

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Twenty-Fifth Session

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## SUMMARY RECORD OF THE ELEVENTH MEETING

Held at the Palais des Nations, Geneva,  
on Friday, 20 November 1968, at 11 a.m.

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

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### 1. Statements by the representatives of the United Kingdom, the United States, Australia and India

Sir ANTHONY PLATT (United Kingdom) said that it seemed more than ever important that, at a time such as this, the aims of the GATT should be reaffirmed. He was instructed by his Government to contribute in this sense to the discussions. To say this, was not to overlook the recent international monetary difficulties and the inter-connected problems which they had created for world trade. The United Kingdom Government had been compelled to take the measures of which the CONTRACTING PARTIES had been informed. They had taken these measures with regret for they had worked persistently, not least in the last twelve months, to strengthen the influence of those in the United Kingdom and elsewhere who believed in the liberalization of trade, and they were sure that the very existence and continuing influence of the GATT had helped to make governments, whatever their difficulties, very reluctant to adopt any measures which were restrictive of international trade. But now that the international monetary situation had emphasized conclusively the need for the United Kingdom to restrain imports, his Government had taken account to the fullest extent possible of the interests of trading partners and of the spirit of

international co-operation represented by the GATT; and they had deliberately chosen the method which in its essential impact was of limited duration and was designed to do as little damage as possible to international trade. He thanked the representative of India for his generous acknowledgment of the attention that his Government had paid to the interests of the developing countries in deciding on the coverage of the United Kingdom Import Deposit Scheme. The United Kingdom delegation had readily accepted the proposal that the scheme should be examined by a working party.

The present situation with all its difficulties made it especially desirable to reaffirm the intention of all to implement fully the results of the Kennedy Round and to abide by the objectives to which the CONTRACTING PARTIES were committed. The United Kingdom Government strongly agreed with the need to make plans to maintain the momentum towards liberalization and welcomed the initiative of the Director-General in stimulating discussions and the proposals suggested with this end in view. His delegation would be glad to co-operate in a purposeful way in the agreed programme of work. His Government was strongly conscious of the interest of the developing countries in all aspects of this programme and their desire to play a full part in it. It attached special importance to finding practical measures for helping the developing countries in a fruitful way.

With regard to tariffs he hoped that the current survey by the secretariat of the post-Kennedy tariff scene would help to show which were the most promising lines for further advance. It was not necessary at this stage to decide finally which of the various possibilities held out the most promise of substantial results. He certainly did not rule out any possibilities at this stage. As for non-tariff barriers, he hoped that, as the work now in hand progressed, purposeful consideration could be given to the possibility of multilateral negotiations on those main barriers which appeared to have the most significant effect on international trade. His delegation would certainly be willing to take part in such negotiations. It would also continue to play an active part in the group which was examining the border tax problem, which had made useful progress in the study of this complex field. The Agriculture Committee appeared to have a reasonable programme of work in which the United Kingdom was prepared to participate to the full, and which should now proceed as part of the whole programme of work.

In conclusion Sir Anthony Part expressed the hope that the programme of work would lead to purposeful discussions and, as opportunity arose, negotiations which would do justice to the contribution of the GATT to the cause of freer international trade.

Mr. ROTH (United States) said that this was his last appearance as United States Special Trade Representative, and therefore, his last statement before the CONTRACTING PARTIES. He was leaving with a sense of the difficulties and complexities of the problems to be faced; the good humour and good will of the participants; and both a deep fear of the danger of serious conflict, as well as hope for important movement ahead.

He had been actively associated with the work of the GATT for more than five years, particularly during the exciting and challenging days of the Kennedy Round, and wished to pay tribute again to the remarkable contribution this organization had made over the past twenty years to the improvement of the world living standards through the expansion of trade. These results owed a great deal to the GATT secretariat and its enlightened leadership. But even more important was the will and determination of the contracting parties to work together in a common cause.

In view of the great strides made in reducing barriers to trade, it was to be expected that continued progress would pose more difficult challenges than in the past. The road ahead had been further threatened by the recent succession of serious international financial crises.

In these circumstances, there was understandable concern that not only would it be very difficult to move ahead but that we would begin to backslide. Many countries seemed particularly concerned about possible adverse developments in his country's trade policy. He, in turn, and not without good reason, was no less concerned about protectionist pressures and developments in other countries. In short, all were in the same boat. Concentration on the difficult and complex problems of internal domestic economies would lead to an unfortunate sort of international myopia.

Nonetheless, he was basically optimistic that the forces of protectionism could be held back and the advance resumed - if the same willingness and determination to do so were shown as during the first two decades of the GATT. This meant more than ever before that it should be recognized that all had a large stake in assisting each other in finding answers to individual as well as common trade problems. Parochial solutions should be avoided, which at best offered the prospect of only affording short-term relief at the expense of others. As a matter of top priority national policies should be brought closer and closer in line with the rules and principles of the GATT, and above all the initiatives - the impetus for further movement forward - must be the responsibility of each of the major developed countries. No one nation however strong could any longer bear the burden of a common advance.

In the agreed programme of work and in the various working parties on particular trade problems, work should be undertaken with energy and seriousness. He expressed some disappointment at the slow progress made since the last meeting of the CONTRACTING PARTIES. Procedural quarrels should be avoided in order to get down to real substance while recognizing that the work was very complex and would take time. The work on non-tariff barriers should be given the highest priority. If the contracting parties did not quickly come to grips with this extremely complex field, there was a serious danger of soon emulating each other's bad practices leading to a general deterioration of the conditions of trade.

A most fruitful discussion on the future of the GATT had begun on the previous day. The big question was how to proceed - in big or little steps, directly or obliquely, by negotiation or preparatory discussion. Those who had now laboured in these vineyards for some years knew that these dichotomies were not real. The questions were academic. The contracting parties would of course proceed with due caution backwards and forward at the same time, sidewise and around the table, discussing and negotiating day after day, night after night. They would become wearier, crosser and more irritable, but something, he was sure would emerge - something of infinite value to the world of commerce and to the economies of individual nations.

The contracting parties should proceed with specific discussions and negotiations where appropriate. This was already being done, for instance, in the area of border taxes. In specific negotiations it might be found that some areas of concern should be expanded, especially when examining in depth the so-called bible of non-tariff barriers. Gradually a new outline of a larger negotiation would begin to emerge. It might start with a few sectors, sectors that logically would include matters of tariffs, non-tariff barriers and even investment policy. It might, on the other hand, consider larger areas of agriculture, taking into consideration both external and domestic practices. Indeed the possibilities of proceeding were infinite. Flexibility and imagination were regional. He recommended that the Council should have as one of its first matters of urgent business these preliminary analyses and discussions out of which would come both particular and specific negotiations and ultimately, the outline of a larger attempt at world trade liberalization.

As a number of the representatives had noted on the previous day, the GATT faced new problems involving the areas where trade policy and monetary policy met. Neither GATT rules nor procedures were fully adequate to meet with the inter-relationships which, increasingly, would become a part of the world economic pattern. As the representative from Israel had made so clear, adjustments which were necessary to ensure the even functioning of the world monetary system should strengthen and not weaken the movement to a more open pattern of trade. He suggested that urgent consideration of these matters should be given in the year ahead.

In connexion with the non-tariff-barrier problem, he expressed disappointment that this session had been unable to agree to any meaningful proposal to deal with quantitative restrictions inconsistent with the GATT. Last year, the contracting parties had agreed to take a decision on this serious problem at the twenty-fifth session. All that had been achieved was a proposal to consider the matter further. He could only say the United States would not be satisfied with this and that it would continue to work out gradually its problems bilaterally by means of available GATT procedures.

The tariff study being prepared by the secretariat was an important step in preparing for future tariff negotiations. However, he emphasized it was essential that the study cover all products, both agricultural as well as industrial. If agriculture was excluded, the study would not meet its intended purpose of providing a basis for any future tariff negotiations. He also believed it essential that tariff rates which were expressed as ad valorem equivalents should include quantifiable protective charges such as supplemental and variable levies.

With regard to border tax adjustments, solutions had to be found to the problems within the next year. Having discussed this issue not only with businessmen but also with officials of many countries, he had found a general recognition that a problem existed. The consensus that emerged in the discussion in the plenary on the border tax item clearly confirmed this view and the need for expeditious action. The United States considered this a matter of the highest priority.

With regard to developing countries, it was essential to explore all possible avenues which would help improve their trade position in the area of tariff relief, elimination of quotas and other non-tariff barriers, etc. Possible measures to implement general preferences for the developing countries should be given close and immediate attention. But the contracting parties should certainly go beyond the question of generalized preferences and other measures which might have only a relatively small trade significance. The GATT had a larger rôle to play in co-operation with the Fund and the World Bank in exploring whether the development problems of individual developing countries could be given more co-ordinated and more concerted attention. After all, trade was only a single aspect of the larger internal and external needs of a developing economy.

He considered that the presence of high-level officials at the twenty-fourth session and again this year had been extremely useful and should be continued as a regular practice. It afforded an unusual opportunity for such officials to exchange views among themselves and with the Director-General on the respective trade policies and problems of their countries. This would be of great help to the future work of GATT.

Finally, Mr. Roth said that his office was now preparing and would shortly complete a major examination of trade policies from the point of view of the United States. While he could not at this time disclose their tentative conclusions he could state emphatically that they did assume that the General Agreement on Tariffs and Trade must and would play a stronger and even more central rôle in future trade policy.

Mr. SUMMERS (Australia) said that his Government could agree very readily to the need expressed by Mr. Roth to come to grips with their problems in the GATT. It was imperative for the future work of GATT that solid progress should continue to be achieved, and to be seen to be achieved, on all fronts - industrial, agricultural, and problems of developing countries. It was at least heartening to see that, in the draft conclusions on the expansion of trade, there was manifested an intention to move towards the commonly shared goal of trade liberalization. In Australia the need to work out a solution to urgent problems in agricultural trade was stressed. These problems should be worked out as rapidly as possible and he was pleased to have heard the representative of the United States also give prominence to this matter. It could hardly be a matter of surprise if primary producing countries judged the effectiveness and utility of GATT by the seriousness with which industrialized countries applied themselves to seeking solutions for the problems of agriculture. There had been some success in agriculture: there was now an international grains arrangement which was making a very significant contribution to the stabilization of trade in grain and to food aid. The negotiation of the essential elements of this arrangement had been carried out within the GATT. Now there was a truly impossible situation in the world dairy trade. He strongly hoped that at the meeting of the Dairy Products Working Party in December, members could come prepared to face up to the grave issues involved and to seek arrangements which would meet this pressing problem.

Concerning high level representation at the past two sessions, Mr. Summers thought there might be considerable merit in the idea that high level people from capitals should use the occasion of the annual sessions of the CONTRACTING PARTIES as an opportunity to meet and discuss their problems. It could provide a valuable opportunity for formal and informal contacts. It could enable the people directly involved in forming and implementing government policy to exchange views on the whole range of their activities. However, while there was no doubt advantage in having high level people meet, their effectiveness would be very much increased if thorough preparations were made in advance of their attendance. He suggested that every effort be made to identify the issues on which the high level people should focus their attention before their arrival in Geneva.

He concluded by expressing the hope that at the twenty-sixth session the CONTRACTING PARTIES would be able to look back on a year of solid achievements in relation to the conclusions that were before them today.

Mr. SWAMINATHAN (India) referred to the various statements that had been made about the inter-connexion between trade and finance and the whole process of development. Now that the special Committee on aid to developing countries had been set up under Mr. Lester Pearson by the World Bank, perhaps the CONTRACTING PARTIES could consider whether they could make any contribution to the work of that Committee at an appropriate time.

2. Expansion of trade - adoption of Conclusions (W.25/14)

The CHAIRMAN presented the draft conclusions, on Item 3 "Expansion of Trade", prepared by the Drafting Group. This was contained in document W.25/14.

Mr. AGANAYE (Chad), referring to the last sentence of paragraph 7 of the draft conclusions, concerning certain agricultural products of major export interest to developing countries, said that his Government regarded cotton as one of these products. His delegation was very concerned by the prospect of a 10 per cent increase in the world cotton crop for 1968-69. The increase of cotton sales by certain developing countries was the only possibility at present for these countries to improve their earnings. Developed producing countries should be aware of this and should take it into account. He hoped that developed producing countries would continue to have the spirit of understanding which they had shown in the recent past, and would try to ensure that products from developing countries would obtain permanent outlets at remunerative prices.

Referring to paragraph 15, concerning problems affecting agricultural trade and production, Mr. Aganaye said that Chad, as a cattle-producing country, was not indifferent to the marketing problems of bovine meat. This was one of their important resources and Chad would like to be able to export not only bovine meat but also bovine meat to other than African countries. Like other developing countries, Chad had an urgent need for foreign exchange in order to ensure its capital equipment. He asked that a complete study be undertaken as soon as possible in order that meat from developing countries might find access to the markets of developed countries.

Mr. FERLESCH (Italy), speaking on behalf of the member States of the European Economic Community, said that the reservation on paragraph 2 of the draft conclusions could now be withdrawn in respect of Italy, Belgium, the Netherlands, Luxemburg and the Federal Republic of Germany, but would remain in respect of France.

Mr. COLMANT (France) said that his Government's reservation applied only to the last words of paragraph 2, namely "including the necessary negotiations at the appropriate stages" and that his Government would prefer to have the sentence end with the words: "towards increasingly liberal trade policies and practices".

The CHAIRMAN asked whether the representative of France could accept the draft conclusions ad referendum, with the ad referendum clause applying to the last eight words of paragraph 2.

Mr. Colmant (France) replied in the negative. The clause as it stood seemed to his delegation rather premature; the implementation of the results of the Kennedy Round was not sufficiently advanced to announce a new phase of negotiations. Three Committees that had been set up, namely, the Committee on Industrial Products, the Agriculture Committee and the Committee on Trade and Development in which France would participate actively, and had started their work after preliminary, rather complicated preparations. The progress of this work should be followed very carefully. His Government felt that paragraph 2, with the last words deleted, would provide sufficiently exact guidance for the activities of the coming period.

The Conclusions were adopted with the following footnote to paragraph 2: "The Government of France reserves its position on the words 'including the necessary negotiations at the appropriate stages'."

3. Import restrictions applied contrary to GATT and not covered by waivers

The CHAIRMAN said that preliminary discussions had taken place on this point and suggested that the Council should pursue the discussion.

This was agreed.

Mr. MARCHAND (Peru) said his delegation deplored that after a period of eight years it had not been possible to pass from the stage of identification and notification of import restrictions to that of concrete action in order to draw up a well structured programme for the elimination of restrictions contrary to GATT. The New Zealand proposal had been deferred once again. A realistic approach to this problem would be to start on the basis of an examination of whether restrictions caused or did not cause trade prejudice. If there was damage, and this was the case for his country, the GATT rules should be applied; the precise rules, which were intended to settle such differences, namely Article XXXVII of Part IV, should be applied and consultations among countries



suffering prejudice should be held. Every possible means to settle these difficulties should be used. Part IV of the General Agreement called for consultations between developed and developing countries, and procedures for consultations were laid down in the Decision adopted by the CONTRACTING PARTIES on 5 April 1966.

4. Protocol introducing Part IV

The CHAIRMAN announced that the Government of Nicaragua had accepted the Protocol Amending the General Agreement to Introduce Part IV. There now remained only five contracting parties which had not yet accepted this Protocol.

5. Date of twenty-sixth session (W.25/12)

It was agreed that the twenty-sixth session of the CONTRACTING PARTIES should be held in Geneva within the period 27 October to 28 November 1969 and that the Council should decide, not later than 30 June 1969, on the duration and the exact dates.

6. Election of officers (W.25/13)

On the recommendation of the heads of delegations the following officers were elected for the ensuing year:

Chairman of the CONTRACTING PARTIES	Mr. Sule D. Kolo (Nigeria)
Vice-Chairmen of the CONTRACTING PARTIES	Sra. Ana M. Zaefferer de Goyeneche (Argentina)
	Mr. Yoshihiro Nakayama (Japan)
	Mr. M.H. van Wijk (Netherlands)
Chairman of the Council of Representatives	Mr. Erik Thrane (Denmark)
Chairman of the Committee on Trade and Development	Mr. T. Swaminathan (India)

7. Closing of the session

The CHAIRMAN in his closing statement said that the principle task at this session had been to review the progress made in implementing the programme of work adopted a year ago. In this task they had had the assistance and good counsel of many senior officials who had come to Geneva from their capitals. Their effort and sacrifice of time was much appreciated. The conclusions adopted

at this meeting would guide the work of the contracting parties in the year to come and should lead to positive recommendations on courses of action for consideration at the next session. If circumstances in the world economy and in international relations were favourable, there might be action in some fields even before then.

During the next twelve months - between now and the twenty-sixth session - the Council of Representatives had been asked to undertake greater responsibility for the work of the CONTRACTING PARTIES and to act on their behalf in all matters within its competence. He had no doubt that Mr. Thrane and the Council members were going to have a busy time. But as a result of their labours in dealing with many questions as they arose, and with many others which require action annually, it would be possible for the CONTRACTING PARTIES at the next session to concentrate upon major issues.

He had referred previously to serious situations in a number of countries during the past twelve months, suggesting that these had not had such profound consequences as might have been feared. He had also emphasized the importance of GATT as a forum where sympathetic understanding of such situations could be counted upon. However, during the session further events had taken place on the international monetary scene which had been in the centre of world attention and which could not avoid having serious implications for trade. Measures already taken or announced by contracting parties would now be dealt with also within the framework of the GATT. However, there were, on a broader view, two aspects of immediate interest to contracting parties.

Firstly, measures taken or contemplated by certain governments, to protect or to increase their foreign exchange reserves, directly affected international trade. Some of these measures were related to problems already discussed in GATT in connexion with the complex issue of "Border Tax Adjustments". From statements made as to the justification, one knew that the most recent measures were designed to influence exports and imports. The full and vigorous attention of GATT was therefore required.

Secondly, intergovernmental decision-making in the areas of international finance and international trade appeared to exist in almost water-tight, separate compartments. True, the text of the General Agreement had its well-known articles on restrictions to safeguard the balance of payments and exchange arrangements. Moreover, the GATT had provisions to consult fully with the International Monetary Fund in the handling of such matters. But recent events demonstrated that the process of decision-making might render difficult the necessary synchronization in the monetary and trade fields. If the underlying reasons for the current crises were not quickly overcome, the measures aimed at re-establishing an equitable foreign exchange stability might have a direct bearing on the achievements made through twenty years of GATT trade liberalization.

It had been suggested in the press that a new Bretton Woods conference was called for. To him it seemed urgent and of primordial importance that, in any further efforts in the international monetary field, the requirements of the international trading community should be fully taken into account. GATT, and what GATT stood for, should play an integral rôle in any world monetary conference.

Mr. KOLO (Nigeria), thanking the CONTRACTING PARTIES for his election as Chairman, suggested that this was a crucial moment in the history of GATT when the CONTRACTING PARTIES were launching a highly commendable effort to find solutions to the problems of developing countries. The increasing number of developing countries adhering to GATT was a manifestation of their growing appreciation of the major rôle and important contribution of GATT to the liberalization of world trade over the past two decades. The achievements of the Kennedy Round negotiations, substantial as they were, should not be regarded as the end of the road. In fact, in the Conclusions just adopted, contracting parties had demonstrated their determination to continue the search for solutions to problems confronting international trade and particularly the trade of developing countries. He looked to the coming year for greater determination on the part of all contracting parties to speed up the implementation of the results of the Kennedy Round, to resist domestic protectionist pressures and, above all, to look forward to an early solution to the difficulties that had arisen in the international monetary field. It was his hope that the CONTRACTING PARTIES would continue to deal with the problems confronting international trade in a pragmatic and realistic manner and in an atmosphere of mutual co-operation, avoiding confrontation between developed and developing countries or between one group and another.

THE SESSION WAS CLOSED AT NOON.