

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Trade Negotiations Committee

PROCEEDINGS OF THE SIXTH MEETING, AT MINISTERIAL LEVEL

Held at the Bâtiment Electoral, Geneva
on 4-6 May 1964

Chairman: MR. E. WYNDHAM WHITE

1. The statements made at the public sessions on 4 and 5 May have been issued in the press releases listed in the Annex.
2. A summary of the statement by the Chairman at the session of the Committee on 5 May reviewing the state of the preparations for the trade negotiations has been circulated in document TN.64/28.
3. At the session on 6 May the CHAIRMAN recalled that a paper, which had been circulated as TN.64/25, had been prepared for submission and discussion at the meeting at ministerial level. It had been drawn to his attention by some delegations that there were some points in the draft as presented which created problems. He had therefore been in consultation with the delegations concerned, and the text had been modified in such a way as to meet those difficulties. The draft as modified had been circulated as TN.64/26.
4. The Chairman added that, in registering the agreement of the Committee on these various matters, he would point out that the Trade Negotiations Committee had overall responsibility for the conduct of the negotiations. Accordingly it would keep all the matters under review and make such decisions as might be necessary in the light of the development of the negotiations.
5. Mr. HERTER (United States) said that he could accept the proposed summary of the final decisions of the meeting. The statement and the report on which it was based represented progress and some real achievement on many important points, but still required some brief comment.
6. He felt that he must again express the disappointment of his Government of the progress that had been made over the past year. The lack of progress was certainly not based on idleness. What was needed was a determination to get on with the job more rapidly and find some means of reaching agreement on the issues

of substance where disagreement remained. The Committee did have some things to be grateful for: it had been decided that exceptions lists would be tabled on the basis of the hypothesis of a 50 per cent across-the-board tariff cut. In other words the Committee had now taken the most important single decision that was required in order to accomplish the objectives accepted a year ago, and a date had been established for the tabling of the exceptions lists - in other words for making the initial offers. The decision on that date however underlined the necessity of making certain vital decisions in the very near future. It was in the essence of the linear approach to the tariff negotiations that some important decisions, which in traditional past negotiations would have been left until later, had to be made before the most active part in the negotiations was begun.

7. It would not surprise the Committee if he placed agriculture at the top of the list of key problems where progress must be made. The United States position on the agricultural negotiations was set forth in Annex I in the report of the Agricultural Committee (TN.64/23/Rev.1) which had been submitted by a large number of delegations of important trading countries. The Annex was however not very clear on one important point, namely, the reason for the inability of the United States to accept the approach suggested by the European Economic Community as the basis for the negotiations. His delegation would therefore submit to the secretariat for distribution a paper in which it would attempt to make these reasons quite clear. He hoped that that paper and the Annex to the report would be given the most careful attention by all participants in the negotiations, for unless progress was made in establishing the basis for successful agricultural negotiations, it would be impossible for his Government to foresee a successful overall negotiation.

8. On disparities, agreement should be reached as soon as possible. It was essential that a means be found to prevent the invocation of disparities from seriously impairing the value of the negotiations for third countries who were not directly involved. His Government's interest in that was not altruistic. The United States and other participants stood to lose in the final result if the benefit of any negotiating partner was so reduced that they must set in motion a process of withdrawals and counter-withdrawals.

9. Very little had been done in the field of non-tariff barriers, which to many of the members of the Committee would represent an important aspect of the negotiations. Even in the absence of a round of trade negotiations, it would be essential to accelerate the removal of those non-tariff barriers which were contrary to the provisions of the General Agreement. While participants could hardly expect to obtain payment for the removal of such restrictions, they must see that an acceleration of the progress to that end was a major contribution which they could make to the success of the Kennedy Round. In the very important field of non-tariff barriers that were not contrary to the GATT, means of negotiating for the removal of as many as possible had to be found.

10. A great deal of work must still be done in elaborating other aspects of the negotiating plan, aspects which were not necessarily controversial, but which there had not yet been time to deal with because of the preoccupation in some of the more difficult questions that had to be solved. He hoped that there would be early meetings of the Tariff Plan Sub-Committee which would work out those rules in good time before the tabling of the exceptions lists.

11. There was also a great deal of work to be done in order to ensure that the participation of the less-developed countries in the negotiations made its contribution to the development of world trade in general but in particular to their own economic development. Some important decisions had been made in that field, and there existed at least the outline of a mechanism designed to accomplish those objectives, but there were further details to be elaborated. A real effort must be made in order that the trade negotiations could make a maximum contribution to the solution of what was one of the most important problems of today. One matter requiring immediate attention was the drawing up of the list of products of particular interest to developing countries.

12. The representative of the United States recalled that at the opening meeting he had read a message from the President of the United States in which he had promised the full co-operation of the Government of the United States towards seeing that all the objectives of the negotiations were accomplished. He only wished to add that his delegation was determined to do its utmost to achieve that end.

13. Mr. HEATH (United Kingdom) said that on behalf of his Government he accepted the Resolution and commended it to his colleagues. He was glad that further work was to proceed on the assumption that the linear cut in tariffs would be 50 per cent. The task was now to carry forward the work on the other elements of the overall bargain.

14. One important element was exceptions. He welcomed the decision to table exceptions lists on 10 September. The United Kingdom would have their list ready by that date, and it would be a short one.

15. The question how disparities were to be treated had not yet been settled, but agreement had been reached on at any rate some of the criteria to be applied. The Committee had to find some further criteria which would reduce the number of disparities to a level which would not risk undermining the principle of a linear cut. The main need was to find rules which would minimize the repercussions on third countries.

16. On agriculture the direct interests of the United Kingdom were less than those of some other participants but his delegation was aware of the vital importance of that subject to a successful outcome of the negotiations. A start had been made in a pragmatic approach to those problems, and when the time came his Government would be ready to make offers over a substantial part of its agricultural and food trades.

17. Non-tariff barriers represented another important area of the negotiations and here the interest of his country was indeed great. It was an area where little had been done hitherto. One of the urgent tasks was to consider the practices which would have to be dealt with and the methods of negotiations to be employed. His delegation looked for early progress in that field.

18. In dealing with these questions full account had to be taken of the interests of the developing countries. He welcomed what was said in the Resolution on that subject and he believed that the Kennedy Round could make a significant contribution to the solution of the pressing problems with which the United Nations Conference was faced. He believed all those participating in the negotiations to see that that contribution was made.

19. Mr. REY (Commission of the European Economic Community) indicated the agreement of the EEC to the Resolution in document TN.64/76. Referring to the statement made the day before by the Chairman of the Committee, he expressed his admiration for its clearness and objectivity but said that he had some difficulty in sharing regret that there had been slowness in the preparatory work. On the contrary he had a feeling that the past year had been very well used in the exploration of the problems. One could not expect that all problems should be resolved on the first day when negotiations were opening. It was precisely the purpose of the negotiations to solve those problems. If the Conference was being carried on in such a friendly spirit, it was because of the work the Committee had done in the last year in confronting the difficulties, and both sides had been able to understand each other and therefore had come much closer to solutions.

20. Some comments had been made on some of these problems and he wished to refer to three of these:

(i) With respect to agriculture, there had of course been certain hardness on the part of the Community in proposing a negotiating method fundamentally new compared with what had been discussed in the past in the organization. But it might very well be asked if this approach, regardless of how hardy it was, was not more realistic and if it could not give more tangible results than those which had been achieved previously. In those circumstances the Commission had not lost the hope that its proposal would finally receive a wide measure of support. In some sectors difficulties might exist, and Governor Herton had said that the American delegation intended to submit to the Conference a document. The Community would devote very careful attention to the document, and would try to bridge the gap between the position of the Community and that of its partners, and he looked optimistically on the possibility of doing so. He pointed out that the Community was involved in the double process of building up its internal common agricultural policy and at the same time of negotiating with the partners in the Conference. He felt, however, that this was possible and he confirmed that the Commission and Community as a whole would use all its political efforts to see that in due time within the Community the necessary internal decisions would be taken in order to enable it to negotiate fully with its partners in the Conference.

(ii) With respect to disparities, the Community had a feeling, which might not be fully shared by the other countries concerned, that agreement was close and that the remaining problems, regardless of how important they might be for some participants, were not insoluble. It seemed clear that a balance of equilibrium must be found between interests which were legitimate from all points of view. The Community had not created the problem of disparities, it was not the cause of it, and it was not even the cause of the method by which an attempt was being made to solve it. It was not the responsibility of the Community if the highest tariffs could not be reduced and if, on the contrary, the lower ones had to be reduced to a lesser extent. The Community fully understood that this could hurt the legitimate interests of some of its European partners and that it had to take that into account. It felt that an equilibrium must be found between those interests and the sometimes conflicting interests of the overseas trade of the Community. It was quite possible that the Community in the near future might be able to express that issue in the form of rules which might be acceptable to all.

(iii) It was very clear that the developing countries were expecting from the negotiations a beginning of a solution to the problems which faced them in international trade. It was also very clear that since in another assembly which was being held in Geneva at the same time, it had been stated that the rules and the procedures of GATT were likely to overcome those problems, it was necessary to prove it in the course of the negotiations. That was why the Community fully approved the passage in the Resolution which referred to the participation of the less-developed countries. He recalled that the Community had concluded a number of association agreements with developing countries in Europe and Africa, and said that the Community obviously intended to comply with the commitments it had assumed, but within those limits there was a great possibility of solving or trying to solve the problems of the trade of the developing countries, and within those limits it was the firm intention of the Community to make use of them.

21. Mr. MIYAZAWA (Japan) said that he accepted document TN.64/26 on behalf of his Government. Commenting on the report on agriculture (TN.64/23/Rev.1) he recalled that there were two proposals for negotiating rules in the field of agriculture, one put forward by the EEC and the other by several governments, amongst them the United States. With regard to the proposal put forward by the EEC, his Government was not certain if this proposal would achieve the objective of improving the conditions of access for agricultural products. The other proposal was based on a pragmatic approach and was more practicable, and his Government supported it as qualified by the comments by the Japanese delegation expressed in Annex III of that same document.

22. Mr. SHARP (Canada) said that Canada supported the report. Canada's chief concern was in the lack of progress in the discussions on agriculture. While there had been relatively substantial progress in reducing barriers to industrial goods during the post-war period, relatively little had been done in the field of agriculture. The ministerial decision of last May had made it clear that this

situation must be corrected and that agriculture must be an integral part of the Kennedy Round. The central objective, in Canada's view, was improved access. For Canada it was just as important to achieve expanded trade in agricultural products, products such as wheat which formed an important part of its export trade, as it was for other countries to reduce the barriers that hampered their access to markets for industrial goods. The report urged progress in the resolution of many of the outstanding issues and he hoped that all the members of the Committee would take this advice seriously, because delay or loss of momentum would, in his view, have most serious consequences for the success of the whole enterprise.

23. His Government was also happy to note the importance which was attached to the contribution that the forthcoming round of tariff negotiations could have for the welfare of developing countries. Those countries were bound to benefit from the expansion of trade and the reduction of protection, of whatever kind it might be, affecting the developed countries, which he hoped would ensue from the negotiations. It was the special responsibility of GATT to deal with the particular commodities of and specific problems faced by the less-developed countries. He stressed that Canada had no quantitative restrictions on goods from those countries and was prepared to join with others in moving towards a world free trade in tropical products. With no legal limitations on reducing its tariff beyond 50 per cent, Canada was prepared to work with others in an effort to ensure a practical and meaningful result.

24. The Canadian representative said that it was a matter of satisfaction that in the report it was agreed that Canada fell in the category of countries with a special economic or trade structure such that equilinear tariff reductions might not provide an adequate balance of advantages. It also reaffirmed in the case of all those countries that the objective should be the negotiation of a balance of advantage based on trade concessions of equivalent value. In the procedures laid down in the report for the participation of countries like Canada, those countries might table their offers on the same date as countries negotiating under the linear formula would be bringing forward their exceptions list. Those procedures, in the elaboration of which Canada had participated, emphasized the positive nature of the contribution which Canada intended to make in the Kennedy Round.

25. Referring to the paragraph dealing with Poland, the Canadian representative welcomed Poland's interest in participating in the Kennedy Round and said that his Government favoured early arrangements to make that possible. It would be a valuable contribution towards resolving the problems of trade relations between market economy countries and State-trading countries.

26. Mr. ULLASTRES (Spain) said that his Government had followed with special interest the work of the Trade Negotiations Committee and of its subsidiary organs. As he had already stated in the meeting of Ministers of May 1963, Spain was in a special situation on account of its peculiar economic structure, both in the agricultural field and in the industrial field, which made it feel not fully included in the group of countries that had studied the formulae for those two sectors. Taking into account that Spain was a developing country, it could not undertake to reduce its customs duties to the same extent as the industrialized countries. Taking also into account that Spain depended for the time being on the export of agricultural products of the Mediterranean type to the principal industrialized countries of Europe, it would be necessary, in order that Spain might attain compensation for its concessions, that in the rules adopted for the negotiations, there should be foreseen the reduction of tariff as well as non-tariff obstacles which impeded the access of those products to their traditional markets.

27. He stressed that his Government shared fully the philosophy of the Kennedy Round and was ready to participate in the trade negotiations and would in due course present its offers. Spain, in approving the draft proposal before the Committee, reserved full freedom to decide whether it should figure in the Resolution alongside with other countries in a similar position.

28. Mr. NARASIMHAN (India) said that the document before the Committee could prove to be a great historical document for the GATT itself. His Government broadly welcomed the conclusions in the document. He would also, on behalf of his delegation, thank those delegates who had expressed their understanding for the problem of the less-developed countries; the question was whether the linear reductions, which would result from the Kennedy Round, would benefit the developing countries in their principal markets. He had intended to propose to the Committee the addition in Section A of document TN.64/26 of a sentence reading: "Where a tariff reduction involves abridgement of a preferential margin, negotiations should take place between the contracting party or parties benefitting from such abridgement and the developing country losing as a result of it." He realized, however, that it would be difficult to agree on a text which could be included at such a late stage of the deliberations, and he therefore requested that the concern of his Government in this connexion be recorded in the proceedings. He expressed the hope that the question of providing compensation to third countries for loss due to the abridgement of existing preferential margins would be taken up in the Sub-Committee on the Tariff Negotiating Plan or the Sub-Committee on the Participation of the Less-Developed Countries.

29. The representative of India pointed out that his country was also particularly interested in the dismantling of barriers to trade in agricultural products, and he hoped that it would be possible to pursue a liberal commercial policy in that field.

30. India was gratified to note that the participating countries had agreed to establish a special body for considering the problems of the less-developed countries. In particular it would have to deal with proposals by industrialized countries for inclusion in their exceptions lists of products of less-developed countries and for the invocation of the disparity rules for such products, with the dismantling of non-tariff barriers affecting the exports of less-developed countries, with the possibility of cuts of more than 50 per cent on products of less-developed countries, and with considerations of ways and means of implementing the decisions and recommendations of the Working Party on Preferences and the Committee on the Legal and Institutional Framework.

31. Mr. BEECROFT (Nigeria) supported the views expressed by the representative of India. His Government could accept document TN.64/26 although it was somewhat worried about certain problems which were not dealt with in it. He suggested, however, that the following paragraph should be added in Section D of TN.64/26: "The Committee agrees that it will pursue further the question of trade in tropical products with a view to working out arrangements and procedures for their treatment in the trade negotiations." This was agreed.

32. Mr. PRATT (Sierra Leone) said that his delegation could accept document TN.64/26. It shared the views expressed by the representative of India.

33. Mr. LACZKOWSKI (Poland) expressed his gratitude for the understanding shown in the discussions on the participation of Poland in the trade negotiations. He said that his Government wished to develop its trade relations with all GATT countries.

34. The Committee adopted the draft resolution contained in document TN.64/26 with the amendment proposed by the representative of Nigeria¹ and decided that the text should immediately be released.

¹The text of the Resolution as adopted has been circulated in document TN.64/27.

ANNEXPress Releases Containing Statements Made at
the Public Sessions on 4 and 5 May 1964Press release No.

The Chairman of the Trade Negotiations Committee	GATT/869
The representative of the United States	GATT/848
Belgium on behalf of the EEC	GATT/843
Japan	GATT/845
United Kingdom	GATT/844
EEC, Commission	GATT/850
Switzerland	GATT/847
Denmark	GATT/851
Canada	GATT/846
Netherlands	GATT/865
Norway	GATT/866
Sweden	GATT/853
Austria	GATT/854
Italy	GATT/842
Germany	GATT/855
Portugal	GATT/856
Finland	GATT/857
India	GATT/849
Argentina	GATT/852
Nigeria	GATT/858
Uruguay	GATT/867
Yugoslavia	GATT/862
Indonesia	GATT/859
Brazil	GATT/863
Ghana	GATT/861
New Zealand	GATT/860
United Arab Republic	GATT/868