

GENERAL AGREEMENT ON TARIFFS AND TRADE

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1960-61 TARIFF CONFERENCE
Tariff Negotiations Committee

PROCEEDINGS OF THE TENTH MEETING IN ORDINARY SESSION

Held at the Palais des Nations, Geneva,
on Monday, 29 May 1961, at 3 p.m.

Chairman: Mr. E. Wyndham White

Subjects discussed:

1. Election of Chairman
2. Consolidated offers lists (TN.60/SR.9 and TN.60/W.16)
3. Arrangements for negotiations with acceding countries (TN.60/SR.9)
4. Timing of negotiations with less-developed countries (TN.60/SR.9)
5. Summer period
6. Collaboration with UNESCO concerning tariff reductions on educational, scientific and cultural materials

1. Election of Chairman

Mr. E. Wyndham White (Executive Secretary) was elected Chairman for the second phase of the Tariff Conference.

2. Consolidated offers lists

The Chairman pointed out that it had been found necessary for practical reasons to deviate somewhat from the procedure for the exchange of consolidated offers lists, laid down in the rules and procedures for the Tariff Conference. Suggestions for an amended procedure had been circulated in document TN.60/W.16. It was of great importance that the bilateral meetings for the exchange of offers lists should take place as soon as possible so that the negotiations could be initiated without further delay. This applied particularly to the negotiations between the European Economic Community, the United States and the United Kingdom, as the negotiations between these countries were of a paramount importance for the success of the negotiations as a whole. A widespread exchange of offers on a bilateral basis would in itself approach the position which the parties were aiming at: i.e. that the largest number of participating countries should be aware of the offers which were being made.

The representative of the Commission of the EEC recalled Mr. Rey's statement at the opening of the Tariff Conference, when he said that the Community was prepared to make a substantial contribution to the success of the multilateral negotiations. To fulfil this promise the Community was offering its trade partners a linear reduction of the common tariff in accordance with the decision of the Council of Ministers of the Community of 12 May 1960.

The linear reduction covered all items of the common tariff with respect to which the first step in the alignment of national duties was taken on 1 January 1961, on the basis of the rate of duty minus 20 per cent. The items of the common tariff for which the process of alignment had not followed this pattern would not however be systematically excluded from negotiation: whether negotiations on these products would be possible had to be decided in each case. As he had said, the Community's decision to propose to third countries a global reduction of the common tariff had been taken on 12 May 1960, i.e. before the beginning of the renegotiations. That was the reason why the point of departure of the 20 per cent offer was the duty as initially entered in the common external tariff; it was clear, however, that the basis for the evaluation of this offer was the common tariff as it resulted from the renegotiations under Article XXIV:6.

He wanted to underline the importance of this offer of a linear reduction. It should be borne in mind that the Community represented not only a market of 170 million people but a dynamic and expanding market. If the offer was accepted by the CONTRACTING PARTIES, the present provisional reduction of the common tariff, valid until 1 January 1962, would be perpetuated.

The Community invited its partners to proceed reciprocally in the same manner in order to achieve a balance between the concessions which it offered and those of other contracting parties. It therefore wished to know immediately the attitude to its offer of the other contracting parties, in particular of industrialized countries; and it hoped to know as soon as possible the extent to which these countries were prepared to follow the method it proposed. If, however, certain countries considered that they could not adopt this proposal, the Community would be prepared to seek a balance on other bases; but it might then be obliged to modify its offer. In view of the fact that the offer of a global reduction was addressed to industrialized countries, it did not require, as specified at the seventeenth session by the Commission of the Community, equivalent concessions on the part of less-developed countries; but the latter could nonetheless take advantage of the concessions exchanged between industrialized countries on products which were also of interest to them. The Community would therefore not insist in demanding that a balance be achieved in the course of its negotiations with less-developed countries.

The representative of the Commission said that - as the contracting parties had been able to note during earlier tariff conferences - multilateral negotiations would only be successful if all the most important trade nations took an active part, the Community was certainly prepared to make an effort for the success of the present conference in accordance with the principles laid down in Article 110 of the Rome Treaty.

The representative of the United Kingdom said that he had noted with interest and welcomed the offer by the EEC of a 20 per cent reduction in their industrial tariff with certain exceptions and subject to reciprocity. In moving towards the objective of the Dillon round the United Kingdom was also determined to play a full part.

Accordingly the United Kingdom delegation had authority to negotiate, subject always to reciprocity, concessions to the EEC and the United States over the greater part of the British industrial tariff. In determining the scope of this authority the United Kingdom had worked on the basis of the linear 20 per cent cut proposed by Mr. Rey at the opening of the Tariff Conference last September. The United Kingdom delegation were confident that they were fully in a position in negotiation to match the offers made by the EEC. The representative of the United Kingdom said that he was anxious to begin as soon as possible - he suggested the afternoon of the following day - bilateral discussions with the delegations of the EEC and the United States with a view to exploring in greater detail the offers they were prepared to make to each other.

The representative of the United States stressed the importance of the fact that the Commission had confirmed their offer of a linear reduction and that also the United Kingdom was prepared to play a full part in the Dillon round. The United States were ready to make offers to about twenty countries and were anxious to start the bilateral negotiations with these countries as soon as possible. Referring to the fact that the representatives of the EEC and the United Kingdom had made certain reservations with regard to their offers of tariff reductions, the representative of the United States said that he would like to have more precise information on these particular points. The United States would not be able to offer a linear reduction on the same lines as the EEC, but he hoped that it would be possible to find other ways of offering substantial reciprocity. His government hoped for a successful conclusion of the conference not later than at the end of the autumn.

The representative of Sweden said that it was well known that the Swedish Government found it essential that a substantial reduction of the barriers to the trade should take place. This would mean a free outlet for the products of the under-developed countries as well as an expansion of the exchange of goods between the industrialized countries. As a low tariff country Sweden was interested in the lowering of the general tariff level, which would also facilitate the establishment of a harmonized tariff in Europe. With regard to Sweden's participation in the Dillon round, he wanted as the representative of a low-tariff country to call attention in particular to the GATT principle that a binding against increase of low duties or of a duty-free treatment should, in principle, be recognized as a concession equivalent in value to the reduction of high duties. He was confident that the Community as well as others would show a full understanding of this principle.

The Swiss representative said that his country was prepared to negotiate with the acceding countries. The Swiss delegation would also soon be able to present offer lists to the EEC, the United States and Canada. Switzerland would not, however, easily be able to offer a 20 per cent linear reduction.

The representative of Norway expressed fears that the exceptions from the linear reduction, referred to by the representative of the EEC, should include a number of products of interest for Norway. The Community's linear offer did not seem to contain advantages for Norway and he doubted whether the circumstances permitted negotiation between Norway and the Community.

The representative of Canada said that his delegation had not yet concluded the Article XXIV:6 negotiations regarding the one important item to which reference had been made at earlier meetings of the Committee. It was not possible for Canada to offer a linear reduction of its tariff. The extent and scope of the Canadian delegation's authority to grant concessions would very substantially depend on what it found was offered to Canada. If Canada however received substantial offers, he was confident that it would be able to offer a suitable compensation. The Canadian delegation expected to have its consolidated offers list ready within a few days.

The representative of Pakistan mentioned that his delegation had sent requests lists mainly on semi-manufactured and simple manufactured goods to the EEC and the United States. Recalling his statement on 18 May 1961 to the CONTRACTING PARTIES, he wanted once more to emphasize the need for flexibility in applying the principle of negotiations only with the principal or substantial supplier in so far as emerging countries were concerned. In this connexion the words "or are likely to be (principal suppliers)" in the rules and procedures for the Tariff Conference should be given special attention. Keeping the future in mind, Pakistan was going to request concessions on some currently small export items. His delegation was prepared to enter into negotiations at once and would like to have them finalized as soon as possible. To break the negotiations and resume them at a later stage would not be possible for Pakistan.

The representative of India said his Government had submitted lists of requests to four countries and had received such lists from five. One of his country's problems was that in many cases they were not even substantial suppliers of a product in which they had an interest. Another general problem was their limited capacity to offer compensation for concessions received.

The Danish representative called attention to two factors of vital importance for Denmark: the unsuccessful outcome of the negotiations under Article XXIV:6 and the exclusion of agricultural products from the offers lists of the EEC for the forthcoming tariff round. Taking these facts in consideration the Danish Government had not yet finally decided to enter into negotiations with the Community. It was prepared to negotiate, however, with the United States, Canada and the acceding countries.

Summing up the discussion, the Chairman said that it was clearly very important that the bilateral discussions be started as soon as possible. He wished to support the view expressed by the representative of the United Kingdom that the discussions should begin on the following day. Where there was already a clear basis for the negotiations, there should not be any difficulties in exchanging offers at once. In cases, however, where the delegations were not yet quite sure whether a basis for negotiations existed, they should hold the kind of informal meetings, called in past tariff conferences "Exploratory Talks". As regards the timing of negotiations involving less-developed countries, this could be discussed later. But even now he would like to recall to these countries the memorandum submitted by the Executive Secretary in Committee III (COM.III/W.14) and suggest that such countries give it their attention in considering what possibilities the present conference had for them.

The representative of the Community indicated his readiness to start discussions immediately with the United Kingdom and the United States and said his delegation was also prepared to enter into negotiations with any other delegation.

3. Arrangements for negotiations with acceding governments

During the discussion it appeared that Israel was prepared to enter into negotiations at once, Portugal and Spain around 15 June and Tunisia in the near future. Ireland, on the other hand, wished to have some important questions regarding its trade policy settled before it entered into negotiations. There were for the moment no indications on the state of preparation of Cambodia.

It was decided to appoint a working party on accession under the chairmanship of Mr. Savini (Italy) with the following terms of reference: "To consider certain special questions which arise in connexion with the negotiations with governments seeking accession to the General Agreement under Article XXXIII, and in particular the questions relating to accession which have been referred to the Tariff Negotiations Committee by the CONTRACTING PARTIES; and any other such questions which may arise in the course of the Tariff Negotiations". It was understood that the working party should deal with the substantive aspects of accession, while the formal and legal questions would be the task of another body.

The working party would be composed as follows:

Australia	India
Austria	Japan
Canada	Kingdom of the Netherlands
Denmark	Federation of Nigeria
European Economic Community	United Kingdom
France	United States
Federal Republic of Germany	Uruguay

Each acceding country would be represented in the working party when questions relating to its accession were discussed. The working party might further co-opt any contracting party which indicated its interest in any particular point under discussion.

4. Timing of negotiations with less-developed countries

The Chairman recalled that he had at the last meeting of the Committee referred to some problems that might confront the less-developed countries in connexion with a full-time participation in the negotiations. He had come to the conclusion that it would probably be better for these countries to take part in the conference at a later stage when the negotiations had already proceeded somewhat. It would then be easier for them to obtain a general view of the situation. If some acceding governments nevertheless wanted to initiate their negotiations at an early stage, it should of course not meet any objections.

The representatives of Nigeria and Chile supported the views of the Chairman. The representative of Pakistan said that his delegation would prefer to initiate the negotiations at once, but that the exact timing must be fixed after contacts with the other delegations affected. The representative of India agreed that the timing was a matter to be arranged between the parties concerned.

The Chairman concluded that no arbitrary rules should be fixed. A concentration of the negotiations of the less-developed countries would be useful, but the countries in question should of course decide by themselves how they wanted to perform their negotiations.

5. Summer period

The Chairman said that it was clearly desirable that the negotiations should slow down some time during the summer period so that representatives would have an opportunity to take leave. He did not think that the Committee should decide on a formal break in the negotiations: it was possible that some delegations would want to continue the discussions of particular problems. Delegations could however make arrangements for a slowing down of the negotiations during August. There was thus no need for a formal decision of a rigid nature.

6. collaboration with UNESCO concerning tariff reductions on educational, scientific and cultural materials

The Chairman recalled that UNESCO on past occasions had stressed the importance of tariff reductions on educational, scientific and cultural items. This had recently been reiterated by the Director General of UNESCO. The Chairman proposed that a representative of UNESCO should be invited to attend the next meeting of the Tariff Negotiations Committee to present the views of UNESCO on this subject. This was agreed.