

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

IC/SR.25  
22 May 1956

Limited Distribution

Intersessional Committee

SUMMARY RECORD OF THE MEETING

Held at the Palais des Nations, Geneva, commencing  
at 3 p.m. on Wednesday, 9 May 1956

Chairman: Mr. Garcia Oldini (Chile)

- Subjects discussed:
1. Request by the United Kingdom for authority to renegotiate four items in Schedule XIX
  2. Request by the United States for authority to renegotiate one item in Schedule XX
  3. Future meetings of the Committee

1. Request by the United Kingdom for authority to renegotiate four items in Schedule XIX (SECRET/64 and Add.1)

The CHAIRMAN referred to the application by the United Kingdom for authority under paragraph 2(a) of the Declaration of 10 March 1955, to enter into negotiations under the procedures of paragraph 4 of Article XXVIII (Revised) in order to modify the concessions on four items in Schedule XIX. These concessions had been initially negotiated with one or more of the following countries: Brazil, Czechoslovakia, France, Sweden and the United States.

Mr. JARDINE (United Kingdom) explained that in response to requests made on the United Kingdom at the current Tariff Conference, new concessions had been negotiated to replace certain existing concessions. The new concessions would become binding on the United Kingdom in accordance with the terms of the Protocol of Supplementary Concessions embodying the results of the Conference. Although the overall results of the negotiations represented improved treatment for imports, the modifications could have the effect of increasing the duty on certain shipments. Unless the old concessions were renegotiated, the Protocol would have legal force only to the extent that the modification resulted in improved treatment and the United Kingdom would be legally bound to grant either the treatment provided in the Protocol or the treatment previously bound whichever was more favourable to the exporter. As this was deemed unreasonable and impracticable, his delegation wished to arrange for the withdrawal or modification of the existing concessions.

Mr. Jardine said that on each of the four items the new concession gave a balance of advantage to each of the contracting parties with which the old concession had been initially negotiated. This situation had already been discussed with the initial negotiators, and with the contracting parties likely to be interested as exporters of the products affected.

The representatives of Canada, the United States and Sweden considered that the application was justified by the circumstances and supported the request.

The Committee agreed that special circumstances existed in the sense of Article XXVIII:4 (Revised) and decided to grant the United Kingdom the authority to renegotiate the old concessions on the four items.

The Executive Secretary said that, although the question in this case was of somewhat academic interest, it was important that the action by the Committee should follow closely the provisions of Article XXVIII (Revised). After determining that there were special circumstances, the Committee should ascertain whether, in addition to the countries with which the concessions had been originally negotiated, some countries wished to claim either a "principal supplying interest" or a "substantial interest" in the sense of paragraph 1 of Article XXVIII (Revised). If the applicant contracting party accepted any such claim, this would be deemed a determination by the Committee; if no agreement could be reached, the Committee would decide. If any countries were uncertain as to their interest in the item, they should study the matter and approach the applicant contracting party without delay, and the same procedure would then apply.

Mr. CISNEROS (Cuba) recalled that there were important notes and supplementary provisions to the revised Article XXVIII which provided that an applicant contracting party would not necessarily be required to negotiate with countries other than those with which the concession had been initially negotiated and the Committee itself would have to consider any disagreement that might arise concerning the countries entitled to participate in the negotiations.

The Executive Secretary agreed that the Committee might have to take important decisions in this matter and that was why the Committee should observe closely all the provisions of the Article.

The CHAIRMAN then enquired whether any representatives considered that they had a "principal supplying interest" or a "substantial interest" in these items.

The representatives of the Netherlands and Austria reserved the right of their Governments in this connection, and the representative of the United Kingdom replied that his delegation would be ready to discuss the matter with them.

The CHAIRMAN instructed the Executive Secretary to inform contracting parties not represented at the meeting of the decision taken. The representatives of the Netherlands and Austria and any other contracting parties wishing to claim a principal supplying interest or a substantial interest in any of the four items should approach the United Kingdom without delay. If the United Kingdom recognized the claim, this would be deemed a determination by the Committee, and if no agreement could be reached the matter could be referred to the Committee.

2. Request by the United States for authority to renegotiate one item in Schedule XX (SECRET/65)

The CHAIRMAN referred to the application by the United States Government for authority, under paragraph 2(a) of the Declaration of 10 March, to negotiate under the procedures of paragraph 4 of Article XXVIII (Revised) in order to modify certain commitments in Parts I and II of the United States Schedule relating to liquid sugar. The existing concessions had been initially negotiated with the Dominican Republic and Cuba.

Mr. CORSE (United States) recalled that at the meeting of the Committee on 26 March the circumstances and reasons for wishing to modify the concession had been informally explained. Liquid sugar was dutiable at a different rate from dried sugar, but was increasingly being used as a substitute for dried sugar, and could no longer be considered a specialty product. Therefore his Government proposed to negotiate the equalization of the tariff rates on liquid and dried sugar, thereby removing the tariff obstacle which would prevent the provision of a combined import quota for the two products. Mr. Corse thought that this situation warranted determination by the Committee that special circumstances existed within the meaning of Article XXVIII:4.

The representative of Cuba said this question had been discussed with his delegation, and his Government agreed that there were special circumstances and would therefore support the request; this case showed that even problems as difficult as those connected with sugar could be resolved satisfactorily when all countries showed understanding. The CHAIRMAN announced that the representative of the Dominican Republic had requested the Executive Secretary to convey to the Committee that his Government would support the request.

The Committee agreed that there were special circumstances in the sense of Article XXVIII:4 and decided to grant authority to the United States to renegotiate the item.

The CHAIRMAN enquired whether any contracting party considered that it had a principal supplying interest or a substantial interest in the item, and the representative of Haiti said that he had instructions to discuss this question with the representative of the United States.

The CHAIRMAN instructed the Executive Secretary to inform contracting parties not represented at the meeting of the decision taken, and said that any contracting party wishing to claim a "principal supplying interest" or a "substantial interest" should approach the delegation of the United States without delay. If the United States recognized the claim, this would be deemed a determination by the Committee, and if no agreement could be reached the matter could be referred to the Committee.

3. Future meetings of the Committee

In reply to an enquiry by the representative of the Union of South Africa, the EXECUTIVE SECRETARY said that it was difficult to give a programme of meetings for the summer months, but it seemed possible that the Committee might not be required to meet until the early part of September. This depended upon two questions: The Committee had the duty to appoint a drafting group on the proposed Agreement for Commodity Arrangements if it appeared that useful work could be done before the Eleventh Session, though at present it did not seem very likely that the Committee would have to take such action. In addition, the Government of Brazil might wish to submit certain questions to the Committee in connection with its new tariff. If it should be necessary to convene the Committee, before September, members would be notified as early as possible.

The meeting adjourned at 4.45 p.m.