, now be leaving at the end of 1961. The Executive Secretary had informed the Council that the appointment of a successor to Mr. Royer should be made by the CONTRACTING PARTIES and not by the Executive Secretary as was the case with other members of the secretariat. He had also advised the Council of his intention to submit to the CONTRACTING PARTIES the nomination of Mr. Finn Gundelach, Assistant Executive Secretary, as Deputy Executive Secretary designate. He wishes, therefore, now to seek the approval of the CONTRACTING PARTIES to this appointment at the current session. In the absence of other nominations and unless further discussion were requested by the end of the eighteenth session he would consider the appointment approved by the CONTRACTING PARTIES.

The meeting adjourned at 12.50 p.m.