

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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SUMMARY RECORD OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva, on
Monday, 29 October 1962, at 2.30 p.m.

Chairman: Mr. W.F.H. VAN OORSCHOT (Kingdom of the Netherlands)

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1. African Common Market (L/1835)

The CHAIRMAN said that the Government of Ghana had transmitted for the information of the CONTRACTING PARTIES, and for examination in accordance with Article XXIV, the text of the Treaty establishing an African Common Market. This text had been distributed in document L/1835.

Mr. DARKO-SARKWA (Ghana) said that the Treaty establishing a common market among six African countries was signed in Cairo on 1 April 1962. The deadline for the ratification of the Treaty by member States would be 1 January 1963 instead of 1 October 1962 as had been stated previously. The broad objectives and reasons for the setting up of the African Common Market were clearly set out in the Preamble to the Treaty. He emphasized that the contracting parties to the Treaty have always had a vested interest in the sustained economic growth of their respective countries. The member States of the African Common Market were unanimous in their conviction that their common interests would be best served by concerted action on their part to form a common market, dedicated to the attainment of full employment of resources and the achievement of monetary stability. These objectives constituted important and necessary prerequisites for the attainment of the most favourable conditions for the promotion and regulation of trade among member States.

Mr. Darko-Barkwa assured the CONTRACTING PARTIES that the objectives of the African Common Market conformed with the provisions of the General Agreement. It would be observed that the Treaty envisaged among other things, the abolition of all restrictions and customs duties within five years of the coming into force of the agreement. The delegation for Ghana would accept any procedure which the CONTRACTING PARTIES might wish to adopt for the examination of the Treaty.

Mr. ABE (Nigeria) said that in these days of regional economic integration Africa was no exception in thinking of regional co-operation, and it was in this light that the intentions of the six Governments who were signatories to the African Common Market Treaty should be viewed. Until the activities of the proposed common market unfolded themselves, it might be argued that this was neither the time nor the place to decide whether the same choice for the proposed arrangements was an appropriate one, having regard to Article XI of the Treaty. The most-favoured-nation clause constituted the basis of the General Agreement. It was only pursuant to Article XXIV of the General Agreement that GATT Members of economic groupings were permitted to discriminate against other GATT Members. It was not intended, nor was it desirable, to extend this so that GATT Members could discriminate against other GATT Members in favour of non-GATT Members. In cases where exceptions were allowed, such situations involved long-established trading relations or contiguity of territories. In any case, arrangements of this nature should be the exception and not the rule otherwise there would be a depreciation of the most-favoured-nation clause on which the GATT had been built up. It would no doubt be the task of the proposed working party to examine whether the arrangements of the proposed common market fell within the purview of Article XXIV.

Mr. VILLADO (Brazil) said that his delegation had noted with great interest the text of the Treaty establishing the common market and wished to congratulate the member States of the Casablanca Charter for this initiative, which would contribute to trade expansion and to the economic development of the countries concerned. His delegation noted further that Ghana was the only signatory which was a Member of GATT, and that the application of the United Arab Republic for GATT membership would be discussed during the present session. It was hoped that the other signatories to the Casablanca Charter would see their way to joining the GATT. This would have the advantage not only of contributing to the universality of the GATT but the other member countries of the African Common Market would have their interests protected by the GATT. Brazil as a signatory to the Treaty of Montevideo was fully sympathetic to regional groupings of less-developed countries and felt that such groupings would contribute to faster economic development and to the development of world trade.

Mr. MWALIBUNGU (Tanganyika) said that one of the reasons why Tanganyika did not agree to association with the EEC was that it did not intend to prejudice its rights to join the African Common Market.

Mr. BOO TJEENG SAN (Indonesia) said while the African Common Market arrangement was considered as an honest wish to promote economic growth in certain parts of Africa, his delegation had some anxiety concerning the establishment of another closed economic group. His delegation hoped that the African Common Market would not develop at the expense of other countries. He also wondered whether it might not be helpful if the region would be enlarged to include other members.

The CHAIRMAN proposed that a working party be established to examine the treaty establishing the African Common Market, with the following terms of reference:

to examine, in the light of the relevant provisions of the General Agreement, the Treaty establishing the African Common Market, and to submit a report and recommendations thereon either to the CONTRACTING PARTIES before the close of the twentieth session or to the Council early in 1963.

This was agreed.

Delegations wishing to be members of the working party were invited to inform the Executive Secretary by 31 October.

2. Ghana/Upper Volta Trade Agreement (L/1766)

The CHAIRMAN said that the text of the trade agreement between the Government of Ghana and the Government of Upper Volta, signed in June 1961, had been transmitted for examination by the CONTRACTING PARTIES. The text had been distributed in document L/1766.

Mr. DARKO-SARKWA (Ghana) said that the Republic of Upper Volta shared a common border with the Republic of Ghana. Arising out of the close proximity of the Republic of Upper Volta to Ghana, there had existed a cordial relationship between the peoples of the two countries. Throughout the years, the inhabitants of both countries had been free to cross each other's frontier. Workers from the Republic of Upper Volta had for several decades found fruitful employment in cocoa farms, mines, factories and other ancilliary projects in Ghana. With the attainment of independence by the two countries, the need to further cement this cordial relationship became more pressing. In an effort to further this objective, the Governments of the Republic of Upper Volta and the Republic of Ghana held discussions which culminated in the decision to establish a free-trade area. The Ghana/Upper Volta Trade Agreement was signed in Accra on 28 June 1961. The Preamble to the Agreement sets out in clear terms the reasons for the setting up of the Ghana/Upper Volta Free-Trade Area. The Agreement provided, inter alia, for the abolition of customs barriers between Ghana and Upper Volta, and that goods originating in the two countries would be admitted duty free. It was the hope of the two Governments that the arrangements envisaged in the Agreement would contribute towards the eradication of impediments to trade between Upper Volta and Ghana. As intimated by the representative of Ghana during the meeting of the Committee on Balance-of-Payments Restrictions on 9 May 1962, the Government of Ghana was prepared to hold consultations with contracting parties on this Agreement.

The CHAIRMAN suggested that the most expeditious procedure for examining this agreement might be to refer it to the Working Party which had been established for the examination of the African Common Market Treaty. If so the following paragraph could be added to the Working Party's terms of reference.

To examine in the light of the relevant provisions of the General Agreement, the Ghana/Upper Volta Trade Agreement and to submit a report together with any appropriate recommendations.

This was agreed.

3. Television programmes (L/1741)

The CHAIRMAN recalled that at the nineteenth session the CONTRACTING PARTIES had appointed a Working Party to examine "the relation between the existing provisions of the GATT and measures affecting international trade in material for showing on television programmes". The Working Party had held a meeting earlier in the year and had submitted a report in document L/1741. The report had been presented to the Council in May; the Working Party had not been able to reach a final conclusion and intended to hold a further meeting during the current session.

Mr. EVANS (United States) said that his delegation was very interested in the outcome of the next meeting of the Working Party but did not wish the meeting to take place until the United States was reasonably sure that any misunderstanding by contracting parties concerning the nature of the proposals had been cleared away. In the interval since the meeting of the Working Party the United States had held consultations with a number of contracting parties who had shown themselves most interested in the subject. While it did not appear that representatives present during the Working Party's discussions had any basic misunderstanding as to the intention of the United States proposal or its effect, it nevertheless seemed that there was a fairly widespread misunderstanding as to the purpose and the nature of the proposals that the United States had submitted for consideration to the Working Party. Misunderstandings had apparently arisen particularly among the television industries in certain of the contracting parties. These industries seemed to be of the impression that the United States proposal was intended to require countries not having restrictions on imported television programmes to impose quotas and to limit the use of those programmes. In fact this interpretation was exactly the opposite of what was intended. The United States proposal was simply to provide certain standards which would guide and limit the use of quotas by countries who for reasons of public policy considered it essential to adopt some form of quota on the use of imported television programmes.

In order that this misunderstanding could be removed the United States delegation had drafted a new version of its proposals. This version did not really change the substance of the proposals but should remove any misapprehensions. This new draft would be submitted to the secretariat for distribution to contracting parties during the current session. The United States would not ask for a debate on the proposals during the present session but hoped that contracting parties would give very serious consideration to the new draft and would be prepared to discuss it at a later meeting of the Working Party. In the meantime if there were any comments which delegates would like to make his delegation would be pleased to receive them for later use.

Mr. WARREN (Canada) supported the proposal that the next meeting of the Working Party be postponed for an appropriate time. He said that the problem of trade in television programmes was of interest to Canada and was a subject which presented the CONTRACTING PARTIES with the problem of how to adapt the principles of the General Agreement to a product which could not be considered on a purely commercial basis in view of the impact which television programmes might have on public opinion and other matters. His delegation would be prepared to study the proposals by the United States and participate in the further work of the Working Party.

The CHAIRMAN suggested that the CONTRACTING PARTIES take note of the first report of the Working Party (L/1741), and that the new proposals submitted by the United States be referred to the Working Party for consideration at a meeting to be convened in 1963.

This was agreed.

4. Ceylon temporary duty increases (L/1624, L/1626, L/1635)

The CHAIRMAN explained that under this item there were two points which required consideration:

- (a) the request for Ceylon for an extension of the Decision of 10 April 1961 allowing nations to maintain certain temporary duty increases, and
- (b) a request for authorization to apply certain new temporary duty increases.

The first request was made in the annual report which Ceylon had submitted under the 1961 waiver (L/1634); information relevant to the second request was given in document L/1624. Both requests had been made with reference to Ceylon's new difficulties in its balance of payments. In dealing with these matters, the first question which the CONTRACTING PARTIES should take into account was whether these measures were in fact justifiable on balance-of-payments grounds. The Committee on Balance-of-Payments Restrictions had only recently held a consultation on Ceylon's import restrictions and was therefore fully acquainted with Ceylon's external financial position. Through further consultation with the International Monetary Fund, the Committee would no doubt be in a position to provide the CONTRACTING PARTIES with advice on that point. It was therefore proposed that the balance-of-payments committee should examine this aspect of the Ceylon requests and report thereon.

This was agreed.

Mr. SATHYANATHAN (Ceylon) said that as his delegation would be speaking on these matters during the meeting of the Committee on Balance of Payments he merely wished to clarify the situation regarding the two surcharges of 5 per cent and 20 per cent which had had the effect of widening preferential margins on certain bound items. The Government of Ceylon had already

initiated action to remedy this and he hoped by the end of the session to be able to announce that the matter had been completed. The Committee on Balance of Payments should therefore examine the two duty increases on this basis.

The CHAIRMAN explained that the CONTRACTING PARTIES had also been advised of a new intensification of Ceylon's import controls. As was stated in document L/1835 these measures had come into force on 10 October. Ceylon had stated to the secretariat that it agreed that there should be a new consultation under paragraph 12(a) of Article XVIII. It was therefore proposed that the Committee on Balance-of-Payments Restrictions be instructed to re-open consultations which it had held recently with Ceylon and to submit a supplementary report to cover the new situation.

This was agreed.

The CHAIRMAN expressed the gratitude of the CONTRACTING PARTIES for the assistance of the International Monetary Fund and invited the Fund to continue its discussions with the Committee on Balance-of-Payments Restrictions.

5. Peruvian import charges (L/1841)

Mr. VALDEZ (Peru) presented his Government's annual report which had been distributed in document L/1841. He recalled that this report was required under the decision of 21 November 1958 which was subsequently amended and extended by further decisions in 1959, 1960 and 1961. He informed the CONTRACTING PARTIES that it was the intention of his Government to terminate the application of surcharges on the importation of products which figured in list 35 by 30 April 1963. To this effect the concessions on list 35 would be divided into three or four groups according to the nature of the products and the importance of their respective duties, and corresponding administrative measures would be taken to gradually eliminate the surcharges by 30 April next year. Mr. Valdez then gave certain figures showing Peru's current favourable balance-of-payments situation. He pointed out however, that despite these favourable figures the present situation was only relatively satisfactory. This was so because the situation was unstable due to those contingencies to which prices and markets for Peru's primary products were subject. The indications for 1963 were that there was the possibility of a marked decrease in the exports of sugar to the North American market and greater difficulties in finding markets for Peru's main export products such as cotton, copper, lead and zinc. As to the prices of these products it was also noted that Peru would not be favoured by the present trends.

Peru hoped that it would not be necessary to revert to restrictive practices nor to ask for new waivers. In this connexion Peru would be pleased if the highly industrialized countries of the GATT would give up the restrictive practices they maintained and thus facilitate in this way the best accomplishment of the objectives of the General Agreement. Peru's main difficulties were now internal ones, as owing to its developmental needs greater revenue was required in order to assure a

minimum of public investment. His delegation wished to remind the highly industrialized countries of the importance that all governments gave to such investments. For these reasons the elimination of import surcharges was a sacrifice and was an important effort to fulfil Peru's commitments under the General Agreement. The Government of Peru was grateful for the favourable way in which the CONTRACTING PARTIES had dealt with its problems and hoped that Peru would be able to find within the General Agreement those just and equitable economic relations which would ensure that the economically less-developed countries would have sure markets and stable prices for their exports of primary products and simple manufactures.

Mr. GRIFFITH JOHNSON (United States) said his Government had increasingly been concerned by the extent to which various contracting parties had had resort to import surcharges, and the experience of Peru had been additional evidence of the difficulties of eliminating surcharges once they were resorted to. The intention of the Government of Peru to eliminate its surcharges by the end of April 1963 was therefore particularly welcome. His delegation trusted that the example set by Peru would be followed by other countries.

Mr. WILKS (United Kingdom) said that as the United Kingdom had interest in some items which were subjected to surcharges, it welcomed the fact that surcharges had been substantially reduced on some of those items. His delegation was also grateful for the assurances given by Peru that all the surcharges would be eliminated by next year.

Mr. CARROLL, speaking on behalf of the member States of the EEC, and Mr. WARREN (Canada) also welcomed the statement made by the Peruvian delegation.

6. German import restrictions (L/1870)

The CHAIRMAN said that the fourth annual report by the Government of the Federal Republic of Germany under the Decision of 30 May 1959 had been distributed in document L/1870. The waiver which required that the Federal Republic consult annually with the CONTRACTING PARTIES regarding the application of the Decision would expire at the close of the twentieth session.

Dr. STEDTFELD (Federal Republic of Germany), in presenting his Government's report, gave a resumé of developments since the waiver was granted. He said that over the past three years quantitative restrictions had been relaxed to the utmost extent. Taking as a base the value of imports in 1958 nearly two thirds of the restrictions had thus far been eliminated. Imports of agricultural products listed in Annexes A, B, D and E of the Decision of 30 May 1959 had amounted to DM.4,815 million in 1958; of that amount imports amounting to 70 per cent, i.e. DM.3,391 million, had been freed from quantitative restrictions. Liberalization measures effected by his Government not only related to products listed in Annexes A and D, but also to products listed in Annexes B and E of the Decision,

which consisted of products for which the Federal Republic had not been in a position to indicate the date of liberalization at the time the waiver was granted. As regards the industrial products listed in Annexes A and C of the Decision, the value of these imports amounted to DM.1,906 million in 1958, and imports to the value of DM.765 million had been liberalized. Although it had not been possible entirely to eliminate the restrictions, they had been relaxed considerably, and a definite programme of liberalization had been established for the elimination of most of the restrictions. In addition, bilateral consultations had been held with interested contracting parties and endeavours had been made to satisfy legitimate trade interests affected by the restrictions. As a consequence of action taken, imports into the Federal Republic had increased; and in general, trade with other countries had expanded substantially, as could be seen in detail from the statistics in the report by his Government.

Regarding restrictions on agricultural products, these had already been eliminated for a considerable number of products, for others liberalization was envisaged; this would be brought about by means of an agricultural policy which abandoned quantitative regulations. It could be seen from the reports of Committee II that most contracting parties protected their agricultural sector in one way or another. In recognition of this fact, activities had been initiated at the nineteenth session with a view to seeking equilibrium between the interests of the agricultural exporting countries and their trading partners. Insofar as industrial products were concerned, the activities of the CONTRACTING PARTIES had led to another important conclusion, namely that problems of market disruption existed and called for concerted action by all interested parties in the interest of the development of world trade. The CONTRACTING PARTIES at their seventeenth session had decided to recommend the means of consultation and to confer on a special committee the task of submitting proposals for a long-term solution. Owing to the initiative taken by the United States, considerable progress had been made regarding arrangements for trade in cotton textiles. The Long-Term Arrangements regarding International Trade in Cotton Textiles which entered into force on 1 October 1962 offered a practical means to ensure the steady development of such trade to the benefit of many contracting parties.

In the view of his delegation progress in the right directions could be achieved regarding the remaining restrictions on industrial products through consultations with interested contracting parties. His Government had repeatedly conducted consultations with exporting countries and had agreed upon the liberalization of some of the products concerned for 1 January 1963 and for 1 January 1964. In the interim period, global quotas would be increased for the products in question. In addition, quotas would be increased for imports of those industrial products not yet liberalized. In negotiations with Japan, it had been agreed that

quotas for cotton textiles would be increased annually over the next five years, a stipulation which was in conformity with the provisions of the cotton textile arrangements. Mr. Stedtfelt emphasized that his Government intended to endeavour to relax further, and to eliminate as soon as possible, the remaining restrictions. With this objective in mind, it was prepared to continue the consultations with interested contracting parties. During the three years duration of the waiver, his Government had implemented a very large liberalization programme and had reduced the restrictions to a minimum. A liberal import policy was pursued with respect to products still under restriction, and the objectives of the waiver had been achieved to a great extent. His delegation was prepared to enter into consultations with, and to provide information to, all interested contracting parties.

Mr. AOKI (Japan) expressed the appreciation of his Government for the satisfactory arrangements regarding the cotton textiles quotas which had been established by the Government of the Federal Republic. He advised the CONTRACTING PARTIES that bilateral consultations under Article XXII had been conducted in August 1962 between his Government and the Government of the Federal Republic, regarding the restrictions on items in Section D, Annex A of the Decision of 30 May 1959. It was the hope of his Government that the Federal Republic would announce in the near future the liberalization of the items for which an agreed liberalization date had been specified. As regards the restrictions on items for which no agreement had been reached, it was hoped that bilateral consultations would be resumed with a view to the early removal of the remaining restrictions.

Mr. VALLADAO (Brazil) noted that considerable progress had been made by the Federal Republic in the removal of the restrictions. However, his delegation was disappointed at the lack of any indication of the date on which the remaining restrictions would be eliminated. He welcomed the assurance by the German delegation that the Federal Republic was willing to enter into consultations with any contracting party affected by the maintenance of the remaining restrictions. It was the hope of his delegation that such consultations would take place shortly, with the result that the Federal Republic would see its way clear to eliminate the remaining restrictions.

Mr. GRIFFITH JOHNSON (United States) suggested that the CONTRACTING PARTIES might continue the past practice of appointing a working party to consult with the Federal Republic on the implementation of the waiver Decision. His delegation welcomed the progress made in recent years by the Federal Republic in removing restrictions on imports, particularly those on items in Annex A to the Decision of 30 May 1959. In many instances relatively liberal access had been provided for imports of non-liberalized items. It was regretted that greater progress had not been made on the removal of restrictions on items listed in Annexes B, D, and E of the Decision. While the Decision established a regular schedule for the relaxation of restrictions only on Annex A and on Annex C items, it had always been the understanding of his delegation that the restrictions on other items would be removed as quickly as possible, and

not retained beyond the date of the expiration of the waiver. His Government had hoped to see the elimination of all discrimination against all contracting parties. It was a disappointment that the fourth annual report of the Federal Republic did not announce plans for the removal of the remaining import restrictions as these would be inconsistent with the provisions of the General Agreement if maintained beyond the end of the twentieth session. His delegation strongly urged that the Federal Republic announce such plans. With this objective in view, his delegation was looking forward to a detailed discussion of the remaining restrictions in the working party which it assumed would be established for this purpose.

Mr. JOSHI (India) expressed disappointment over the fact that even after a lapse of more than three years, the Federal Republic had not found it possible to dismantle all the import restrictions. It was appreciated that considerable progress had been made in the removal of the restrictions on a wide range of products, but it was to be hoped that this would soon apply to all imports into the Federal Republic. In particular, his delegation was concerned by the continued maintenance of restrictions on jute goods and on coir products. He noted with satisfaction that sewing machines would soon be liberalized. There was a considerable imbalance of trade between India and the Federal Republic; imports were almost five times the level of exports, and the maintenance of restrictions by the Federal Republic intensified this undesirable situation. His delegation was therefore particularly appreciative of the reaffirmation that liberalization would continue. There did not appear to be any logical explanation for the maintenance of the remaining restrictions, particularly on simple manufactures. The imports affected by the restrictions represented only a small proportion of the trade of the Federal Republic, but affected a high percentage of the exports of the less-developed countries and hindered the implementation of their development plans by limiting their export possibilities. It was to be hoped that the end of the waiver would mean the end of the restrictions. Referring to the conclusion of the Long-Term Arrangements regarding International Trade in Cotton Textiles, he said that this type of agreement could be repeated for other commodities with beneficial results.

Mr. WARREN (Canada) said that his delegation was encouraged to note the further liberalization measures undertaken since the third report was considered by the CONTRACTING PARTIES. He expressed disappointment that a number of items still remained under restriction, and noted that some of these were of significance to Canadian trade. His delegation was prepared to join in the examination of the remaining restrictions in a working party, and hoped that the delegation of the Federal Republic would be able to provide the working party with details regarding plans for the elimination of these restrictions.

Mr. BAIG (Pakistan) pointed out that waivers of the type granted to the Federal Republic were, by their very nature, exceptions to the rules of the General Agreement. The maintenance of restrictions for reasons other than balance-of-payments difficulties was not to be condoned. It was important that countries granted such waivers should eliminate the restrictions within the time-limit prescribed.

Mr. CORKERY (Australia) expressed the concern of his delegation over the maintenance of the restrictions by the Federal Republic. The matter was not only a matter of principle, but also one of reduced export earnings caused by the maintenance of these restrictions. He emphasized that the granting of the waiver to the Federal Republic had been a concession by the CONTRACTING PARTIES to the Government of the Federal Republic, and contracting parties had looked forward to the termination of the waiver and the total elimination of the restrictions, at the end of the current session. While considerable progress had been made in the removal of the restrictions, it was still necessary to determine the position with regard to the apparent wish of the Federal Republic to maintain restrictions on a range of products beyond the expiration of the waiver. His delegation assumed that this matter would be the subject of consultation and examination by a working party.

Mr. DATSON (New Zealand) noted that there were a number of interesting points, contained in the statement of the delegate of the Federal Republic, which would bear further examination. The New Zealand delegation was concerned that several products still remained under restriction at a time when termination of the waiver was imminent. This was inconsistent with the provisions of the General Agreement. While it was recognized that progress had been made in the liberalization of industrial goods and of some agricultural products, relaxation of the latter had been of a very marginal nature. This was a matter of major concern to his delegation, particularly since no specific programme had been given for the progressive elimination of the remaining restrictions. Further, it was premature to speculate on the implementation of the Common Agricultural Policy. The waiver provided that restrictions maintained on the products affected by them should be administered in such a way as to impose no practical impediment to imports from any contracting party, and that these products should be subject to unlimited global tender arrangements, without restrictions as to quantity or source of supply. The quotas provided for imports of agricultural products had thus far been unrealistically small, to the detriment of New Zealand's trade. Moreover, under the waiver, the Government of the Federal Republic had undertaken to establish conditions which would afford increasing opportunities of access to the German market for the products concerned. The Federal Republic had also undertaken to keep the restrictions under constant review and to use its best endeavours to remove such restrictions at the earliest possible date. It was a serious matter when non-compliance with the terms of an internationally-negotiated agreement was imminent; rights, concessions and obligations would not remain in balance. The relaxation of the restrictions could mean a great deal to exporting countries, and his delegation hoped that a working party would be established to seek a solution to the problem.

Mr. BOSCH (Uruguay) referred to the recourse to Article XXIII by his Government in respect of the restrictions maintained by the Federal Republic. An examination by the Panel on Uruguayan Recourse to Article XXIII of the

status of the measures in terms of Germany's GATT obligations had shown that import permits and quota restrictions on a number of products of interest to his country's trade had been maintained under the waiver. It was to be hoped that restrictions on these and on the other items covered by the waiver would cease once the waiver expired.

The CHAIRMAN noted that the remarks made by many delegations reflected a wide measure of disappointment at the report made by the Federal Republic. Most delegations appeared in favour of the establishment of a working party to look into the matter. He therefore proposed that a working party be established with the following composition and terms of reference:

Terms of reference:

"In the light of the submissions by the Government of the Federal Republic of Germany, to carry out the consultation under paragraph 3 of the Decision of 30 May 1959 and to submit a report to the CONTRACTING PARTIES."

Chairman: Mr. A. Weitnauer (Switzerland)

Members:

Australia	Germany (Fed. Rep. of)	Norway
Austria	Greece	Pakistan
Brazil	India	Sweden
Canada	Israel	United Kingdom
Czechoslovakia	Japan	United States
Denmark	Netherlands, Kingdom of the	Uruguay
France	New Zealand	

This was agreed.

7. Federation of Rhodesia and Nyasaland - customs treatment for United Kingdom territories (L/1884)

Mr. CAWOOD (Rhodesia and Nyasaland) presented his Government's second annual report under the Decision of 19 November 1960. He said that his Government felt that action taken thus far had been within the terms of the waiver. His Government wished to have further recourse to the provisions of the waiver, and a list of the products affected had been distributed on 5 October 1962 in Airgram 304. In compliance with the terms of the waiver, his Government had advised the Governments of the United Kingdom, South Africa and Japan, countries considered to have a substantial interest in the items affected, and stood ready to consult with any other contracting party which claimed to have a substantial interest in the list of products.

The CHAIRMAN said that the statutory thirty days had not yet expired during which, in accordance with the procedures laid down in the Decision of 19 November 1960 any contracting party which considered that this action was likely to cause material damage to its commercial interests, and which wished to enter into consultations with the Federation, should request and conduct such consultations with the least possible delay.

Mr. JOSHI (India) said that his Government wished to consult with the Government of the Federation of Rhodesia and Nyasaland regarding the items listed in the airgram under reference.

The CHAIRMAN said that the request of the delegation of India would be noted.

The CONTRACTING PARTIES took note of the report submitted by the Federation of Rhodesia and Nyasaland.

8. Uruguayan import surcharges (L/1883)

Mr. BOSCH (Uruguay) recalled that by the Decision of 8 May 1961 the CONTRACTING PARTIES decided to waive, subject to the terms and conditions laid down in the Decision, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Uruguay to apply to those items specified in Schedule XXXI the import surcharges provided for in its Decree of 29 September 1960, as a temporary measure taken as part of its stabilization and development programme. The terms and conditions of the waiver included the requirement that his Government should submit each year a report on action taken to reduce or to eliminate the surcharges maintained under the Decision, and on the circumstances which still justified the application of the surcharges not yet eliminated. Since the last report was submitted, developments had not been sufficiently favourable to permit the termination of the measures taken. During the recent consultation under Article XII:4(b) in the Committee on Balance-of-Payments Restrictions, his delegation had explained that although exports had increased somewhat in 1960 and 1961, compared with the very low figure for 1959, there had nevertheless been a surplus of imports of \$195 million during these three years. The figures for the first six months of 1962 had further emphasized this trend, and for the last few years there had been a surplus during the first six months of each year, but a deficit during the latter half; in all likelihood this pattern would be repeated in 1962. Uruguay was experiencing difficulties in trying to find markets for its export products, and plans to accelerate economic development entailed some short-term difficulties since the development programme had been implemented in unfavourable balance-of-payments circumstances. It had been found necessary to introduce arrangements whereby imports of non-essential and luxury goods could be limited and the foreign exchange available used for the importation of goods necessary for the development of the country.

The problem had been aggravated by the fact that the average price for meat had fallen in the early months of 1962; and the influx of tourists which formed an important source of income for Uruguay had recently decreased to an unusual extent. It was the hope of his Government that the adverse factors affecting the present economic situation would soon be overcome, thus enabling the reduction or elimination of the surcharges in question.

The CHAIRMAN referred to paragraph 4 of the terms and conditions attached to the waiver which required the Government of Uruguay to consult with the CONTRACTING PARTIES each year as to the nature of its balance-of-payments difficulties, alternative corrective measures which might be available, and the possible effect of the surcharges on the economies of other contracting parties. In this connexion the CONTRACTING PARTIES were required by Article XV to consult with the International Monetary Fund, and he therefore invited the representative of the Fund to make a statement.

Mr. HEBBARD (International Monetary Fund) said that when this matter was considered by the Council a year ago, the Fund expressed the view that if the Uruguayan Government's stabilization policies continued to be successful, it could be expected that the balance of payments and fiscal need for import surcharges of the magnitude maintained would be considerably diminished. He recalled that the Committee on Balance-of-Payments Restrictions, at its last meeting, had available to it the background paper and the Executive Board Decision relating to the Fund's last consultation with Uruguay. The Decision reflected a continued improvement in Uruguay's internal and external position, but emphasized that the maintenance of fiscal and monetary stability was essential for a higher rate of growth and the strengthening of the balance of payments. Various factors had exerted pressure on the Uruguayan peso in the exchange market; between April and September 1962 the gain in reserves in the previous fifteen months had been eliminated. On 3 October 1962, the Fund had entered into a twelve-month stand-by arrangement with the Uruguayan Government, authorizing drawings up to the equivalent of \$30 million. In announcing the stand-by arrangement, the Fund had said that it should help to restore confidence in the Uruguayan peso and to strengthen the efforts of the Uruguayan authorities to maintain a stable exchange rate in conditions of domestic economic stability. In view of the recent heavy pressure on the Uruguayan currency in the exchange market, and the losses of reserves in the immediate past, the general level of the surcharges did not appear to be more than was necessary at present to stop a serious decline in Uruguay's foreign exchange reserves. It was hoped that the Uruguayan stabilization programme would be successfully pursued so that there would be an early recovery of the balance of payments and a reduction in the need for further retention of the surcharges.

There being no discussion, the CONTRACTING PARTIES took note of the report submitted by the Government of Uruguay and agreed that the summary record of the meeting would constitute the report on the consultation.

9. Fellowship programme (technical assistance) (L/1881)

The CHAIRMAN said that the Executive Secretary had presented a report in document L/1881 on the operation of the secretariat programme for providing training courses for officials from less-developed countries holding fellowships from the United Nations Technical Assistance Organization. The report contained information on the courses on foreign trade and commercial policy which had been held in Dakar and in Dar-es-Salaam. Furthermore, during the year, the Executive Secretary had arranged for technical assistance in connexion with commercial policy problems to be given to certain newly-independent States in accordance with the plan approved by the CONTRACTING PARTIES at the eighteenth session.

The EXECUTIVE SECRETARY, in presenting his report, said that under the programme, positive action had been taken at the request of individual governments. The nature of the programme was described in the report. With new projects of this kind there were bound to be certain difficulties of an administrative nature which would be overcome in time. The GATT was deeply indebted in carrying out this programme to the other organizations which had contributed in a large measure to make the programme possible. After consultation with the ECA and the UN Technical Assistance Organization, it had been possible to arrange to carry out two short training courses in Africa, one in French Speaking West Africa and another in English speaking East Africa. For this purpose, the secretariat was fortunate in being able to secure the services of the former Deputy Executive Secretary, Mr. Royer, who was accompanied by another senior officer. The course involved the participation of officials from a number of African countries. On the matter of in-service training, the fourteenth course was now underway; judging from the continued demands from many governments to have their nationals participate, it could be assumed that the course was performing a useful and important service. The course was under constant review and careful account was taken of suggestions submitted by fellows taking part in it in order to introduce improvements in the operation of the programme. In accordance with a suggestion made by the Ghana delegation at the last session, selected fellows had been allowed to continue to work with the secretariat for a period beyond the training course; this practice would be continued in future.

A new feature of the assistance programme was the visits arranged to certain developing countries or areas. For example, a particularly valuable part of the programme was visits made to Greece and Israel and to the southern part of Italy. He expressed thanks to the governments which had made these visits possible. In particular the Government of Israel had made a valuable contribution to the success of the programme. Certain difficulties had been experienced in respect of financing these trips. He therefore wished authority from the CONTRACTING PARTIES to seek approval from the Council to make some additional contribution from the budget of the CONTRACTING PARTIES for that purpose. The amounts involved would be marginal, but would be of importance in giving the greatest efficacy to the programme, which would certainly justify the expenditure involved. Concerning the provision of advice to

newly-independent countries on problems of commercial policy, one important project had been carried out in the provision of advice to the Governments of Dahomey and of Niger. The Government of Somalia had also been given assistance on urgent commercial policy problems and wished to receive further advice both on policy and on technical matters. He was at present defining with the Somali authorities the scope of the services which were required. A request from the Government of Singapore had been met by the provision of an expert to organize a course for officials there on the GATT and on problems of commercial policy. In general, in his view, the response to the offer which the CONTRACTING PARTIES had made to render assistance to the governments of newly-independent countries was most encouraging.

Mr. WARREN (Canada) said that his delegation was pleased to note that the fellowship programme was contributing practical technical assistance to the less-developed countries. He congratulated the secretariat on the success of the programme. He noted that most of the assistance had been rendered to African States. It was gratifying to see that the in-training courses had been well attended. In the view of his delegation, within the limits permitted by the budget, these activities warranted the support of the CONTRACTING PARTIES.

Mr. WITT (Poland) expressed the appreciation of his delegation for the success of the programme in which his Government participated. Programmes of this type were particularly useful in contributing to mutual understanding.

Mr. VAVAL (Haiti) said that his delegation had great interest in the fellowship programme and congratulated the Executive Secretary on the excellent results achieved. He suggested that the secretariat might examine further with the UN Technical Assistance Organization the possibility of expanding the programme. His Government hoped that an official from Haiti would be able to participate in the course.

Mr. BAIG (Pakistan) noted that fellowships had not been granted to candidates from Pakistan for the past four years. It was the hope of his Government that a Pakistani fellow would be able to participate in the course commencing in March 1963.

Mr. STEDTFELD (Federal Republic of Germany) said that his Government had followed with great interest the action taken by GATT in the field of technical assistance. His Government would be pleased to continue to receive fellows in Bonn, as it had in the past, and to discuss with them problems of commercial policy. The progress made thus far under the programme should encourage other contracting parties to provide similar opportunities. His delegation wished to support the suggestion by the Executive Secretary for short seminars to be held for senior officials in matters of commercial policy.

Mr. KRUNIC (Yugoslavia) said that much importance was attached by his Government to the fellowship programme. He expressed satisfaction at the progress achieved, and hoped that the programme would be enlarged.

Mr. BOSCH (Uruguay) noted the progress achieved in this field. It was the hope of his Government that fellows from more Spanish-speaking countries would be able to benefit from the courses offered in future.

Mr. DARKO-SARKWA (Ghana) expressed the appreciation of his Government for the opportunities provided by the in-service training scheme. The fellowships enabled trainees to obtain a broader perspective of trade policy and trade intelligence than would otherwise be possible. The importance played by trade policy in economic development could not be over-emphasized. Trade policy was destined to play an increasingly important rôle in such development; therefore the fellowship programme would increase in importance in the years ahead. His Government had availed itself of opportunities offered under the programme over the past four years, and it hoped to be able to continue to do so in future. His delegation wished to suggest that the trainees might acquire a great deal of expertise from their attachment to the secretariat if, during the period of their training, a certain degree of responsibility was given them by assigning to them specific duties as temporary staff members. It was evident that the fellowship programme and in particular the in-service training, was quickly becoming one of the most important functions of the secretariat.

Mr. JOSHI (India) congratulated the secretariat on the success of the programme, particularly the courses held in Africa. He expressed the hope that these courses could be expanded to encompass other regions. He expressed support of the proposal that the programme be expanded to include short courses in commercial policy for senior officials. It was to be hoped that more support would be forthcoming for the entire programme from the UN Technical Assistance Organization.

Mr. KAUFMANN (Netherlands) expressed appreciation for the success of the programme. He suggested that the secretariat might examine further the possibility of full membership for the GATT on the UN Technical Assistance Board. Such membership would confirm the importance of commercial policy in the field of technical assistance and might help solve the problem of additional financing required for expanding the programme.

Mr. CAMPBELL (Australia) said that his Government also supported the programme and hoped that, within the limits of practical budgetary considerations, this work could be advanced. In particular, it was desirable that the geographical coverage of the programme be extended.

Mr. SVEC (Czechoslovakia) said that his Government attached great importance to the fellowship programme, and welcomed the visits of fellows to Prague at the close of each course. His delegation hoped that the trainees found useful the explanations given on the Czech system of State trading.

Mr. BARTUR (Israel) said that his Government attached the greatest importance to the matter of technical assistance. His delegation warmly supported the proposal of the Executive Secretary to discuss with the ECA and

with the UN Technical Assistance Board the further courses for 1963. He believed that it would be beneficial to hold the courses in different countries each year, and to extend the length of the courses. The proposal for short seminars for senior officials was an excellent one. It was to be hoped that different contracting parties would come forward to offer facilities to make these arrangements possible.

The representatives of AUSTRIA, GREECE, NIGERIA, TANGANYIKA, TURKEY and TUNISIA and the observers from SOMALIA and MADAGASCAR expressed the appreciation of their Governments for the success of the fellowship programme and hoped that it would continue and be expanded in future.

The EXECUTIVE SECRETARY said that he had taken note of the various points raised in connexion with the programme. These would be taken into careful consideration in the formulation of the programme for 1963.

The CHAIRMAN said that the discussion had shown a wide degree of support for the programme and that agreement was evident that similar arrangements should be made for 1963.

The meeting adjourned at 5.45 p.m.