

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/M/24

11 January 1965

Limited Distribution

COUNCIL

17-18 December 1964

MINUTES OF MEETING

Held at the Palais des Nations, Geneva
on 17-18 December 1964

Chairman: Mr. K.B. LALL (India)

	<u>Page</u>
<u>Subjects discussed:</u>	
1. United Kingdom Temporary Import Charges	2
2. Arrangements for consultations under Article XII:4(a)	7
3. Balance-of-payments import restrictions	
(a) Reports on consultations (Brazil, Finland, Ghana, Greece, India, Israel, New Zealand, Pakistan and Spain)	8
(b) Programme for consultations in 1965	9
4. Residual import restrictions	10
5. Italian Customs Treatment for Imports from Libya - extension of waiver	10
6. Chilean import surcharges - extension of waiver	11
7. Procedures for Accession -	
(a) Applications for accession - Argentina, Iceland, Ireland, Tunisia, United Arab Republic, Yugoslavia	12
(b) Accession of less-developed countries	12
8. Authentic texts of the Protocol Amending the GATT to introduce Part IV	13
9. Committee on Trade and Development	
(a) Membership	14
(b) Chairmanship	15
10. Chairmanship of ICCICA	15
11. Programme of meetings	15

1. United Kingdom Temporary Import Charges (C/50)

The imposition of the 15 per cent import surcharges by the Government of the United Kingdom was discussed at the October meeting of the Council. The Council had appointed a working party to consult with the United Kingdom as to:

- "the nature of its balance-of-payments difficulties,
- the nature of the measures taken,
- alternative corrective measures which may be available, and
- the possible effect of the measures taken on the economies of other contracting parties."

The Working Party met from 7-10 December, under the chairmanship of the Deputy Executive Secretary, and carried out the proposed consultations with the United Kingdom. Its report was distributed in document C/50.

The Deputy Executive Secretary in presenting the report said that during the consultations the Working Party had consulted with the International Monetary Fund. He drew particular attention to a note at the end of the report referring to a proposal made during the Working Party discussions by the representative of the European Economic Community for an amendment to the Working Party's conclusions. The European Economic Community, having noted that the Working Party had rejected this amendment, had been unable to approve the report.

The representative of India referred to the arguments of the less-developed countries which were recorded in paragraphs 18, 19, 20 and 25 of the Working Party's report. He stressed that all that was asked was "high priority" in the matter of giving exemption from the surcharges to products in which the less-developed countries were principal or substantial suppliers, and which were of special significance to their economies. He emphasized that less-developed countries should not be asked to bear a double penalty on products which were covered by import quotas or where special arrangements already existed. He recalled that, in connexion with the "standstill" provision adopted at the Ministerial Meeting of May 1963, industrialized countries had indicated that they would use their best endeavours to maintain the standstill in full, although situations might arise where there could be a compelling need for limited exceptions. It was, therefore, surprising to see a sentence in paragraph 35 of the report to the effect that in the view of some members of the Working Party the selection of products for advance removal or reduction on the basis of the source of supply would be contrary to the principal of non-discrimination. He suggested that the Council, in drafting its conclusions, should include the following sentence:

"The Council recommends that in the process of reducing and removing the surcharges, high priority be given to the products of interest to less-developed countries."¹

¹The full text of the statement by the representative of India was reproduced in document C/W/86.

Several representatives supported the proposal made by the Indian representative. They pointed out that the balance of trade of less-developed countries was characterized by chronic deficit, to the continuing detriment of their overall objectives. In this situation the less-developed countries were entitled to ask the United Kingdom to give consideration to their difficulties in the same sympathetic way in which they viewed the difficulties of the United Kingdom. They expressed disappointment that some countries were not favourably inclined to the granting of high priority by the United Kingdom in removing surcharges from items of interest to less-developed countries. Article XXVII of the new Part IV of the GATT on Trade and Development provided that the developed contracting parties should accord high priority to the reduction and elimination of barriers to the products of particular export interest to less-developed contracting parties. This provision would very shortly become a commitment in the GATT and there was no valid reason why it should not now be invoked by the Council. Otherwise the less-developed countries could not help feeling that the provisions of the new Part IV would not be meaningful for them.

The representative of the United States, commenting on the proposal of the Indian representative, said that the phrase "principle of non-discrimination" had been used in paragraph 33 of the report in order to avoid confusion with the term "most-favoured-nation obligation". In his view there were a number of points where the principle of non-discrimination could operate in a way different from the most-favoured-nation clause. He believed that there was a good case for giving "priority" to less-developed countries when reducing or removing tariffs and for observing the standstill on restrictions against the importation of goods from less-developed countries. However, it was made entirely clear, both by the Ministers when they adopted the Action Programme and during the discussions on the new Part IV of the GATT, that these obligations could not be expected to operate in all cases. The particular situation under discussion was one of balance-of-payments difficulties, and when the Finance Ministers of a number of countries agreed to give massive support to sterling, they had made clear their desire that the principle of non-discrimination in the broader sense should be applied to the administration of the surcharges and to the process of their reduction and elimination. This requirement was based on the conviction that the proper way to dismantle these surcharges was across-the-board without favour to any particular country. If the notion were accepted that, in the present case, distinction should be made according to the source of the products, it would be impossible for the United Kingdom Government to carry out the dismantlement of its restrictions without introducing discrimination.

One representative, while supporting the above statement, sympathized with the proposal of the Indian representative particularly because some of the products affected by the surcharges were also covered by quantitative restrictions. With regard to the Working Party's report he noted that there were many uncertain elements in relation to the United Kingdom surcharges, for example it was not known how effective the internal measures so far taken would prove in restoring

the balance-of-payments situation. Further, full information was not yet available on the internal measures which would be covered by the forthcoming United Kingdom budget. In the circumstances, therefore, a review should take place early in 1965 to examine the progress made in removing and reducing the surcharges and to assess the general state of affairs at that time.

Several representatives objected to the distinction drawn between the principle of non-discrimination and the most-favoured-nation clause. One representative felt that if the principle of non-discrimination were defined other than in the sense of most-favoured-nation treatment, it could be argued that when the surcharges were introduced the United Kingdom Government should have seen to it that the trade of no one contracting party was more affected than that of another. This, of course, would not have been feasible. This illustrated the type of difficulty which would be encountered in trying to distinguish between the most-favoured-nation clause and the principle of non-discrimination.

Another view put forward was that the debate which took place in the working party had brought out the anxieties felt by the less-developed countries and that the representatives in the Council had had an opportunity to express their sympathy with these anxieties. The Council could, therefore, record its understanding of the situation of the less-developed countries and leave it to the United Kingdom authorities not to be forgetful of the interest of these countries in whatever plans they might adopt for the reduction and elimination of the surcharges. It would perhaps be wiser to leave matters in this way rather than attempt to reach an agreed conclusion on such a complex issue.

The Executive Secretary was asked to comment on how the principle of non-discrimination was to be regarded in the context of the General Agreement. The Executive Secretary said that when a "principle" was mentioned in connexion with the GATT, what was meant was a principle based on or embodied in the provisions of the Agreement. In this context, therefore, the only concept of non-discrimination which could be taken into account was that covered by Articles I and XIII. While it might be considered desirable by contracting parties that in cases such as the one under consideration there should not be discrimination between products, it should be pointed out that the rule was not stated anywhere in the Agreement in that form. The Agreement provides that restrictions imposed for balance-of-payments reasons should be related to the balance-of-payments difficulty and recognizes that the contracting party taking the measures had a certain discretion in the selection of the incidence of the measures having regard to its balance-of-payments position. But it was somewhat ambiguous to refer to the principle of non-discrimination unless it meant the principle embodied in Articles I and XIII.

On the suggestion of the Chairman it was agreed that the Council would go on record as expressing the hope that in the modification of the surcharges consideration would be given by the United Kingdom to the trading interests of the less-developed contracting parties having regard to the statements of Ministers, without prejudice to the early removal of the restrictions as a whole and without prejudice to the principle of non-discrimination as embodied in the General Agreement. The representative of the United States stated that his Government considered it important that the United Kingdom, in the process of the removal of the surcharges, should not only avoid discrimination as between sources in the case of any product but should also avoid the selection of products on the basis of source.

The representative of the European Economic Community, referring to the last sentence in paragraph 32 of the report, asked for clarification as to what was meant by that sentence and in what way it was envisaged that contracting parties could exercise their rights under the General Agreement.

In reply the Chairman gave the following clarification:

"It follows from what is said in paragraph 27 of the report that it would be legally open to any contracting party to invoke the provisions of Article XXIII. In view of the extensive consultations which have already taken place in the framework of the General Agreement, in the event of such invocation, the matter could be submitted directly to the CONTRACTING PARTIES. It would then be for the CONTRACTING PARTIES to reach a finding whether, as stipulated in Article XXIII, the circumstances were serious enough to justify the authorization of compensatory measures and whether whatever particular measures might be proposed were appropriate in the circumstances."

The Council adopted the report of the Working Party on the United Kingdom Temporary Import Charges and directed the Working Party to resume the consultation on 17 February 1965.

The representative of Australia stated that his Government believed that, in certain circumstances and subject to proper safeguards, surcharges might well be one appropriate method of restricting imports in a recognized balance-of-payments situation. They believed that in some circumstances surcharges could well be less disruptive to international trade than quantitative restrictions. They could not accept the view that surcharges were necessarily more protective than quantitative restrictions, nor that domestic restraints were to be preferred on the alleged grounds that they did not affect exports of other countries. In their view any measures which affected demand for, or availability of, imported products must affect the exports of third countries. Since Australia believed that surcharges might be an appropriate measure, surcharges should be permitted in the same circumstances where quantitative restrictions could be imposed under the General Agreement and should be subject to the same control by the CONTRACTING PARTIES. Any GATT consultations in respect of surcharges should be based on the

procedures and in accordance with the criteria which apply to consultations under Article XII. It followed, therefore, that it was unreasonable that GATT cover should not be available in cases where import surcharges were imposed for balance-of-payments reasons in accordance with the criteria set out in Article XII. The question of balance-of-payments surcharges would not be solved by the procedures that had been adopted in the present case. In the view of the Australian delegation, the clarification given by the Chairman, regarding paragraph 27 of the Working Party's report, was applicable solely to the particular case under consideration.

The representative of Austria, speaking as Vice-Chairman of the EFTA Council, remarked that there was a point which was of common concern to the member countries of EFTA. Paragraph 28 of the report recorded the Working Party's welcome for the non-discriminatory line adopted by the United Kingdom. If this line were not discussed further on the present occasion by the member countries of EFTA, they would not wish their acquiescence to be construed as accepting this as a principle.

The representative of the European Economic Community recalled the great importance which had been attached to this subject during the first discussion which took place at the October meeting of the Council. This question remained a very important one for the Community and they would follow developments in this matter with great attention. It was in this spirit that the Community wished to express appreciation for the discussions in the Working Party which had led to certain useful clarifications. The adoption of the Working Party's conclusions was the first stage in examining the British measures. The Community was convinced that in the next stage of the consultation it would be possible to see that concrete measures were adopted for the reduction or removal of the surcharges in a manner which would rapidly allay the concerns of the Community with regard to their effects on its trade with the United Kingdom and on trade relations in general. In this connexion the Community noted the statements which had been made to the Working Party by the representative of the United Kingdom and strongly hoped that his Government would find it possible to proceed rapidly with the reduction or removal of the surcharges.

The Executive Secretary commented that although the consultation with the United Kingdom had not been carried out specifically under the provisions of Article XII, it had been carried out by analogy thereto. There was a strict injunction in the interpretative note to Article XII that the CONTRACTING PARTIES should make provision for the observation of the utmost secrecy in the conduct of any consultation under the provisions of the Article. It was therefore a matter of considerable regret that, during the course of the consideration of this matter, there had been considerable leakages. In this connexion he wished to make a plea to all contracting parties to apply strictly the security regulations which must exist in all their governments and if necessary to reinforce their regulations. However, in view of the leakages that had occurred, he thought it would be desirable that the conclusions of the Council, incorporating the Working Party's conclusions as set out in paragraphs 26 to 36 of the report (C/50), should be issued in a communiqué to the press. This was agreed.¹

¹The communiqué was issued in GATT/913.

2. Arrangements for consultations under Article XII:4(a)

The Executive Secretary recalled that during the discussion on the United Kingdom temporary import surcharges he had indicated that the consultations which were proceeding with the United Kingdom were not formally taking place on the basis of Article XII, but had been conducted by analogy with the provisions of that Article. He felt that the experience gained in dealing with this matter raised serious questions regarding the operation of the General Agreement. Paragraph 4(a) of Article XII provided inter alia that any contracting party applying new restrictions or intensifying existing restrictions should consult immediately after instituting or intensifying these restrictions. The United Kingdom when it felt itself called upon to impose the surcharges had acted in accordance with paragraph 4(a) of Article XII and had immediately informed the CONTRACTING PARTIES and offered to enter into consultations. He took it that this meant that the United Kingdom had felt that it was not practicable to do so before taking the action and that this had been accepted at least tacitly by the CONTRACTING PARTIES. However, it was difficult to understand why the CONTRACTING PARTIES did not in fact initiate these consultations with the United Kingdom until nearly six weeks after the measures had been introduced. This was not a criticism of the United Kingdom since that Government had acted fully in accordance with what was intended in paragraph 4(a) and had offered itself for consultation immediately after taking the measures. His cause for concern was the considerable delay which the CONTRACTING PARTIES felt was necessary for them to deal with this matter. It was noted that in the meantime the United Kingdom had been consulting with other international organizations. If the feeling of the CONTRACTING PARTIES was that this somewhat leisurely way of proceeding was a proper way of implementing paragraph 4(a) of Article XII, it seemed to him that this would rob this paragraph of much of its meaning. In his view this approach threatened seriously to undermine the prestige and standing of the CONTRACTING PARTIES and of the General Agreement as the major international forum for discussions on questions of international trade.

The Executive Secretary further recalled that when discussions took place in connexion with the transformation of the Organisation for European Economic Co-operation to the OECD, a question had arisen as to whether it would be necessary to retain in the successor organization provisions which would enable urgent consultations to take place in the event that that organization should find it necessary. At that time the judgment of governments was that it was not, in fact, necessary to retain special procedures in the framework of a European organization since the provisions of the General Agreement quite clearly contemplated that there was effective mechanism in it for rapid action. This matter was specifically discussed at that time and the CONTRACTING PARTIES indicated that they would be in a position to act rapidly and effectively. In his view the experience in the present case did not bear out this affirmation. Concluding, the Executive Secretary said that his statement was not intended to form the subject of discussion at the present meeting of the Council. He had drawn attention to this matter in the hope that contracting parties would reflect upon it and, if they deemed it desirable, revert to a discussion of the matter at a later date.

In response to a comment by the representative of the International Monetary Fund that he regretted that it had not been found possible to discuss this matter with him beforehand, the Executive Secretary said that, while he had not referred to the Fund, he was fully aware of the nature of the problem in so far as it involved relations between the two organizations and it would certainly be his intention to discuss any implications that might arise in respect of co-operation between the CONTRACTING PARTIES and the Fund before the matter was formally submitted for discussion in the Council.

3. Balance-of-payments import restrictions

(a) Reports on consultations (L/2303, L/2299, L/2293, L/2291, L/2302, L/2301, L/2295 and Corr.1, L/2300, L/2294)

The reports on the consultations conducted by the Committee on Balance-of-Payments Restrictions, with Brazil, Finland, Ghana, Greece, India, Israel, New Zealand, Pakistan and Spain, were distributed in documents L/2303, L/2299, L/2293, L/2291, L/2302, L/2301, L/2295 and Corr.1, L/2300 and L/2294 respectively. The reports were presented to the Council by the Chairman of the Committee, Mr. J. Voutilainen (Finland).

Referring to the report on the consultation with Brazil (L/2303) the representative of Norway pointed out that there had been a bilateral arrangement between Norway and Brazil up to 1961. On the basis of decisions taken in the International Monetary Fund and in GATT to eliminate discriminatory trade practices, Norway's partners in international trade organizations had urged Norway to terminate this bilateral arrangement. The Norwegian Government therefore decided to conduct its trade and payments arrangements with Brazil on a multilateral basis. This step had led to a strikingly unbalanced development in Norway's trade with Brazil. Norwegian imports from Brazil consisting mainly of coffee had increased, whereas Norway's exports, primarily salted dried cod fish, had dropped very steeply. The main reason for this development was that other contracting parties were still maintaining bilateral agreements with Brazil and were taking advantage of Brazil's discriminatory practices pertaining to advanced payment for exchange cover certificates. These practices had had the effect, for example, that Brazilian importers of Norwegian cod fish had to pay approximately 14 per cent more than importers of a similar product from bilateral trading partners. It was natural that Norwegian exporters affected by this situation were surprised that other countries were able to maintain their bilateral agreements with Brazil, although the latter had undertaken the same international obligations as Norway. The Brazilian discrimination was in sharp contrast to the free access which coffee and other Brazilian products enjoyed in the Norwegian market. The situation was of serious concern to the Norwegian authorities who, therefore, expected that Brazil would take immediate and effective measures so that this most unsatisfactory state of affairs would be rectified. It appeared from the report that it was the intention of the Brazilian Government to terminate these bilateral arrangements, but that they felt it was difficult to proceed alone. It would, therefore, be fit for the Council to direct an appeal not only to Brazil, but to those contracting parties which still maintained bilateral agreements with that country.

The representative of Brazil replied that he had taken note of the comments made by the representative of Norway. He recalled that in the Working Party the Brazilian representative had stated that the comments made on these matters would be transmitted to the Brazilian Government for immediate consideration. The problem of a bilateral agreement was a difficult one because termination was dependent on both parties to the agreement. However it was the intention of Brazil to eliminate the discount mentioned by the Norwegian representative as soon as possible. He hoped that action which was proceeding on this matter would soon result in a new expansion of trade between Brazil and Norway and that the multilateralization of Brazil's trade with GATT countries would be carried out fully.

The Council agreed to endorse the appeal made by the representative of Norway that trade between Brazil and other GATT countries should be carried out on a multilateral basis as soon as possible.

The representative of the International Monetary Fund, while pointing out that the Fund urged its member countries to reduce reliance on bilateralism, noted that the Brazilian practices referred to by the representative of Norway involved multiple currency practices. As could be seen from Annex II to document L/2303 the Fund in its last consultation with Brazil under Article XIV of the Fund Agreement, had not objected to the continuation of Brazil's multiple currency practices on a temporary basis.

The Council agreed to recommend the nine reports of the Committee on Balance-of-Payments Restrictions for adoption by the CONTRACTING PARTIES at the twenty-second session.

(b) Programme for consultations in 1965 (C/51)

It was suggested in a note distributed by the secretariat (C/51) that the Committee on Balance-of-Payments Restrictions should carry out consultations with some sixteen governments in the coming year. It was suggested that the Committee should hold two sessions, one in the spring and one in the autumn, and that the detailed time-table be worked out in consultation with the International Monetary Fund and the governments concerned. This proposal has been referred to the Council rather than to the CONTRACTING PARTIES at their March session so that the secretariat and the governments concerned could proceed with the preparation of documentation which in the past had sometimes not been completed in sufficiently good time.

The proposals in document C/51 were approved subject to consideration under item 6 of the timing of the consultation with Chile.

4. Residual import restrictions (L/2286)

The Chairman announced that in accordance with instructions given by the CONTRACTING PARTIES at their twenty-first session a note had been circulated in document L/2286 requesting contracting parties to communicate up-to-date information concerning import restrictions which they applied contrary to the provisions of the General Agreement and without the authorization of the CONTRACTING PARTIES. It had been hoped that on the basis of information submitted in answer to this request the Council could have carried out a review of such restrictions at its present meeting. It was the intention of the secretariat to prepare for the purpose of the review a new consolidated list of the restrictions. However, in view of the few responses received from contracting parties it had not been possible to prepare such a document. Attention was therefore drawn to the request in document L/2286 for up-to-date information on this matter and representatives were urged to arrange for their governments to supply this information at the earliest possible date so that the consolidated list could be prepared in time for a review to take place at the next meeting of the Council.

5. Italian customs treatment for imports from Libya (L/2316)

At its last meeting the Council had appointed a Working Party to examine a request from the Government of Italy for a further extension of the waiver which authorized Italy to grant special customs treatment to imports of certain products from Libya.

The Chairman of the Working Party, Mr. J.R. Martin (New Zealand) in presenting the report (L/2316) pointed out that the Libyan representative had explained that an extension was needed for only about half the number of items covered by the waiver. The Libyan representative had also said that it was legitimate to hope that when the current Libyan five-year plan was completed Libya would be able to participate in international trade without the help of the special treatment granted under the waiver. In the light of the explanations given by the Libyan delegation there was general agreement in the Working Party to recommend an extension of the waiver for another three years up to 31 December 1967. A draft decision for this extension was attached to the report of the Working Party.

The representative of Brazil recalled that his Government had supported the waiver as well as the successive extensions, although it was a basic point in Brazilian policy to oppose discrimination against less-developed countries and even although there were products covered by the waiver which were of interest to Brazil. The Brazilian Government understood the situation of Libya and would, therefore, agree to the extension requested. It was hoped, however, that the practice of assisting less-developed countries by discriminating against other less-developed countries would not be continued indefinitely and that other forms of assistance would be found. It was, therefore, hoped that Libya would soon be able to participate in world trade on the same footing as contracting parties to the GATT.

The representative of Cameroon said that his delegation had not been a member of the Working Party. The Italian delegation had agreed to discuss the interest of Cameroon in one of the products covered by the waiver. On this understanding his delegation would agree to the submission of the draft decision to a vote by postal ballot.

The text of the draft decision proposed by the Working Party was approved for submission to contracting parties for a vote by postal ballot. Ballot papers were distributed to representatives present. The Chairman announced that ballot papers would be sent to contracting parties not represented, and that the ballot would close on 25 January.

6. Chilean import surcharges - extension of waiver (C/53)

Since 1959 the Government of Chile had maintained, with the authority of the CONTRACTING PARTIES, certain import surcharges which were intended "as an emergency measure designed to overcome the threat to its monetary reserves and to ensure the success of its stabilization programme". On 21 June 1963 the waiver was extended until the end of December 1964. The Government of Chile now requested a further extension.

As the examination of this request would involve a consultation with the International Monetary Fund under Article XV, the Executive Secretary had proposed in document C/53 that the request be examined in conjunction with the consultation to be held with the Government of Chile under Article XVIII:B in 1965. It had appeared desirable that these two tasks should be undertaken by the Committee on Balance-of-Payments Restrictions during the twenty-second session, which was to be held in March. Meanwhile, however, the validity of the waiver might be given an interim extension so that the maintenance of the surcharges would be provided for until the matter was fully examined.

The representative of the United States, while supporting the proposal of the Executive Secretary, observed that there were certain points of variance between the terms of the original waiver and current Chilean commercial policy. Under the terms of the waiver the Government of Chile had indicated its firm intention that surcharges and prior deposit requirements would not be imposed simultaneously, and that surcharges would in no case exceed 200 per cent. It was believed that Chile's newly established system of import deposits was not entirely consistent with the first of these intentions. Further, some of the surcharges had now been increased by additional increments ranging as high as 300 per cent. In fact a few surcharges of 350 per cent and 400 per cent were currently being levied on imported sporting goods and mechanical pencils. The United States Government urged that the Government of Chile take action to eliminate the inconsistencies mentioned as early as possible. It was also hoped that the Chilean Government would avoid any additional restrictive measures during the period of the waiver. In this connexion the Chilean Central Bank had

proposed a bill requesting authority to reject any import registration application if it felt that such action was warranted by Chile's foreign exchange reserve position. Finally, the United States Government was concerned about the discriminatory manner in which certain of the surcharges were being administered and the adverse effect that these were having on a number of United States exports.

The representative of Chile said that he would convey the statement made by the representative of the United States to his Government. He expected that the matter would be studied and that replies would be given when the matter was discussed again.

The procedure proposed by the Executive Secretary for dealing with Chile's request, including the timetable suggested, was agreed.

The text of the draft interim waiver contained in the Annex to document C/53 was approved for submission to contracting parties for a vote by postal ballot. Ballot papers were distributed to representatives present. The Chairman announced that ballot papers would be forwarded by post to contracting parties not represented, and that the ballot would close on 25 January.

7. Procedures for accession

(a) Applications for accession (C/49)

A note by the Executive Secretary on the procedures for dealing with applications for accession on the action already taken in respect of several applicant countries (Argentina, Iceland, Tunisia, the United Arab Republic, Yugoslavia, and Ireland) was distributed in document C/49.

The Chairman proposed that discussion of this matter should be deferred until the next meeting. The representative of the United Arab Republic did not wish the discussion to be postponed. He said that his country was anxious to become a full member of the GATT and it was important for his country to know whether a successful conclusion to the Kennedy Round would lead to the full accession of the United Arab Republic. The Kennedy Round would provide the necessary opportunity for contracting parties to discuss all the problems connected with his country's application for full membership.

The Council agreed to discuss this item at its next meeting.

(b) Accession of less-developed countries

The representative of the United Arab Republic commented that under the existing rules the participation of some less-developed countries in the work of the GATT was limited over long periods to the status of provisional accession.

The fact that the new Part IV contained the concept of non-reciprocity did not in his view ensure that this situation would no longer arise. The CONTRACTING PARTIES should, therefore, work out special rules and procedures to govern the accession of less-developed countries.

The Executive Secretary said that the procedure for provisional accession was designed as a concession to enable a number of countries to enter into GATT relationship with the contracting parties without waiting for the procedures of Article XXXVIII to operate. It was thus a concession to these countries and not a question of imposing any delay in their accession under Article XXXVIII. In his view the problems posed for the accession of less-developed countries to the GATT were adequately covered by paragraph 8 of Article XXXVI of the new Part IV.

The representative of the United Arab Republic said that Article XXXVIII specified that governments may accede to the General Agreement on "terms to be agreed". It was the intention of his delegation to submit to the Council proposals concerning the terms of accession for less-developed countries.

8. Authentic texts of the Protocol amending the GATT to introduce Part IV

Since the adoption at the Special Session of the CONTRACTING PARTIES of the text of the Protocol amending the GATT to include Part IV on Trade and Development, it had been suggested that the procedures for obtaining parliamentary approval of this Protocol in Spanish-speaking countries would be greatly facilitated if the text of the Protocol were authentic in Spanish. Hitherto all protocols and other instruments drawn up by the CONTRACTING PARTIES had been authentic in English and French. If it were now decided to prepare an authentic Spanish text of this latest Protocol, the result would be that the new Part IV of the GATT would be authentic in three languages while the older Parts would be authentic in only two languages. Thus the question before the Council was, perhaps, whether to establish an authentic Spanish text of the GATT.

The representative of Uruguay, on behalf of the Spanish-speaking countries, said that what was requested was not a decision to have the whole of the GATT authentic in Spanish but only the new Part IV.

The Council agreed that the new Part IV should be made authentic in the Spanish language on the understanding that this did not involve a commitment to establish an authentic Spanish text for the whole of the GATT.

The Chairman said that a Spanish text of the Protocol would be distributed to all contracting parties as soon as possible so that they would have an opportunity to examine it, and to ensure conformity with the authentic texts in English and French.

9. Committee on Trade and Development

The terms of reference of the Committee on Trade and Development had been approved at the meeting of the Special Session on 26 November. To prepare for the formal establishment of the Committee at the closing meeting of the Special Session to be held early in 1965, it had been thought that the Council might give consideration to its membership and chairmanship.

(a) Membership

Several possibilities for arriving at the membership of the Committee were put forward. One suggestion was that membership should be the same as that of Committee III which was composed of thirty-three members and was representative of the contracting parties from the point of view of geographical distribution and stage of development. Another suggestion was that membership should include all those countries which had been members of one or more of the committees whose functions were to be taken over by the new Committee (Committee III, the Action Committee, the Committee on the Legal and Institutional Framework, and the Working Party on Preferences). If this course were followed the new Committee would have a membership of fifty-two. In connexion with a further suggestion that all contracting parties should be members of the Committee it was observed that if this course was followed all the tasks assigned to the Committee would in practice be dealt with by the CONTRACTING PARTIES in plenary meetings and that the CONTRACTING PARTIES would then establish restricted committees, working parties or special groups to carry out specific tasks.

After full discussion the Chairman commented that none of these possibilities appeared to be generally acceptable. There nevertheless seemed to be a general desire that the Committee should be large enough to be representative yet small enough to be effective. He stressed that membership of the Committee would involve considerable responsibility, and that those countries wishing to be members should be prepared to provide adequate permanent representation in Geneva or to ensure adequate representation from time to time. If these considerations were borne in mind perhaps it might be possible to arrive at a membership which was both representative and effective. In the light of these remarks he proposed that the Council recommend that the membership of the Committee should be open to those contracting parties and governments having acceded provisionally to the GATT which wished to accept the responsibilities of membership by undertaking to provide suitable representation at meetings of the Committee and to participate actively in its work. Accordingly the Council might invite the governments which decide to request membership on the basis to notify the Executive Secretary not later than 27 January.

This was agreed.

The Council expressed the hope that this invitation would not result in so many requests for membership as to make the Committee too large to be efficient, and therefore proposed to review the response to the invitation at its meeting on 28-29 January.

(b) Chairmanship

It was agreed that the Chairman of the Action Committee should preside at the meetings of the Committee on Trade and Development pending the taking of a decision on chairmanship of the Committee at the twenty-second session.

10. Chairmanship of ICCICA

For many years the CONTRACTING PARTIES have submitted annually to the Secretary General of the United Nations a nomination for the office of the Chairman of the Interim Co-ordinating Committee for International Commodity Arrangements. For the last three years the CONTRACTING PARTIES have nominated Mr. S.A. Hasnie, Governor of the State Bank of Pakistan. Mr. Hasnie's third term of office would expire on 31 December 1964. Changes in the arrangements for dealing with commodity problems were envisaged in the recommendations and resolutions adopted at the United Nations Conference on Trade and Development. As these adjustments might take some time it had been suggested by the United Nations that the question of the Chairmanship of ICCICA in 1965 should be dealt with by the CONTRACTING PARTIES pending action on the UNCTAD resolutions.

The Council agreed that Mr. Hasnie should again be nominated as Chairman of ICCICA until such time as action had been taken by the General Assembly of the United Nations on the UNCTAD resolutions.

11. Programme of meetings (C/W/85)

The Council agreed on the convening of certain meetings during the period January to March 1965. (The programme has been issued in document L/2330.)