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GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Twenty-Seventh Session

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SUMMARY RECORD OF THE TWELFTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 26 November 1971, at 2.30 p.m.

Chairman: Mr. Carlos BESA (Chile)

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1. Trade negotiations among developing countries

The CHAIRMAN recalled that the matter of the Trade Negotiations among Developing Countries had been extensively discussed both in the Contact Group and in the CONTRACTING PARTIES. The CONTRACTING PARTIES had before them in document W.27/2 the text of a Decision on the subject as it had emerged from the discussions in the Contact Group. He also recalled that the Summary Record would carry the two statements, made on behalf of the participating countries, concerning accession to the Protocol relating to the Trade Negotiations among Developing Countries and the position of developing dependent territories respectively, to which the Chairman of the Contact Group had drawn the CONTRACTING PARTIES' attention in his report. The Chairman took it that the CONTRACTING PARTIES were now ready to adopt the Decision in document W.27/2. It was the Chair's understanding that, except for the United States delegation which had indicated its inability to support the Decision, there had been positive indication of widespread support for the Decision from the other contracting parties. Unless there was a formal request for a ballot, the Chairman would take it that the conditions for the grant of a waiver under paragraph 5 of Article XXV were met and that the Decision was adopted in accordance with the requirements of that paragraph. If the CONTRACTING PARTIES, therefore, adopted the Decision, as was normal in such decisions, all contracting parties continued to retain their full rights under the General Agreement.

Mr. SCHWARZMANN (Canada) asked whether the draft Decision related only to matters covered by Article I of the General Agreement and not to other trade measures not covered by that Article.

The DIRECTOR-GENERAL explained that a waiver from the provisions of paragraph 1 of Article I related solely to the obligation to grant most-favoured-nation treatment in respect of the matters expressly referred to in that paragraph and in respect of which there was no obligation under other provisions of the General Agreement to grant non-discriminatory or most-favoured-nation treatment. Moreover, it was clear from the text of paragraph (a) of the decision in question that the stipulations contained in other provisions of the General Agreement were not affected; it was explicitly stated in that paragraph that the provisions of paragraph 1 of Article I could be waived, but without prejudice to any other Article of the General Agreement.

The CHAIRMAN noted that there was no formal request for a ballot.

The Chairman therefore concluded that the conditions for the grant of a waiver under paragraph 5 of Article XXV had been met and that the Decision had been adopted in accordance with the requirements of that paragraph.

Mr. PRADHAN (India), speaking on behalf of the States having participated in the negotiations, expressed their gratitude over the action just taken by the CONTRACTING PARTIES. They had taken note of the statement by the Director-General and wished to assure the contracting parties that they would consult with them if they needed any further legal coverage. They hoped that those developing countries not yet participating would join the scheme as soon as possible. He furthermore expressed his appreciation for the way in which this matter had been approached by the United States delegation.

Mr. ARCHIBALD (Trinidad and Tobago) stated that the decision just taken was one of the most significant taken in GATT for a number of years. It would create a new impetus with regard to the contribution of developing countries to GATT.

Mr. FERNANDEZ (Observer for the Philippines) congratulated the CONTRACTING PARTIES on the decision just taken. He emphasized that it was the understanding of his delegation that a principal purpose of this waiver was to confine to developing countries the concessions negotiated within the context of the Protocol and not to extend them to non-developing countries. In view of this, it was expected that all contracting parties, particularly developed contracting parties which had bilateral agreements with his Government, would be guided accordingly.

2. Expansion of international trade

3. Developments and trends in international trade and their implications for future international trade policies and trade relations

The CHAIRMAN summed up the main points that had emerged from the debates at the twenty-seventh session as follows:

1. The CONTRACTING PARTIES have just adopted a Decision relating to the trade negotiations among developing countries, authorizing the necessary waiver from the provisions of Article I of the General Agreement.

2. The proposal by Sweden for the establishment of a high-level trade policy group and the proposal by Australia for the establishment of a small group of independent experts on agriculture received a large measure of support from among delegations. This support, however, was insufficient to enable the CONTRACTING PARTIES to adopt the two proposals, as it was felt by some delegations that they were premature at this time. It would be open to the Council to revert to the matter at a later stage, if contracting parties so wished.

3. Following the discussions we have had, we should now consider the reports of the Committee on Trade in Industrial Products, the Agriculture Committee and the Committee on Trade and Development to be adopted.

4. There has been a consensus on the following:

(a) Group of Three

The CONTRACTING PARTIES have decided that the Group of Three should be retained in order to ensure follow-up action on its report. It should explore with the contracting parties concerned the possibilities for dealing with difficulties connected with the implementation of its recommendations and the progress made in implementing them. In the light of discussions held in the relevant GATT Groups and Committees, the Group of Three may also make recommendations or suggestions aimed at facilitating the implementation of Part IV of the General Agreement. The Group should report, in the ordinary course, to the Committee on Trade and Development and to the CONTRACTING PARTIES.

(b) (i) The CONTRACTING PARTIES look with interest to the conclusion of negotiations in connexion with the accession of a number of European countries to the Treaty of Rome.

(ii) They request the Director-General, to consult, at the appropriate time, with interested contracting parties for the purpose of formulating and submitting to the Council terms of reference for a working party. There was a widespread desire that the Director-General initiate these consultations immediately upon the signature of each agreement.

(c) Reports on regional agreements

The CONTRACTING PARTIES instruct the Council to establish a calendar fixing dates for the examination, every two years, of the reports on the preferential agreements.

(d) The CONTRACTING PARTIES decide to ascertain as far as possible the statistical facts concerning their trade at most favoured nation and at other rates. Accordingly the Director-General is requested to determine for each contracting party that is a Member of the GATT as of the twenty-seventh session and for the

contracting parties as a whole, the total imports at most-favoured-nation rates and total imports at preferential rates from all sources by country, including imports from other parties to customs unions, free-trade areas, and special trading arrangements. Calculations should be made for representative years in the period 1955-1970 inclusive.

In its task the secretariat will be guided by a working party which will provide appropriate directives.

The Director-General's findings should be made available within six months to the Council, which shall then consider what further steps should be taken.

5. Committee on Trade in Industrial Products

With regard to future work of the Industrial Committee on non-tariff barriers, there was general agreement that the main emphasis should be given energetically to pursuing the work now under way on standards and licensing to the end that, shortly, as has already been the case for valuation, texts might be submitted to governments.

In addition there was a consensus that the time has come to select certain additional non-tariff barriers for similar work as and when the schedules of the various groups permit. The following items commanded general support. Group 1 to undertake work on exports subsidies, covered by Article XVI:4. Group 2 to consider the problem of import documentation, including consular formalities. Group 3 should consider the problems of packaging and labelling. There was also general agreement that there should be continuous exploration of the possibilities of adding other topics to this work programme.

With regard to the Tariff Study, the consensus seems to be that the work programme outlined in the Report to us by the Committee on Trade in Industrial Products should be endorsed.

6. Statement on trade policy

The CONTRACTING PARTIES are conscious of the dangers of instability and disorder in trade relations.

They recognize that prolonged debate and confrontation over issues, which it is in the interests of all to resolve, would be dangerous both economically and politically.

However, the CONTRACTING PARTIES believe that the current situation, despite the serious risks it presents, also offers opportunities for constructive action. They recognize the importance of avoiding these risks and of seizing these opportunities through concrete action in the field of trade relations.

The CONTRACTING PARTIES reaffirm their firm intention to continue to work together in the framework of the GATT to overcome trade problems and differences. They reaffirm their determination to continue to give particular attention to the trade problems of developing countries and to the resolution of these problems.

The CONTRACTING PARTIES agree to pursue, through the GATT Programme for Trade Expansion, every opportunity of making further progress toward trade liberalization with respect to individual measures, or groups of measures, both in the industrial and in the agricultural field.

They also agree to take such opportunities as might arise for the settlement of particular trade problems, especially those regarded as most dangerous and irritating and the removal of which would lessen current frictions.

The CONTRACTING PARTIES further agree that, looking to the longer term, it is their intention, as a principal objective, to pursue in the GATT a new major initiative for dealing with the longer-term trade problems as soon as this is feasible.

There was a large majority who favoured including additional sentences as follows:

In pursuance of their intention to work together toward resolving trade problems and differences, the CONTRACTING PARTIES with respect to the short term, direct the Council during the coming months to make appropriate arrangements for identifying those trade problems capable of prompt resolution and procedures for the settlement of these problems in 1972. With respect to the longer term the CONTRACTING PARTIES direct the Council to make arrangements to analyze and evaluate alternative techniques and modalities for dealing in the GATT with longer-term problems affecting world trade in the industrial and agricultural sectors.

There were, however, some other delegations who were not prepared to agree to these sentences and which favoured including the following:

In pursuance of their intention to work together toward attaining the above-mentioned objectives, the CONTRACTING PARTIES confirm the terms of reference given to the Council in 1970 and direct the committees concerned to examine various techniques and modalities for giving, when the time comes, the necessary impetus with a view to new multilateral and general action within the GATT in the direction of increased liberalization of international trade.

The CONTRACTING PARTIES approved the summing up of the Chairman.

Mr. BEECROFT (Nigeria) expressed concern over the fact that the text of the Chairman's summing up had not been circulated before the meeting. Although he considered the summing up satisfactory from his delegation's point of view, it would have been helpful, especially for developing countries, to have had an opportunity to examine the conclusions in advance. He hoped this could be taken into account in future.

The CHAIRMAN said that because of lack of time he had not been able to distribute the text of his summing up in advance; the text, however, remained his responsibility. He had given preference to this procedure, rather than having lengthy discussions in a drafting group to draw up conclusions, as had been done at earlier sessions.

Mr. SALIBA (Malta) and Miss HARELI (Israel) stated that, for the reasons given by the representative of Nigeria, they were not in a position yet to give their final approval to the Chairman's summing up.¹

Mr. THOMPSON (Jamaica) stated that at least on two points his delegation was reserving its position.¹

4. Election of officers

The CHAIRMAN called for nominations.

Mr. KITAHARA (Japan) proposed Mr. G. Smoquina (Italy) for the position of Chairman of the CONTRACTING PARTIES. The nomination was seconded by Mr. SOLARI TUDELA (Peru).

Mr. Smoquina (Italy) was elected Chairman of the CONTRACTING PARTIES to hold office from the end of the session until the end of the next regular session.

Mr. THRANE (Denmark) proposed Mr. C.H. Archibald (Trinidad and Tobago) for the position of Chairman of the Council. The nomination was seconded by Mr. STEWART (New Zealand) and Mr. DELGADO (Senegal).

Mr. Archibald (Trinidad and Tobago) was elected Chairman of the Council.

Mr. STRUS (Poland) proposed Mr. B.R. Patel (India) for the position of Chairman of the Committee on Trade and Development. The nomination was seconded by Mr. BEECROFT (Nigeria).

Mr. Patel (India) was elected Chairman of the Committee on Trade and Development.

Mrs. ZAEFFERER DE GOYENECHÉ (Argentina) proposed Mr. H. Gros Espiell (Uruguay) for the position of Vice-Chairman of the CONTRACTING PARTIES. The nomination was seconded by Mr. FOGARTY (Australia).

Mr. Gros Espiell (Uruguay) was elected Vice-Chairman of the CONTRACTING PARTIES.

Mr. BEECROFT (Nigeria) said that he had been asked by a number of contracting parties to intervene at this stage in the proceedings and to propose that the CONTRACTING PARTIES should elect only one Vice-Chairman for the coming year.

The CHAIRMAN pointed out that Rule 10 of the Rules of Procedure provided for the election of one First Vice-Chairman and two other Vice-Chairmen. This Rule had been drawn up by the CONTRACTING PARTIES and could, of course, be modified by the CONTRACTING PARTIES whenever they wished.

¹The delegations of Malta, Jamaica and Israel withdrew their reservation on 29 November, 15 December and 16 December 1971, respectively.

The CONTRACTING PARTIES agreed to the proposal of the representative of Nigeria that only one Vice-Chairman should be elected for the coming year.

5. Closing of the session

The CHAIRMAN, in closing the session, recalled that he had participated in the work of the CONTRACTING PARTIES over the past five years. He had had the pleasure of experiencing during this period the most cordial relations in his daily contacts with all delegates. For this he was very grateful.

Mr. GROS ESPIELL (Uruguay) paid tribute to the Chairman for his devotion and his performance in a particularly long and difficult period for the GATT during which serious problems had arisen.

Mr. SMOQUINA (Italy) expressed his thanks for his election and said that the decision by the CONTRACTING PARTIES placed a heavy responsibility upon him, for GATT was passing through difficult times. But, however numerous the reasons for concern, hope was as strong as ever. Those present could rest assured that he would carry out his duties with a firm faith in the aims of GATT.

He expressed his feelings of admiration for Mr. Besa and thanked him for the work he had done, which would be a source of inspiration for him.

In conclusion, he asked the CONTRACTING PARTIES for their indulgence and help; the future of GATT was in their hands and he was grateful to them for the confidence they had placed in him.

The session closed at 5 p.m.