

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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COUNCIL  
12-19 December 1963

## MINUTES OF MEETING

Held at the Palais des Nations, Geneva on  
12-19 December 1963

Chairman: Mr. S.Chr. SOMMERFELT (Norway)

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The Government of Ceylon was co-opted as a member for this meeting.

1. Current programme of GATT activities

The Executive Secretary said that the inclusion of this item on the agenda was a consequence of the decision to postpone the session of the CONTRACTING PARTIES until 1964. The current activities of the GATT might be reviewed under two main headings - preparations for the trade negotiations and other activities and programmes resulting from the ministerial meeting in May.

The Trade Negotiations Committee had established several subsidiary bodies to assist in elaborating the negotiating plan which had been requested by the Ministers. At its last meeting, the Trade Negotiations Committee had reviewed the position which had so far been reached on the main elements in the negotiating plan. The report of this meeting of the Trade Negotiations Committee had shown that no significant progress had been made. However, a certain amount of preparatory work had been done which would no doubt provide a basis for more rapid progress in the coming weeks and months. The Executive Secretary stressed the necessity of concentrated effort in the early months of 1964 to prepare the negotiating plan if the hopes and expectations of governments were to be realized.

Turning to the second major task before the CONTRACTING PARTIES, the Executive Secretary said that it was of great importance that it should be realized that the follow-up work which was being done to implement the conclusions of the May meeting of Ministers with regard to the trade problems of less-developed countries was the responsibility of all contracting parties. In this area of activity, Committee III, at a meeting in October, had carried out a preliminary examination of certain important new proposals resulting from the ministerial consideration of these matters and had established several sub-groups to carry out studies. One of these important proposals had been to define the rôle of GATT in the field of financial assistance and an expert group would convene on 27 January for a first meeting of brief duration to consider this matter. It was also proposed to convene early in February a group of experts in the field of trade promotion. The Special Group on Trade in Tropical Products would also meet again to examine the situation in the light of the failure of the recent United Nations Conference on Cocoa to work out a satisfactory agreement with respect to trade in that product.

A programme for the study of the development plans of less-developed countries was now taking shape and steps were being taken to commence work on studies of production and marketing techniques. The Council could take satisfaction in the fact that the Action Committee had made a good start; there had been one meeting of a preliminary character and there would be another meeting later in the month. Sub-Committee 1 of the Action Committee had carried out a series of consultations over the last two weeks with developing countries regarding the early elimination of remaining barriers covered by the Action Programme. Sub-Committees 2 and 3 would also meet on 18 December and contracting parties would be advised of the outcome of these meetings.

The Group on Preferences had held a preliminary first meeting to consider the sort of questions which were likely to arise during a detailed discussion of this problem and it was hoped that the meeting that was now taking place would be able to take the matter beyond the exploratory stage. An attempt would also be made to deal with the question of preferences between less-developed countries which had been left aside at the first meeting. The Committee on the Legal and Institutional Framework of the GATT in Relation to Less-Developed Countries had also held a preliminary meeting in October and the present meeting was now considering the possibility of drafting a chapter in the GATT which would contain a statement of principles, commitments and procedural provisions for future collective action in the field of trade and development.

The Executive Secretary went on to say that he had been disturbed by the experiences of the last few weeks. Various committees had been meeting over a period of six months since directives had been given by the Ministers. The conclusions of the Ministers were themselves based on many months of previous discussions of the problems involved. He had hoped that in view of the urgency of the questions with which the GATT was seized, more vigorous and effective treatment would have been given to these subjects, whereas in fact the bodies which were now meeting seemed to be having great difficulty in getting down to specific and effective action. Perhaps there was need for a reconsideration of the working methods which had hitherto been employed. In considering the programme of meetings for 1964 the Council might be well advised to give serious consideration as to whether it might not be more profitable to convoke meetings only when it was apparent that the necessary preparation had been done.

Concluding, the Executive Secretary said there had been a growing tendency to request the secretariat to put forward proposals. Proposals by the secretariat could not be on the same footing as those which were put forward by governments reflecting their national policies as well as their consideration of the policies and interests of other governments. If this tendency continued the CONTRACTING PARTIES might begin to lose the reputation they had always enjoyed for business-like action as opposed to mere general debates. The programme for the early part of 1964 should be a realistic one and an attempt should be made to arrive at a fair balance between the strain which was being placed on the resources of governments and the need for urgent action.

The Council took note of the Executive Secretary's report on current activities.

2. Provisional accession of Iceland

The Government of Iceland had indicated a desire to enter into consultations with the CONTRACTING PARTIES concerning an arrangement for provisional accession.

The Chairman suggested that the item be included in the agenda for the twenty-first session and that meanwhile the Council should establish machinery to undertake preparations for consideration of the matter by the CONTRACTING PARTIES. As on previous occasions in dealing with such requests, a working party might be established to meet with representatives of the Government of Iceland in order to submit recommendations to the session.

This was agreed.

The Chairman requested governments which were interested in serving on the working party to inform the Executive Secretary by 15 January 1964.

3. Provisional accession of Tunisia (C/W/67)

The Government of Tunisia had asked for a further extension, until the end of 1965, of the Declaration of 12 November 1959 providing for provisional accession. The Council agreed that a second procès-verbal extending the validity of the Declaration should be opened for acceptance, and approved the draft text proposed by the Executive Secretary in document C/W/67.

The Council also agreed to recommend to contracting parties that the Decision of 12 November 1959 inviting Tunisia to participate in the work of the CONTRACTING PARTIES should also be prolonged until the end of 1965. The draft Decision proposed by the Executive Secretary in C/W/67 was approved for submission to governments for a vote by postal ballot.<sup>1</sup>

4. Newly-independent African States - extension of Decision (C/38, C/W/69)

By the Decision of 14 November 1962 it was recommended that the contracting parties should continue to apply the General Agreement on a de facto basis to certain newly-independent States in Africa until "the close of the last ordinary session of the CONTRACTING PARTIES in 1963". At such session the status of the territories concerned was to be reviewed. As reported by the Executive Secretary in document C/38 most of the States to which this Recommendation applied had now become contracting parties. It was further reported in that document that Congo (Leopoldville) had asked for a further extension of the de facto application.

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<sup>1</sup>The Decision has been adopted - affirmative votes having been received from a majority of the contracting parties.

The Council agreed to recommend to the CONTRACTING PARTIES that the Decision of 14 November 1962 be extended until the close of the twenty-first session so that the review of the status of the territories concerned could be carried out by the CONTRACTING PARTIES at that time.

The text of a draft decision in document C/W/69 was approved for submission to the contracting parties for a vote by postal ballot.<sup>1</sup>

5. Relations with Poland - Working Party report (L/2058)

The second annual review provided for in the Declaration of 9 November 1959 on relations between contracting parties and Poland was conducted in July 1963 and the Working Party's report on the review was distributed in document L/2058.

The Chairman of the Working Party on Relations with Poland said that the occasion of this latest annual review had once again provided an opportunity for a full and frank exchange of views, had contributed substantially to a better understanding of the present situation and had fulfilled the purposes of the review provided for in the Declaration of November 1959.

The representative of Poland thanked the Chairman and the members of the Working Party for their co-operation in facilitating the frank and sincere exchange of views which had taken place during the review.

The Chairman said that the review had proved useful and informative; as the principal issues involved were at present under consideration in the Trade Negotiations Committee, the Council needed only to take note of the report and to recommend its adoption by the CONTRACTING PARTIES at the twenty-first session.

This was agreed.

6. Equatorial Customs Union/Cameroon (L/2061)

The Governments of the Central African Republic, Congo (Brazzaville), Gabon and Chad had entered into a Customs Union. The text of the Convention establishing this "Equatorial Customs Union" was distributed in document L/2061. This document also contained the text of an agreement regulating the economic and customs relations between the member States of the Equatorial Customs Union and the Republic of Cameroon. In L/2061/Add.1 contracting parties received copies of the external customs tariff. These texts were submitted to the CONTRACTING PARTIES by the five governments concerned for examination under paragraph 7 of Article XXIV.

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<sup>1</sup>The Decision has been adopted - affirmative votes having been received from a majority of the contracting parties.

The Chairman suggested that the examination of this Customs Union arrangement should be carried out during the twenty-first session and that meanwhile contracting parties wishing to ask questions concerning the provisions of the Convention or its implementation should address these to the Governments concerned through the secretariat by 31 January 1964 so that the questions and answers would be available to the CONTRACTING PARTIES when the matter was examined at that session. Further the Chairman suggested that the question of the GATT schedule relating to the Republic of Gabon, referred to on pages 1 and 2 of L/2061, be also examined at the twenty-first session when no doubt a representative of Gabon would be present.

This was agreed.

7. Indian import surcharge (L/2060, L/2098)

Earlier in 1963 the Government of India had imposed a 10 per cent surcharge on all imports and the communication describing this measure had been distributed in L/2060. The balance-of-payments aspects of the surcharge had been examined by the Committee on Balance-of-Payments Restrictions, whose report had been distributed in L/2098.

The representative of India said that the import surcharge had been introduced along with several other measures in the current year's budget for over-riding reasons during a state of emergency. The surcharge had not been imposed for commercial reasons and had had no significant trade effects. The Government of India did not consider that any action by the CONTRACTING PARTIES was called for. However, the points raised by members of the Committee on Balance-of-Payments Restrictions and the views of interested contracting parties would receive his Government's most careful consideration.

The Chairman suggested that, since this matter had been reported for the information of contracting parties, the Council should merely take note of the communication from the Government of India, of the statement made by the Indian representative at this meeting and of the report by the Committee on Balance-of-Payments Restrictions.

This was agreed.

8. Ceylon - extension of release under Article XVIII (L/2082 and Add.1, C/W/70)

A release granted under Section C of Article XVIII with respect to measures affecting imports of sarongs, sarees and cotton piece-goods had expired on 27 August 1963. The Government of Ceylon had requested that this release be extended for five years. The communication received from the Ceylon Government was distributed in document L/2082 and Add.1.

The representative of Ceylon suggested that the matter be referred to the CONTRACTING PARTIES at the twenty-first session at which time representatives from Ceylon would be prepared to discuss the question with a panel or working party.

The Council agreed to recommend to contracting parties that they grant an interim extension of the release until the close of the twenty-first session, and the text of a draft decision in document C/W/70 was approved for submission to contracting parties for a vote by postal ballot.<sup>1</sup>

9. New Zealand's schedule - extension of waiver (L/2086)

The New Zealand Government had asked for a further extension of the waiver which was granted under the Decision of 4 June 1960 to permit application of the new customs tariff prior to the completion of negotiations under Article XXVIII. Under the latest extension, the waiver would expire on 31 December 1963. To facilitate consideration of this matter the secretariat had included the draft of a decision in document L/2086.

The representative of New Zealand said that, although considerable progress had been made since the last session, negotiations with four contracting parties remained to be completed. The New Zealand Government hoped that it would be possible to complete these negotiations before the closing date of the proposed extension.

The representative of Norway said that on previous occasions his delegation had voted in favour of an extension of the New Zealand waiver in the firm belief that New Zealand would conduct her negotiations in a speedy way in order to be able to conclude the negotiations as soon as possible. The negotiations with Norway had however dragged out, and the offer of compensation Norway had so far received from New Zealand had been unsatisfactory. As a result of the New Zealand tariff revision, bindings had been modified whereby several duties had been increased by almost 200 per cent. In the last meeting between the two delegations, the New Zealand delegation stated that they were unable to improve their offers. As this seemed to indicate that New Zealand could not find it possible to find a solution to the existing problems, the question therefore arose whether it would be possible for New Zealand to conclude the negotiations with Norway in a satisfactory way. In the circumstances the Norwegian authorities had decided to abstain from the voting on an extension of the time-limit of the waiver.

The representative of New Zealand replied that the statement made by the Norwegian delegation was fully understood by his delegation. New Zealand sympathized with the reactions of the Norwegian Government because the problems involved were common to both countries. Both countries had a rather narrowly based export trade and this had been a real obstacle to the satisfactory

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<sup>1</sup>The Decision has been adopted - affirmative votes having been received from a majority of the contracting parties.

conclusion of the negotiations with Norway. The two countries were also engaged in exploiting their forestry resources though Norway had developed its forestry much earlier in its history than New Zealand. The great bulk of New Zealand's trade with Norway which had been the subject of these negotiations was in certain forest products. New Zealand had tried to find compensation in other items for the forest products covered, and had also provided for some element of compensation in an offer to rebid at higher rates, but the Norwegian authorities had not found this satisfactory. New Zealand very much regretted that the present situation involved a country with whom New Zealand had always shared a similar approach to many problems within the GATT context.

The text of the draft decision in document L/2086 was approved for submission to contracting parties for a vote by postal ballot.

10. Balance-of-payments import restrictions

(a) Report on consultations

During the past fortnight the Committee on Balance-of-Payments Restrictions had conducted consultations with six contracting parties.

The Chairman stated that the reports on some of the consultations had just been distributed and the others would not be available until the following week. Therefore he suggested that all the reports be referred directly to the CONTRACTING PARTIES at the twenty-first session.

This was agreed.

(b) Arrangements for consultations in 1964

The Chairman suggested that this question might also be placed on the agenda of the twenty-first session since the Committee on Balance-of-Payments Restrictions did not propose to meet again before that time.

This was agreed.

11. Chairmanship of ICCICA

The Chairman of the Interim Co-ordinating Committee for International Commodity Arrangements is appointed annually by the Secretary-General of the United Nations who acts in this connexion on a nomination by the CONTRACTING PARTIES. Two years ago, the CONTRACTING PARTIES had nominated Mr. S.A. Hasnie Governor of the State Bank of Pakistan, and a year ago Mr. Hasnie had been again nominated by the CONTRACTING PARTIES and had been appointed to a second term of office. The Chairman said that in the interest of continuity most Chairmen of ICCICA had held office for a period of three years.

Since the CONTRACTING PARTIES would not be meeting before the end of 1963, the Council agreed to instruct the Executive Secretary to send forward Mr. Hasnie's name to the Secretary-General of the United Nations as the CONTRACTING PARTIES' nominee for the chairmanship of ICCICA for 1964.

12. Administrative and financial questions

(a) Report by the Committee on Budget, Finance and Administration (L/2064 and Add.1, L/2087)

The report by the Committee on Budget, Finance and Administration in document L/2064, and two documents namely L/2064/Add.1, containing the final scale of contributions for 1964 and L/2087 dealing with the financial position as at 30 September 1963, had been distributed to contracting parties.

The Chairman of the Committee, Dr. L.D. Thomson (Australia) in presenting the report drew attention to the fact that several contracting parties had not yet paid their contributions for 1964 and that some were in arrears for several years. He said that members of the Committee had expressed increasing concern at this situation. In paragraph 5 of document L/2064 the Committee had endorsed a proposal by the Executive Secretary to carry out a grading review for the professional and general service staff. The timing of the review had been left to the Executive Secretary but the Committee hoped that it would be carried out soon, making use, as on the last occasion, of the best available expertise. As could be seen from paragraph 21 of the Committee's report, agreement could not be reached on the question of absence of secretariat personnel on military service. The Executive Secretary had proposed that GATT should follow the International Labour Office practice, whereby staff members called up for military service were placed on special leave with pay during a period corresponding to two-thirds of their absence from duty, provided that such compensation did not exceed the equivalent of two calendar weeks per annum on special leave with pay. The Committee had agreed that this was a fair proposal but some members were disturbed at the fact that the introduction of such a practice would mean a deviation from the staff rules of the United Nations and other specialized agencies. The Committee decided therefore to refer the matter to the Council for further consideration at some appropriate time. Dr. Thomson informed the Council that he would shortly be leaving Geneva and expressed appreciation to the Council for having entrusted him three times running with the chairmanship of the Committee on Budget, Finance and Administration.

The Executive Secretary expressed regret that Dr. Thomson would shortly be leaving Geneva in the course of his duties. He said that Dr. Thomson had presided over the affairs of the Committee on Budget during the difficult period of expansion and had served ably in this capacity not only on the occasions of the formal meetings of the Committee but continuously throughout the year he had taken sympathetic and constructive interest in the many problems faced in the administrative and financial field. The secretariat had derived considerable benefit from this assistance and would have a very happy memory of this association. The Executive Secretary was sure that the customary expression of thanks to Chairmen of working parties and committees would in

this case carry a particular connotation in the sense of a recognition of a very important contribution by Dr. Thomson to the affairs of the GATT during an important period of its evolution.

The Chairman proposed that in view of the heavy work programme over the next two months, the question of regional liaison arrangements referred to in paragraph 6 of document L/2064 be left over for action by the CONTRACTING PARTIES.

This was agreed.

The Council agreed to recommend the report of the Committee on Budget, Finance and Administration contained in document L/2064 and the recommendations contained therein including the report of the Working Group on Printing Costs which had met under the chairmanship of Mr. A. Schnebli, for adoption by the CONTRACTING PARTIES at their next session. The Council also approved the draft Resolution on Expenditure on pages 7-11 of the report for submission to contracting parties for a vote by postal ballot.<sup>1</sup>

With reference to paragraph 21 of document L/2064 - Absence on Military Service - it was agreed that this question would be referred to the CONTRACTING PARTIES for consideration at their next session.

(b) Conference and secretariat accommodation

The Executive Secretary had informed the Council in June 1963 of the increasing difficulties which were being experienced in the provision of suitable conference accommodation. The Executive Secretary had explained the reasons for his recommendation that, in the absence of alternative possibilities outside Geneva, the CONTRACTING PARTIES should proceed to arrange for the construction of their own conference building. The Executive Secretary also informed the Council that he intended to ask the CONTRACTING PARTIES at their next session to consider the construction of a GATT Headquarters building at Geneva, providing for the necessary conference accommodation as well as office space for the secretariat. He had pointed out that the only alternative to this solution would appear to be to abandon Geneva as a site for the headquarters of GATT and had invited the contracting parties to consider what possibilities existed in this direction, so that the CONTRACTING PARTIES could consider both alternatives at the same time. The Council had authorized the secretariat to study the question of construction of new conference and secretariat facilities which would make GATT self-contained. The results of the preliminary study had been recorded in document Spec(63)15. No alternative proposals had been **received from contracting parties.**

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<sup>1</sup>The Resolution has been adopted - affirmative votes having been received from a majority of the contracting parties.

The Chairman observed that it would take time to construct the permanent facilities described in the plans and that the architect had mentioned four years. He said that as the conference part of the building was the most pressing the secretariat had asked the architect how long it would take to construct only the conference wing. A paper on this subject had been distributed as Add.1 to Spec(63)315. The Chairman then introduced Mr. A. Bordigoni, Architect, Président de la Commission des Monuments et des Sites, the consulting architect and author of the plans attached to document Spec(63)315.

During the discussion Mr. Bordigoni replied to several technical questions put to him by members of the Council. Some members of the Council expressed the view that further details were required if the CONTRACTING PARTIES were to examine the question at their next session. One member of the Council felt that the matter was premature in view of the United Nations conference on Trade and Development to be held in 1964.

It was agreed that the Committee on Budget, Finance and Administration should consider the matter and submit recommendations to the CONTRACTING PARTIES at their next session, and that the Committee might also establish an informal small working group in order to consider directly with the Executive Secretary and - where necessary - with the architect, certain aspects of the questions which were likely to arise. This would enable the CONTRACTING PARTIES, when they next meet, to take a decision.

13. Uruguayan import surcharges - extension of waiver (C/39)

At its meeting in June, the Council drew up a draft decision extending for a short period the Decision of 8 May 1961, authorizing the maintenance of certain import surcharges by the Government of Uruguay. Uruguay had requested a three-year extension of the waiver. The Decision proposed by the Council, which was adopted by the CONTRACTING PARTIES by postal ballot, envisaged that the Council could deal definitively with the Uruguayan request before the end of the year. However, since the CONTRACTING PARTIES will be in session within several weeks, the best course to pursue might be to recommend a further interim extension until the close of the session, so that the whole question of a longer prolongation could be examined by the CONTRACTING PARTIES.

The United Kingdom representative said that this proposal was particularly helpful against the broader background of Uruguay's wider trading relations with maritime countries, United Kingdom businessmen knew from their close relations with Uruguay the complexity and degree of her difficulties. The practical approach of the CONTRACTING PARTIES was something they also understand. But their goods were sent in ships, and their prices were quoted inclusive or exclusive of freight rates. It was therefore natural that they looked at this problem as a whole and that the problem at present before the CONTRACTING

PARTIES should make its impact on businessmen against the wider background including the Uruguayan Government's discriminatory shipping practice. It would be their hope that by the time the CONTRACTING PARTIES came to examine the longer-term proposition the question could have been satisfactorily resolved for all concerned.

The representative of Uruguay said that the concern expressed by various contracting parties had been based on the impact of five Uruguayan ships on their large merchant fleets. The Uruguayan Government had already replied to most of the countries which had submitted complaints. He had doubts whether the problem really fell within the competence of the GATT; nevertheless, although he was without instructions on this point, he felt sure that his Government would be prepared to attend any meeting where this problem was discussed.

Several members of the Council in supporting the statement made by the United Kingdom, suggested that eventually a panel or working party should be set up to examine the practice of flag discrimination which was exercised by the Uruguayan Government. The representative of Norway said that he would abstain on the vote.

The text of a draft decision in C/39 was approved for submission to governments for vote by postal ballot.

14. Article XXVIII re-negotiations - extension of time-limit (C/W/72)

The Council was informed in C/W/72 that contracting parties at present conducting re-negotiations under the provisions of paragraph 1 of Article XXVIII did not expect to complete these negotiations in time to give effect to the results of the negotiations on 1 January 1964 as foreseen in paragraph 1 of Article XXVIII. It was, therefore, proposed that the time-limit for the conclusion of the negotiations should be extended until 30 June 1964.

The representative of Australia enquired whether the proposed extension of the time-limit would have the effect of preventing his Government from putting into force certain modifications in its import tariff on 1 January 1964 as it would otherwise have been entitled to do under paragraph 3 of Article XXVIII.

The representative of the EEC proposed that, as the notification limit had been postponed for one month, it might be reasonable also to postpone the time-limit for the conclusion of the negotiations for one month and that the date of 31 January 1964 might, therefore, be substituted for that of 30 June 1964.

The Council agreed that the time-limit for the conclusion of the negotiations should be extended until 31 January 1964 and that this arrangement would be submitted for the approval of the CONTRACTING PARTIES at their next session.

The representative of Australia reserved his Government's position as to any possibility of impairment of its legal rights under the General Agreement.

15. Programme of meetings for 1964 (C/W/71)

The Executive Secretary had distributed a note on the meetings to be held in the first months of 1964 prior to the date fixed for the twenty-first session; while the Trade Negotiations Committee and its various committees, sub-committees and commodity groups were to meet again in January or February, no firm dates had yet been fixed; and the Working Group on Preferences and the Committee on the Legal and Institutional Framework of the GATT would meet again on 24 February. The only other firm dates thus far determined were for two groups of experts appointed by Committee III and the Special Group on Trade in Tropical Products. Meetings of the Action Committee and its Sub-Committees might be arranged in consultation with the members.

The Council considered whether it would be premature to hold the twenty-first session of the CONTRACTING PARTIES from 24 February-20 March. Members obtained the views of their governments and when the question was discussed on 19 December it was agreed that no change should be made in this time-table. The Executive Secretary was requested to arrange the programme for the session so that during the first two weeks working parties and committees would meet to prepare reports on appropriate items for discussion in the second two weeks of the session. It was also agreed that routine and technical questions would be dealt with in plenary meetings during the first half of the session. It was considered that these arrangements would allow leaders of delegations, if they so wished, to attend only the latter half of the session at which time the CONTRACTING PARTIES could deal with major policy items.