

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.8/16
19 October 1953

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CONTRACTING PARTIES
Eighth Session

SUMMARY RECORD OF THE SIXTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 16 October 1953, at 10.45 a.m.

Chairman: Mr. J. MELANDER (Norway)

- Subjects discussed:
1. Arrangements for a Review of the General Agreement
 2. Australia Request to renegotiate an Item in Schedule I
 3. Nomination of a Chairman of ICCICA

The CHAIRMAN observed that the first two items had been proposed under item 42 "Other Business", and suggested that if there were no objections these should be added to the Agenda for the Session.

This was agreed.

1. ARRANGEMENTS FOR A REVIEW OF THE GENERAL AGREEMENT (Sec/116/53)

The CHAIRMAN submitted his note on a possible arrangement for a review of the General Agreement which he intended to serve as a basis for discussion and which he had drafted after consultation with the Executive Secretary and informal talks with delegations. The suggestion was to hold a session of the CONTRACTING PARTIES beginning 15 October 1954 for that purpose. This was not the occasion for a discussion of the revision itself nor of amendments to be made to the articles of the Agreement, but, on the basis of the draft he had prepared, the CONTRACTING PARTIES might wish to decide on the advisability of holding a session in the autumn of 1954 and of laying out a scheme for the preparations.

Mr. MACHADO (Brazil) said the extension of the assured life of the schedules was closely linked to the question of a review of the General Agreement. Since it was not proposed to plan a review of the Agreement, the Brazilian delegation saw no need to maintain the reservation to the report on Article XXVIII which they had proposed. He accepted the note by the Chairman as a basis for discussion.

Mr. SAHLIN (Sweden) agreed that there was a need for a fresh examination of the structure of the Agreement, but caution would, of course, have to be exercised. Since the signature of the Agreement, several important trading nations had acceded to it and at the present Session a new country was seeking membership. Economic conditions had improved, and trade had expanded. Several countries had made great progress in the field of economic and social development during the post-war period, and now found themselves at a dynamic stage of industrialization. International competition was becoming more intense and the policy of liberalization of trade in various parts of the world had caused new problems and brought tariff policy to the foreground of economic discussion. Plans were being considered for the progressive implementation of the convertibility of currencies.

There was therefore not doubt that much could be said in favour of a review of the Agreement. However, it had been framed with a view to compatibility between national interests and the broader interest of the CONTRACTING PARTIES as a whole, and had served international trade well, maintaining a large measure of stability and providing a valuable code of behaviour in matters of tariff and trade policy. The Agreement had provided a platform for the settlement of complaints and had made it possible to avoid many difficulties. He would therefore advise caution in replacing the present Agreement by a document which might be less effective in safeguarding orderly and expanding trade than the present one. In his view the most appropriate procedure would be to submit the item to further examination by an appropriate organ of the GATT, for instance to the Intersessional Committee, the results of their study being submitted to the CONTRACTING PARTIES at the forthcoming Session. He was in favour of the note by the Chairman as a basis of study.

Mr. PHILIP (France) noted that in the light of the discussions which had taken place, the majority of delegations at the present Session had felt the need for a review of the wording of the General Agreement, with a view to adapting it to present circumstances. Such a review had been foreseen at the date the Agreement had been signed, and it was therefore normal, in the light of the results achieved, the experience gained, and the difficulties encountered in the operation of the Agreement, that a review should be undertaken.

The French Government laid less emphasis on amending the text of the Agreement than on the need for completing it by inserting elements which were at present lacking. The Agreement should, in particular, contain definite provisions for the stabilization of prices of primary commodities in more precise form than in the Havana Charter, and a wider scope to cover restrictive trade practices. Such additions should be considered with a view to increasing the scope and efficiency of the Agreement. However, he agreed with the delegate for Sweden that it would be dangerous to embark upon a revision without ample preliminary preparation. There should be no question of redrafting the Agreement or of having a repetition of the Havana Conference. That would open the door to much debate and would result in the submission of contradictory proposals and amendments representing various trends of opinion. The note by the Chairman was appropriate and would fulfil the requirement of requesting the governments to

submit in writing as soon as possible precise suggestions and draft amendments. The Ad Hoc Committee on Agenda and Intersessional Business would then be able to submit these to the CONTRACTING PARTIES in October 1954 and a general debate would thus be avoided. The discussions would immediately turn on the draft amendments and the Session might then prove fruitful and of not too long duration.

Mr. THAGAARD (Norway) was of the view that a special session for a review of the Agreement should be arranged as soon as possible, and his delegation was in general agreement with the procedure outlined in the Chairman's proposal. He felt that the general aim of a review should not be confined to a critical examination of the different provisions of the Agreement, which was strictly related to commercial policy in a narrow sense; namely to obtain a higher standard of living for people in all countries. Adequate rules to govern commercial policy would have to be worked out against the background of the international rules foreseen with regard to foreign exchange policy, and the domestic, economic and financial policies which should be pursued by the various countries, if the objectives of the General Agreement, the International Monetary Fund and the United Nations Charter were to be attained.

The best solution might prove to be the incorporation of the rules on commercial policy in an international agreement somewhat on the lines of the Havana Charter, but it might prove also that a better approach would be to obtain special international agreements on some of the matters referred to in that Charter. Although the Charter had never been ratified, the need for an effective international trade organization had become increasingly urgent. An endeavour should therefore be made to transform the present Agreement into such a charter, as foreseen in Article XXIX of the Agreement. The provisions relating to commercial policy would constitute an important part of any new charter. In addition to the points already referred to, those provisions should secure as far as possible full and productive employment in the different countries. The calamities resulting from the depression which started in 1929 were still a living memory, and all countries would doubtless wish to counteract trends which might lead to such crises. However, that objective could not be attained solely by lowering tariffs and abolishing quantitative restrictions or other barriers to trade. The best method for avoiding the adoption of further restrictions by many countries would be to prevent depressions by maintaining full employment within the territories of the member States. Those domestic measures, in keeping with the political, economic and social institutions of each State, should be supplemented by concerted action under the sponsorship of the international trade organization or other international bodies.

Mr. Thagaard also stressed the need for provisions to promote the general economic development of all countries, and in this context the special problems of those countries in which natural resources were relatively undeveloped would have to be tackled. It would also be logical to include provisions on the control of international trusts and cartels, and other aspects of foreign economic policy, such as the production of and trade in basic raw materials and foodstuffs. It would be seen that most of the matters mentioned above were dealt with in the

Havana Charter. Much might be said in favour of it, but many of its provisions were however somewhat vague and the various principles insufficiently harmonized. Any new Charter for an international trade organization would have to take into account the experiences gained in operating the General Agreement. He agreed with the note by the Chairman as an initial step, and felt that memoranda ought to be submitted by the contracting parties by June 1954, as suggested. They should be circulated to all the contracting parties, in that way permitting the governments to study the views of the other governments before the session was convened.

Mr. WILGESS (Canada) thanked the Chairman for the note submitted and declared himself in agreement with its general outline. This was one of the most important matters which the CONTRACTING PARTIES had ever dealt with. GATT had made a most important contribution to the development of more satisfactory trading relations and had proved to be an almost indispensable instrument in promoting the expansion of world trade. It had, since the beginning, been the intention to review the provisions of the Agreement and such a review was now due. In his view the CONTRACTING PARTIES had shown great wisdom in postponing a review until after the post-war transitional period. A new constructive trend towards multilateral trade and payments was now clearly visible. As several major trading countries were now reviewing the whole range of their foreign trade and finance policies, it was important to take account of the result of such studies rather than to review GATT prematurely.

Mr. Wilgess regarded October 1954 as a suitable time for the review session, which should, however, only be regarded as a target date. The Intersessional Committee should re-examine that target date when convening next summer in the light of circumstances prevailing at that time. The review should not be postponed too long, and should take place at the latest at the beginning of 1955. A review would in any case require extensive preparations, and it would be good to have proposals in that matter not later than July 1954. The secretariat could undertake a good deal of preparatory work which then could be taken into account by the Intersessional Committee. He proposed that the Executive Secretary in preparing for the review should, among other subjects, undertake general studies of problems facing less developed countries. In order to facilitate the work of the Intersessional Committee, the Executive Secretary should be authorized through the Secretary-General of the United Nations, to establish contact with the Economic Commission for Latin America and the Economic Commission for Asia and the Far East.

Mr. SEIDENFADEN (Denmark) agreed with the statement made by the representative of Canada that a review of GATT was now due, and said that in a changing world such as ours it would always be easy to find a reason for postponing such a review. Therefore the Intersessional Committee should proceed carefully in considering any postponement.

Mr. PARBONI (Italy) remarked that in the light of present requirements and in view of the development of the world economic situation, a review of the General Agreement appeared advisable. Certain of its clauses no longer corresponded to present-day circumstances. In any revision it would, however, be indispensable to safeguard the existence of the Agreement, since any excessive changes might retard its continuous action which had rendered genuine service in bringing order into international trading relations. The Italian delegation were, therefore, in favour of a revision within the limits of necessity and with a view to consolidating the future of the Agreement. He would accept the proposal by the Chairman as a basis for discussion and would formulate in due time his Government's proposals.

Mr. ISIK (Turkey) was in favour of a review of the Agreement which had been concluded at a time when it was anticipated that the Havana Charter would shortly be applied. It was generally recognised today that it would be impossible to apply the Charter, and therefore there seemed to be an urgent necessity to amend the provisions of the Agreement mainly by adding to them elements which would bring it up to date and into line with its character as an instrument which had had a much longer life than was at first expected. The Turkish delegation were in favour of the proposal by the Chairman, but he shared the view of the delegate for Denmark that the terms of reference of the Intersessional Committee should be limited as regards postponement of the Session schedules for 15 October, and that it should show caution in that matter.

Mr. SINGH (India) agreed that a review of the Agreement was necessary since it was no exception to the rule that no document of that kind could claim perfection. During the six years it had been applied, several difficulties had come to the surface and there was therefore need for a review in the not-too-distant future. Regarding the note by the Chairman, the approach underlying the proposal was suitable, but he attached great importance to flexibility of the timetable. He agreed with the delegate for Canada in the matter of preparatory work. Without committing his Government in advance, he would support the Chairman's proposal.

Mr. HAGEMANN (Federal German Republic) recalled that at one of the opening meetings the leader of the German delegation, Professor Erhard, while greatly appreciating the work already accomplished by the CONTRACTING PARTIES, had stressed the need to endow the General Agreement with greater efficacy and a wider scope and to extend its activity. The German delegation at this early stage could not define the position of the German Government in relation to all the questions involved in such a revision.

In its present form the General Agreement included three parts, Part I comprising the provisions on the most-favoured-nation clause and the mutual granting of tariff concessions. In the course of three rounds of negotiations, the Agreement had enabled a large number of concessions to be bound in multilateral schedules. On the other hand, for some time past, and already it had

been noted at Torquay, the technique of negotiating bilateral tariff concessions was no longer satisfactory. Any revision of the General Agreement therefore ought to introduce a new method for carrying out tariff reductions. The German delegation were of the view that that requirement could be met by applying the automatic principle, as provided for in various schemes for reducing tariffs, and particularly in the revised French Plan now under consideration. It would appear appropriate to the German delegation to combine that automatic reduction of tariffs with the negotiations to be initiated at a new tariff conference. The principle of compulsory and automatic reduction of tariffs would then lead the countries who had accepted that principle to make tariff concessions on the basis of the modes of application set out in the French Plan. Since all participating States would be compelled to proceed to a certain reduction of tariffs, they would undoubtedly be prepared to make tariff concessions by following that mandatory principle. The necessary reciprocal reduction would therefore be made possible, and, in a collective operation, the positions affecting mainly their foreign trade could be included. Thus, the method of bilateral negotiations conducted within the scope of a tariff conference, and the insertion of negotiated rates within multilateral schedules could be maintained.

Part II included provisions on trading policy which, in general, could be reproduced in the new text. Their provisional and restrictive character should be replaced by a permanent and general framework, which would confer upon them much greater efficacy. One of the most important regulations in that part was the principle of the general elimination of quantitative restrictions. The post-war period having now passed, the time seemed opportune to examine the elimination of certain waivers which had been made under those provisions. Periodical consultations between the contracting parties should not be limited to the matter of quantitative restrictions, as being justifiable or not through the imbalance of payments and external financial position, but should also be extended to measures for the improvement of their domestic financial and economic situation. As a consequence, those measures would facilitate the convertibility of currencies, and the CONTRACTING PARTIES would thus make an essential contribution to a genuine liberalization of trade.

If free and multilateral trade was to be achieved, export subsidizing methods and other such measures should be eliminated. At present the provisions of Article XVI only obligated the contracting parties to communicate measures of that kind and to agree to consultation. The scope of those provisions should be substantially reinforced by the prohibition of subsidies and all such measures, open or disguised, designed to promote exports, and exceptions should be provided for only in specific cases after justification. Regarding the production of agricultural products and stabilization of their prices, the countries concerned should enter into negotiations with a view to formulating regulations which could satisfy the interests of both producer and consumer countries. The German delegation supported the proposal to ask the contracting parties to submit written suggestions for consideration by the Intersessional Committee.

Mr. BROWN (United States) said his delegation were in accord with the others who were in favour of a review of the Agreement. The Agreement had made a genuine contribution to the cause of advancing multilateral trade. The tariff concessions embodied in its schedules were a major achievement, the general provisions had proved useful and complaints had been settled. However, the present provisions of the Agreement had been operating for six years, and they should be adapted to circumstances in a changing world. The document prepared by the Chairman seemed to him to set out an admirable line of procedure and yet leave sufficient flexibility, so that arrangements for a review of the Agreement might be adapted to circumstances.

Mr. SANDERS (United Kingdom) said the question of a review of the Agreement was closely associated with the review of their commercial policies which certain countries, in particular the United States, were now undertaking. The Agreement would have to be amended in one sense or another in accordance with these reviews. It therefore seemed appropriate that proposals for the date at which the review would be started and the preparatory work involved would be completed should provide for an element of flexibility. If the date were postponed beyond 15 October 1954, some governments might not be able to submit memoranda by 1 July. Subject to that reservation, he was in agreement with the proposal.

Mr. HELMI (Indonesia) said that without committing his Government, he considered the proposal as suitable, subject to fixing later the exact date at which the review would begin.

Mr. SVEC (Czechoslovakia) was not in a position to make definite proposals. He felt, however, that the task before the CONTRACTING PARTIES was not so much to modify the present rules of the General Agreement, as to supplement them, to review their operation, and to see that the objectives of the Agreement were not frustrated. The Czechoslovak delegation considered that the policy of discrimination and the disruption of trade between East and West, resulting from this and from the cold war strategy, were in conflict with the present rules. Instead of a restoration of normal trading conditions, there had occurred deterioration and disorganization. He could not approve the terms of paragraph (a) of the Preamble to the Chairman's proposal, nor could he agree that substantial progress had been made in restoring more normal trading conditions. Without committing his Government, he would, however, agree to a review of the Agreement in the hope that it would help to solve some problems.

Baron BENTINOK (Netherlands) agreed with the words of caution already spoken. He attached particular importance to flexibility of the timetable, which would enable amendment of the Agreement to follow events in the outside world and developments between trading communities and within other organizations. It would be inadvisable to defer the review too long, but by keeping pace with events the CONTRACTING PARTIES would be able to do constructive work in the economic and commercial field.

Mr. CLARK (Australia) agreed with the proposal for arrangements for a review of the Agreement, as set out by the Chairman.

Mr. LEROY (Belgium) agreed with the proposal for arrangements for a review.

The CHAIRMAN said there was a consensus of opinion that great satisfaction should be felt that the General Agreement had served so well for years. A note of caution had been sounded with regard to any revision of its provisions, but there was the need for a review of the Agreement and most contracting parties were in favour of this. Most were of the opinion that the review should deal with means for attaining the objectives of the Agreement and with the execution of its provisions. Regarding procedure and the target date, several delegates had pointed out the need for flexibility, as any review of the Agreement would have to take account of existing world circumstances and the fact that some of the principal trading nations were reviewing their economic policy; the Intersessional Committee, however, should not alter the date for the session without good reason. Proposals for revision should be precise and concrete; in that way, the session might reach results in a short time and would not require lengthy debates.

The CONTRACTING PARTIES presumably agreed with the proposal by the delegate for Canada that the Executive Secretary should be asked to approach the Secretary-General of the United Nations with a view to obtaining useful information through the Economic Commission for Latin America and for Asia and the Far East, with regard to the problem of undeveloped countries. The Executive Secretary should also be authorized to take any other steps he deemed appropriate to collect useful data.

The Chairman said that the draft decision would be submitted for formal adoption by the CONTRACTING PARTIES at a later meeting.

Mr. Garcia OLDINI (Chile) was in favour of limiting the terms of reference of the Intersessional Committee with regard to postponing the date of the autumn session. Also in Point (3), line 5, of the decision, the words "having regard to the then existing circumstances" should read "if circumstances so require"; to allow for speedy consultation of the CONTRACTING PARTIES by that Committee.

The CHAIRMAN said that remark would be included in the wording of the decision. In reply to a question by the delegate for Turkey, he said that, if held in the autumn of 1954, the session could also consider the regular items of business thus obviating the need for an extra session.

Mr. MACHADO (Brazil) said that the decision could not include all the elements of the debate which had just been held. He would be in favour of referring the Intersessional Committee to the Summary Record of the meeting for guidance.

This was agreed.

2. AUSTRALIAN REQUEST TO RENEGOTIATE AN ITEM IN SCHEDULE I (SECRET/1)

Mr. CLARK (Australia) drew the attention of the CONTRACTING PARTIES to the fact that when Australia at the Torquay Conference agreed to extend the assured life of her schedule of concessions until 31 December 1953, this was done after giving notice that it might be found necessary to ask the CONTRACTING PARTIES for approval to negotiate the withdrawal of bindings of certain specified items. The CONTRACTING PARTIES had agreed to accord sympathetic consideration to any such request. In document SECRET/1 the Australian delegation had now notified the CONTRACTING PARTIES of its desire to negotiate for the withdrawal of the concession originally granted to the United States in 1947 on certain types of lathes, and at the same time the Government had stated its intention to offer a new concession in compensation. Mr. Clark expressed the hope that the CONTRACTING PARTIES would give their approval to the renegotiation of the item in question.

Mr. BROWN (United States) said that his country had no objection to the Australian proposal for renegotiation.

Mr. SVEC (Czechoslovakia) said that although his country had not negotiated this concession it had a substantial interest in it, as shown from the statistics supplied. Disregarding deliveries under the preferential rate, Czechoslovakia had been the principal supplier and, in 1952, the only supplier. Mr. Svec declared that, taking into account the reasons given by the Australian delegation, there were no objections to a renegotiation of the item. It was to be expected, of course, that an agreement would be reached on a convenient compensatory concession.

The CHAIRMAN asked if the CONTRACTING PARTIES were prepared to authorize this renegotiation.

It was so agreed.

3. NOMINATION OF A CHAIRMAN OF ICCICA (L/153)

The CHAIRMAN recalled that Mr. Walter Muller, of Chile, had been nominated as the fourth member of the ICCICA by the Secretary-General of the United Nations. He asked the CONTRACTING PARTIES to give their views on the criteria which should be applied in nominating a Chairman.

Baron BENTINCK (Netherlands) expressed the view that it would be best to have a general exchange of views before proceeding to the actual election of a Chairman. If account were taken of the growing importance which was being attached to international commodity problems and agreements, it was clear that the task now before the CONTRACTING PARTIES was not an unimportant one. ICCICA was composed of four members, three of whom were chosen to represent specific interests in the field of commodity policy. One member was appointed by the FAO as an expert in agricultural commodities; a second was an expert on non-agricultural primary

commodities, and more recently a third member was appointed by the Secretary-General of the United Nations as a person experienced in the problems of under-developed countries dependent on production and marketing of primary commodities. Such a composition, said Baron Bentinck, was entirely appropriate. It was, however, necessary that the Chairman himself should not be chosen to represent any special interest or any particular group of countries, but that he should be someone with a broad knowledge of international commodity problems.

Baron Bentinck thought it was not without reason that the CONTRACTING PARTIES had been entrusted with the task of appointing the Chairman of ICCICA, who should have a sufficient knowledge of GATT and its day-to-day work. The Chairman should also be able to ensure that the problems facing ICCICA were dealt with in the light of the broad objectives of the General Agreement. One further point related to the term of office of the new Chairman. He thought that as the other members of the Committee were appointed for an indefinite period, this could also apply to the Chairman. The most important thing was that the term should be a relatively long one, as commodity problems were very complicated. It would therefore be inappropriate to nominate a Chairman for one or two years only.

Mr. MACHADO (Brazil) commented on the purpose, membership and function of ICCICA which had been set up to co-ordinate all activities connected with the interests of producer and consumer countries of raw materials, and trade in those essential commodities. The initiative adopted by the ECOSOC of the United Nations in 1947 was based primarily on the assumption that the ITO would probably come into being and would assume responsibility for international trade on the basis of the principles of the Havana Charter. Secondly, the purpose was to institute an international regime for trade in these products by harmonizing the interests of the producer and consumer countries. The ICCICA was therefore set up as a result of a resolution in 1947 of the ECOSOC to include three members, representing the United Nations, the Food and Agricultural Organization and the International Trade Organization. The member designated by the FAO was to be responsible for matters pertaining to agriculture, the member for the UNO for non-agricultural activities, and the member for ITO, trading, with, in addition, the right to nominate the Chairman. But as was known, the principles of the Havana Charter had never been applied, - a significant fact, since originally the GATT and the ICCICA were intended to be sections of a much larger body, the ITO, which, if it had come into operation, would have considerably altered the situation. Its absence had resulted, in particular, in no consideration having been given to the recommendations and activities of the ICCICA. The reports of the latter went direct to the ECOSOC, and it would be interesting for the CONTRACTING PARTIES also, as borne out by the fact that they elected the Chairman, to be able to follow its activities through its reports, similarly to the procedure adopted in the case of the European Coal and Steel Community. Theoretically, the ICCICA was most important, and practically, if the problem of raw materials were more adequately covered by revised provisions in the General Agreement, the importance of the ICCICA would still further increase.

The Brazilian delegation would ask that the Annual Report of the ICCICA should be formally submitted to the CONTRACTING PARTIES, without prejudicing its study by the ECOSOC which was concerned mainly by questions of co-ordination and not by the specific problems which were the province of the General Agreement. By its Resolution of 28 March 1947, the ECOSOC had authorized the Secretary-General of the United Nations to substitute the representative of the GATT for the theoretical representative of the ITO. However, the non-existence of the ITO should have led the ECOSOC to take measures of substance, rather than merely to carry out substitution of a name. The Brazilian delegation therefore proposed that the situation be rectified by closer relations between the GATT and the ICCICA and active interest in the latter's recommendations.

Given the purposes for which the ICCICA had been set up, its membership ought to reflect the interests of the two categories of countries, co-ordinate the various organisations connected with the marketing of and trading in primary commodities, and harmonize and balance these diverse interests. The membership of the ICCICA was at present four, permitting balanced representation between consumer and producer countries. But the Brazilian delegation pointed out that until September 1953 the Committee had had three members, a British, a French and an American national, all exclusively representatives of consumer countries. On 24 September 1953, a Chilean expert was nominated as fourth member. That decision should have followed and not preceded the nomination of the Chairman of the GATT, since it implemented a resolution by the ECOSOC of the preceding February.

Mr. Machado felt that the procedure to designate members of the ICCICA should be examined by the Governments represented amongst the contracting parties who would now have to nominate the Chairman. He assumed that an election would take place by secret ballot and the government representatives would choose a candidate from a list prepared and submitted by the governments. The procedure followed by the other organisations who nominated the other three members was varying: in the case of the FAO the Executive Board, grouping only a few of the member States, approved the choice made by the Director-General of the FAO. If a country was not represented on the Executive Board, it would have no means of casting its vote in the case of that nomination. In the case of the United Nations, nomination was at the discretion of the Secretary General without government approval. It would appear difficult for an organ with such heterogeneous procedure at its basis to function normally.

Another aspect was the executive competence of the members from the viewpoint of nationality. The Chairman had hitherto been a British subject. Once elected he had lost contact with the central body of the GATT which was not informed of the divergencies of opinion, the difficulties and responsibilities of the Committee in which it had, however, a paramount interest. Mr. Machado gave some concrete examples as to how the members of the Committee were nominated, and reached the conclusion that the principle of nomination by secret ballot was never observed in practice.

The ICCICA should therefore be organised on a different basis. Membership should be by rotation, including the office of Chairman, the term of office should not exceed two years, and producer and consumer countries should be represented by two members respectively for each of those groups. Finally, the ECOSOC should once more be asked to revise their procedure for nominating members. The Brazilian delegation would also propose that designation be carried out by secret ballot from a list of candidates submitted by the governments of the contracting parties who would be fully cognizant of the qualifications of the candidates beforehand. Since there was already an over-representation of consumer countries, the Chairman should be selected from amongst the group of producer countries, and the Brazilian delegation would willingly vote in favour of a candidate from their group. Two Indian citizens had been unable to accept office, but the Brazilian delegation would be able to submit the name of a candidate whose qualifications, not only as an expert, but as a delegate who had taken part in various international conferences, would seem to point to his suitability as Chairman of the ICCICA.

Mr. Garcia OLDINI (Chile) said that the statement of the delegate of Brazil was both clear and objective and it had dealt with the problem in a logical way. Many of the difficulties in this connection stemmed from the fact that the ITO had never been set up. The commodity question would certainly have been one of its main fields of activity. Although ITO had not been created, it did not mean that Chapter 6 of the Charter had been abandoned. It was to be regretted that this chapter had never been incorporated into GATT. As there was now an opportunity to review GATT, it would also be suitable to provide for provisions dealing with the commodity aspect of trade. Mr. Garcia Oldini expressed the view that ICCICA should in fact be made part and parcel of GATT. As regards the election of a Chairman for ICCICA, he gave his support to the suggestion made by the delegate for Brazil and thought, moreover, that the member of the Committee nominated in a technical capacity should be a representative of the raw material producing countries.

Mr. BROWN (United States) stressed the need for a wise choice in the Chairmanship of an international group which had to deal with such important problems as the production, trade and consumption of primary products. The fate of primary commodities in the markets of the world was of great importance to producer countries, especially insufficiently developed countries, and wide fluctuations in prices of raw materials were disadvantageous to producer and consumer alike.

ICCICA already had a member nominated by FAO who was familiar with problems of agricultural products and foodstuffs. It also included a member who was an expert in the products of minerals and metals, and recently had added to its membership Mr. Muller, of Chile, who was competent in problems of under-developed countries in connection with raw materials. The Chairman, whom the CONTRACTING PARTIES were now called upon to nominate, would have to be proficient in the field of world trade and commercial policy. The fact that so large a proportion of the world's trade dealt with primary products meant that the manner in which they

were handled was a major question of international commercial policy. The GATT, for example, specifically exempted from its rules actions taken under duly constituted commodity agreements. It would be well if the CONTRACTING PARTIES' nominee were conversant with the basic ground work undertaken by the CONTRACTING PARTIES in London 1946, Geneva 1947 and Havana 1948. In addition to competency in matters of international commercial policy, the nominee should have practical experience in dealing with insufficiently developed countries on problems involving their raw materials. He should be thoroughly familiar with the substance of the Agreement, yet not exclusively concerned with its problems.

Mr. LECUYER (France) felt that it was unnecessary to stress the role of the ICCICA and the need for maintaining its activities in the present frame of the General Agreement itself. Mr. André Philip had referred previously to certain activities which had been provided for in the Havana Charter with regard to raw materials and which should now be taken up by the Agreement. He agreed with the delegate for Chile that the matter of membership of the ICCICA should correspond to world requirements, as a whole, in the field of producers and consumers of primary commodities, and therefore an exhaustive study of the subject should be undertaken by the governments. The ICCICA had at present no French member, but a French expert who had been nominated on account of his great competence in the production of African products. He considered that the membership could not be changed at the present Session, the CONTRACTING PARTIES being called upon merely to elect the Chairman, and he supported the suggestions in that connection by the delegate of the United States. The Chairman ought to be thoroughly impartial, and have a general knowledge of raw materials and their marketing, and furthermore be able to move about speedily, and through his connections, procure information about the production and price variations of these commodities. The French delegation would easily be able to supply the name of such a person. Regarding the rotation of membership, it should be a long-term one - two or three years at least.

Mr. Wilgress (Canada) said the Chairman should be able to represent both producer and consumer countries and should be familiar with the problems of international trade and with the functioning of the General Agreement. He would support the United States proposal.

Mr. ISIK (Turkey) thanked the delegate for Brazil for his clear exposé which would be a guidance to the CONTRACTING PARTIES in fixing criteria for the choice of a Chairman. He agreed with him that it would appear difficult to select a Chairman in the absence of any precise information on the activities of the ICCICA, but those questions might be discussed more appropriately within the ECOSOC. The CONTRACTING PARTIES would therefore have to confine their task merely to selecting the person who appeared to them most suitable for the office.

Mr. SVEC (Czechoslovakia) shared the view of the delegate for Brazil in saying that international commodity arrangements had paramount importance for countries in process of economic development and who depended upon the commodities which were the subject of such international agreements.

The Czechoslovak delegation felt that apart from restoration of world economic co-operation among nations, it was precisely the progress made by those countries which would serve to achieve the final objectives of the General Agreement and of the United Nations Charter. They would therefore favour any proposal which would guarantee to those countries that in international commodity agreements their interests would be duly represented and assured.

Mr. SINGH (India) supported the proposal for an election of the Chairman by secret ballot, bearing in mind the criteria agreed upon.

Mr. Garcia OLDINI (Chile) agreed that most difficulties in the matter of the ICCICA resulted from the non-existence of the ITO, certain provisions of the Havana Charter having remained a dead letter. The Chairman of ICCICA should be familiar with world trade, and should have intimate knowledge of the problems confronting producer countries, and of commodity agreements, since the Chilean delegation felt those qualifications would be necessary also in the interests of the various consumer groups. He should moreover be familiar with the General Agreement and his term of office should not be too short - three years appearing reasonable.

The CHAIRMAN said it appeared to be agreed that the Chairman of ICCICA nominated by the CONTRACTING PARTIES should be a person who had wide knowledge of commodity policy, of the General Agreement, and of the problems of producer countries and of the trade in commodities. Reference had been made to the annual reports of the ICCICA; these were invariably placed on the agenda of the ECOSOC, which had primary responsibility in setting up the group, but they could also be placed on the agenda of the CONTRACTING PARTIES, if so desired. Contracting parties would be asked to submit the names of candidates and an election would take place by secret ballot.

This was agreed.

The meeting rose at 1 p.m.

