

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE SEVENTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 20 February 1970, at 10 a.m.

Chairman: Mr. SULE KOLO (Nigeria)

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Subjects discussed: 1. Report of the Council
2. Report of the Cotton Textiles Committee

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1. Report of the Council (L/3350)

Mr. THRANE (Denmark), Chairman of the Council recalled that at their twenty-fifth session the CONTRACTING PARTIES had agreed that the Council should undertake a wider range of work in order to relieve the annual sessions of the burden of a long agenda and thus enable the contracting parties to concentrate their attention on trade matters of major importance. In addition, the Council had been authorized to supervise all aspects of the work programme for the expansion of international trade agreed upon by the CONTRACTING PARTIES at their twenty-fourth session and to give appropriate guidance to the committees concerned with that co-ordinated programme.

The report of the Council now before the CONTRACTING PARTIES was the first report under this new and enlarged authority. In his view this new authority of the Council had presented the following advantages: the CONTRACTING PARTIES had been relieved of the burden of dealing with a large number of "household" items and could concentrate on the really important issues; it had made it possible for the Council when an emergency arose, as had happened a number of times during the past year to act quickly and thereby make sure that any damage to international trade caused by action taken individually was limited to the extent possible; also, the permanent delegates through the relatively regular meetings of the Council were more directly involved in the work of the GATT than was perhaps the case before.

In his opinion the Council had done a reasonable job of carrying out the tasks entrusted to it; there had been very little rhetoric and a substantial number of problems had been dealt with in a businesslike way. However, some improvement in procedures was called for. The last two meetings of the Council before the twenty-sixth session had had an overloaded agenda and contained items for which the necessary documentation had only been available immediately before the meeting. This should be avoided in the future. Under normal circumstances the Council should not accept the inclusion of an item on its agenda unless it was clear that the necessary documentation would be ready a reasonable time in advance of the meeting so as to allow delegations time for serious preparation. Obviously there would be some cases from time to time when urgent action would be needed.

Mr. Thrane referred to one matter in the Council's report on which there remained a problem. As had been noted under items 3(b) and 50 in the report, two reservations were maintained in respect of the proposed Resolution relating to concessional transactions. Since the problems involved were still under discussion he believed that the Council would want to suggest that the CONTRACTING PARTIES in approving the report of the Council refer back to the Agriculture Committee for further consideration the Resolution on Concessional Transactions.

He concluded by saying that it had been a great honour and privilege to have served as Chairman of the Council in its first year of trial and error.

The following comments were made on the report of the Council (L/3350).

Procedure

Mr. BRODIE (United States) drew attention to a shortcoming in the Council's procedures. Contracting parties under obligations to report regularly had failed to submit their reports in sufficient time for the Council to give them significant examination. Other contracting parties had failed to file reports altogether. To remedy this shortcoming he suggested that the secretariat publish a fixed schedule with firm deadlines for filing reports for examination in the Council. Should documents be filed after the deadline, the item should automatically be deferred to the next meeting.

These remarks were supported by Mr. FOGARTY (Australia), Sir EUGENE MELVILLE (United Kingdom) and Mr. BESA (Chile).

Mr. LUYTEN (European Economic Community) remarked that this procedural suggestion, aimed at obtaining an exchange of views in the Council on the basis of information submitted on regional arrangements, was a useful one. His delegation supported it in so far as it carried no new obligations.

Mr. MUSOKE (Uganda) said that developing countries would appreciate receiving guidance from the secretariat on how to prepare such reports.

The DIRECTOR-GENERAL said that the secretariat was always ready to give advice or help in the preparation of documents for developing countries. He added that the secretariat welcomed contracting parties' assistance on the necessity of observing the schedule for submission of reports.

Mr. RAIMONDI (Argentina) said that the observance of timely submission of information should be observed for all GATT documents generally. He added that his delegation, as well as all Spanish-speaking delegations, appreciated the secretariat's efforts to produce certain documents in Spanish and hoped that these efforts would be continued.

The CHAIRMAN said that the secretariat would continue to issue documents in Spanish as far as it was possible.

Item 3 - Expansion of international trade

The CHAIRMAN recalled the statement made by the Chairman of the Council in which he had said that the problems relating to the two reservations in respect of the proposed resolution on concessional transactions were still being discussed and in which he had suggested that the resolution should be referred back to the Agriculture Committee for further consideration.

Mr. LUYTEN (European Economic Community) said that it was his delegation's understanding that the two reservations related to specific points and that the resolution would be sent back to the Agriculture Committee for re-examination of these specific points.

The suggestion by the Chairman of the Council was approved.

Item 28 - Trade arrangements between India, United Arab Republic and Yugoslavia

The CHAIRMAN drew attention to the Council's recommendation to adopt the draft decision contained in Annex I to the report.

Mr. MUSOKE (Uganda) and Mr. RAIMONDI (Argentina) expressed their delegations' support for the decision on the Agreement between the three participating States.

Mr. Raimondi (Argentina) stated that his delegation's support was subject to the commitment of the three countries, India, Yugoslavia and the United Arab Republic to enlarge the Agreement through negotiations with other developing countries.

Mr. PRADHAN (India) confirmed that the agreement was an outward-looking instrument, open to accession of other developing countries or to merging into a wider agreement as might be set up by the Trade Negotiations Committee of Developing Countries.

The Decision on the Trade Arrangements between India, the United Arab Republic and Yugoslavia was adopted.

Item 29 - Brazil, renegotiation of Schedule

The CHAIRMAN drew attention to the Council's recommendation to adopt by means of a ballot the draft decision contained in Annex II of the report providing for an extension of the waiver.

Mr. VALENTE (Brazil) said that his authorities had sent a delegation of experts to Geneva for the renegotiation of Schedule III and he was confident that negotiations would come to a successful conclusion in the near future.

The Decision providing for an extension of the waiver was adopted by 56 votes in favour and none against.

Item 31 - Chile, renegotiation of Schedule

The CHAIRMAN drew attention to the Council's recommendation to adopt by means of a ballot the draft decision (Annex III), providing for an extension of the waiver. The Decision was adopted by 57 votes in favour and none against.

Item 32 - Italy, bananas of Somalia

Mr. MARTINEZ COBO (observer for Ecuador) stated that his authorities were examining the possibility of accession to GATT. His country was one of the principal exporters of bananas in the world and as such was concerned with the preferential agreements under negotiation in tropical products. He took note with interest of Italy's statement that this was the last time a request for the extension of the waiver for bananas from Somalia would be presented.

Mr. MUSOKE (Uganda) recalled that paragraph 32 of the report was in the spirit of Part IV.

Mr. RAIMONDI (Argentina) sympathized with the concerns of Ecuador. Argentine authorities were equally concerned with waivers that affected agricultural products, and he noted with satisfaction that this was the last time Italy would request an extension of this waiver.

Mr. GROS ESPIEL (Uruguay), Mr. BESA (Chile), Mr. NIOUPIN (Ivory Coast) and Mr. VALENTE (Brazil) supported the views expressed by the representatives of Ecuador and Argentina.

Item 34 - Uruguay, import surcharges

The CHAIRMAN drew attention to the Council's recommendation to adopt by means of a ballot the draft decision in Annex IV providing for an extension of the waiver. The Decision was adopted by 47 votes in favour and none against.

Item 42 - Kennedy Round tariff reductions - Implementation by Switzerland

Mr. PRADHAN (India) was pleased to note that the remaining Kennedy Round tariff cuts would be implemented by Switzerland on 1 March 1970. He also noted that Canada had done the same on all but one item and appealed to contracting parties who had not yet implemented fully their Kennedy Round cuts on items of export interest to developing countries to do so as soon as possible.

Item 44 - Provisional accession, Tunisia and the United Arab Republic

Mr. SOETAN (Nigeria) and Mr. DADZI (Ghana) expressed the hope that every effort would be made by the contracting parties to accelerate the accession of Tunisia and the United Arab Republic.

Item 46 - Poland, Protocol of Accession

Mr. RURARZ (Poland) referred to the Second Annual Review of the Polish Protocol of Accession. This Review had been the first normal review since Poland's accession. The present session, which was concentrating on the expansion of international trade, was a good occasion to raise the problem of Poland's relations as an integral part of the expansion of international trade and of the relaxation of existing barriers to trade. The forthcoming Third Annual Review would be a decisive one for the future relations between Poland and the contracting parties. Poland was becoming a trading nation of an open economy type, whatever the methods used to achieve this end were. Therefore Poland was vitally interested in expanding her trade with all countries, provided mutual advantages were obtained. It was with the objective of obtaining the same treatment as other contracting parties that Poland had acceded to the General Agreement.

The present was a transitional period, which would be reviewed during the Third Annual Review. His authorities attached the greatest importance to the future development of its relations with the contracting parties many of which extended the same treatment to Poland as to other contracting parties. However, others did not. He appealed to the latter to give special attention to this problem. He wished to make it clear that his delegation expected to learn their final position during the coming Review no matter what this position would be. There were only a few months to go until this Third Annual Review but this was

enough time to give thought to the matter. Poland for her part was very seriously approaching her relations with the contracting parties; she wished them to be neither unilateral nor non-reciprocated. Mr. Murarz hoped that his appeal would find its proper response.

Mr. PETRIE (Canada) said that the next Review with Poland would be a very special one since it was to consider the phase out of discriminatory quantitative restrictions imposed against Poland. His delegation hoped that all contracting parties members of the Working Party would come to the meeting prepared to agree to a specific phase-out period for remaining discriminatory quantitative restrictions applied against Poland.

Item 47 - Application of Article XXXV to Japan

Mr. NAKAYAMA (Japan) said he wished to draw attention once more to the remaining invocations of Article XXXV against Japan. All speakers at this session had underlined the vital importance of maintaining and sustaining the fundamental principles of GATT for free trade on a non-discriminatory basis.

Unfortunately there remained about thirty contracting parties who had not yet disinvoked Article XXXV against Japan. Moreover, none of these contracting parties had responded, during the last fifteen months, to the appeal made at the twenty-fifth session of the CONTRACTING PARTIES for early disinvocation. The abnormal legal situation thus created was not propitious to a climate of confidence and could well cause a psychological obstacle in Japan's efforts to contribute to the activities of GATT. When the time would come to implement the generalized system of preferences under discussion this abnormal situation would pose difficult problems regarding beneficiary countries.

He was convinced that several countries that continued to invoke Article XXXV against Japan did not do so for any particular reasons, but simply because it was an inheritance of the past. Indeed all of these countries without exception had excellent relations with his country, and applied to Japanese goods the most-favoured-nation tariffs. This was evidence that there was no economic necessity for these countries to invoke Article XXXV. Furthermore, some countries had expressed their intentions of disinvoking Article XXXV; to those he appealed to give written confirmation to the secretariat of their disinvocation.

He expressed the hope that his appeal would have found full response by the twenty-seventh session of the CONTRACTING PARTIES.

Mr. MUSOKE (Uganda) said that he had listened with care to the statement by the representative of Japan. He would report the Japanese appeal to his Government who would give it careful consideration in the light of the cordial relations between the two countries.

Mr. PETRIE (Canada), Mr. PRADHAN (India) and Mr. TALVITIE (Finland) expressed their support for an early disinvocation of Article XXV against Japan.

Item 48 - Anti-dumping practices

Mr. PRADHAN (India) drew attention to paragraph 48 of the Report of the Committee on Anti-dumping Practices in which it had been noted that a wide and early acceptance of the Agreement was desirable. However, there was some difficulty in doing so because of general reservations placed by a group of developing countries on the Report at the time of its negotiation at the end of the Kennedy Round. He suggested that arrangements could be made to examine what could be done to tackle the problems of the developing countries so as to enable them to lift the reservations and subscribe to the Agreement.

Item 51 - International Trade Centre UNCTAD/GATT

Mr. MUSOKE (Uganda), Mr. PRADHAN (India) and Mr. SAMARANAYAKE (Ceylon) expressed their appreciation of the activities of the International Trade Centre.

Item 55 - Status of Protocols

The CHAIRMAN drew attention to the text of the draft decision (Annex V) extending the closing date for the acceptance of the Protocol introducing Part IV and of the Geneva (1967) Protocol until the close of the twenty-seventh session. The Decision was adopted.

Item 56 - Article XX, sub-paragraph (j)

The CHAIRMAN drew attention to the recommendation of the Council that sub-paragraph (j) of Article XX should be retained with no provision for its further review. This was adopted.

The report of the Council as a whole was adopted.

The CHAIRMAN expressed his appreciation and thanks to the members of the Council for the substantive and important work done in the ten meetings held since the twenty-fifth session. He also extended his thanks on behalf of the CONTRACTING PARTIES to Mr. Thrane for the excellent way he had conducted the business of the Council.

2. Trade in cotton textiles (L/3288)

The DIRECTOR-GENERAL, Chairman of the Cotton Textiles Committee, said that the Committee had conducted the Seventh Annual Review on the operation of the Arrangement in October 1969. The report on the Review was contained in document L/3288. Both importing and exporting countries had referred to certain difficulties encountered by them in the implementation of the Arrangement. Although some relaxations in import controls and increases in restraint levels were secured during the last few years, it had been pointed out that there remained scope for further improvements in the operation of the Arrangement. In this respect, it had been mentioned that restrictions maintained under Article 2 had not been eliminated, even seven years after the coming into force of the Arrangement. Reference had also been made to the changes that had occurred in world trade and in production of textiles, and to the increase in the relative importance of man-made fibre products.

The Committee had also continued the discussion of adjustments in the cotton textiles industry. The study had been found useful and it had been suggested that participating countries should continue to report on developments in this field.

The Committee had also initiated discussion on the issue of extension, modification or discontinuance of the Arrangement. The participating countries, with the exception of two delegations who had reserved their position, had adopted as a working hypothesis a prolongation of the Arrangement in its present form for a period of three years. It had been understood that this working hypothesis would not prejudice the final position of participating countries as to the extension of the Arrangement. The idea was to start serious and constructive bilateral negotiations on the basis of such a working hypothesis, without any firm commitment as to the future of the Arrangement. After these bilateral consultations, participating countries would be in a position either to agree to an extension of the Arrangement, thereby confirming the working hypothesis, or to take other action. The next meeting of the Committee would take place when it was felt that the bilateral negotiations had progressed and that participating countries were ready to take a decision on the future of the Arrangement. However, it was important that no time should be lost, because the countries concerned and the professionals operating in the cotton textiles sector would need to know, in the course of next April, what the fate of the Arrangement was to be.

In conclusion, the Director-General said that, as the CONTRACTING PARTIES were aware, the Arrangement was negotiated eight years ago to meet a very special situation which, it was felt, required special measures. The changes which had taken place since then in trade and production, as well as in the structure of the industry in many countries, now resulted in a somewhat different situation.

It was, therefore, important to note that at its last meeting the Committee had indicated that - in the event that an extension of the Arrangement was decided on - it would initiate, as soon as possible after such a decision, discussions on the state of international trade in cotton textiles, and on the longer-term development of such trade beyond the period of extension of the Arrangement.

Mr. MUSOKE (Uganda) said that he was disappointed with the results of the Seventh Review, especially as regards the future of the Arrangement. In his opinion, the failure was not due to the technical complexity of the issue but rather to a lack of political will on the part of the participating countries concerned. He viewed the Arrangement as an attempt to render national interests compatible with international discipline; but the Arrangement was in fact a device for restrictions, and it had not been applied in its letter and spirit. In his view, more effort and political will would be needed in the future. He aligned his delegation with those participants in the Arrangement who pronounced themselves in favour of giving the Arrangement another lease of life for three to five years. He said that his country's textile industry, which produced both cotton and man-made fibre products, was in difficulties, and stressed that the absence of participation by his country in the Committee's work should not be taken as a lack of interest.

The report was adopted.

The meeting adjourned at 12.30 p.m.