

GENERAL AGREEMENT ON TARIFFS AND TRADE

R. STRICTED

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CONTRACTING PARTIES
Eighth Session

SUMMARY RECORD OF THE NINETEENTH MEETING

Held at the Palais des Nations, Geneva
on Friday, 23 October 1953, at 4 p.m.

Chairman: Mr. Johan Melander (Norway)

Subjects discussed:

1. Working Party Reports on Valuation, Nationality and Consular Formalities
 2. Chairmanship of ICCICA
 3. Working Party Report on Accession of Japan
1. Reports of Working Party on Valuation for Customs Purposes, Nationality of Imported Goods and Consular Formalities (G/57, G/61 and G/60)

Mr. ASHFORD (United Kingdom) introduced the three reports on the subjects which had been entrusted to the Working Party.

(a) Report on Valuation for Customs Purposes (G/57)

Mr. Ashford recalled that in 1952 it had been decided to invite the CONTRACTING PARTIES to furnish statements of their current valuation procedures for customs purposes and the steps they had taken to bring them into conformity with the principles of Article VII. The task of the Working Party in comparing the replies received with each other and with the provisions of Article VII proved a difficult one since it had required a detailed interpretation of Article VII and an exhaustive study of the various procedures in force in the various countries. The outcome was not clear-cut and the Working Party reached the conclusion that it could not do more than report to the CONTRACTING PARTIES the difficulties encountered and recommend that the Intersessional Committee might consider what aspects of the subject should be examined further and the objectives and methods which should be applied. The subject ought to be split into separate studies and clear indications given as to the lines on which these were to be pursued. The wording of the first paragraph of the report was not intended to convey any special significance, but was merely in conformity with the Protocol of Provisional Application which provided that contracting parties should apply the provisions of Part II of the Agreement, which contained

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Article VII, "to the fullest extent not inconsistent with existing legislation".

The report of the Working Party was adopted.

(b) Report on Nationality of Imported Goods (G/61)

Mr. Ashford explained that governments had been asked to furnish statements of their existing regulations on origin and that the replies received were intended to form a background for an examination of the proposals for international action which countries had been asked to make. There was a sharp division of opinion in the Working Party on the subject of a common international definition of origin for customs purposes; a draft definition was put forward for consideration by governments between now and the next session, but it was not favoured by the minority who considers that the definition could not be applied in practice and would serve no useful purpose. The Working Party also made some general recommendations directed towards the simplification of procedures for determining origin for customs purposes.

Mr. SANDERS (United Kingdom) recalled the reasons which had been given by certain members of the Working Party for their opposition to the idea of drawing up an international definition of the origin of goods. The definitions which had been formulated by various organisations had all proved unsatisfactory. It was obvious that the concept of origin differed widely according to the commodities in question, etc. No definition could meet the need of every country, and the proposed definition would only give the illusion of assuring uniformity; it would be almost impossible to determine uniformly to what extent, for instance, processing such as bleaching textiles, sawing wood or assembling automobile parts conferred a new individuality on goods. The definition proposed was unacceptable to certain countries and would not appear to offer the desired uniformity to those who did accept it. It was questionable whether it would be advisable for the CONTRACTING PARTIES to devote time to pursuing this matter further. It would be better to leave it to the Intersessional Committee and the CONTRACTING PARTIES should only revert to it if that Committee deemed it once again urgent enough to deserve their attention.

Mr. LECUYER (France) thought that it was regrettable that the discussion which had taken place previously had not come to any successful conclusion. He did not share the view of the representative of the United Kingdom that the draft definition contained in the Working Party report was not realistic and would have no useful effect. Some international standards should be adopted in this field which was of great importance to international economic relations, in order to reduce the difficulties encountered by importers, but admittedly the text proposed could be more precise. The primary objective was to form a group of countries which would endeavour to reach a standard method of definition of origin as a first step in the direction of reaching uniformity, and it was to be hoped that the countries adopting it would be able to make some progress in that field. He proposed the approval of the report.

Mr. MACHADO (Brazil) informed the meeting that the questions of nationality of goods, valuation for customs purposes and consular formalities were being considered by his Government. He thought that endeavours should be made to find a satisfactory formula for defining nationality of goods even though Brazil might not be in a position to adhere to any agreed definition.

Mr. GARCIA OLDINI (Chile) said that the question was a difficult one on which opinions were divergent, as evidenced by the comments just heard. However, endeavours should be continued to reach an objective solution. He agreed with the view of the majority of the Working Party that the draft definition should be submitted to governments for study and comments prior to the Ninth Session. Delegations did not have the technical capacity nor the requisite documentation at their disposal to make a successful study of the matter at this Session. Instead of adopting a final text at the present Session, the draft text could be examined by governments, together with any other draft resolutions and recommendations which might be submitted by other international organisations. On the basis of the findings of the governments a new draft could be prepared which might mean another step forward towards the general acceptance of a uniform definition by the contracting parties.

Mr. KARMARKAR (India) reserved the position of his Government with regard to the report. He expressed his personal doubts regarding the possibility of reaching agreement on a definition of the origin of goods. Especially the idea of letting countries establish their own lists of processes which would be regarded as conferring on goods a new individuality did not seem to him to lead to any positive result. He pointed out that a member of the International Chamber of Commerce had expressed the same doubts to the Working Party.

Dr. METZEN (Germany) said that the German delegation was glad that a first step had been accomplished and was in favour of adopting the report of the Working Party as it stood.

Mr. ASHFORD (United Kingdom) observed that the statements which had been made reflected clearly the two trends of opinion in the Working Party. There were those countries which felt that, although imperfect, a common definition of origin was desirable and those which considered that no useful or practical purpose could be served by trying to draw up a text. Without wishing to predict whether there was a prima facie case for one or other of these viewpoints, he would advise that the governments be asked to comment on the proposals before the Ninth Session and the matter again be examined in the light of those comments.

The CONTRACTING PARTIES adopted the Report and decided that the draft definition of nationality of goods, as proposed by the majority of the Working Party, should be transmitted to governments for study and comment prior to the Ninth Session.

(c) Report on Consular Formalities (G/60)

Mr. Ashford explained that the report summarised the steps which various governments had taken to conform to the recommendations made by the CONTRACTING PARTIES in 1952. Although some progress had been made, the Working Party recommended that the CONTRACTING PARTIES should continue to press for action towards the abolition of all consular formalities by the end of 1956.

The CONTRACTING PARTIES adopted the report.

(d) Derestriction

Upon the proposal of the Chairman, the CONTRACTING PARTIES agreed that the three reports on valuation for customs purposes, on the nationality of imported goods and on consular formalities, and related documents, should be derestricted forthwith.

2. Chairmanship of ICCICA (L/162)

The CHAIRMAN, recalling the discussion at a previous meeting concerning the qualifications and criteria for the Chairmanship of ICCICA, announced that as indicated in L/162, two candidates had been put forward by contracting parties namely Mr. Campos of Brazil and Mr. Cohen of the United Kingdom. He appointed Dr. Helmi (Indonesia) and Mr. Portocarrero (Nicaragua) as tellers for the election which, as had been agreed, would be by secret ballot.

By nineteen votes to fourteen the CONTRACTING PARTIES appointed Mr. E.A. Cohen as Chairman of ICCICA, to hold office for two years.

Mr. MACHADO (Brazil) stated that the question important to Brazil was not whether a Brazilian should be elected chairman of the ICCICA but whether a better balance would be maintained in that Committee. First, in the opinion of the Brazilian delegation the Annual Reports of ICCICA should be formally transmitted to the CONTRACTING PARTIES and, secondly, in view of the fact that the chairman had been given a limited term of office of two years it would be advisable for the other members of the Committee to also be given a definite tenure of office. These views could be transmitted by the Executive Secretary to the President of the Economic and Social Council for consideration.

Mr. WILGESS (Canada) felt that the CONTRACTING PARTIES might be going beyond their mandate if they took action in regard to ICCICA beyond the appointment of its chairman in accordance with the Resolution of the Economic and Social Council.

Mr. BROWN (United States) suggested that the CONTRACTING PARTIES might inform the Secretary-General of the United Nations of the discussion which took place at the present meeting and draw the latter's attention to the anomaly that the chairman of ICCICA had been appointed to hold office for two years only whereas other members of the Committee held indefinite terms of tenure.

Mr. ISIK (Turkey) thought that it would not be in order for the CONTRACTING PARTIES to make definite proposals to the Economic and Social Council. The proper step would be for the CONTRACTING PARTIES to inform the Council of the discussions that took place at the present meeting. As regards the report of ICCICA, it would be useful for the CONTRACTING PARTIES to have this before them inasmuch as they were required to perform the duty of appointing the chairman of the Committee.

Mr. SANDERS (United Kingdom) said that it was not clear why the discrepancy between the tenures of office of the chairman and members of ICCICA should necessarily give rise to any difficulties when in fact the CONTRACTING PARTIES would have the opportunity of reconsidering their appointment in two years' time. Contracting parties who had definite views on the point would be able to raise the question at the Economic and Social Council and the CONTRACTING PARTIES would be well advised to act cautiously in conducting their relations with other international bodies.

Mr. BROWN (United States) shared the view of the United Kingdom representative. The dissimilarity between the terms of office of the chairman and members of ICCICA would probably cause no difficulties in practice. He would agree, however, that the record of the discussions of the present meeting be transmitted to the President of the Economic and Social Council for his information.

Mr. MACHADO (Brazil) explained that he had not proposed that a binding resolution be passed by the CONTRACTING PARTIES on a matter which was clearly within the jurisdiction of another international organisation; his intention had been for the CONTRACTING PARTIES to inform the appropriate international body of the views which had been expressed at this meeting. The fact that the Economic and Social Council had given the CONTRACTING PARTIES the right to appoint the chairman of ICCICA was significant; this was because the CONTRACTING PARTIES were the competent body in the field of international trade. In view of the Economic and Social Council's duty to coordinate the activities of inter-governmental organisations, it had been the practice of ICCICA to submit its report to that body. The Council however was of limited membership, and the report was not transmitted to other governments. In the circumstances an important primary commodity producing country such as Brazil had had no opportunity of making its views known on the activities of ICCICA. That was why the Brazilian delegation considered it imperative that the ICCICA report should be made available to the contracting parties.

Upon the proposal of the Chairman, it was agreed that the Executive Secretary should formally advise the Secretary-General of the United Nations of the appointment of Mr. Cohen for a period of two years and at the same time inform the Secretary-General of the discussion at this meeting and, in particular, of the opinions which were expressed by some contracting parties that anomalies might arise if the nomination by other agencies continued to be for indefinite terms whilst the chairman was nominated for a fixed period. Further the Executive Secretary was directed to request ICCICA to provide copies of its annual reports for distribution to contracting parties; discussion of a report

could, of course, be included in the agenda of any session of the CONTRACTING PARTIES in accordance with the rules of procedure,

3. Report of the Working Party on the Japanese Proposal (G/55/Rev.1)

Mr. GARCIA OLDINI (Chile), chairman of the Working Party, said the question of the Japanese proposal had two distinct aspects: first, to associate Japan with the work of the CONTRACTING PARTIES and, secondly, to regulate the commercial relations between Japan and contracting parties. In order to meet the views of various contracting parties, the Working Party had decided to separate these two aspects and to draw up two instruments for the implementation of its recommendations. The draft decision, which the CONTRACTING PARTIES might adopt by a two-thirds majority, provided for Japan's participation in meetings of the CONTRACTING PARTIES and of their subsidiary bodies. The question of regulating the commercial relations of contracting parties with Japan according to the provisions of the General Agreement was dealt with in the draft Declaration which, it was proposed, should be open for signature at this Session; provided that contracting parties might either sign the Declaration itself or notify the Executive Secretary of their acceptance in writing. The purpose of having two separate instruments was to enable contracting parties, if they so wished, to vote in favour of inviting Japan to participate in the work of the CONTRACTING PARTIES without committing themselves to undertake obligations regarding their trade relations with Japan.

Mr. BROWN (United States) recalled that the United States delegation had been from the beginning strongly in favour of granting Japan's application for accession. It was gratifying to find that a way had been found whereby Japan could promptly be associated with the General Agreement on a provisional basis. It was, however, regrettable that it had not been possible to effect this with unanimity and that a few contracting parties might not find it possible to base their trade relations with Japan governed on the provisions of the Agreement. Happily, it had been able to devise a way by which these contracting parties could still support Japan's participation in the work of the CONTRACTING PARTIES. Much of the credit for finding the solution enabling Japan's association on the broadest possible basis was due to the Chairman of the Working Party and to the Executive Secretary. It was to be hoped that the decision and declaration would be accepted by a large number of contracting parties.

Mr. MACHADO (Brazil) congratulated Japan and the CONTRACTING PARTIES for the solution that had been found. The formula proposed made it possible for governments with different views to take action appropriate to their circumstances. The Brazilian delegation was still convinced that it was necessary to make provision for the safeguards discussed by the Intersessional Committee. The General Agreement should aim at universal application by all countries engaged in international trade and the participation of Japan was therefore welcome.

Mr. ADDOR (Haiti) announced that his Government would vote in favour of the decision.

Mr. SANDERS (United Kingdom) recalled that the position of the United Kingdom Government on the question of the Japanese participation had been stated fully by the President of the Board of Trade at the opening of the Session. The present draft Decision, though it differed in form from the proposal of the Japanese Government, provided essentially for results of the same kind and character. It remained the view of the United Kingdom Government that, having regard to the many uncertainties in the future development of international trade and commercial policy, this was not an opportune moment for specific steps to be taken in respect of Japanese accession. The United Kingdom delegation would, therefore, feel bound to abstain from the vote on the proposed Decision and from participation in the Declaration. As was well known the United Kingdom in practice granted most-favoured-nation treatment in matters of tariffs to imports from Japan and had no present intention of doing otherwise.

Mr. PHILIP (France) stated that in present circumstances France was not in a position to subscribe to the proposed Declaration. Events beyond their control made it impossible at present for the CONTRACTING PARTIES to enter into tariff negotiations with Japan, but it was expected that the specific problems of France in regard to its trade with Japan could speedily be settled by negotiations between the two countries. In the meantime there was no reason for France to prevent Japan from taking part in the work of the CONTRACTING PARTIES and the French delegation would, therefore, vote in favour of the Decision.

Mr. WILGESS (Canada) congratulated the Working Party and its Chairman on having devised a set of proposals providing for Japanese participation in the Agreement in a form and on terms likely to make it acceptable to many contracting parties. His delegation intended to vote in favour of the Decision and hoped that it would commend itself to the great majority of the contracting parties. Japan had for some time past been willing to take whatever action was necessary to become a party to the Agreement. Since it had not been practicable to accede to Japan's request, it seemed appropriate that Japan should have the opportunity of attending the sessions of the CONTRACTING PARTIES during the interim period. With regard to the Declaration, it had become clear during the discussions that a large number of contracting parties were prepared to extend the application of the Agreement to their trade with Japan. At the same time, there were a number of contracting parties which were not prepared in present circumstances to do so. The Canadian delegation felt it appropriate that the CONTRACTING PARTIES should provide facilities for the widest possible application of the General Agreement to trade with Japan during the transitional period and believed that the arrangements proposed by the Working Party went a long way to meet that objective.

Canada and Japan were currently engaged in negotiating a trade agreement consistent with GATT and designed to place commercial relations between the two countries on a stable and mutually advantageous basis. Upon the conclusion of that agreement and subject to its terms, the Canadian Government would be in a position to give serious consideration to entering into an arrangement with Japan whereby the General Agreement would govern their commercial relations.

Mr. HAGEMANN (Germany) said the German delegation had always been of the view that Japan's request for accession should be accepted on condition that it should agree to negotiate within the framework of any future round of tariff negotiations. The possibility of such negotiations had been deferred owing to well-known circumstances. In supporting the present Japanese request for provisional association, the German delegation would only wish to reaffirm that view. The German delegation would vote in favour of the proposed Decision, and would sign the Declaration ad referendum.

Mr. CLARKE (Australia) said that his Government's attitude on the basis of the original Japanese proposal had been made clear at an earlier meeting. The changes in form which had been introduced in the documentation to give effect to that proposal had not been such as to enable the Australian Government to change its attitude. His delegation would therefore reserve the position of its Government with regard to the report of the Working Party, and would abstain from the vote on the Decision.

Mr. SINGH (India) said India had always been of the opinion that Japan should occupy its rightful place among the contracting parties as a large trading nation. When the appropriate authorisation was received from his Government, his delegation would be able to vote in favour of the Decision and accept the Declaration by signature.

Mr. PRESS (New Zealand) said that New Zealand's point of view had been clearly stated at an earlier meeting, and that he shared the view of the Australian representative that the new proposals in substance retained the same elements contained in the initial proposal. The New Zealand delegation therefore would reserve its position with regard to the report of the Working Party and would abstain from voting on the Decision.

Mr. BOTHA (Union of South Africa) reserved the position of his Government with regard to the report and indicated that he would abstain from voting on the Decision.

The Decision proposed by the Working Party for Japanese participation in the work of the CONTRACTING PARTIES was adopted by a vote of 26 in favour and none against. The Chairman announced that the Declaration provided for in the Decision would be open for signature on the following day.

Mr. Shin-Ichi Matsumoto as representative of Japan was invited to take his place at the table and was welcomed by the CHAIRMAN.

Mr. SHIN-ICHI MATSUMOTO (Japan) expressed the deep gratitude of his Government and of his delegation for the understanding and sympathetic consideration which the CONTRACTING PARTIES had shown in adopting the Decision proposed by the Working Party. He was convinced that Japan would henceforth do its utmost actively to contribute to the work of the General Agreement in promoting world trade. He had been duly authorised to sign the Declaration forthwith on behalf

of his Government and he hoped many other delegations would be able to do likewise. He also hoped that the document would be accepted by 31 December 1953 by all the contracting parties who had spoken in its favour. He paid tribute to the Chairman for his authority and impartiality and expressed gratitude to the Chairman of the Working Party, the Executive Secretary and his staff for their co-operation which had contributed to the solution of this very complex question.

The meeting rose at 6 p.m.

