

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Trade Negotiations Committee

PROCEEDINGS OF THE SECOND MEETING

Held at the Palais des Nations, Geneva,
on 19-20 September, 1963

Chairman: Mr. E. WYNDHAM WHITE

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The Chairman said that, now that the Trade Negotiations Committee had embarked on the elaboration of the negotiating plan, the trade negotiations had, in effect, begun. The Committee itself, therefore, and its subsidiary bodies, should be regarded not as discussion groups but as negotiating bodies. From this two conclusions followed. First, there would have to be great flexibility in the programming of their meetings, and the Committee itself should be regarded as being more or less in permanent session as had been the case with tariff negotiations committees in the past. He recognized that this could cause problems for some members of the Committee, and it was for this reason that he had suggested in GATT/AIR/345 that some countries might need to consider the necessity of reinforcing their representation in Geneva. The second conclusion was that the Committee and its subsidiary bodies should operate on the basis of specific proposals made by governments participating in the negotiations. This meant that the programming of the meetings had to be considered against the background of the dates by which specific proposals were likely to be put forward and that if governments were, for one reason or another, not ready to put forward proposals by the dates foreseen, then the Committee itself and its subsidiary bodies should not meet until those proposals were made. It was clearly desirable that proposals should be circulated well in advance of meetings in order to give time for them to be studied before the meetings were held; otherwise governments would be unable to discuss them and would have to reserve their position for future meetings.

1. Sub-Committee on Non-Tariff Barriers and Other Special Problems (TN.64/SR.1)

The Chairman recalled that the terms of reference of the Sub-Committee had been established at the June meeting of the Trade Negotiations Committee (TN.64/SR.1, page 6) and pointed out that the Trade Negotiations Committee now had to decide upon the composition of the Sub-Committee and to draw up some general guidelines for its work.

He said that four main types of questions falling within the field of action of the Sub-Committee could be distinguished:

1. Non-tariff barriers of particular countries which related only to particular products and which were essentially of bilateral character. Such problems could be dealt with in bilateral negotiations, but they could, of course, be referred to the Sub-Committee for guidance.
2. Non-tariff barriers of general application to all sources. Such barriers should be dealt with by a multilateral technique and were suitable for discussion in the Sub-Committee.
3. Escape clauses, provisions for withdrawal of concessions, and similar problems of an essentially multilateral character. These should be dealt with in the Sub-Committee.
4. Negotiations with participating countries whose foreign trade was conducted through State-trading agencies.

Some delegates stressed the increasing importance of the non-tariff barriers in view of the far-reaching nature of the forthcoming negotiations. The representative of the United States said that the various governments should indicate the kinds of barriers they wanted to discuss in the Sub-Committee and present proposals how to deal with them. The Government of the United States had already done a certain amount of preparatory work in this field.

The Committee agreed on the following membership of the Sub-Committee:

Australia	Poland
Canada	Spain
Czechoslovakia	Sweden
European Economic Community	Switzerland
India	United Arab Republic
Japan	United Kingdom
New Zealand	United States
Pakistan	Yugoslavia

The Sub-Committee would elect its own Chairman.

The Committee further agreed that the work of the Sub-Committee should be based on proposals which should be submitted by participating governments in advance of the first meeting of the Sub-Committee, and that in order to allow sufficient time for the formulation of concrete proposals, the date for the submission of such proposals should be deferred until 21 October and the first meeting of the Committee until 4 November.

2. Sub-Committee on the Participation of the Less-Developed Countries
(TN.64/SR.1)

The Chairman recalled that the Trade Negotiations Committee had agreed, at its meeting on 27 June 1965, that a sub-committee to consider any special problems relating to the participation of less-developed countries in the trade negotiations should be appointed (TN.64/SR.1, page 6).

The Committee agreed that the terms of reference and membership of the Sub-Committee should be as follows:

Terms of reference

"The Sub-Committee shall consider, and submit to the Trade Negotiations Committee recommendations in regard to, any special problems relating to the participation of less-developed countries in the trade negotiations."

Membership

Brazil	Peru
Ceylon	Sierra Leone
Cuba	Tunisia
European Economic Community	Uganda
Ghana	United Arab Republic
India	United Kingdom
Indonesia	United States
Japan	Uruguay
Nigeria	Yugoslavia

The Sub-Committee would elect its own Chairman.

The Committee also agreed that it would not be useful to convene the Sub-Committee until further progress had been made in establishing the main outlines of the basic negotiating plan.

3. Sub-Committee on the Tariff Negotiating Plan (TN.64/SR.1)

The Chairman said that there seemed to be a basis for the ad hoc Group on the tariff disparity problem to resume its work shortly by continuing to examine, discuss and elaborate important technical elements in the Plan. This preparatory work in the Group would be carried forward with sufficient speed for negotiations

on the drawing up of the basic rules of the Plan itself to start in time to enable a comprehensive report to be submitted to the Trade Negotiations Committee before the end of November. If agreement was not reached on the basic elements of the Plan the Trade Negotiations Committee would have to review the position; it would presumably have to advise Ministers that it was unable to carry out the mandate entrusted to it and that it would need new instructions.

In view of this time-table, it did not seem practical to take up for the time being the question of adding to the terms of reference of the Sub-Committee point 3(c) of the Ministerial Resolution. This question, and the related question of the possible need to add to the membership of the Sub-Committee should this item be added to its terms of reference, could be reverted to when the Sub-Committee reported to the Trade Negotiations Committee on the negotiating Plan.

The Committee agreed that it would reconsider at a later meeting to which body the questions set out in paragraph 3(c) of Section B of 21 May 1963 should be referred.

4. Committee on Agriculture (GATT/AIR/343)

The Chairman pointed out that the main matters which the Committee on Agriculture had to discuss at its first meeting were the following:

- (i) Take note of the progress made in the special groups dealing with cereals and meat:

The Group on Cereals at its meeting in June had listed elements to be taken into consideration in its further work. It had agreed that it would have a substantive discussion at a further meeting to be held later in 1963.

The Group on Meat had met in July. The discussion had been more tentative than in the Cereals Group but had nonetheless proved to be useful. The discussion had concentrated on meat of cattle and sheep. The Group had agreed that the work should be advanced to the stage where early in 1964 substantive negotiations might be begun.

- (ii) Establish a Special Group on Dairy Products.
- (iii) Determine whether there were products other than cereals, meat and dairy products for which general arrangements might be required. No specific proposals in that respect had been received so far.
- (iv) Determine whether there were any other agricultural products for which general arrangements were not appropriate and which could not be covered by the ordinary rules of the Tariff Negotiating Plan. One request had been received regarding two products (oranges and eggs) which it appeared would not be covered by the ordinary rules of the Tariff Negotiating Plan.

He said that in the case of the Committee on Agriculture as for the other subordinate bodies of the Trade Negotiations Committee, the work should be based on specific proposals put forward by the participating governments. Within the time limit, 18 September, specified in GATT/AIR/543, no such proposal, apart from the one mentioned in point (iv) above, had been received.

In the ensuing discussion two different points of view were expressed about the basis for the future work of the Committee on Agriculture. Some delegations (EEC, Japan, Sweden) expressed the opinion that the whole complex of questions relating to trade in agricultural products should be dealt with as a whole in the Committee on Agriculture. Other delegations (United States, New Zealand, Canada, Denmark and Australia) considered that the Committee on Agriculture should only deal with agricultural products which did not fall within the competence of the other subordinate bodies of the Trade Negotiations Committee. The view was expressed that agricultural products which were only affected by tariffs would fall under the general 50 per cent reduction rule to be dealt with in the Sub-Committee on the Tariff Negotiating Plan while for products for which non-tariff barriers which could be dealt with in a multilateral way, such as health regulations, were the main obstacle the Sub-Committee on Non-Tariff Barriers would be the proper forum. It was agreed, however, that it was not necessary to formulate specific rules on this matter for the time being.

The Trade Negotiations Committee agreed on the following membership of the Committee on Agriculture:

Argentina	Poland
Australia	Portugal
Austria	South Africa
Canada	Spain
Denmark	Sweden
European Economic Community	Switzerland
Finland	Turkey
Israel	United Kingdom
Japan	United States
New Zealand	Uruguay
Norway	Yugoslavia

It was understood that this membership would apply during the first phase of the work of the Committee while it was going to deal with temperate zone products; the membership would have to be reconsidered if the Committee were to examine tropical products at a later stage.

The Committee on Agriculture would elect its own Chairman.

The Trade Negotiations Committee further agreed that the work of the Committee on Agriculture should be based on proposals of a specific character which should be submitted by participating governments in advance of the first meeting of the Committee; the date of the first meeting being left to the Chairman of the Trade Negotiations Committee to fix after consultation with the members of the Committee on Agriculture.

5. Request by Poland to participate in the negotiations (TN.64/SR.1)

The Chairman recalled that at the June meeting of the Trade Negotiations Committee the Government of Poland had indicated its desire to take an active part in the trade negotiations (TN.64/SR.1, page 2). This intention had been welcomed by several delegations and it had been agreed that representatives of Poland should be invited to discuss, at a later meeting of the Trade Negotiations Committee, the conditions on which Poland would participate in the negotiations. The Chairman recalled that it had been agreed that membership of the Committee should be limited to countries which declared their intention to participate fully in the negotiations. In the particular case of Poland, however, the examination of the possible conditions of their negotiations would be an important part of the negotiation itself. It would, therefore, in his view be logical to agree to the Polish request for membership of the Trade Negotiations Committee. The Committee, perhaps through the Sub-Committee on Non-Tariff Barriers, could then examine the proposals made by Poland and governments could then indicate whether there was a basis for negotiation.

The Committee agreed that Poland should be added to its list of members.

6. Modification of Schedules under Article XXVIII:1 (TN.64/SR.1)

The Chairman pointed out that, at its meeting on 27 June, the Trade Negotiations Committee discussed a suggestion that a decision might be drawn up for submission to the CONTRACTING PARTIES providing that the next period on the first day of which contracting parties might modify or withdraw concessions under the provisions of Article XXVIII:1 should begin on 1 January 1965 instead of 1 January 1964, as specified in the Article (TN.64/SR.1, page 2). A considerable amount of support had been expressed for this proposal but the representatives of some contracting parties had indicated that their governments would not be able to agree to it. The Committee had then instructed him to prepare a draft decision which would, so far as possible, meet the special problems of these countries, on the understanding that if it appeared that the preparation of a generally acceptable draft would present difficulties, the question could be reconsidered by the Trade Negotiations Committee.

Consultations with the delegations principally concerned had shown that the drawing up of such a decision would present considerable difficulties. In those circumstances it seemed to him that it would be better to leave matters where they were and not proceed further with the proposal. He expressed the hope, however, that contracting parties would exercise restraint in having recourse to Article XXVIII:1.

The Committee agreed, in view of the difficulties which would be involved not to proceed any further with the proposal to defer the date in Article XXVIII:1.

The Committee further agreed that the time limit for the receipt by the Committee of notification of items which contracting parties wished to renegotiate under Article XXVIII:1, should be extended from 1 October to 1 November 1963.

This arrangement would have to be submitted to the twenty-first session of the CONTRACTING PARTIES, which could take the necessary action to formalize it.

7. Consolidation of Schedules (TN.64/SR.1)

The Chairman recalled that at the first meeting of the Committee on 27 June it had been suggested that it was desirable that new consolidated Schedules should be prepared as part of the preparations for the coming trade negotiations (TN.64/SR.1, page 7) and that he had undertaken to look into the matter. He said that it was clear from an examination of the Schedules as they existed that there was a case for a further consolidation. In the case of some countries it was thus necessary to examine a whole series of documents in order to establish the up-to-date position on any given tariff heading. A consolidation, on the other hand, involved a considerable amount of work, especially in the checking of provisional lists submitted by other countries. As the question whether an item was bound would be relevant in the forthcoming negotiations only in respect of products included in the exceptions lists, he suggested that countries should not be asked to undertake, at that stage, a complete consolidation of their schedules but instead asked to indicate in their lists of exceptions the present position under their schedule of each tariff item included in the lists. The question of producing consolidated Schedules at the end of the negotiations was a less urgent problem and could be considered later.

The Committee agreed with the conclusion by the Chairman.

8. Initial stages of the trade negotiations (TN.64/7)

The Chairman said, that in order to have satisfactory conference and office space for the trade negotiations, firm arrangements had to be made with the relevant authorities. It was, however, not possible to make such arrangements until a clearer idea had emerged of how the negotiations were likely to develop in their initial stages. He had in document TN.64/7 suggested that there would presumably need to be a meeting of the Trade Negotiations Committee on 4 May 1964 to mark the formal opening of the negotiations, but that the presence of full negotiating teams in Geneva would probably not be required until some two or three weeks after that date. Participating governments would presumably be asked to submit by 4 May 1964 their lists of exceptions and - depending upon the outcome of discussions in the Committee on Agriculture - to table by that date their offers on agricultural products for which it had been agreed that special rules were required. The participating governments would then need a recess of two or three weeks in which to consider these lists before commencing negotiations in relation to them. The presence of full negotiating teams would thus probably only be needed at the end of May or the beginning of June. As to the proposal in TN.64/7 that the appropriate level of the meeting on 4 May might be that of Ministers, he had later come to the conclusion that it would not be advisable to convene Ministers for a meeting of purely ceremonial character. He would instead suggest that there should be no special ceremonies at the meeting of the Trade Negotiations Committee on 4 May 1964.

The Committee agreed with the proposals of the Chairman.