

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE FIFTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 14 October 1953, at 10.45 a.m.

Chairman: Mr. Johan MELANDER (Norway)

Subjects Discussed:

1. Credentials
2. Reduction of Tariff Levels and the Creation of a "Low Tariff Club" (continued)
3. The Budget
4. Discrimination in Transport Insurance

1. Credentials

The EXECUTIVE SECRETARY called attention to the unsatisfactory nature of some of the credentials presented, and stated that the secretariat would assist delegations by preparing a form to be used by governments in accrediting, in accordance with Rule 7 of the rules of procedure, their delegations to the sessions held pursuant to Article XXV. As regards the full powers to sign the instruments drawn up and open for signature at the Eighth Session, the CONTRACTING PARTIES would be prepared to accept as full powers, telegraphic communications from the proper authority indicating that such full powers had been granted. The actual full powers in writing should be sent forthwith to the Secretary-General of the United Nations (Legal Department) in New York. The secretariat would be glad to provide any assistance that any delegation might require in these matters.

2. Report of Intersessional Working Party on Reduction of Tariff Levels (G/53) and the Creation of a "Low Tariff Club" (L/156 and /Add. 1) (continued)

Mr. SEIDENPADEN (Denmark) said that the Danish delegation had found it difficult to decide on the question of rebinding the tariff items under the Agreement because of the unsatisfactory results arrived at under the negotiating procedure; the rule of regarding the binding of a low duty as equivalent of the substantial reduction of a high duty did not serve adequately to equalize tariff levels. His Government attached great importance to the principle of equalization of tariff levels, not only because of Denmark's traditionally low tariff, but because of its sincere belief in the unhampered movement of

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goods, and in the division of labour as the only means of attaining high productivity and a rational pattern of production. The results obtained during the three earlier rounds of negotiations had their value in removing the upper portion of protectionist duties unessential to the maintenance of the existing degree of protection. It had become clear at Torquay that that system would yield little results in the future and no progress would be made under it towards achieving the essential objectives. The Danish Government had therefore been taking an active part in the various attempts at finding a new avenue. The Pflimlin Plan although a step forward in its original form, would not solve the problem of the disparity between tariff levels. The Ohlin Plan discussed in the Council of Europe, though containing some elements for the levelling off of the peak duties, also had its weaknesses. The Danish Government was of the opinion that although some of the specific problems of Western Europe might be solved through co-operation in the Council of Europe and the OEEC, a universal plan within the framework of the Agreement was imperative. Accordingly, those contracting parties which were also members of the OEEC or the Council of Europe should see to it that their activities there would not prejudice the universal solution which remained the responsibility of the CONTRACTING PARTIES.

The revised Pflimlin Plan had considerable advantages over the original one in that it had introduced some of the principles of tariff equalization by applying two standards of obligations for low and high tariff countries, and in its acceptance of the Ohlin Plan principle relating to individual high duties. Appreciation should be expressed to the experts who had elaborated a plan which attempted to provide a solution to nearly all the technical problems. For the first time, governments would be able to assess their obligations, and the effects on their economy, in the event of the Plan being applied.

As regards the revised Plan, the Danish delegation was of the opinion that it still lacked a fair balance between the benefits accruing to industrial exporter countries, and those to be derived by countries exporting foodstuffs and agricultural products. The division of commodities into sectors showed seven industrial sectors, as against two agricultural and one fishery sector. In the fixing of ceilings, there were three industrial categories and one agricultural category, and it seemed unreasonable to maintain one ceiling for all foodstuffs and agricultural products almost equivalent to the three highest groups of industrial commodities, i.e. the manufactured goods. The Plan thereby reflected the difficulty of eliminating agricultural, as opposed to industrial, protection. The compromise plan now before the CONTRACTING PARTIES did not aim at a general reduction of tariff levels as a means of solving the much more difficult problems of agricultural protectionism in Europe and in the United States. But the Danish Government in deciding its attitude would have to consider the interests of its exporters of agricultural products and developments in international co-operation in agricultural policies. It was hoped that before the tariff plan was finalized the CONTRACTING PARTIES would have completed the general review of the Agreement, particularly those parts which dealt with commercial policies in the agricultural field.

Rule VII of the Plan provided, in effect, that countries in the process of economic development would benefit by the Plan without having to give compensation for benefits received. The reduction of the general level of tariffs was above all a problem for Europe and North America, and the under-developed countries should be allowed to decide for themselves to what extent they were able and prepared to undertake actual obligations under the Plan. Application of a plan for general tariff reduction could be realized only if one would not tarry for finding a solution for the wider problem of integrating under-developed countries into the system.

For the solution of that problem, as well as in the general review of the Agreement, it was to be hoped that the under-developed countries would have far-sighted leaders who would know where the long-term interests of their country lay. It would be detrimental to all if under-developed countries should use the escape clauses to establish behind high tariff walls industries and development programmes which were disproportionate to the conditions outside their countries. The world could but benefit by increased industrialization of under-developed countries, entailing development of world trade, but only when such an industrialization process were carefully harmonized with conditions in the world. In the opinion of the Danish delegation, low productivity and low living standards of a large sector of the farming population in countries with high agricultural protection were caused by protectionist policies. The support that public opinion in Denmark gave to the General Agreement depended largely on the success it would make in promoting international co-operation in the field of commercial policies, and it was disappointing to see the work on the levelling off of high tariffs remained in the preliminary stage after many years of discussion. It was to be hoped that the intersessional consideration of the Plan by the Working Party would not again be limited to clarifying the outstanding technical points, and that a final plan in legal terms would be ready for signature at the Ninth Session. Meanwhile, the contracting parties should prepare the ground in their own countries and secure parliamentary and public support for the Plan.

The general review of the Agreement was the background of many decisions which would be taken at the present Session. In addition to the question of agricultural protectionism and the problems confronting under-developed countries, which should be dealt with in that review, the successful solution of the question of tariff reduction would be an essential condition for continued support to be given to the Agreement by countries like Denmark. The preliminary stage should now be considered closed and the time for action had come.

Mr. HAGEMANN (German Federal Republic) recalled the remarks made by Professor Erhard at an earlier meeting in which he had stated that Germany was following with keen interest all efforts to reduce tariff barriers which was one of the objectives of the Agreement. Already at Torquay, the German

Government had joined in the endeavours to find a means of achieving that objective. It was gratifying to see that through the initiative of the French Government, this desire to secure reductions in tariffs had taken concrete form in the shape of a revised Plan, which after incorporating certain amendments was now before the CONTRACTING PARTIES. Mr. Hagemann paid tribute to the French delegation for conceiving the basic ideas of the Plan which in its present form gave a clear picture of the manner in which the technical problems of a general reduction of the tariffs could be solved. The German Government would be prepared to accept in principle the Plan, although it was aware of details still requiring modification. These modifications related mainly to the exact composition of the sectors and categories, and the fixing of demarcation lines and ceilings. Final approval by his Government would largely depend upon acceptance of the Plan by the countries represented in the sub-group.

The German delegation hoped that the points it had raised would be met and expected that the Intersessional Committee would carry the study to a point where the results would be readily applicable to the tariff negotiations to be held towards the close of 1954 so as to expedite the latter and lead to a substantial reduction in tariffs. The revised Plan should be transmitted to the governments for examination so that its acceptance would be considered by as many contracting parties as possible.

Since new negotiations would not take place for another twelve or eighteen months and the present tariff concessions would be bound for that extended period, there would be a certain stagnation in the field of tariffs. Certain countries might nevertheless wish to pursue reduction of their own tariffs, either autonomously or by means of negotiations. But in view of the fact that the Plan was not yet in operation, they might feel reluctant to do so. It would be desirable if the CONTRACTING PARTIES would now give these countries an assurance that any tariff reductions made from the close of the Eighth Session, would be considered as forming part of the reductions envisaged in the Plan. That idea was already set out in paragraph 3 of the Comments to Rule I, and all that was required was to note that the word "now" meant the date of closing of the Eighth Session.

Mr. SAHLIN (Sweden) said that the Swedish delegation would like to pay a tribute to the sub-group for their comprehensive survey of the technical implications of the French Plan. To complete this study, his delegation shared the view that the report of the sub-group should be referred to an intersessional body for further consideration. The proposal submitted by the Council of Europe in Recommendation (51) 11 of the Consultative Assembly related closely to the question in hand and should be referred to the intersessional body to be studied in conjunction with the French Plan. The Swedish delegation were not entirely satisfied that all the technical solutions proposed for the French Plan were the best ones and believed that other solutions might be found. It would therefore present its views at the appropriate time.

Moreover, one of the main principles underlying the Agreement was that advantages and disadvantages should be fairly shared by all the contracting parties. It had become obvious at Torquay that the rule of Tariff negotiation under which the binding of low duties should be recognized as equivalent to a substantial reduction of high duties could not be sufficiently upheld in practice and therefore the low tariff countries had been placed in an increasingly unfavourable position. It had therefore been found necessary to reconsider the adequacy of the present negotiation procedures, and regard had been paid in the revised Plan to the special position of low tariff countries.

Sweden was, however, concerned at the trends towards increases in duties in some countries which might compromise the efforts pursued towards a further equalization of tariffs. The final attitude of his Government towards the Plan would therefore be influenced by the results achieved in that field in levelling off high duties and in balancing advantages and disadvantages under the General Agreement.

Mr. MACHADO (Brazil) said that the importance of the French Plan became at once obvious when one viewed the recent developments in the field of customs tariffs: significant progress had not been seen since 1947, and in fact there had been in the past two years for tariffs to increase. Even at the present Session consideration was being given to a proposal that a contracting party be permitted to increase its tariffs. The basic reason for this stagnation was the lack of appropriate provisions in the Agreement to meet the requirements of countries in various stages of economic development, such as had been contained in the ITO Charter. It was incongenial that the CONTRACTING PARTIES should consider at the same time both the question of lowering tariff levels and the question of prolonging the assured life of the present schedules. As regards the proposals made in the French Plan, Brazil in its present state of economic development would not be in a position to accept to reduce its tariffs, both because of its objective of economic development and because it had no tariff which could be reduced. The reductions which Brazil had made under the Agreement since 1947 had exhausted its ability to make any further reduction, and its specific tariffs had also been reduced in effect by the significant rise in prices since that time. While regretting that Brazil would have nothing to offer under the Plan, the Brazilian delegation nevertheless recognised the intrinsic value of the proposal and would be agreeable to this matter being referred to the Intersessional Committee to be re-examined with due regard to all facts of reality.

Mr. PARONI (Italy) referred to the memorandum (L/123) submitted by his delegation containing observations on certain aspects of the French Plan as revised. In the view of the Italian delegation, the Plan still had certain imperfections, and in particular, the fundamental points disputed

at the Seventh Session had not been met. Mr. Parboni reiterated the observations contained in that Memorandum, and stated: that the Plan still presented an excessive rigidity and gave inadequate consideration to the fundamental conditions of certain countries, the division into ten sectors instead of fourteen having not appreciably reduced that rigidity; that, as regards the obligatory reduction of high rates, one should realise that individual rates of duty were not fixed on the basis of the tariff levels of other countries, the logical criterion for determining whether a tariff was prohibitive, should, however, be its actual effects, since the same high rate of duty may have different effects on the industries of countries with different economic structures; that the reduction of high duties might mean a sacrifice for certain countries even heavier than that imposed by the general reduction of 30 per cent; that the Italian delegation therefore was of the view that the principle of reducing high tariffs should be formulated simply as a recommendation; that the new formula of permitting a smaller reduction or even no reduction of duties which had a low average in certain sectors did not reflect the earlier discussion on the basis of smaller reductions for individual low tariff items; and that the whole procedure did not take adequate account of the fact, that different countries had higher or lower tariff levels mostly because they had different economic and social structures. The proposal for an automatic plan for the reduction of tariff levels had been based on the belief that the margin of negotiations had been much reduced for low tariff countries, but in reality if countries were prepared to engage in automatic reduction of their tariffs without seeking compensatory concessions from other countries, there was no reason why they should not be equally willing to make such concessions through multilateral negotiations. It would therefore appear that concrete results could still be obtained through the existing tariff negotiation procedure under the Agreement.

The Italian delegation, however, recognised that the new Plan represented an improvement over the original proposal, which pointed to the spirit of understanding and compromise of the French and other delegations. It was hoped that these countries would continue to work on the Plan for its improvement. As had been pointed out by the Italian delegation at the Seventh Session, the difficulties encountered should not discourage the CONTRACTING PARTIES, but would demonstrate to governments that at least in the present circumstances it was impossible to set objectives which were too ambitious, having regard to the unstable economic conditions of the world. Undoubtedly, if one aimed at a plan sufficiently elastic and envisaging less drastic reductions, a system might be created with the support of most of the contracting parties. One fundamental point which had been emphasized by the Italian delegation on previous occasions was that the application of any such plan must be effected in the context of a general liberalization of trade and a general elimination of all barriers to international exchange. Such devices as the double pricing of raw materials, the seasonal restrictions on agricultural imports, and export duties must be eliminated before any

plan for the reduction of import duties could be usefully applied. In deciding its attitude, the Italian Government would take into account the solution of all these problems, the confidence that would arise from the participation in the Plan of certain important trading nations, and the possibility of obtaining adequate compensation from non-participating countries. The Italian delegation was in favour of continuing this important study.

Baron BENTINCK (Netherlands) paid tribute to the sub-group and its Chairman for their excellent work which, he said, his Government had followed with great interest. In the view of his delegation, the new draft provided a better indication of the distinction between the technical questions of the Plan and the principles involved. Although the sub-group had been able to agree on certain questions a definite solution was yet to be found for a number of problems which required decisions of substance and which were of great importance to certain countries. In common with certain other contracting parties, the Netherlands Government, although agreeing with the main principles of the Plan, would not be in a position to take any decision in the matter until those outstanding points had been settled. It had been proposed that a new inter-sessional body be set up to develop the Plan along the lines indicated in the report with a view to presenting it to the CONTRACTING PARTIES at a later session, and the Netherlands delegation was of the view that that would be a logical procedure following the completion of the sub-group's work. However, it considered that a group of experts with limited terms of reference would not be suitable for the purpose and that any inter-sessional body now appointed should consist of a representative number of the contracting parties and should be given broad terms of reference so that agreement might be reached which would commend itself to as large a number of contracting parties as possible. As regards the "Low Tariff Club" proposal, the basic principles of that proposal had been incorporated in Rule III of the amended French Plan which, by incorporating the best features of the original French proposal and the Strasbourg Plan, had become a good substitute for both. The CONTRACTING PARTIES, in replying to the Council of Europe, might bring out that fact. The particular European aspects of the "Low Tariff Club" plan should, however, be left for the attention of other international bodies.

Mr. SINGH (India) raised certain questions relating to the practical aspects of the French proposal. First, as regards the timing of a further study of the Plan, it should be noted that a review of the Agreement itself would be made in a year's time, that the readjustment of tariffs had been postponed for twelve or eighteen months, that the United States was engaged in an intensive study of the course to be followed in its foreign trade policy, and that new tariff negotiations had been held up for the time being. The present, therefore, was a time of uncertainties, and the Indian delegation was of the view that the question of the reduction of tariff levels could not be studied in isolation from the other factors, and that therefore no useful purpose would be served by studying the principles involved in the Plan in the near future. Secondly, although the Plan, as now evolved, provided for

different treatment for countries in different stages of development or with different economic and social structures, it did not take adequate account of the characteristic requirements of the individual countries. If such considerations were given it might be necessary to devise a special treatment for each individual country. Exceptions, qualifications, escape clauses, etc., would become the rule and the solution might be even less satisfactory than the original procedure of multilateral tariff negotiations. The Indian delegation, while maintaining an open attitude on the question, would suggest that unless a new procedure had been proved to be better, the old procedure should not be abandoned. Thirdly, as a great number of the contracting parties were still applying quantitative import restrictions it was not realistic to expect that international trade would be promoted by merely reducing customs tariffs. As regards the technical aspects of the Plan it was impossible at least for India to separate its fiscal duties from protective duties. The assumption that protective duties could be reduced without serious consequences to the economy would be valid only if a certain amount of excessive duties existed, whereas in the case of India the protective duties were delicately balanced after careful consideration of the interests of the consumer, the industry and the Treasury. As none of the duties had been imposed for no good purpose there was, therefore, little scope for reduction. As regards further studies to be made of the technical questions involved in the Plan the requisite statistical data would be lacking in view of the under-developed mechanism for collecting statistics in many countries. The Indian delegation was not however opposed to the view that the matter should be given continued study by an intersessional body, but it would insist that that body should be given broad terms of reference and extended membership. It would also be in order for the intersessional body to give its attention to the technical aspects of the "Low Tariff Club" proposal.

Mr. ISBISTER (Canada) congratulated the sub-group for its accomplishment in providing the useful ideas which would be a basis and guidance for any future tariff negotiations. The inadequacy of existing tariff negotiation procedure had been realised at Torquay and the sub-group and the Working Party had been appointed with a view to finding a new approach. The Canadian Government had been used to the procedure of negotiating tariffs item by item and Canadian opinion was, therefore, somewhat sceptical of the proposal for a general reduction of tariff levels. Now that a group of experts had been able to clarify the difficulties that would be involved in such a Plan the clarification of these points would be useful for governments in deciding their attitude. As had been pointed out by previous speakers, the question of international trade policy was at present in a state of flux: not only the tariffs of the contracting parties would be reconsidered in eighteen months, but a review was to be made of the Agreement itself at the next session. The Canadian delegation was of the view that the study of tariff levels should be integrated with those broader questions. Any decision on the tariff question

would depend on the financial and payments framework, the developments in the field of quantitative restrictions and other factors affecting international trade; the CONTRACTING PARTIES would have a better view of the whole situation by the autumn of 1954, and it was premature at present to give any definite instructions to an intersessional body to study the methods of reducing tariffs. The Canadian delegation would, however, be agreeable to referring the question for further consideration to the Ad Hoc Committee on Intersessional Business without giving it any limiting instructions. The Intersessional Committee would keep in touch with governments and might appoint, if it so desired, a working group. Meanwhile, the report submitted by the sub-group which contained useful matters of substance, should be transmitted to governments for their comments and suggestions.

Mr. FLETCHER (Australia) thought that, inasmuch as the report of the sub-group advanced certain revolutionary ideas in this field, governments should be given more time to reflect on them before being required to take a decision. In certain countries public opinion was in favour of retaining a certain measure of freedom in tariff and other matters of commercial policy, and, in particular, the Australian delegation had received no authority to accept the Plan. If the CONTRACTING PARTIES should decide to go ahead with studying the question of applying the Plan in its present form, the Australian delegation would have to reserve its position.

Mr. SANDERS (United Kingdom) joined the other delegation in congratulating the sub-group on its achievement and on this illustrative version of the French Plan it had produced. As had been made clear by the report itself this was a technical study made without prejudice to the position of the governments on the issues of the policy involved and it was on this basis that the United Kingdom had participated in the study. The Plan as presented by the Working Party appeared to be of such a highly complicated character that there was room for doubt as to whether it would be workable and acceptable in precisely its present form. Certain points in it were of a mixed character, partly technical and partly matters of policy, which clearly required further study and decision by governments before the CONTRACTING PARTIES generally could decide whether it was desirable to proceed further along this or similar lines. Reference had rightly been made to the wider background against which the timing and nature of future negotiations had to be considered. It seemed to the United Kingdom delegation that further consideration by the contracting parties of these or any other proposals for new methods of tariff reductions could not be divorced from consideration of the whole question in its widest aspects of the approach that should be adopted by the CONTRACTING PARTIES to further the reduction of tariffs, having regard to the vital need to seek for a better balance in trade between the dollar area and the rest of the world. The United Kingdom delegation was, therefore, in agreement with the suggestion that an intersessional body should be appointed to review at the appropriate time the question of future tariff negotiation procedures and that this body should, in its deliberations take into consideration the ideas embodied in the report of the Working Party on the French Plan, the suggestions which had emerged from the Council of Europe, and any other suggestions which might be put forward.

Mr. BROWN (United States) congratulated the sub-group for its achievement; the technical clarification which it had presented would enable governments to evaluate the effects and implications of the application of the French Plan. The United States delegation would support the Canadian representative's view that it would be difficult to appoint a working party with definite terms of reference. In the interest of flexibility, the problem should be referred to the Intersessional Committee with the general instruction that a further study be made at such time as might be deemed appropriate. On the other hand, the Plan had been developed to a stage where it should be transmitted to governments for careful study and examination. The United States Government for its part would be prepared to submit the Plan to the Randall Commission as an illustration of the possible lines of approach. For this reason, the United States delegation would propose that the document be derestricted forthwith. The Council of Europe's proposals should also be referred to the Intersessional Committee for further study.

Mr. AZIZ AHMAD (Pakistan) said that his delegation had no specific instructions on this question. Speaking generally, he felt that the question of treatment for countries in different stages of economic development would be the crux of the matter. It seemed that certain aspects of the question which were vital to the under-developed countries had not been fully realized by other contracting parties. In the tariff field, reductions along the lines envisaged, although they would enable the primary products producing countries to obtain some indirect benefits, would provide no quid pro quo of comparable value for the binding of their own tariffs. A substantial part of the government income of such countries was derived from customs revenue and any reduction in the tariff level would require important readjustments in their fiscal policies and could, therefore, not be lightly undertaken. It was fortunate that the development of the Plan would reach its maturity at about the same time when the General Agreement was reviewed. The Pakistan delegation would, therefore, support the proposal that the matter be referred to the Intersessional Committee for further study, in which attention should be devoted to the particular requirements of the under-developed countries. The question of participation by such countries as Pakistan would depend on the outcome of that study.

Mr. QUERTON (Belgium) thanked the Working Party for their efforts in preparing the Plan now before the CONTRACTING PARTIES in concrete form. However, in the technical field, several questions remained to be settled, e.g. the exact division into sectors and categories, establishment of demarcation lines and ceilings. The Working Party were justified in stressing the inter-dependence of questions of principle and of technical points under the Plan, and these should therefore be examined jointly in any further study of the problem. The Belgian Government were in agreement with the general lines of the Plan but could not make a final pronouncement before it was submitted in more concrete form, and before knowing which countries would apply it. He supported the proposal to set up an intersessional working party

and suggested that its terms of reference be sufficiently wide to enable it to examine the basic questions which would have to be settled before the Plan could be presented as a whole. The Belgian delegation would be willing to co-operate in its work. The Plan did not meet with their entire approval but would enable more equitable tariff negotiations to be initiated and to lead to better conditions in international trade. The intersessional body might also examine the plan of the Council of Europe for a "Low Tariff Club".

Mr. PANSEGROUW (South Africa) and Mr. MACHADO (Brazil) supported the proposal made by representatives of the United States, Australia and Canada that the plan be submitted to governments for their comments and consideration.

The CONTRACTING PARTIES decided that the report of the Working Party on the Reduction of Tariff Levels should be transmitted to the governments for consideration and comments; and that the Ad Hoc Committee on Agenda and Intersessional Business should be instructed (a) to make arrangements for the completion of the technical examination of the French proposal, the "Low Tariff Club" proposal submitted by the Council of Europe, and any other proposals which might be submitted by governments, and (b) to pursue at such time as might seem appropriate, having regard to the prospect of further progress in the process of tariff reduction, the examination of the questions of principle raised by the proposals against the background of the broader question of the adequacy of the present negotiating procedure.

It was agreed that document G/53 should be de-restricted forthwith and that the Executive Secretary should be asked to prepare a popular analysis of the Plan in the form of a pamphlet for distribution in government departments and amongst those interested.

3. Budget Estimates for 1954 (L/51)

Mr. MACHADO (Brazil) presented the report of the Working Party and called attention to the draft resolution contained therein which embodied all the main recommendations of the Working Party. He paid tribute to the secretariat for its efficiency and especially for its efforts to achieve the utmost economy. The Working Party's recommendation that the budget estimates presented by the secretariat be adopted without modification reflected the confidence which the contracting parties had in the secretariat. One particular point in the report which required the attention of the CONTRACTING PARTIES was the question of making pension arrangements for the staff. Pension arrangements having been in force for the staff members of the United Nations and other intergovernmental agencies, there was no reason why similar arrangements should not be made for the GATT staff. The General Assembly of the United Nations had acted upon a communication from the Executive Secretary and had referred the proposal to its Advisory Committee on Administration. It was proposed that the CONTRACTING PARTIES request the Executive Secretary to approach the Chairman of that Committee with a view to securing sympathetic consideration for that proposal.

Mr. BROWN (United States) wished to associate himself with the remarks of the Chairman of the Working Party regarding the merits of the secretariat. The United States delegation attached importance to the question of making pension provisions for the secretariat staff, and to that end he would see to it that the United States delegation to the General Assembly of the United Nations would take appropriate action.

Mr. LECUYER (France) also supported the Brazilian representative's views on the secretariat. He suggested that the present scale of contributions had become out of date and the secretariat should be requested to supply information at a later session for the drawing up of a new scale of contributions on the basis of trade data of a more up-to-date nature.

Mr. AZIZ AHMAD (Pakistan) joined the previous speakers in paying tribute to the Executive Secretary and his staff.

Mr. MACHADO (Brazil) added that the Working Party had given attention to the financial implications of the Japanese request for provisional participation. It had reached the conclusion that if its request for participation were granted the Japanese Government should be requested to contribute in 1954 \$12,000 to the expenditure of the CONTRACTING PARTIES. The informal paper on this subject used by the Working Party would be circulated to the contracting parties when the Japanese request had been decided upon by the CONTRACTING PARTIES in the affirmative.

The proposed Resolution and the report of the Working Party were adopted unanimously. Note was taken of the statement by the Chairman of the Working Party regarding the question of Japan's contribution to the expenditure in 1954.

4. Discrimination in Transport Insurance (L/94)

The CHAIRMAN called attention to the Intersessional Committee's recommendation that the CONTRACTING PARTIES ask the Executive Secretary to prepare, in consultation with governmental and non-governmental organizations, a report on the issues involved.

Mr. SANDERS (United Kingdom) stated the item was of considerable interest to his Government. They felt that governmental measures requiring insurance of goods in international trade and, indeed, any kind of general insurance, to be placed in particular markets were to be deplored. The time had come for an endeavour to be made to reach international agreement for the elimination of such measures. When the review of the Agreement took place the CONTRACTING PARTIES should give careful consideration to including in the Agreement provisions for the removal of protective and discriminatory measures affecting general insurance. The application of exchange restrictions to insurance should be and in fact was being dealt with by the International

Monetary Fund in the same way as exchange restrictions affecting trade in goods. He agreed with the recommendation of the Intersessional Committee that the matter be kept on the agenda of the CONTRACTING PARTIES and that the Executive Secretary be asked to prepare a report for consideration at a later session.

Mr. BROWN (United States) referred to the report of the Transport and Communications Commission of the Economic and Social Council which seemed to him to be a useful survey in that field. He agreed that further consideration of the matter would be desirable within the scope of the Agreement, since freedom of traders to place insurance in markets of their choice would make a valuable contribution to furthering the aims of non-discriminatory multilateral trade. The problem was a complicated one and the information at present available seemed incomplete. He would therefore concur in the proposal that the Executive Secretary be instructed, in co-operation with other international organizations, to undertake a study of the matter, with particular reference to governmental laws and regulations affecting transport insurance, and to make any recommendations as were appropriate. The CONTRACTING PARTIES could place this matter on the agenda of a forthcoming session.

Mr. MACHADO (Brazil) considered the item most important and one which was directly related to the General Agreement. The report (E/CN.2/139), paragraph 43, page 20, mentioned the question of transport insurance in connection with the Havana Charter and stated that in some cases exchange control, as applied to it, was justified. Since, however, the Havana Charter and the ITO had not come into being, his delegation could not subscribe without reservation to the views put forward in that report. The question of insurance played an important role in the invisibles of a country's revenue, and he therefore felt that the rules governing transport insurance should be carefully studied. However, that could not be undertaken before the review of the principles of the Agreement.

Mr. SAHLIN (Sweden) said that the question was of great interest to his Government and that his delegation might revert to it at a later stage. He supported the proposal made by previous speakers regarding this item.

Mr. SINGH (India) also supported the proposal made by previous speakers and added for the information of the contracting parties that India did not apply any discriminatory measures in this field.

Mr. ISBISTER (Canada) also supported the United Kingdom proposal.

The CONTRACTING PARTIES agreed to the recommendation of the Intersessional Committee and requested the Executive Secretary to prepare, in consultation with governmental and non-governmental organizations, a report on the issues involved.

The meeting rose at 1 p.m.

