

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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CONTRACTING PARTIES
Twentieth Session

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SUMMARY RECORD OF THE SEVENTH MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 7 November 1962, at 2.30 p.m.

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

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1. Residual import restrictions - Review of the "hard-core" waiver

The CHAIRMAN recalled that at the third meeting he had enquired whether the CONTRACTING PARTIES wished an extension of the Decision of 5 March 1955 concerning problems raised for contracting parties in eliminating import restrictions maintained during a period of balance-of-payments difficulties.

Mr. AOKI (Japan) said that as his country was not entitled to apply the "hard-core" waiver, his delegation had not asked for its extension. However, there were certain contracting parties like Japan which were expected to solve their balance-of-payments difficulties and it was hoped that any requests for waivers in this respect under Article XXV would be given favourable consideration by the CONTRACTING PARTIES.

The CONTRACTING PARTIES agreed that the validity of the Decision of 5 March 1955 should not be further extended.

2. Trade in cotton textiles (L/1813 and Add.1)

The CHAIRMAN recalled that at the nineteenth session the CONTRACTING PARTIES had appointed a Committee to seek a long-term solution for the problems in international trade in cotton textiles. The Executive Secretary had presided at the meetings of the Committee.

The EXECUTIVE SECRETARY recalled that he had reported to the nineteenth session on the conclusion of the Short-Term Arrangement on international trade in cotton textiles covering the period 1 October 1961 to 30 September 1962, and had indicated to the CONTRACTING PARTIES the desire of the parties to the Short-Term Arrangement to negotiate the conclusion of a long-term arrangement which would enter into force as soon as the Short-Term Arrangement expired. On that occasion, at the request of the contracting parties concerned, the CONTRACTING PARTIES had established the Cotton Textiles Committee, the principal purpose of which was to provide a forum for the negotiation of this longer-term arrangement. The Committee met from 29 January to 9 February and succeeded in reaching agreement on the text of a long-term arrangement which was based upon the principles set out in the preamble to the Short-Term Arrangement. However, the Long-Term Arrangement represented an advance on the Short-Term Arrangement by specifically recognizing the necessity of providing an expanding market for the exports of cotton textiles from the developing countries and from Japan.

The Executive Secretary remarked that the negotiation of the Long-Term Arrangement was not an easy task and the spirit of compromise which permitted agreement to be reached was something he thought the CONTRACTING PARTIES would want to note with satisfaction, particularly since the questions and problems involved concerned an area of very great political and commercial sensitivity. This comment applied particularly to the attitude taken by the exporting countries, since they were asked to accept a proposition which could not have been entirely palatable to them, but which they did accept, partly because of their desire to contribute to a constructive international approach to problems of this kind, and partly in the confidence that any facilities which might be provided by the Long-Term Arrangement for restricting trade would be exercised with very great reluctance and caution by the importing countries. The text of the Long-Term Arrangement had been distributed to all contracting parties in document L/1813. This document also contained certain understandings reached by the Committee during the negotiation of the Arrangement. A certified copy of the final text of the Arrangement had also been circulated to the CONTRACTING PARTIES. The Committee had held three further meetings since it drew up the Long-Term Arrangement and reports on these meetings had been distributed to all contracting parties in documents L/1854, L/1875 and COT/M1. The main purpose of these further meetings had been to clear up a number of matters prior to the entry into force of the Arrangement on 1 October 1962, and in particular to settle certain questions on Annex A of the Arrangement which related to the undertaking by those importing countries maintaining restrictions on cotton textile imports, to increase their imports gradually by a specific percentage. There were also certain questions to be settled in connexion with some special protocols which were to be attached to the Arrangement.

Continuing, the Executive Secretary said that he would in due course distribute a certified copy of the Arrangement as a whole; it was also intended, in view of the importance of the matter, to publish the Arrangement, together with the Record of Understandings in the form of a printed document which would be made available to the general public.

The Long-Term Arrangement entered into force on 1 October 1962 and at present twenty-one countries were parties to the Arrangement. This number included the United Arab Republic, which had acceded in accordance with the terms of the Arrangement, although that country was not yet a contracting party to the General Agreement. At its next meeting, which would probably take place during the course of the present session, the Cotton Textiles Committee would consider applications for accession to the Arrangement from certain countries which were also not contracting parties to the General Agreement, specifically Mexico and Colombia. Now that the Long-Term Arrangement had entered into force the constitution of the Cotton Textiles Committee was somewhat changed in the sense that it now depended upon the text of Article 8 of the Long-Term Arrangement.

The Executive Secretary then summarized the provisions relating to the functions and constitution of the Cotton Textiles Committee as they appeared in Article 8. He stressed that the Long-Term Arrangement should not be regarded as necessarily the best way of dealing with the textile problem in the long term. He hoped the Cotton Textiles Committee would serve a constructive rôle in the longer term by keeping the question of trade in cotton textiles under constant review with a view to reaching perhaps, by international discussion and understanding, arrangements which would avoid the restrictive character which still dominated the context of the Long-Term Cotton Textile Arrangement. He also hoped that during the five-year period of the Arrangement, steps might be taken by governments to deal with the special problems which arose in the field of cotton textiles so that a further Arrangement on cotton textiles would not be necessary.

The Executive Secretary said that certain considerations relating to the less-developed countries which were set out in the preamble to the Arrangement were of basic importance, as a background to and as an understanding of the Cotton Textile Arrangement. The second paragraph of the preamble contained the fundamental principle underlying its negotiation. In this paragraph the parties to the Arrangement recognized that co-operative and constructive action in the development of world trade in textiles should be designed to facilitate economic expansion and promote the development of the less-developed countries possessing the necessary resources, such as raw materials and technical skills by providing larger opportunities for increasing their exchange earnings from the sale in world markets of products which they could efficiently manufacture. Further, Article I of the Arrangement stated that in the opinion of the participating countries it might be desirable in the next few years to apply special measures of international co-operation which would assist in any adjustment required by changes in the pattern of world trade in cotton textiles. This clearly showed that the Arrangement was not designed to freeze or perpetuate existing conditions but to facilitate adjustments which might be necessary to deal basically with the situation over the longer term. This would be an important task of the Cotton Textiles Committee to follow and he hoped the Committee would be able to influence developments in a positive direction over the next few years.

Mr. ZAMAN (Pakistan) referred to the reservation attached by the United Kingdom to its acceptance of the Long-Term Arrangement and to Pakistan's objection to the reservation. He pointed out that the Arrangement provided that if imports of cotton textiles from one participating country into another caused or threatened to cause disruption, the importing country might consult with the exporting country concerned with a view to removing or avoiding such disruption. In its request for consultation, the importing country might indicate the specific level at which it considered that exports of such products should be fixed, and would be a level not lower than the one indicated in Annex A of the Arrangement, and which would be increased annually by 5 per cent. The Cotton Textiles Committee, in its meetings from 29 January to 9 February 1962, drew up a Record of Understandings (L/1813) pertaining to the Arrangement, and agreed therein that exemptions would be covered by individual protocols, further, that any country which fulfilled the criteria laid down in paragraph 35 of the Record of Understandings might attach a reservation to its acceptance of the Arrangement. If by 1 October none of the participating countries which had accepted the Arrangement raised an objection without themselves having entered reservations, the reservation would be deemed valid. The Committee, while agreeing that the United Kingdom's case fully met the criteria, came to no final conclusion as regards any particular country and finally decided to accept the procedure he had mentioned. In accordance with the procedure, the United Kingdom attached a reservation to its acceptance of the Arrangement, as stated in document L/1811. The reservation stated that the United Kingdom accepted no obligation to increase access to the United Kingdom market under the provisions of paragraphs 1 and 3 of Article 2 and paragraphs 2 and 3 of Annex B of the Arrangement.

Pakistan formally informed the Executive Secretary of its inability to accept the United Kingdom's reservation before 1 October 1962, the date on which the Long-Term Arrangement entered into force. This decision was taken after a very careful consideration of all the issues involved. On this occasion he would not discuss the question of the validity of the reservation or the wording of the Protocol containing the United Kingdom's reservation. The point he wished to make was one of principle. One of the basic objectives of the Long-Term Arrangement was to facilitate trade expansion by providing access to markets for the cotton textile exports of the less-developed countries. Pakistan had a large and growing imbalance of trade with the United Kingdom. In 1955-56 Pakistan had a debit of a little over US\$2 million with the United Kingdom; this had risen to more than US\$45 million in 1960-61. At the same time Pakistan's textile industry was one of the most important means for rectifying this imbalance. In the circumstances therefore the imposition of new restrictions on the exports of cotton textiles to the United Kingdom would be detrimental to Pakistan's entire development effort. Pakistan's cotton textiles trade with the United Kingdom had been regulated so far by a voluntary limitation agreement which provided for a specific quantity of cotton fabrics to be exported to the United Kingdom. This agreement did not involve any restrictions on cotton yarn; the Long-Term Arrangement however covered both cotton fabrics and yarn.

An essential feature of the Long-Term Arrangement was the recognition very rightly extended to the element of growth envisaging an annual percentage increase. The net effect of the United Kingdom reservation would be to nullify this growth element and it was to this that the Government of Pakistan had objected. The quantities involved were so small that the possibility of disruption in the sense of the Long-Term Arrangement did not exist, particularly in view of the fact that the United Kingdom had been currently importing textiles from non-traditional sources in considerable quantities. The reservation made by the United Kingdom had to be viewed against the background of the intents and purposes of the Long-Term Arrangement, particularly Article I which envisaged special measures of international co-operation which would assist in any adjustment which might be required by changes in the pattern of world trade in cotton textiles. Such an adjustment was not facilitated by the United Kingdom reservation. Paragraph 4 of Article 2 provided that the participating countries should administer their remaining restrictions in an equitable manner and with due regard to the special needs and situations of the less-developed countries. The United Kingdom's reservation was not in conformity with the requirements of this paragraph. Finally, the principle of paragraph 5 of Article 2 recognized that when a specific basic quota was nil or negligible the quota for the succeeding year would be established at a reasonable level. Pakistan requested this reasonable rate of growth and the United Kingdom's reservation would deny it. It was on these grounds that his delegation had felt it necessary to register a formal objection to the United Kingdom's reservation.

Mr. AOKI (Japan) said that it was of great significance that solutions had been reached in line with the basic objectives of the General Agreement in such a way as to provide growing opportunities for exports of cotton textiles while avoiding disruptive effects both in importing and in exporting countries. He emphasized that the Arrangement had been formulated on the basis of a balancing of rights and obligations between exporting and importing countries. The Japanese Government would abide by the provisions of the procedures as set out in the Arrangement so that development of its trade would proceed in a reasonable and orderly manner. It was the strong wish of the Japanese Government that the importing countries would not take any action which would nullify the basic objectives of the Long-Term Arrangement.

Sir EDGAR COHEN (United Kingdom) said that he hoped the impression had not been held that the United Kingdom had embarked on a particularly restrictive policy with regard to imports of cotton textiles. The United Kingdom imported from the developing countries some 30 per cent of its total consumption of cotton textiles. This figure represented a performance greatly in excess of that of any other contracting party, and it was also the case that the United Kingdom's imports of textiles alone from the developing countries amounted to as much as the total imported by all other industrialized countries taken together. It could therefore be seen that the United Kingdom could not afford indefinitely to go on increasing its imports while other countries were lagging so far behind. Other countries, members of the Long-Term Arrangement should increase their imports gradually and if they experienced market disruption they could invoke the Arrangement, as the sole time-introducing component of growth.

His delegation had made it clear in the Cotton Textiles Committee that it could not accept any growth formula. The criteria for this were drawn up and the United Kingdom's case satisfied the criteria. At no stage in the Cotton Committee meetings when the Arrangement was being negotiated did the delegation for Pakistan object to the United Kingdom's position. It was only at the very last moment that this sudden difficulty emerged. With regard to the particulars of the United Kingdom's bilateral problem with Pakistan, the United Kingdom had for several years through its inter-industrial arrangements, increased imports of cloth from Pakistan. The present figures offered to Pakistan were considerably ahead of 1961 and they were ahead of anything so far performed by the Pakistani industry. In that sense these arrangements were not restrictive. With regard to yarn, the United Kingdom had not hitherto restricted trade in this product; there had only been a switch from yarn imports to cloth imports, which was to the advantage of the exporting countries. The developing countries undertake more manufacture in their own countries and export more fully-manufactured articles rather than raw materials and semi-manufactures. Thus the switch from yarn to cloth was a good thing for Pakistan. Nevertheless, the United Kingdom had offered a quota for yarn to Pakistan which was more than double what Pakistan was at present exporting to the United Kingdom. If the United Kingdom's example were emulated by other countries it would not have been necessary to negotiate a Cotton Textile Arrangement, nor would there be any problems for cotton textile exporters in the developing countries. It was because of restrictions imposed by other countries that so much of this trade had been forced onto the United Kingdom's market causing the difficulties which obliged the United Kingdom to attach its reservation to the Long-Term Arrangement

Mr. MATHUR (India) said that the attitude of his country to the Long-Term Arrangement and the reasons which had led it to become a party to the Arrangement had been stated in the past. India had always considered that its export of cotton textiles had neither created nor threatened to create market disruption in any country. His delegation had nevertheless recognized in the course of the discussions which had taken place that apprehensions and anxieties regarding imports of cotton textiles had led to pressures for restrictive action by importing countries under the plea of so-called market disruption. This concept had also served as an excuse for the maintenance of restrictions for which there was no justification under the GATT. His delegation looked to the Long-Term Arrangement as providing an assurance of safeguarding action should a situation of so-called disruption arise. This would enable countries which did not maintain restrictions to continue their policy of allowing free entry to textiles as well as allowing other countries at present maintaining import restrictions rapidly to remove these restrictions. The Long-Term Arrangement should be regarded as a "package deal" in which the exporting countries agreed to some restrictions being placed on the right of free entry under the GATT to the markets of the industrialized countries if a so-called situation of disruption arose, in return for the relaxation of the restrictions at present maintained by these countries.

The Executive Secretary had rightly drawn attention to the preamble to the Long-Term Arrangement. It was within the framework of this preamble that the Long-Term Arrangement should actually be operated in practice. In this connexion his Government was disappointed at the very meagre provision for quota increases in Annex A of the Long-Term Arrangement. On the other hand his delegation was grateful that at least one important group of countries had been able to give the assurance that the quota increases written into the Arrangement might be looked at as the maximum which could be given in writing, but that in actual practice the performance might be considerably better. In conclusion, he hoped that in the light of what was stated in the preamble and elsewhere in the Arrangement, the special needs and requirements of the less-developed countries in the actual negotiation of quotas would be given careful attention. The Government of India had ratified the Arrangement without attaching any reservation. If the reservations entered by the various signatory countries should have the effect of disturbing fundamentally the equilibrium of the Arrangement or of giving more weight to countries which sought to restrict their markets, his delegation might refer the matter to the CONTRACTING PARTIES for reconsideration.

The CONTRACTING PARTIES noted the verbal report submitted by the Executive Secretary in his capacity as Chairman of the Cotton Textiles Committee, and the statements made by delegations. They also noted that in accordance with Article 8 of the Cotton Textile Arrangement, the Cotton Textile Committee would review the Arrangement and submit annual reports.

3. Relations with Poland (L/1875)

The CHAIRMAN said that under the Declaration of 9 November 1959 on relations between Poland and individual contracting parties, the CONTRACTING PARTIES were required to review annually the implementation of the provisions of the Declaration. At the nineteenth session the task of carrying out the First Review had been assigned to the Council which had appointed a Working Party in February 1962 to perform this task. The report of the Working Party (L/1875) had been submitted to the Council at its meeting in May. The Council found that the Review had provided an opportunity for a helpful exchange of views which contributed to a better mutual understanding of the situation. The Council had recommended that the CONTRACTING PARTIES formally adopt the Working Party's report.

Mr. LACZKOWSKI (Poland) thanked the Chairman of the Working Party and expressed appreciation for the way in which members of the Working Party had carried out the Review. The Review had been a very fruitful one and had provided an opportunity for an exchange of views between the Polish delegation and other delegations. The expansion of Polish foreign trade in the first half of 1962 was substantially at the same level as in the previous year when it had increased by 13 per cent. Total imports had increased by the same percentage, and exports by about 11.5 per cent; imports from developing countries rose by almost one third in the first half of 1962. Poland recognized that its participation in the work of the CONTRACTING PARTIES was one of the best ways to achieve

mutual understanding and commercial co-operation with other countries, regardless of differences in their economic and political systems. His delegation assumed that the present status of Associate Membership by which Poland has been able to co-operate in the work of the CONTRACTING PARTIES was a transitional arrangement. His delegation hoped that the day would come when Poland would attain full membership. He referred in this connexion to the remarks made by the Chairman in his opening address regarding Article XVII of the General Agreement.

The CHAIRMAN proposed the adoption of the Report of the Working Party on the Review of the Implementation of the Declaration on Trade Relations with Poland; and that the Council be requested to carry out the second annual review in 1963.

This was agreed.

4. Provisional accession of Argentina (W.20/8)

The CHAIRMAN recalled that at their second meeting the CONTRACTING PARTIES had decided that the period of the validity of the Declaration of 18 November 1960 should be extended for a further period of two years. The Executive Secretary had been requested to prepare the text of a Procès-verbal to implement this decision; the draft text had been distributed in document W.20/8. If this draft text were acceptable, the Procès-verbal would be opened for acceptance. A draft text extending for a similar period, the decision inviting Argentina to participate in the work of the CONTRACTING PARTIES, was also contained in document W.20/8.

The CONTRACTING PARTIES approved the text of the Procès-verbal and the Decision.

5. Belgian import restrictions (L/1903)

The CHAIRMAN said that on 3 December 1955 the CONTRACTING PARTIES concurred in the maintenance by the Government of Belgium of import restrictions on certain agricultural products. This concurrence was valid for a period of five years ending 31 December 1960, but the validity for the maintenance of these restrictions had been extended for a further two years by a Decision taken under paragraph 5(a) of Article XXV. Thus the validity of the Decision would expire on 31 December 1962. The Government of Belgium had submitted an annual report each year since 1955 as required by the waiver, but since the waiver would expire within two months no report had been submitted in 1962.

Mr. LOTZ (Belgium) made a statement which was distributed in document L/1903.

Mr. DATSON (New Zealand) expressed the disappointment of his delegation that this year the Belgian Government had not found it possible to maintain the tradition of providing a report to the CONTRACTING PARTIES. In the absence of this report it was difficult to assess accurately what progress had or had not been made in implementing the requirements of the waiver. For this reason the New Zealand delegation would not comment at this stage on matters of substance and proposed that a working party be set up to enable more detailed clarification of the facts.

Mr. WELLS (United States) said that in the absence of a written report there had been no opportunity fully to consider the statement made by the representative of Belgium, and he therefore considered that the suggestion made for the establishment of a working party to examine the matter further was a useful one. It was noted that the Belgian Government did not intend to seek an extension of the waiver on its expiry at the end of 1962, and that the Belgian delegate had not been able to announce at this time plans for the elimination of the restrictions which would remain after the waiver expired. The report submitted by the Belgian Government at the nineteenth session had contained the assurances of the Belgian Government that all appropriate action would be taken so as to enable it to remove by 31 December 1962, all the restrictions which had been authorized by the waiver. In the same report, where there was specific reference to fruits and vegetables, the Belgian Government stated its endeavour to protect the interests of exporting countries by making changes in the periods during which imports were prohibited. The hope was expressed that this particular sector would be liberalized by the end of the present year, and the United States delegation had fully expected that these assurances would be met. It was particularly disappointing therefore to hear that something less than the complete removal of restrictions was now in view upon the termination of the waiver.

Reference had been made to the transition from a national import régime to the common agricultural policy of the European Economic Community. The United States Government supported the principle of a common agricultural policy for the Community, and also recognized that many problems would be encountered in the implementation of such a policy. However, the Community's trade with third countries in fruits and vegetables in particular was not yet covered by an acceptable common policy. Whatever the effect the adoption of such a policy in the future might have, it was clear that in the meantime individual obligations of member States for trade in specific commodities remained in effect under the General Agreement. The progress made in relaxing the closed period for apples and pears during the period of the waiver, though limited, was appreciated by the United States Government. However United States exporters had been looking forward to the time when import restrictions would be entirely removed. Prompt action was particularly important in the case of seasonal restrictions such as those for apples and pears. In the absence of such action, following the expiration of the waiver on 31 December of this year, the United States intended to request immediate consultations with the Government of Belgium under the appropriate provisions of Article XXIII of the General Agreement.

Mr. CORKERY (Australia) said that when the waiver was granted to Belgium seven years ago it was with the understanding and expectation that the restrictions would be eliminated by the expiry of the waiver. His delegation was disappointed that some restrictions still remained and that where they had been eliminated they had been replaced by a system which had an equivalent restrictive effect. It was also possible that some bound items were covered by the restrictions which remained. The delegate for Belgium had said that the deterioration of world trade in some agricultural products coupled with the situation in Belgium was a major factor which had precluded the Belgian Government

from moving forward in the way originally envisaged. Perhaps there was some connection between the deterioration of trade in agricultural products and the restrictive régime in Belgium. His delegation supported the establishment of a Working Party for studying the matter especially in view of the fact that Belgium had not supplied a written report.

Mr. WARREN (Canada) said like other delegations the Canadian delegation, while understanding the difficulties of some of the problems faced by the Government of Belgium, could not help feeling a certain disappointment that after such a long time so many of the restrictions remained. Some of these restrictions related to important elements of Canadian trade including the fisheries sector. The fact that the restrictions might not be removed by the time the waiver expired re-enforced the interest expressed previously by his delegation on the need for adequate reporting procedures and capacities for review within the CONTRACTING PARTIES of residual import restrictions. His delegation also supported the establishment of a working party to study the matter.

Mr. LOTZ (Belgium) said that Belgium did not intend to ask for an extension of the waiver. Several delegations had expressed disappointment that certain restrictions still remained. In this connexion he emphasized that the Belgian Government at the time it had given its assurance that all restrictions would be removed by the expiry of the waiver, was convinced that this could be done. His delegation was prepared to give any further clarification or information which might be required to a working party.

The CHAIRMAN proposed that a working party be established to examine the Belgian Waiver with the following composition and terms of reference:

Chairman: Mr. V.E. Santiapillai (Ceylon)

<u>Members:</u>	Argentina	Denmark	Poland
	Australia	Luxemburg	United Kingdom
	Belgium	Netherlands	United States
	Canada	New Zealand	

Terms of reference:

To examine, in the light of the statement by the representative of Belgium at the plenary meeting on 7 November 1962, developments under the Decision of 3 December 1955 since the nineteenth session, and to report to the CONTRACTING PARTIES before the close of the twentieth session.

This was agreed.

6. United States import restrictions (L/1895)

The CHAIRMAN recalled that a Working Party had been appointed to examine the eighth annual report by the Government of the United States under the Decision of 5 March 1955. The Working Party had submitted its report in document L/1895.

Mr. BIENMANN (Kingdom of the Netherlands) presented the Working Party's report in the absence of its Chairman, Mr. D.S. Joshi (India). He said that in reviewing action taken by the United States Government under the waiver since the last report, the Working Party noted that the United States had found it possible to remove import restrictions on a few commodities while for others import quotas had been increased. The Working Party noted that the possibility of renouncing the waiver was not at present under consideration by the United States Government on the grounds that economic conditions had not changed since the granting of the waiver so as to permit such action. Members of the Working Party had expressed considerable disappointment at the slight progress that had been made in the relaxation of import restrictions on various products covered by the waiver. The representative of the United States had provided the Working Party with information on the new Farm Bill which had recently been enacted by his Government for improving supply management for cereals. Members of the Working Party had also hoped that in Committee II opportunity would be afforded for a detailed examination of the effects of these changes in the United States legislation on international trade in the products concerned. The Working Party while appreciating the problems confronting the United States Government stressed the urgent need for more progress to be made in dismantling remaining restrictions maintained under the waiver. The working Party recognized that such progress would encourage other countries to take similar action with resulting desirable effects and on international trade generally, and would improve export opportunities for countries exporting agricultural products in particular.

Mr. WAUREN (Canada) said that while his delegation appreciated the progress which had been reported, it regretted that some relaxation had not been possible with respect to Cheddar cheese as there had been with regard to blue-mould cheese. Each year despite the efforts of the United States to reduce production, improved techniques tended to make possible the maintenance of expansion of production with even fewer producing units. It was therefore with considerable interest and perhaps some hope that his delegation had noted in the present report, a new concept of supply management which had been embodied in the recent United States agricultural legislation. So far, this concept of tighter supply management had only been enacted for cereals and the new programme would not be applicable to American production until the 1964 crop. It would be some time before the degree of success achieved under this new programme would be known. Further it had not yet been possible to incorporate the new concept of supply management into the programme of the United States Agricultural Department affecting dairy products. As could be seen from the report this was the sector in which a number of exporting countries had had a long-standing interest. It was noted that new legislative proposals were also being prepared in this direction. If such supply management were successful and were accompanied by

measures to enlarge consumption in the United States there would be some real hope for a better balance between supply and demand in that country, and the possibility would be opened for greater and more rapid progress dismantling the restrictions maintained by the United States under the waiver. The Canadian delegation would follow the development of these new programmes with considerable interest.

Mr. DAINSON (New Zealand) welcomed such progress as had been made by the United States in removing some restrictions, however, he said that the restrictions still maintained by the United States particularly on dairy products were substantially aggravating the difficulties of exporting countries on the world market. A relatively marked liberalization by the United States and a relatively small increase in its consumption would make a very large contribution in absolute terms to the improvement of world market conditions. His delegation believed that as the statistics indicated the measures maintained by the United States Government were not discouraging increased production. There was some hope, however, that as far as cereals and dairy products were concerned the implementation of the supply management concept might have some effect. His delegation would follow these practices and proposals with much interest.

The New Zealand delegation also believed that very high consumer prices particularly for dairy products played a significant part in inhibiting consumption in the United States, and that the tendencies towards increased production and reduced consumption had resulted in the build-up of excessive and embarrassing stocks. In general the situation with regard to dairy products in the United States seemed to be even more difficult than it was a year ago. There was as yet no sign of any movement towards a situation where the measures covered by the waiver would be terminated or even substantially relaxed. In this connexion his delegation found it disappointing that the final sentence of paragraph 6 of document L/1895 mentioned that the possibility of renouncing the waiver was not at present under consideration by the United States Government. This might be a matter of drafting, but the New Zealand delegation believed that the possibility of terminating or substantially relaxing the measures covered by the waiver should be under constant review by the United States Government. It was hoped, that the delegate of the United States would be able to give some assurance to this effect. The New Zealand delegation was most interested in the statement made by the representative of the United States during the Working Party's discussions that there would be an opportunity for Committee II to examine the changes in the United States agricultural policy which would result from recent farm legislation. The New Zealand delegation wished to emphasize again that many members of the GATT looked to the United States as an example and that some movement towards liberalization in removing its agricultural restrictions could well be the key to suitable action by others.

Mr. VAN MIJK (Kingdom of the Netherlands) expressed the disappointment of his delegation that the United States did not at present consider the possibility of renouncing the waiver. Such a step would have a positive influence, particularly with regard to the formation of trade and agricultural policies of other countries. His delegation was grateful to the United States delegation for the assurances they had given on the caution with which the United States would exercise the application of Title IV of Public Law 480. His delegation also

took note of the statement that when Public Law 480 Title IV agreements were contemplated, the United States would follow the same procedures as in respect of Title I agreements, where deliveries under the latter Title would cover additional demand and that consultations with principally interested countries would be held. His delegation would be grateful if the United States would provide opportunities for more detailed examination of the changes in the United States agricultural policies on trade, within the context of Committee II.

Mr. WEISS (United States) said that his delegation appreciated the friendly, considerate and objective examination of this annual report under the Waiver Decision, and had listened carefully to the views expressed by representatives of various contracting parties during the discussion. The report of the Working Party also reflected the feeling of its members on specific points covered by the examination. His delegation also took note of the suggestion that the United States Government should consider the relinquishment of its waiver. In this connexion the point of the New Zealand representative with respect to the language in the Working Party report would appear to be well taken; and he was inclined to think that the drafting of the report could have been improved in this respect. The United States delegation, of course, did not intend to preclude consideration being given to the possibility of relinquishment of the waiver. The views and reactions expressed in the Working Party report and in the present discussion, including the suggestion for consideration of the possibility of renouncing the waiver, would be brought to the attention of appropriate officials in the United States Government for their consideration. The United States delegation shared the expressed interest in striving for progress towards the greatest possible measure of trade liberalization. Meanwhile, he wished to assure the CONTRACTING PARTIES of his Government's intention to adhere in the future - as it had in the past - to judicious use of the authority. The United States delegation recognized the mutual responsibility involved in the "good example" idea. In this, they hoped to contribute their full share.

Mr. PROTZEL (Peru) said that his delegation also wished to express its disappointment on the maintenance by the United States of quotas which affected Peruvian exports. However his delegation was grateful for the constructive statement made by the United States delegate and for the promises made with regard to future liberalization.

The CONTRACTING PARTIES adopted the Working Party's report.

7. Status of Protocols (W.20/6)

The CHAIRMAN recalled that at the sixth meeting it had been agreed to extend for another year the closing date for acceptance of the Protocols which were drawn up in 1955 to amend the text of the General Agreement. The Executive Secretary had now distributed the text of a draft decision in document W.20/6.

The Decision was adopted.

8. Participation of Spain in the work of the CONTRACTING PARTIES (W.20/7)

The CHAIRMAN said at the fifth meeting it was agreed to extend for a further period the invitation to the Government of Spain to participate in the work of the CONTRACTING PARTIES. A text had been prepared by the Executive Secretary and had been distributed in document W.20/7. This text provided for the extension of the invitation until Spain acceded to the General Agreement under Article XXVIII or until 31 July 1963 whichever date is earlier.

The Decision was adopted.

9. Article XXVIII - closing date for renegotiations (W.20/4)

The CHAIRMAN said that some of the negotiations, for the modification and withdrawal of concessions which were notified in 1960, in accordance with the provisions of paragraph 1 of Article XXVIII, had not been completed. The CONTRACTING PARTIES had agreed to several extensions of the closing date for the completion of these negotiations. As reported in document W.20/4, a further extension was requested.

The CONTRACTING PARTIES agreed to extend the closing date until 30 June 1963 subject, if required, to a further extension by the Council.

10. Canadian import surcharges

The CHAIRMAN recalled that at a meeting held on 11-12 July 1962 the Council had considered a communication from the Government of Canada, dated 25 June 1962 concerning the imposition by Canada of temporary import surcharges on items included in Parts I and II of Schedule V. Following discussion it was felt in the Council that the matters which had been brought forward required careful and detailed examination by all contracting parties. The Council recommended that the CONTRACTING PARTIES should undertake this examination at their twentieth session, and take whatever definitive action might be required in the circumstances which prevailed at that time. The Council also recommended that the International Monetary Fund should be invited to consult with the CONTRACTING PARTIES with respect to this question at the twentieth session.

The Chairman suggested that before the substance of this matter was debated by the CONTRACTING PARTIES, a group should be established to carry out a factual examination and to consult with the International Monetary Fund so that the CONTRACTING PARTIES could then discuss the matter in the knowledge of the facts and circumstances which existed at the present time. The terms of reference of such a group might be as follows:

"To undertake a factual examination of the temporary import surcharges imposed by the Government of Canada on items included in Parts I and II of Schedule V and report to the CONTRACTING PARTIES. In this connexion the group will consult with the IMF pursuant to Article XV."

Participation in the group would be open to all contracting parties which considered that they had an interest in this matter.

This was agreed.

The CHAIRMAN proposed Mr. SKAK-NIELSEN (Denmark) as Chairman of the Group and invited contracting parties wishing to participate in the Group to notify the secretariat by the end of the day.

The meeting adjourned at 6 p.m.