

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Nineteenth Session

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SUMMARY RECORD OF THE NINTH MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 6 December, at 2.30 p.m.

Chairman: Mr. BARBOSA DA SILVA (Brazil)

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1. Peruvian import charges (L/1602 & Corr.1, L/1627; W.19/10)

The CHAIRMAN recalled that the report by the Government of Peru under the waiver granted in connexion with the maintenance of certain import charges had been presented at a meeting of the CONTRACTING PARTIES on 16 November. The representative of Peru had advised that his Government requested a further extension of the waiver. The Chairman also recalled that he had suggested that he would discuss the matter with a number of the delegations concerned and then submit proposals to the CONTRACTING PARTIES. It appeared that there was general support for extending the Decision of 21 November 1958 which expired next June and accordingly a draft decision had been distributed for consideration by the CONTRACTING PARTIES. This draft (W.19/10) envisaged the extension of the

waiver until 30 April 1963 although it was indicated that the surcharges may be eliminated before that date. The Government of Peru would submit a report by September next year on action taken, together with a detailed plan and schedule for the elimination of any surcharges which may then remain.

Mr. EVANS (United States) said that in view of the special difficulties faced by Peru, the United States delegation was prepared to support an extension of the waiver until 30 April 1963. His delegation however wished to express its disappointment that Peru had considered it necessary to request a further extension of the waiver beyond June 1962. When the CONTRACTING PARTIES had dealt with this question at the seventeenth session it was clear that balance-of-payments difficulties on which the application had been based ceased to be compelling. The waiver had been extended however for another year for technical and administrative reasons to give the Government of Peru sufficient time to remove the surcharges. He noted that although progress had been made in this regard the Peruvian Government had asked its Legislature to grant it authority to continue the surcharges for an additional period. The United States Government recognized the problems which were faced in the proper administration of fiscal affairs and the importance of maintaining a climate of financial stability in order that Peru's plan for economic development could proceed smoothly. He pointed out however that the concept of negotiated reductions in tariffs under the General Agreement assumed that contracting parties would raise revenues through tax measures which were consistent with obligations under the General Agreement. It was the hope of his delegation that the CONTRACTING PARTIES would urge the Peruvian Government to eliminate the surcharges covered by the waiver as far in advance of the expiration of the waiver as possible.

Mr. DE LA FUENTE LOCKER (Peru) said that the Peruvian Government, in accepting the draft decision which had been submitted to the CONTRACTING PARTIES, fully realized that removal of these surcharges should be completed by 30 April 1963. He said that document L/1627 had given the main reasons underlying the Peruvian request including the fact that Peru had had to solve the problem of replacing the surcharges by other methods which would be capable of producing adequate revenue. This procedure had commenced a year ago and was being carried out gradually so as not to endanger the financial and monetary stability which was necessary for Peru's economic development. He said that his delegation felt that with the prolongation, Peru would be able to pursue the application of these measures and respect the date which had been proposed.

The Peruvian delegate, referring to the request of contracting parties with regard to products which were of interest to them, said that any requests in this connexion would be carefully examined. In conclusion, he thanked the contracting parties who had taken part in the discussions for their constructive approach and advice.

Mr. LATIMER (Canada) said that his delegation was prepared to support the request for an extension of the waiver in the expectation that the extension will provide sufficient time for Peru to make the necessary adjustments in its fiscal programme. His delegation hoped, however, that the CONTRACTING PARTIES would not be faced with a further request for an extension of this waiver.

Mr. CARNEIRO (Brazil) supported the proposal for an extension of the waiver until the end of April 1963.

The Decision was adopted by thirty-four votes in favour and none against.

2. New Zealand Schedule (L/1633)

The CHAIRMAN said that under the Decision of 4 June 1960 the application of Article II was suspended in order to enable the Government of New Zealand to introduce a new customs tariff prior to the completion of the renegotiation of bound items. New Zealand had asked for an extension of this waiver for the reasons explained in a communication circulated in document L/1633.

Mr. DATSON (New Zealand) said that his Government was under the obligation to negotiate with any affected contracting party before any changes could be made in the Schedule of Tariff Concessions. It had been the intention of the New Zealand Government for a number of years to change the New Zealand tariff which had remained substantially unaltered since 1935, and also to bring the tariff into line with international nomenclatures. This had involved extensive enquiries for a number of years by the New Zealand Board of Trade and by the New Zealand Government. In anticipation of changing the tariff, New Zealand had requested and had received a waiver, enabling New Zealand to introduce the new tariff without fulfilling the requirement of prior negotiations. This waiver had been extended from time to time and the latest Decision extending the waiver was dated 18 November 1960 when the waiver was extended to 31 December 1961. Mr. Datson said that New Zealand had submitted its new tariffs and its amended Schedule to the Council in September this year and since October had been ready to negotiate; some negotiations were already under way. He said that other negotiations, however, would not be commenced before 31 December 1961, the terminal date of the waiver. For this reason his delegation was asking the CONTRACTING PARTIES for an extension of the period of the waiver for a further year ending 31 December 1962.

The CHAIRMAN said that in order to expedite treatment of this matter the Executive Secretary had provided in the same document a draft decision which would give effect to the extension requested by New Zealand.

The Decision was adopted by thirty-five votes in favour and none against.

3. Item 40: Chilean import charges (L/1581)

The CHAIRMAN said that by the Decision of 25 May 1959, as amended on 18 November 1960, the Government of Chile was authorized to maintain certain surcharges additional to the import duties specified in the Chilean Schedule. This waiver would expire on 1 January 1962 and the Government of Chile had requested an extension until the end of 1962.

Mr. GARCIA-OLDINI (Chile) said that when the Chilean delegation had requested a waiver that would allow it to apply additional levies on imports, it had pointed out that these levies would gradually replace the advanced bank deposit system, thus eliminating all forms of restrictions which had been previously applied to its import trade. It was also intended that the additional levies would disappear on the entry into force of Chile's new tariff, which should have been made effective before 1 January 1961. However, the catastrophe which had occurred in May 1960, among other factors, had prevented the carrying out of these plans within this time limit and had thus obliged the Chilean Government to request an extension of that waiver for another year.

Mr. Garcia Oldini said that the difficulties in connexion with the conversion of customs machinery to the procedures and terminology used in the Brussels Nomenclature were well known. He also drew attention to the critical balance-of-payments position of his country and the necessity to balance the budget without resorting to inflationary measures. His country intended eventually to eliminate all restrictions in the interest of free trade; the protection of domestic production would then be carried out through the use of a modern tariff.

Mr. Garcia Oldini stated that the IMF had indicated that the evolution of the fiscal situation, domestic credit and the balance of payments of Chile during the first nine months of 1961 had not been favourable due to reconstruction efforts after the earthquake. Further bank credit in the public and private sectors had greatly increased, the demand for imports had also increased and the net reserves of foreign currency had diminished. The level of internal prices had remained relatively stable due mainly to the stabilizing influence of increased imports. For the time being there did not seem to be any fundamental change in the general situation. However, the Government had decided to persist in its anti-inflationary policies and in the liberalization of their external trade because it was convinced that such steps will be in its own interests in the long run.

The Chilean delegate said that the bank deposit requirement that was applied on certain imports, had, except for a few small exceptions of a transitional nature, been abolished, and that fiscal measures were being studied which should enable Chile to balance its budget. The new tariff would be a key instrument in this regard. Mr. Garcia Oldini said that the present surcharges on imports had less restrictive effects than the regime which was previously applied. Imports in 1959 had amounted to \$430 million and had increased in 1960 to over \$500 million; it was estimated that imports might reach over \$580 million by the end of this year. This indicated therefore that the additional surcharges had not prejudiced exports to Chile and in this light, and taking into consideration the detailed facts already given, Mr. Garcia Oldini expressed the hope of his delegation that the CONTRACTING PARTIES would grant the request of his Government.

The CHAIRMAN said that as questions affecting Chile's monetary reserves and balance of payments were involved in this matter, the CONTRACTING PARTIES were required to consult, under paragraph 2 of Article XV, with the International Monetary Fund.

Mr. HERBEARD (IMF) presented the findings of the Fund with regard to Chile's balance of payments. He said that the Fund had prepared for the use of the CONTRACTING PARTIES a paper dated 23 October 1961, setting forth recent economic developments in Chile. The paper indicated that fiscal, internal credit and balance-of-payments developments in Chile had not been favourable during the first nine months of 1961, due in part to earthquake reconstruction efforts. The balance-of-payments deficit was \$86 million in the first half of 1961, compared with \$13 million in the first half of 1960, and net foreign exchange reserves, already negative in December 1960, had fallen further. These developments had been accompanied by a substantial budget deficit and expanding credit. The future stability of the balance of payments of Chile continued to depend upon the maintenance of an adequate stabilization programme which, in turn,

depended on the collection of adequate budget revenues. The Fund considered that the revenue resulting from the various elements of Chile's stabilization programme, including the measures here under consideration, was not more than was consistent with the success of that programme.

Mr. CARNEIRO (Brazil) said his delegation supported Chile's request for an extension of the waiver.

Mr. DE LA FUENTE LOCKER (Peru) said that his delegation also supported the request made by the Chilean Government.

Mr. THOMEN (Dominican Republic) said that the Dominican Republic supported the request and hoped that the extension of the waiver would contribute to the achievement of Chile's objectives.

Mr. LATIMER (Canada) said that in view of the balance-of-payments situation in Chile his delegation found no difficulty in supporting an extension of the waiver. The Canadian delegation had had some concerns, but these had been removed by the undertaking of the Chilean Government to eliminate the system of prior deposit.

Mr. EVANS (United States) said that his delegation recognized the difficult problems faced by Chile and the importance of maintaining the stabilization programme to which the IMF representative had referred. The United States delegation was therefore prepared to support the Chilean request, and hoped that Chile would find it possible to achieve its aims in a period less than the extended time limit of the waiver. He said that the adoption of a modern and rational tariff system would be to the advantage not only of Chile but of other contracting parties as well. He hoped that its implementation would be accomplished well before the end of 1962.

Mr. AHMAD (Pakistan) said that his delegation also appreciated the difficulties mentioned by the Chilean delegate and supported the request for an extension of the waiver.

Mr. MIYAZAKI (Japan) said that having taken into account the difficult problems facing Chile, his delegation supported the Chilean request.

Mr. MATHUR (India) said that his delegation also supported the request of Chile for an extension of the waiver.

Mr. FLEMING (Australia) associated his delegation with the other delegations who had supported the request by Chile, and expressed the hope that Chile would not find it necessary to request a further extension. He requested information regarding the date on which the new tariff was expected to come into operation.

Mr. BOSCH (Uruguay), in supporting the request of Chile for an extension of the waiver, stated that in the view of his delegation, the circumstances outlined by the delegate for Chile fully justified his delegation's support.

Mr. JARDINE (United Kingdom) said that his delegation was very conscious of the difficulties affecting the Chilean economy and supported an extension of the waiver.

Mr. GARCIA OLDINI (Chile) thanked the speakers who had endorsed the request presented by Chile, and said that he would inform his Government of the requests and views that were expressed. In reply to the question put by the Australian representative Mr. Garcia-Oldini said that it was not possible for him to state exactly when the new tariff would be completed. He hoped however that the Chilean Government would be able to obtain the approval of their Parliament within the time limit of the waiver. He assured the CONTRACTING PARTIES that all measures would be taken by Chile to improve the Chilean tariff and to renegotiate with countries whose interests would be affected by the application of the new tariff.

The CHAIRMAN said that the wide support given to the Chilean request indicated that the request should be granted. He requested the Executive Secretary to prepare a draft decision for consideration at a subsequent meeting.

4. Schedules - request under Article XXVIII:4

(a) Canada (SECRET/143)

The CHAIRMAN said that document SECRET/143 contained the request of the Government of Canada for authority under paragraph 4 of Article XXVIII to enter into negotiations for the modification or withdrawal of certain concessions in the Canadian Schedule.

Mr. GREY (Canada) said that he wished to explain briefly the special circumstances which his delegation hoped would be deemed to justify authority being granted under Article XXVIII to negotiate Tariff Item 179 and various parts of Tariff Item 521. These tariff items and related statistics were set out in document SECRET/143.

Mr. Grey recalled that at the fourteenth session the Canadian delegation had asked the CONTRACTING PARTIES for authority under Article XXVIII to renegotiate almost all the items in the Canadian GATT Schedule relating to textile products. It was explained at that time that the special circumstances underlying the Canadian request arose primarily from the fact that Canada was in the process of modernizing important parts of the textile tariff. The Canadian Tariff Board had reviewed and reported on the Textile Schedule which, to a large extent, had been little changed during the past thirty years, and which no longer met the needs of Canadian consumers, producers and importers, or indeed of exporters in other countries. It was envisaged that the review by the Tariff Board of the whole Textile Schedule was likely to require a number of months to complete. The Canadian Government had considered it desirable to take action on individual groups of textile items as soon as practicable after receiving the Tariff Board's recommendations.

In the light of this situation, the CONTRACTING PARTIES had agreed that "special circumstances" did exist in the sense of Article XXVIII:4, and had authorized the Canadian Government to enter into renegotiations. Early in 1960, acting under this authority, Canada renegotiated the tariff items relating to cotton and cotton products, textile wastes, wool or hair slivers, rovings and yarns, silk and man-made fibres and products. Subsequently, Canada renegotiated the items covering hosiery and knitted goods, manufactures of wool or hair, narrow fabrics, lace, embroideries and fire hose. The results of those renegotiations were put into force in the budgets of March 1960 and June 1961.

Mr. Grey said that, as he had indicated, Canada had been striving to modernize and simplify the Textile Schedule on the basis of recommendations submitted by the Tariff Board, and it was within this framework that they had been conducting renegotiations to date. However, as was frequently the case when broad sectors of a tariff were modernized or simplified, the full ramifications of all the tariff changes involved might not be immediately apparent. They might not be fully known until some time after the revised tariff had been subjected to the tests of day-to-day administration. Accordingly it might be necessary to introduce some minor changes to ensure that the original intent was carried out in practice. The Canadian delegate pointed out that this was the case in respect of the item for which they were now requesting authority to renegotiate. As far as item 521 was concerned, in its report the Canadian Tariff Board clearly expressed the view that cotton yarns for machine knitting should be classified under item 521(1) or (5), depending on whether the yarns were singles or plied. As for item 179, which, in the Canadian tariff, was a general item covering labels, the Tariff Board in its report expressed its intention that labels of textile fibres should continue to be classified according to material under the appropriate textile items. It was clear that because of legal defects in the wording, the intent of the Tariff Board with regard to both textile labels and cotton machine knitting yarn would be frustrated if the wording of those tariff items was not revised to preclude their possible incorrect classification. As far as could be determined from a random sampling of customs invoices, no imports of the goods in question had as yet been classified under these items, but the Canadian Government had not ruled out the possibility of a few inadvertent misclassifications. For each item, the revisions which the Canadian Government proposed would involve minor, but it was hoped effective, changes in wording. These revisions would merely confirm what two interested countries, the United States and the United Kingdom, had already been told was the situation during the course of previous renegotiations.

Mr. Grey said that, in his view, the revisions were of such a minor nature that they might have been affected by rectifications and modifications procedure. However, because they were not sure whether or not there were a few isolated and inadvertent misclassifications which would lead exporters in other countries to assume that Canada had changed these items without negotiating, the Canadian Government preferred to implement these changes under the procedure of Article XXVIII.

In conclusion, Mr. Grey drew attention to the fact that on 22 November this year the secretariat had circulated SECRET/106/Addendum 20 in which notice was given that the Canadian Government proposed to renegotiate in the very near future the last remaining portion of the Canadian Textile Schedule under the authority granted by the CONTRACTING PARTIES at the fourteenth session. His Government, therefore, requested permission to be allowed to be able to renegotiate these two additional items at the same time.

Mr. EVANS (United States) said that his delegation accepted the explanation given by the Canadian representative. The reasons given for the request for the finding of special circumstances were carefully considered by the United States, and it was agreed that these special circumstances did exist. His delegation therefore supported the Canadian request.

Mr. JARDINE (United Kingdom) said that his delegation supported the Canadian request which they considered satisfied the conditions of Article XXVIII:4.

The CONTRACTING PARTIES agreed that there were special circumstances in the sense of Article XXVIII:4 and granted the requested authority.

The CHAIRMAN said that any contracting party which considered that it had a principal supplying interest or a substantial interest as provided in paragraph 1 of Article XXVIII should communicate such claim in writing and without delay to the Canadian Government, and at the same time inform the Executive Secretary. Any such claim recognized by the Canadian Government would be deemed to be a determination by the CONTRACTING PARTIES within the terms of paragraph 1 of Article XXVIII.

4. (b) Peru (L/1611)

The CHAIRMAN said that a similar request had been received from the Government of Peru as distributed in document L/1611.

Mr. DE LA FUENTE LOCKER (Peru) said that his delegation had participated in the first part of the tariff negotiations, and had carried out negotiations under Article XXVIII:4. However, his Government was now obliged to request authority to renegotiate a certain number of items under list 35. He said that Peru had had created a small national steel-works during 1961, and as they now wished to introduce diversification in the industry, they had established plants for the processing of materials received directly from the steel industry. It was now necessary to regulate the trade in this field and to protect such industries in order to permit the development of the economy through industrial diversification.

The Peruvian delegate said that, in view of the small size of Peru's market, the slightest increase in imports could create serious disruption; in view of these circumstances, Peru had adopted provisions under Article XXVIII:4. Taking into account the special circumstances of Peru

and in order to assist Peru in its economic development, his Government felt that it should be possible for the CONTRACTING PARTIES to grant permission for Peru to renegotiate, since his Government would be ready to offer the corresponding concessions under the terms of Article XXVIII; Peru was prepared to do this as early as possible.

Mr. DE SMET (Belgium) said that two of the concessions under discussion were of direct concern to Belgium. He thought that the conditions required under Article XXVIII:4 were fulfilled and that it should be possible to grant the request of Peru. His country hoped that the renegotiation would be profitable for Peru, and that Peru would not forget the interests of her partners.

The CONTRACTING PARTIES agreed that there were special circumstances in the sense of Article XXVIII:4 and granted the requested authority.

The CHAIRMAN said that any contracting party which considered that it had a principal supplying interest or a substantial interest as provided in paragraph 1 of Article XXVIII should communicate such claim in writing and without delay to the Government of Peru, and at the same time inform the Executive Secretary. Any such claim recognized by the Government of Peru would be deemed to be a determination by the CONTRACTING PARTIES within the terms of paragraph 1 of Article XXVIII.

5. Balance-of-Payments import restrictions

(a) Report on consultations with Burma (L/1658)

The CHAIRMAN said that this item had been considered by the CONTRACTING PARTIES earlier in the nineteenth session and that subsequently the Committee on Balance-of-Payments Restrictions had carried out a consultation under Article XVIII:12(b) with the Government of Burma.

Mr. NAEGELI (Denmark) Chairman of the Committee on Balance-of-Payments Restrictions in presenting the Committee's report, said that from document L/1658 it could be seen that this first free exchange of views with the Burmese representatives had been very useful and had contributed to a better understanding of the import control policy in Burma and of the problems which Burma faced. He expressed the hope that it would be possible for Burma to make further progress with a view to simplifying the present system and relaxing import restrictions. On behalf of the Committee Mr. Naegeli expressed appreciation for the co-operation of the Burmese delegation.

U SAW OHN TIN (Burma) thanked the Chairman and the members of the Committee for the friendly atmosphere that had prevailed throughout the consultations. He also expressed appreciation for the assistance given by the International Monetary Fund.

The report contained in document L/1658 was adopted.

(b) Arrangements for consultations in 1962 (L/1620 and L/1623)

The CHAIRMAN said that this matter had been examined by the Committee on Balance-of-Payments Restrictions which had submitted a report which was circulated in document L/1620.

Mr. NAEGELI (Denmark), Chairman of the Committee on Balance-of-Payments Restrictions in presenting the report contained in document L/1620, said that apart from the five consultations which the Committee had conducted and on which he had reported earlier, the Committee had discussed the arrangements for consultations in 1962. The suggestions formulated by the Committee pre-supposed that the CONTRACTING PARTIES would decide that the Balance-of-Payments Committee should continue to conduct their consultations as hitherto.

Mr. Naegeli said that it was envisaged that during the next year, six contracting parties would be consulted under Article XII. Four contracting parties applying Article XVIII had been consulted in 1960 and as this Article foresaw a biennial rotation, the same contracting parties should be consulted during 1962. Of the three contracting parties maintaining restrictions under the unrevised Article XII, two contracting parties had been consulted in 1960. If the CONTRACTING PARTIES wished to invite these two countries to consult with them in 1962, a total of twelve consultations would have to be carried out during the next year.

Mr. Naegeli said that whether the premises on which these calculations were based held true would be difficult to say. Probably no better or more realistic prognosis could be made at this stage. This had been one of the reasons why the Committee had found it expedient to recommend to the CONTRACTING PARTIES, that the Executive Secretary should be authorized to determine the dates of the meetings of the Committee, taking into account the number of consultations to be held and the desirability of shortening the duration of the meetings as much as possible without endangering the efficiency of the consultations. Experience had shown that the time required for each consultation had been reduced, not only on account of the use of simultaneous translation but because of the modifications in the restrictive systems of the consulting countries.

Mr. Naegeli said that the Committee further recommended that apart from any meeting that might be required in relation to a substantial intensification of restrictions, the Committee should hold two annual meetings as usual, and that these meetings should be held immediately prior to a session of the CONTRACTING PARTIES or a meeting of the Council.

It was further recommended that the exact time-table for the individual consultations should be drawn up by the Executive Secretary before the end of the nineteenth session in consultation with the International Monetary Fund and the contracting parties concerned.

Concluding, Mr. Naegeli drew the attention of the CONTRACTING PARTIES to the recommendation of the Committee to extend an invitation to consult to the two contracting parties, Brazil and Uruguay, who were operating under the unrevised Article XII. The Executive Secretary should be authorized to extend the necessary invitations to the International Monetary Fund in connexion with the envisaged consultations.

The CHAIRMAN thanked Mr. Naegeli for his work as Chairman of the Committee on Balance-of-Payments Restrictions. He said that the Committee had suggested that the Executive Secretary take certain initiatives with regard to the problems considered by the Committee. The Executive Secretary had put forward document L/1623 for consideration by the CONTRACTING PARTIES.

The EXECUTIVE SECRETARY said that the main consideration which ran through document L/1623 was that the basic purpose and work of Committee III was to take a comprehensive responsibility for the overall balance-of-payments difficulties of the less-developed countries in a broader sense. The work of Committee III in one sense, was an examination of the difficulties which less-developed countries had, during the period of their development, in earning through their export trade an increasing quantity of foreign exchange which was necessary to sustain existing levels of consumption and at the same time to finance imports necessary for the carrying out of their development programmes.

The Executive Secretary said that whilst the spirit of Article XVIII, which was substantially revised in the review session, had permeated the approach of the CONTRACTING PARTIES in confronting the problems of the less-developed countries, there had been little opportunity or effort so far to give practical effect to the very important philosophy which underlay Article XVIII except, in fact, in the work of Committee III itself. He said that he had also been aware, over the years, that there had also been a certain tendency to consider that consultations on balance-of-payments difficulties were in some respects a sort of burden which had been placed on contracting parties as part of the price they paid for participation in the General Agreement.

The Executive Secretary said that it seemed clear from the terms of Article XVIII and the spirit which had pervaded it, that consultation was offered as one of the advantages secured to the less-developed countries under the General Agreement. Constructive consultation with their trading partners gave the less-developed countries an opportunity of explaining and exposing in detail, the kinds of difficulties with which they were confronted in their economic life. Such consultations were a means for countries to obtain a wider understanding of these difficulties and to enable them to solicit, and it would be hoped to obtain, not only understanding, but assistance in dealing with the problems with which they were confronted.

The Executive Secretary said that within this framework he thought that the consultations which were legislated for in part (b) of Article XVIII, were an integral part of the whole programme which Committee III was trying to carry forward, and it would, therefore, be logical that in the same context where the barriers and difficulties the less-developed countries encountered in the policies and measures of other countries were considered, it would be equally relevant to consider the internal difficulties which had led them, reluctantly from time to time, to take measures with respect to their own imports. These measures not only prevented consumers from purchasing their imports on the most advantageous terms but also caused, to a greater or lesser degree, inconveniences to exporting countries. The main object of balance-of-payments consultations under the GATT was, of course, to avoid unnecessary damage to trade caused by measures which were, nevertheless, justified by the provisions of the General Agreement itself.

The Executive Secretary pointed out that this was the philosophy underlying the suggestion he had made. His suggestion, did not in any way reflect upon the efficacy or satisfactory character of the work done by the Balance-of-Payments Committee, and further it did not necessarily follow that the personnel engaged in this activity would be very much different. It would obviously be appropriate and necessary that if Committee III were entrusted with this task, that it should be effected through a sub-committee. It might very well follow that the membership of this sub-committee would be not dissimilar from the membership of the Balance-of-Payments Committee, which had been operating directly under a mandate from the CONTRACTING PARTIES. It would also follow from the provisions of Article XVIII itself that any sub-committee which was carrying out these consultations would be working on the basis of the same criteria, since whether it was the Balance-of-Payments Committee or whether it was a sub-committee of Committee III, the provisions of the General Agreement would provide the basis for the consultation. It would equally follow that there would be the same arrangements for consultation and co-ordination of programme with the International Monetary Fund, so that there would be no lack of concordance between the other work of Committee III and the work of the Fund.

The Executive Secretary said that these suggestions were important in terms of psychology which was an important consideration in international affairs. He said that if the consultations were carried out in this spirit and with this background, it would form an essential complement to the work that was being done by the International Monetary Fund, particularly with respect to the less-developed countries. The International Monetary Fund had been making very important progress in the direction of assisting less-developed countries to develop monetary stability, often at the price of internal stabilization programmes which required considerable efforts and disciplines in the less-developed countries themselves. These stabilization programmes were very important for the less-developed countries and for the work of the CONTRACTING PARTIES, but they would provide only temporary benefits unless they were accompanied by appropriate measures in other fields especially in the field of commercial policy, otherwise the benefits of stabilization programmes might easily be lost through the adoption of commercial measures which nullified or reversed the favourable effects so painfully achieved through internal stabilization programmes.

The Executive Secretary said that in his view, if the approach suggested in document L/1623 were adopted, it would assist contracting parties to secure the full fruits from the stabilization programmes they had been undertaking and would increasingly be undertaking, with the assistance and support of the International Monetary Fund. In conclusion the Executive Secretary stressed that this approach would be an essential complement to the task of the Fund and a type of collaboration between the IMF and the CONTRACTING PARTIES which was important to the attainment of their common objectives.

Mr. DATSON (New Zealand) said that his delegation appreciated the points made by the Executive Secretary but preferred that the special needs of less-developed countries should be taken into account in the Balance-of-Payments Committee. He said that New Zealand had considerable sympathy with the less-developed countries which faced an inadequacy of reserves in relation to their programmes for economic development. In order to safeguard their external position, these countries might need, over a period of time, to control the general level of their imports in order to prevent it from rising beyond the means available to pay for imports as the progress of development programmes created new demands.

Mr. Datson said that New Zealand could not claim to be a less-developed country, but could claim that it had an urgent need for intensified development if only to maintain the standard of living of a rapidly rising population. This need arose from the potent instability and vulnerability of an economy based on agricultural exports which were subject to widespread restrictions. This situation had, therefore, led New Zealand, from time to time, into balance-of-payments difficulties similar in principle to the difficulties of less-developed countries. New Zealand considered that it would not be useful to confine consideration of these problems to Committee III or to imply that some had problems which others had not; this was not to say that New Zealand did not realize the magnitude of differences in relative standards of living. For these reasons New Zealand could not support the proposed transfer of some balance-of-payments consultations to Committee III, even under the procedure outlined by the Executive Secretary, while retaining others under the present mechanism of the Balance-of-Payments Committee.

In conclusion, Mr. Datson said that his delegation would be willing, however, to have some other procedures by which the ideas contained in document L/1623, could be imported into the Balance-of-Payments Committee's deliberations. Although his delegation was not yet sure of the framework in which the conclusions arrived at during the ministerial meeting would be implemented, he thought that following the ministerial meeting there should be quite enough matters of substance for Committee III to undertake and perhaps it would be better for Committee III to leave aside, at least for the time being, this matter of balance-of-payments consultations.

Mr. EVANS (United States) said that his delegation had a good deal of sympathy with the purposes behind the proposal of the Executive Secretary and at least some of the aspects of the proposal had a good deal of attraction for the United States. If the CONTRACTING PARTIES were to

consider an adoption of the proposals, his delegation, like New Zealand, would probably have some suggestions for changes and variations. His delegation was, however, also persuaded that Committee III had a large and to some extent unknown volume of work arising out of the decisions of Ministers. It was the view of his delegation, therefore, that it would be wise to suspend judgement at this time, and perhaps to reconsider the proposals of the Executive Secretary or variations thereof, after the volume of the future work of Committee III was known. The CONTRACTING PARTIES might decide to refer the matter to the Council for later consideration or the CONTRACTING PARTIES itself might wish to consider these or alternative proposals at the next session.

Baron VON PLATEN (Sweden) drew attention to the need to avoid duplication of work and for this reason supported the proposals of the Executive Secretary.

Mr. MATHUR (India) said that ten less-developed countries and six others, most of which were primarily exporters of agricultural products, were now maintaining restrictions for balance-of-payments reasons under the provisions of Article XII or Article XVIII. Over the last two or three years, an event of major significance had been the disappearance from the list of countries required to consult under Article XII of nearly all the major industrial countries of Western Europe. It was recognized more and more that the reasons why balance-of-payments difficulties existed in less-developed countries lay not in wrong fiscal or economic policies but to a very large extent in the structures of their economies and the inability of their economies, at the present stage of development, to furnish the external resources required for further economic expansion and development.

The Indian delegate said that at the recent meeting of ministers, full recognition was given to the fact that increased external resources could only be found if there was a radical change in the conditions of access for the goods of the less-developed countries in world markets. He said that in his view, the Executive Secretary had given a valuable lead in recognizing the overall change in the world balance-of-payments situation, and had indicated the need for a change in approach to the examination of the underlying causes and factors with regard to the balance-of-payments difficulties of the less-developed countries. In the view of his delegation, the suggestion that future consultations with less-developed countries should be handled by Committee III, was a valuable one because this approach highlighted the need for greater attention to be paid in future consultations to those external factors which had a bearing on the import policies and programmes of less-developed countries. It was also valuable because it suggested that further efforts to mitigate the impact of these external factors on the balance-of-payments situation of less-developed countries could usefully be made and co-ordinated with the other efforts which less-developed countries had to make in regard to the administration of their import policies and systems.

Mr. Mathur said that while he commended the approach embodied in the Executive Secretary's report, his delegation wished it to be understood that they were not suggesting that the monetary and fiscal policies of the less-developed countries should not be examined with reference to the criteria laid down in Article XVIII. His delegation felt that the policies followed by the less-developed countries in regard to these matters should continue to be open for examination because the exchange of views which took place in the course of such examinations could be of benefit both to the less-developed countries themselves, and to other countries. His delegation felt, however, that there was need for greater emphasis, in the course of consultations, on the external factors which determined the level of external earnings and which, therefore determined, in a sense, the entire framework of the policies of the countries concerned. If Committee III could handle this additional work, it was work that could appropriately be entrusted to a sub-group of Committee III. If, on the other hand, the CONTRACTING PARTIES felt, that it might be advisable at first to observe Committee III's work programme and to suspend a judgement on this matter for the time being, his delegation would not object to a decision that this question be examined at a later date.

Mr. GARCIA-OLDINI (Chile) said that in the view of his delegation the proposal made by the Executive Secretary was a valuable one and he felt that this was the correct time to consider this matter. This was not a new idea since from the very inception of GATT, the developing countries had maintained that it was inappropriate to consider countries which were still in the process of development from the same point of view as the industrial countries. In a sense, this idea was crystallized when the General Agreement was reviewed; Article XVIII had tried to give shape and substance to the reality that the situations of the less-developed countries and the advanced countries were different and that each should be given separate treatment.

Mr. Garcia-Oldini said that in his view the Executive Secretary had attempted to bring out the true meaning behind Article XVIII. He said that it was essential that this approach should be realized in some way. The text of Article XVIII recognized that there was a certain approach to be taken with regard to the less-developed countries. This perspective was not a projection into the future but was an approach which required immediate action by the CONTRACTING PARTIES.

He said that his delegation appreciated the fact that the future task of Committee III was not yet definitely decided. Nevertheless, he felt some concern that because there was some uncertainty as to the capacity of Committee III to tackle this matter, there was a possibility that the proposals put forward by the Executive Secretary would be forgotten. Some arrangement could be worked out to obtain the benefit of the experience of the

members of the Committee on Balance-of-Payments Restrictions and of Committee III; if action on this matter had to be postponed, his delegation suggested that the matter be retained on the agenda and that, if possible, the secretariat should present a formula or work out an arrangement for the implementation of the ideas contained in document L/1623.

Mr. TOWNLEY (Rhodesia and Nyasaland) said that his delegation fully recognized the logical and psychological arguments in favour of the proposals made by the Executive Secretary. However, this matter had been put forward before the recent Ministers meeting. It was certain that as a result of that meeting, Committee III would have a heavily increased workload. For practical reasons, therefore, his delegation favoured the suggestions of the United States representative to defer judgement until the CONTRACTING PARTIES were better able to assess the capacity of Committee III to assume the extra work.

Mr. LATIMER (Canada) said that his delegation would not object if balance-of-payments consultations under Article XVIII took place under the auspices of Committee III if there was general support for it by the countries who were directly concerned. However, he wished to give some support to the Balance-of-Payments Committee which in his view had shown a great deal of reasonableness in the consultations with less-developed countries. He was, however, aware that this did not meet the psychological factor referred to by the Executive Secretary. With regard to the procedures themselves, he thought that for technical reasons, it would be desirable to implement them through some kind of sub-committee. At the same time, he fully accepted the reasons why there should be delay in considering the problem at this stage in view of the work programme of Committee III.

Mr. Latimer added that he had the impression that there was a feeling that only countries who had balance-of-payments difficulties had difficulties with exports; he wished to assure the CONTRACTING PARTIES that there were other problems as well.

Mr. AHMAD (Pakistan) said that his delegation had given careful consideration to the proposals of the Executive Secretary. As the Executive Secretary had put it, it was perhaps better, for certain psychological as well as logical reasons, to entrust this work to a sub-committee of Committee III. The argument that the work of Committee III might be disturbed was perhaps not so important as the approach which that Committee was likely to give or the considerations and criteria that would be before the group which would be holding these consultations.

His delegation thought that the needs of the less-developed countries would definitely be better recognized by a group under Committee III. However, if insurmountable difficulties existed, his delegation would have no objection for the continuation of this work, at least for the present, in the present Balance-of-Payments Committee. It was important, however, that the needs of the less-developed countries should be recognized and that the experience which had been gained by Committee III should be available to the group carrying out the consultations, whether in the Balance-of-Payments Committee or in Committee III.

Mr. DE LA FUENTE LOCKER (Peru) said that the less-developed countries looked with sympathy on the proposal of the Executive Secretary. Although this solution might seem to be the best, he said that he must express his support for the compromise solution put forward by the representative of Chile. If, for practical reasons, it were not possible at present to charge Committee III with the matter, this subject should be kept on the agenda for discussion by the Council and for final solution at the twentieth session.

Mr. LACARTE (Uruguay) said that his delegation shared basically the same view as had been put forward by the delegate for Chile. He believed that the Executive Secretary had given them the substance of the problem. His delegation recognized however that there were certain practical difficulties. Not only should this matter be kept before the CONTRACTING PARTIES and the Council, but the Executive Secretary could perhaps also reconsider the matter in the light of the discussion. Since general agreement had been reached on substance, he suggested that the Executive Secretary could present a solution as far as form was concerned.

The EXECUTIVE SECRETARY said that he had no intention of pressing a suggestion which would give rise to differences of opinion; it was obviously not desirable that he should make suggestions which would divide the CONTRACTING PARTIES. He was sensitive to the various practical considerations which had been raised and would agree that it would probably be better to leave this suggestion for further consideration. He stressed that it had been a suggestion, rather than a proposal. He did however hope that the advantages of consultation would be retained by those who had this facility offered by them. He hoped that they would bear in mind, in weighing this possible additional facility, the point which he had made about the advantages of this method of consultation and its close connexion with the other programmes of internal stabilization, which he hoped would contribute to the early alleviation of their problems. He had noted the remarks about other countries with difficulties about their exports, but he had assumed that all contracting parties had export difficulties and that it was the purpose of this organization to try to overcome those difficulties on the basis of mutual advantage. He would not let it be thought that he had ignored, or was unaware of the export difficulties of other countries.

The CHAIRMAN said that considerations arising from the present discussion should be borne in mind in carrying out future consultations. The points raised by the Executive Secretary in document L/1623 might be considered at a future session of the CONTRACTING PARTIES.

Document L/1620 on arrangements for consultations in 1962 was adopted.

6. United States import restrictions (L/1660)

The CHAIRMAN recalled that the Working Party on Agricultural Waivers had examined the report by the United States Government under the Decision of 5 March 1955. The Working Party's report had been distributed in L/1660.

Mr. SOMMERFELT (Norway) said that in accordance with its terms of reference, the Working Party on Agricultural Waivers had examined the seventh annual report submitted by the United States Government under the Decision of 5 March 1955. The Working Party had reviewed the action taken by the United States Government. The Working Party had noted that in the course of the year import regulating measures under Section 22 of the United States Agricultural Adjustment Act had been reviewed for a number of products. On the other hand, it was noted that during the period under review, no relaxation had taken place in relation to some other items. In this connexion, reference was made in particular to dairy products, and some members of the Working Party had pointed to the extremely small size of the present quotas for certain dairy products in relation to the annual consumption of the United States. They had expressed the hope that the United States Government would be in a position to enlarge the existing quotas for these products in the near future.

Members of the Working Party had reiterated their concern at the serious imbalance between supply and demand with respect to certain commodities. In their opinion, the price support policy pursued by the United States Government was probably the principal factor contributing to the existence of the very substantial stocks of surplus agricultural products in the United States.

The concluding paragraph of the report of the Working Party, whilst appreciating the problems confronting the United States Government, stressed the urgent need for more progress to be made in dismantling the remaining import controls maintained under the waiver, and recognizing that such progress would encourage other countries to take similar action.

Mr. CARNEIRO (Brazil) said that while he appreciated the problems confronting the United States, he wished to express disappointment at the small progress which had been made towards eliminating import controls on the "hard core" products listed in paragraph 3. It had been calculated that the abolition of restrictions on certain vegetable oils, which were in this category, would increase Brazilian exports to the United States by \$10 million.

Mr. BIERMAN (Netherlands) recalled that during the examination of the seventh annual report submitted by the United States Government under the Decision of 5 March 1955, his delegation had noted with pleasure the restraint which the United States Government had shown in using the measures allowed under the waiver. His delegation, however, once again hoped that United States agricultural policy would develop under conditions which would obviate the need for a waiver from obligations under the GATT. Such action on the part of the United States would, he said, give great encouragement to many countries. A moderation of agricultural protection was, as the meeting of Ministers had so clearly concluded, essential for a further expansion of world trade in agricultural products. The Food for Peace Programme of the United States had been referred to in the report of the United States Government and during the discussion on the agenda item on surplus disposals. His Government thought well of this programme but nevertheless remained concerned about the possibility that the execution of this programme might unduly induce agricultural producers not only in the United States but elsewhere, to continue to increase production. This would lead to even bigger surpluses and thus form a justification for not reducing agricultural protection. In the opinion of his delegation such a conscious inducement to increased production would certainly further upset the already existing imbalance between aggregate world production and effective world demand for agricultural commodities. Such an increase in production would therefore be highly inadvisable as long as potential demand for food in many countries was not backed by real purchasing power. His delegation was grateful to the delegation of the United States for its awareness of the problems involved, and for the assurances which had been given in paragraph 9 of the report of the Working Party.

Mr. DE LA FUENTE LOCKER (Peru) welcomed the report but expressed his disappointment of the maintenance of restrictions which were obstacles to countries exporting primary products. Referring to the products listed in paragraph 3, he said that in particular cotton was of great concern to his country.

Mr. ACKI (Japan) although supporting the report of the Working Party, wished to make a comment on one point which was not contained in the report, but which, in the view of his delegation, had an important bearing on this matter. He recalled that at the seventeenth session when the problem of the import restrictions of the United States was discussed, the CONTRACTING PARTIES had welcomed the decision of the United States Government not to impose restrictions on imported cotton manufactures. He drew attention to document L/1655 which had informed the CONTRACTING PARTIES that the President of the United States had requested "the Tariff Commission to institute an investigation under Section 22 of the Agricultural Adjustment Act to determine whether a fee equal to the export subsidy rate on raw cotton was necessary". This should, he said, give serious concern to all contracting parties including developing countries. In the case of Japan this fee would be, on average, equivalent to a 10 per cent increase in ad valorem duties. He did not intend to enter into discussion on the compatibility

of the levy, if imposed, with the Decision of May 1955, but he expressed concern that the investigation came at a time when the interested countries were trying to reach a long-term arrangement in order to expand trade in cotton textiles on an orderly basis.

Mr. DATSON (New Zealand) said that, while welcoming such progress as had been made, his delegation was disappointed at the lack of progress in the liberalization of dairy products. The cause of the difficulty lay in price supports, the level of which had recently been rising; the production of certain dairy products had also been rising. He emphasized that an increase in United States imports would be a relatively minor matter for that country but could mean a great deal to supplying countries. He associated his delegation with the remarks of the representative for the Netherlands on the need to avert the possible danger of inducing increased production as a result of surplus disposal programmes.

Mr. LACARTE (Uruguay) said that his delegation welcomed the positive aspects of the report. His delegation, however, was opposed to agricultural waivers, and he expressed the hope that improvements would continue so that in future it would not be necessary to consider again this type of report.

Mr. WEISS (United States) noted the expressions of certain contracting parties as regards the restraint with which the United States had used its waiver under Section 22 and the satisfaction which they had expressed with regard to the restrictions which it had been possible for the United States Government to eliminate. He also noted the expressions of disappointment in respect of the failure of the United States to do more in the elimination of restrictions. He regretted that circumstances had prevented the United States from undertaking further relaxations. He assured the CONTRACTING PARTIES that the views which had been expressed in the Working Party and in the present discussion would be taken fully into account by his Government who would endeavour to eliminate and to relax such restrictions as were not required by the terms of Section 22.

He noted the statement of the representative of Japan on the investigation recently instituted on cotton textiles under Section 22. He emphasized that what had been instituted was only an investigation. The Tariff Commission was required to make a full examination of the facts, including public hearings at which all interested parties might present their views. The findings of the Tariff Commission would be subject to review by the President. Only after this would a decision be taken.

He requested, in keeping with past practice, that document L/1549 should be de-restricted on the close of business of the nineteenth session, in order that it might be made available to interested parties in the United States and elsewhere.

The report was adopted and the de-restriction of document L/1549 was agreed.

7. Annual report on trade restrictions (L/1640 and L/1641)

The CHAIRMAN said that this item had been included in the agenda at the request of the Government of Uruguay, whose proposal was set out in document L/1640. In paragraph 7, Uruguay had suggested that the Executive Secretary should report on the feasibility of this proposal. The Executive Secretary had done this in document L/1641.

Mr. LACARTE (Uruguay) pointed out that the International Monetary Fund already produced an annual publication on exchange restrictions. The CONTRACTING PARTIES should also have a document in which a summary could be made of restrictions on trade. The proposal of his delegation was hardly something new as the secretariat already published every six months a review of developments in commercial policy. This publication could, he thought, be included in the proposed annual report which could itself be an annex to the Annual Report on International Trade. His delegation suggested that quantitative restrictions, subsidies and tariffs should be included. He pointed out that a large part of the necessary information was already in the hands of the secretariat. His proposal would hardly be going beyond what the CONTRACTING PARTIES had already decided to publish; he recalled that it had been agreed to publish the reports of Committees II and III. He emphasized, however, that nothing should be published which was not agreed to by the parties concerned. The secretariat would need help to complete this work, and he suggested that they should draw up a draft and then consult with the countries concerned. The Executive Secretary had reported on the feasibility of this proposal, and had placed the cost at \$6,600. Since the budget for 1962 had already been decided, he suggested that for 1962 the Executive Secretary could broaden the present six-monthly report; the draft budget for 1963 should foresee this small additional expenditure. The CONTRACTING PARTIES could then decide if this was a measure which would justify itself.

Mr. DE LA FUENTE LOCKER (Peru) said that the publication of this document would be of particular interest to his Government. Part of the ground was already covered but the publication of restrictions on international trade, such as subsidies and quantitative restrictions would be most useful in facilitating the work of the CONTRACTING PARTIES.

Mr. CARNEIRO (Brazil) said that his delegation supported the Uruguayan proposal. It was important to have a report on all forms of trade restrictions and discriminations, especially now that there was the task of implementing the conclusions of the meeting of Ministers.

Mr. EVANS (United States) agreed that there was substantial value in the proposal. He expressed the hope that there would later be an opportunity for delegations to make suggestions to the secretariat on the form of this report. He noted that the Executive Secretary had indicated that it would be possible to accomplish this task without an increase in the budget for 1962.

The EXECUTIVE SECRETARY said that, according to the advice which he had been given, it would be possible to comply substantially with the present request by some degree of modification and amplification of the present semi-annual publication on developments in commercial policy. It would therefore not be necessary to make additions to the budget for 1962. He pointed out that a condition of rendering this possible was that more information should be made available to the secretariat than had been the case in the past.

BARON VON PLATEN (Sweden) expressed the view that the suggestion was useful but that it was not certain if it was practicable. If the published document contained information only on some countries, it would be misleading. The secretariat should wait for complete information before the publication of the report. He pointed out that in addition to the expense indicated by the Executive Secretary, expense would be incurred by individual governments. He supported the basic idea, but said that it should only be undertaken if there was full co-operation by all contracting parties.

Mr. LATIMER (Canada) said that he appreciated the initiative of the Uruguayan delegation. Like the representative for Sweden, however, he did have in mind not only the question of demands on the secretariat, but also those on governments in submitting further and more detailed reports over and above those already being supplied. He would not wish to detract from the attainment of the objectives of the GATT by elaborate reporting procedures.

Mr. LACARTE (Uruguay) said that the representative of Sweden had stressed that co-operation from governments would be necessary and that there should be publication only of complete information. He agreed with these remarks, but questioned whether the present semi-annual review did in fact cover all material which was available to the secretariat. In any event this publication had not aroused concern. Referring to the statement of the delegate for Canada, he said that the proposed report should not mention only obstacles to trade, but also improvements.

Mr. JOSHI (India) supported in principle the proposal which had been made, but said that in its actual working out, some difficulties might arise. He did not doubt that it would be possible for the secretariat to produce a fairly complete document which would be useful.

Mr. DATSON (New Zealand) supported the proposal and associated himself with the remarks of the Indian delegate. He said that perhaps the Executive Secretary could elaborate a more practical plan.

The CHAIRMAN recalled that the Executive Secretary had said that the secretariat could extend the present semi-annual survey. The nature of such a survey would be strengthened if governments could supply full information as early as possible. He recalled that some contracting parties might wish to make suggestions regarding the form of the publication.

It was agreed that the secretariat would go as far as possible within the limitations of the budget for 1962 in complying with the request of the Government of Uruguay.

8. Application of GATT to international trade in television programmes (L/1615 and L/1646)

The CHAIRMAN recalled that this item had been introduced by the representative of the United States at the fifth meeting of this session, but that discussion had been postponed. The statement made by the United States representative on that occasion had been distributed in document L/1646. He also recalled that the United States representative had proposed that the question be referred to a working party.

Mr. JARDINE (United Kingdom), speaking also for United Kingdom dependent territories, agreed with the United States delegation that this was an important subject which was likely to be increasingly so.

His delegation did not agree with the statement in document L/1615 that it did not make a great deal of difference commercially to exhibitors whether imported or domestic productions were used. The evidence suggested to them that the imported product, especially when it had a large home market, was made available often at very low prices with which, especially in a developing territory, the domestic producer could not compete.

The subject of international trade in material for television programmes raised wider issues, moreover, than international trade in, say, pencils. It was not simply a question of protecting domestic producers. Governments might feel it desirable to protect the traditions and culture of their countries, as the social impact of the television screen was much greater than that of the cinema screen ever was.

They noted that the United States delegation was not pressing the legal issue at this time. They agreed with them that material for television programmes was a product falling within the scope of the GATT. They did not agree, however, that material for television programmes was outside the provisions of Article IV, though the language used in this Article was admittedly more appropriate to the cinema screen than to the television set.

The United States delegation had argued against this on two counts. First, they pointed out that some material for television programmes was on video tape and not on film. This seemed to the United Kingdom delegation a purely technical point. Whether the material was on film or on video tape, the tariff was not an apt instrument for the protection of the producers. Indeed, video tape was a kind of film, and was treated as such in the United Kingdom legislation, the Film Act, 1960.

Secondly, the United States argued that, in order to benefit from the exception provided in Article IV, a restrictive measure must take a form which was simply not applicable in the case of television programmes. The United Kingdom delegation did not understand this argument. In the case of material for television programmes, whether it took physically the form of film or video tape, as in the case of material for showing in cinemas, the normal method of protection was to reserve a proportion of total transmission time to domestically produced material.

He presumed that the United States delegation were not concerned in this context with live programmes, and was therefore confining his remarks to film which took the form of film or video tape, as the United States appeared to have done.

The principle behind Article IV was that a tariff was not appropriate for exposed cinematograph films. Exceptionally, therefore, contracting parties to the General Agreement were allowed to protect producers of films by screen quotas. Just as there was no obligation to undertake a commitment with regard to the level of the tariff on the particular product, so there was no obligation to undertake a commitment with regard to the size of screen quotas, either for the cinema or for television.

He asked, therefore, whether it was necessary to do more than confirm that Article IV applied to films for showing on television. The United States delegation had suggested in document L/1615 that contracting parties should undertake to give fair access to imported material. In document L/1646 the United States delegation went slightly further and suggested that contracting parties should be required to set aside a reasonable proportion of favourable viewing time during which imported programmes could be permitted to compete with programmes produced by the domestic television industry. The United Kingdom did give fair access to imported material, and did maintain a reasonable proportion of favourable viewing time between imported and domestic material. He doubted, however, whether it would be right for contracting parties to be required to do so. Why should they be compelled to undertake a commitment which they did not have to undertake in relation to other products? Contracting parties did not have to undertake that their duties on, say, pencils, would be such as to allow fair access for imports or to maintain a reasonable proportion between import and domestic material. He appreciated that the United States were not asking governments to undertake any very precise commitment. But a commitment so imprecise as that suggested could lead to endless and fruitless argument as to whether the protection afforded by a particular government did or did not allow fair access.

The United Kingdom delegation considered, therefore, that the CONTRACTING PARTIES need do no more than confirm that Article IV applied to films for showing on television as well as to films for showing on cinema screens. This point of view was, it was evident from document L/1646, not acceptable to the United States delegation, who said that they did not think that it would be adequate simply to interpret Article IV as covering television programmes.

They argued that there was competition among movie-picture theatres which gave the movie-goer a wide choice of films and that thus his tastes effectively prevented his Government from applying excessive protection against foreign films. On the other hand, they argued, the television viewer had not the same wide choice, as there were not so many competing television systems in a country, and he could not, therefore, make the market feel his preference for foreign material. The facts might be correctly stated, but the argument based on them did not seem sound to the United Kingdom delegation. Television viewers in the United Kingdom, for example, were numbered in millions and were not slow to voice their views on the comparative merits of different programmes. Indeed the television contractors and advertisers who provided their revenue were very much alive to the number of viewers who watched particular programmes.

The GATT rules applied equally whether a product was imported into a country by many or few traders. Even where the import trade was in the hands of a State enterprise and where Article XVII might be held to apply, the principles which applied to private trade were not fundamentally altered but merely adapted to the circumstances of a State enterprise.

He concluded by repeating that his delegation considered that the CONTRACTING PARTIES need do no more than confirm that Article IV applied to films for showing on television as well as to films for showing on cinema screens. It was doubtful whether it was worth while to establish a working party, although his delegation would be ready to participate in a working party if most contracting parties thought that one should be established.

Mr. MIYAZAKI (Japan) said that his delegation had studied the question and appreciated the circumstances which the United States delegation had outlined. Trade in television programmes was relatively new and presented a somewhat different problem from cinema films. It would be worthwhile to study this problem. He supported the United States proposal for a working party in which his delegation would be prepared to take part.

Mr. LATIMER (Canada) said that he had been impressed with the case presented by the United Kingdom but had, however, no objection to the establishment of a working party to explore the various aspects of the problem if there was general support for it. He referred to the "non-commercial aspects" of this question mentioned by the United States delegate in his opening statement and said that his delegation expected that the problem would not be dealt with on a purely commercial basis.

Mr. MARTINS (Austria) stated that his Government was interested in the problem under discussion. Any action which might be undertaken by the CONTRACTING PARTIES would be important for his Government and he would like to reserve the right to be a member of the working party if one were established.

Mr. EMMEL (Federal Republic of Germany), also speaking for the member countries of the European Economic Community, said that perhaps the most practical procedure would be for the Council to examine this question at its next meeting. This would allow time for further study.

Mr. WEISS (United States) said, referring to the statement by the representative for the Federal Republic of Germany, that he did not wish to press a decision on the CONTRACTING PARTIES and his delegation had, therefore, proposed the establishment of a working party which would examine the different aspects of the problem. He felt that this procedure would be more effective than reference to the Council which was a much larger body.

Mr. JARDINE (United Kingdom) suggested that draft terms of reference for any working party which might be established should be circulated for consideration at a later meeting.

This was agreed.

9. Article XXVIII negotiations (W.19/13)

The CHAIRMAN recalled that the time limit for negotiations under Article XXVIII for the notification of withdrawal of concessions notified in 1960, had been extended on three occasions, and now expired at the end of the session. As reported in document W.19/13, certain delegations had advised the Executive Secretary that they did not expect to complete the negotiations in which they were engaged within this time limit. Accordingly, they were requesting a further extension until 31 May 1962. The Chairman enquired whether the CONTRACTING PARTIES would agree to granting this further extension.

This proposal was adopted.

The meeting was adjourned at p.m.