

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES  
Ninth Session

## SUMMARY RECORD OF THE TWENTY-FOURTH MEETING

Held at the Palais des Nations, Geneva,  
on Monday, 20 December 1954, at 3 p.m.

Chairman: H.E. Mr. L. Dana WILGESS (Canada)

- Subjects discussed:
1. Progress report by the Chairman of Review Working Party III
  2. Turkish schedule transposition - Second report by the Working Party on Schedules.

### 1. Progress Report by the Chairman of Review Working Party III (continued) W.9/122)

Mr. JHA (India) remarked that the report of the Chairman of Working Party III put forward three alternative approaches on export subsidies, of which India supported the third, involving a prohibition, with exceptions of varying nature. His Government opposed export subsidies but, since it was clearly useless simply to prohibit them, it was preferable to have rules covering their application. He agreed with the delegate of France that it would be unfortunate to distinguish between agricultural commodities and manufactured goods in the matter of export subsidies. Countries which depended largely on primary products could only regret the different rules that were applicable to industrial and primary goods. It was preferable to have a general principle that was applicable to all.

Mr. Jha referred to the proposals of the delegations of the United States and the United Kingdom and the report of the Chairman of Sub-Group III-A. If there were some doubt as to where the two proposals differed, the United Kingdom proposal was undoubtedly the more detailed, and his delegation favoured it because it referred not only to direct subsidies, but to indirect incentives for exports. The problem ought to be dealt with comprehensively since a control only of direct subsidies would open the way to other methods of incentive, less easy to detect. Referring to the comments by the delegate of Brazil to the effect that a country had the right to subsidize exports, he remarked that the question was whether it was in the interest of the contracting parties to accept a limitation of their rights in this field. Clearly, if competitive export subsidies were resorted to, the countries with limited financial means would lose, and such countries might do well to hesitate before asserting their rights to subsidize exports. One of the serious deficiencies of the Agreement had been the fact that although quantitative restrictions were severely restricted, subsidies were not. The Indian Government were in favour of evolving something in the nature of a code

in that respect. Mr. Jha referred to a proposal of the Canadian delegation which might be a useful basis for discussion, but had not yet been considered by the Working Party.

Mr. HAGEMANN (Germany) referred to the proposals by the German delegation (page 29 of L/261/Add.1) on this subject. His delegation was prepared to support the proposal by the United Kingdom. Germany was, however, particularly interested in the abolition of export incentives.

Baron BENTINCK (Netherlands), referring to page 3 of the report under "C. Anti-dumping and countervailing measures", said the paragraph summarizing the Netherlands' proposal required clarification. The proposal had been made on behalf of all the Benelux countries and orally to the Working Party. He would suggest a corrigendum to the paragraph.

Mr. WHITE (New Zealand), referring to the description of the New Zealand proposal under "C" on page 3, suggested that it be clarified so as to show that a contracting party be enabled to take action without the requirement of the waiver procedure at present provided for in Article VI.

The CONTRACTING PARTIES took note of the Progress Report of the Chairman of Working Party III (W.9/122), with the corrections by the delegates of the Netherlands and New Zealand.

## 2. Turkish schedule transposition - Second Report by the Working Party on Schedules (L/294)

8 Mr. GERIGK (Germany) (Chairman of the Schedules Working Party), introduced the report of the Working Party (L/294). As the report stated, the adaptation of Schedule XXXVII to the Brussels Nomenclature presented no basic problem and could be effected through the normal rectification procedures, in accordance with the Fifth Session Decision. With regard to the change from specific duties to ad valorem duties, the Working Party found that the General Agreement contained no provision which authorized a contracting party to alter the structure of bound rates of duty from a specific to an ad valorem basis. Any conversion from a specific to an ad valorem rate of duty might adversely affect the value of the concessions to other contracting parties, and hence such a change could only be made under a procedure for modifications. The procedure of Article XXVIII might prove too long in this case, and the Working Party therefore considered that the request for a conversion of rates in Schedule XXXVII should be examined under the sympathetic consideration procedure adopted at the Eighth Session. The Working Party recognized the scrupulous care observed by the Turkish Government in complying with its obligations under the Agreement. It recommended that Turkey be authorized to enter into contact as soon as possible with interested parties so that the negotiation could be carried out during the present Session in a spirit of understanding.

Mr. HAYTA (Turkey) referred to the descriptions of the position of his Government before the CONTRACTING PARTIES and the Working Party, and also contained in the Working Party report. The last paragraph of that report gave a short resumé of the view of his Government that the conversion was a simple arithmetical calculation which it was entitled to make, provided no differences had occurred in the level of prices as was the case for Turkey. However, this view had not been sustained, and the Working Party considered that conversion of specific rates could take place only after negotiation. His delegation had transmitted the reasons for the Working Party's recommendation to his Government, which, after studying them, saw no reason to change its view. Nevertheless, the Turkish Government, wishing to act in a wide spirit of co-operation, and in view of the unanimous recognition of the scrupulous respect shown by it for its obligations under the Agreement, and taking into consideration that the request would be studied in a spirit of conciliation before the end of the present session, had authorized his delegation to undertake consultations and negotiations within the framework of the "sympathetic consideration" procedure.

Mr. BROWN (United States of America) supported the report of the Working Party. He appreciated the attitude of the Turkish Government to the problem, and was pleased to see that the report had noted this exact and scrupulous approach. His delegation was willing to undertake negotiations. He referred to the rules which bound his Government in these matters, but stated that they would do all in their power to expedite the procedures.

Mr. PEREZ CISNEROS (Cuba) said that the report referred to a general question, which had been raised by his delegation among others, and was of great importance to it. The Cuban delegation was seriously concerned at the implications of the report, which stated that there was no provision in the Agreement which authorized a contracting party to alter the structure of bound rates of duty from a specific to an ad valorem basis. The report also stated that the obligations of contracting parties were established by the rates appearing in the Schedules, any change could in some circumstances adversely affect the value of a concession; therefore any conversion from specific to ad valorem rates could only be made under a procedure for modifications, and it cited in particular, Article XXVIII. This was an opinion that could not easily be accepted, and in the view of his delegation consecrated a principle that was contrary to the spirit and letter of the Agreement. The rules for negotiations provided that no participating government could be required to grant unilateral concessions. If, as a result of an increase in prices, the protective incidence of a specific rate of duty bound in the schedule of a contracting party were substantially reduced, the Cuban Government considered that such a contracting party should be entitled to make a corresponding adjustment, in order to re-establish the protective incidence that existed at the time of the negotiation. Some proposals to this effect were presently before the CONTRACTING PARTIES. His delegation would not object to the approval of this particular report, provided that the substance and theory underlying it should not prejudice the discussion during the Review of these proposals. If the report were to serve as a precedent, however, his delegation would reserve its position,

The CHAIRMAN said that a decision that the Agreement contained nothing now to this effect would not prejudice discussion in the Review of proposals to provide for the conversion of specific to ad valorem rates of duty.

Mr. GOERTZ (Austria) referred to a statement of his delegation in the Working Party, to the effect that, as a rule, considerations of a general rather than specific nature should apply.

Mr. DIAS CARNEROS (Brazil) shared the view of the delegate of Cuba. Countries in the process of development should be entitled to protect young industries by readjusting low specific rates of duty. He reserved the position of his delegation on the report.

The report of the Working Party was adopted and the CONTRACTING PARTIES agreed that the Government of Turkey be authorized to enter into contact as soon as possible with interested parties so that the negotiations could be carried out during the present Session.

The CHAIRMAN said that the reservations and comments mentioned above would be noted.

The meeting adjourned at 4 p.m.