

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Ninth Session

SUMMARY RECORD OF THE THIRTY-SECOND MEETING

Held at the Palais des Nations, Geneva,
on Monday, 31 January 1955, at 3.00 p.m.

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

- Subjects discussed:
1. Death of H.E. Mr. J.G. Lins de Barros
 2. Membership of the Legal and Drafting Committee
 3. Status of Schedules - Notification by South Africa
 4. Participation of Japan in the Sessions of the CONTRACTING PARTIES
 5. Renewal of Arrangements for Intersessional Administration of the Agreement
 6. United States Request for Waiver in connection with Section 22 of the Agricultural Adjustment Act
 7. Interim Report by Review Working Party IV
 8. The Danish Memorandum on Steel Support Prices in the European Coal and Steel Community

1. Death of H.E. Mr. J.G. Lins de Barros

The CHAIRMAN said it was with great regret that he had to announce the death in Rio de Janeiro on 27 January of H.E. Mr. J.G. Lins de Barros, the leader of the Brazilian delegation to the Ninth Session. He was sure that all the contracting parties would join him in extending condolences to the delegation of Brazil.

Mr. DIAS CARNEIRO (Brazil) thanked the contracting parties and the Chairman for their sympathy.

2. Membership of the Legal and Drafting Committee

The CHAIRMAN announced that the French delegation had informed him that Mr. de Saint-Légier was unable regularly to attend meetings of the Legal and Drafting Committee, and suggested that Mr. Bernard Dubois, licencié en droit, licencié en lettres, ancien Avocat au Barreau de Paris, and Master of Comparative Law at George Washington University, be appointed as alternative member of the Committee.

The CONTRACTING PARTIES agreed that Mr. Bernard Dubois be appointed as alternate member of the Legal and Drafting Committee for Mr. de Saint-Légier.

3. Status of Schedules after 30 June 1955 - Request by the Union of South Africa (SECRET/19)

The CHAIRMAN explained that document SECRET/19 contained a notification by the Government of the Union of South Africa that it was their desire to enter into negotiations pursuant to the procedures of Article XXVIII for the purpose of withdrawing certain tariff concessions and a request that the CONTRACTING PARTIES make the required determination of the contracting parties substantially interested in the tariff concessions to be withdrawn. The Chairman proposed that those contracting parties, which considered themselves substantially interested, should so inform the South African delegation and the Executive Secretary as soon as possible. In so far as there was agreement between such contracting parties and the South African delegation, it would be deemed to be a determination by the CONTRACTING PARTIES in the sense of Article XXVIII. Only in the event of disagreement would the CONTRACTING PARTIES be required to act in this matter. The CONTRACTING PARTIES should also decide on the request of the South African delegation that the negotiations take place in Geneva, starting immediately after the close of the Ninth Session and instruct the Executive Secretary to assist in the arrangements and do all in his power to expedite these negotiations, and any similar negotiations which might be undertaken under Article XXVIII by other governments.

Dr. NAUDE (South Africa) said that the seventeen items on which renegotiations were requested (one item having been withdrawn from the list) represented in 1953 imports amounting to 2½ million pounds. As the South African paper stated, his delegation hoped to submit a list of the compensatory offers as soon as possible. His delegation was anxious to renegotiate in Geneva, for reasons of convenience, and as soon as possible.

Mr. SANDERS (United Kingdom) said that his delegation appreciated the reasons which led to the South African request, agreed with the programme proposed, and that everything should be done to facilitate the negotiations. If, however, there were to be widespread recourse to Article XXVIII by a number of delegations in the near future, doubts would be raised as to whether the CONTRACTING PARTIES were effectively maintaining and preserving the stability of the tariff concessions. Furthermore, it was difficult to deal with a particular request to have access to Article XXVIII when a new Article XXVIII was under discussion. He wished to enquire whether the precise procedures of the Agreement under which these negotiations should take place must be settled at this particular time.

Dr. NAUDE (South Africa), while understanding the motives behind the United Kingdom suggestion, said that he would like to have the matter settled now in order that delegations could prepare for the negotiations. Moreover, his Government had given assurances, at the time of the extension of the assured life of the Schedules, to a number of interests in South Africa, that certain items would be renegotiated before a further rebinding

was considered. The request was in no way linked to the procedures under the revised draft of Article XXVIII. The South African delegation considered this present request to be a right which they had under the Article as it existed. Furthermore, the status of the Schedules after 1 July was, in so far as his Government was concerned, linked with these negotiations.

Mr. PLUMPTRE (Canada) said that while not wishing to impede or delay the negotiations requested by the South African Government, he wondered whether, in consideration of the concern expressed by the United Kingdom delegation, and shared by his own, they might not be prepared to accept a provisional agreement by the CONTRACTING PARTIES that Article XXVIII should apply. The designation of the parties concerned could be made as well as arrangements for the negotiations to commence but it would be understood that, should the CONTRACTING PARTIES feel it desirable later to reconsider the ultimate nature of these negotiations the South African Government would not object.

Dr. VARGAS GOMEZ (Cuba) accepted the procedure proposed by the Chairman. The CONTRACTING PARTIES had no power to limit the recourse of any contracting party to Article XXVIII. The Article was still in force and the South African delegation's request was made under the existing Article. In any case, the new text could not possibly enter into force until these negotiations had been finished.

Dr. NAUDE (South Africa) thought the Canadian suggestion had undesirable implications and hoped it would not be pressed.

The CONTRACTING PARTIES agreed to the procedure concerning notification of the substantially interested parties, as suggested by the Chairman, that the negotiations should take place in Geneva immediately following the Ninth Session, and that the Executive Secretary be instructed to make whatever arrangements were necessary to assist and facilitate the rapid conclusion of such negotiations.

4. Participation by Japan in Sessions of the CONTRACTING PARTIES - draft decision (L/295/Rev.1)

The CHAIRMAN referred to the first consideration of the draft decision at an earlier meeting.

Dr. BENES (Czechoslovakia) referred to the earlier discussion during the Session of Japan's accession, at which time his delegation had announced that Czechoslovakia granted most-favoured-nation treatment to Japan and was prepared to support its accession to the General Agreement as a contracting party with full rights. The proposed decision however, in fact, introduced an exception to the principle of equality of the contracting parties, an exception which his delegation opposed on principle. For this reason the Czechoslovak delegation had abstained from voting on the original Decision and would equally abstain from voting on its extension.

The proposed Decision was adopted by 26 votes in favour, none against, the delegations of Australia, the Federation of Rhodesia and Nyasaland and the United Kingdom having recorded their abstentions, in addition to the Czechoslovak delegation.

The CHAIRMAN called attention to the draft declaration on the second page of the document which was open for signature by the Signatories of the previous Declaration, at the Executive Secretary's office.

Mr. HAGUIWARA (Japan) thanked the CONTRACTING PARTIES.

5. Renewal of Arrangements for Intersessional Administration of the Agreement (W.9/137)

The CHAIRMAN said that, although this matter was an item on the Ninth Session agenda, the Executive Secretary had suggested in the Note circulated by him (W.9/137) that it would be useful for the CONTRACTING PARTIES to consider it in relation to the Review of the Agreement. It might be some considerable time before the organizational arrangements became effective, and the CONTRACTING PARTIES should therefore examine whether they wished to make any modifications in the arrangements for the administration of the Agreement in the interim period.

The EXECUTIVE SECRETARY referred to the object of the Review, as set out in the Eighth Session Decision "to examine what modifications should be made in the arrangements for its administration in order that the Agreement may contribute more effectively to early progress towards the attainment of its objectives". Most of the discussion during the Review had addressed itself to amendments to the General Agreement and to administrative arrangements which would come into force only after they had been accepted by various governments, that was to say, at some distance in the future. He had already called attention to certain defects in the administration before the Balance-of-Payments Working Party, and it was highly desirable that the CONTRACTING PARTIES give consideration to the existing defects in the administration of the Agreement. The Note he had circulated (W.9/137) suggested that the CONTRACTING PARTIES might usefully take into consideration the Report on the Continuing Administration of the Agreement adopted at the Fifth Session (BISD, Vol.II, p.197 et seq.).

Mr. PLUMPTRE (Canada) welcomed the Executive Secretary's suggestion that the renewal of arrangements for the intersessional procedure be considered in relation to the Review. The arrangements should, of course, be renewed, but the CONTRACTING PARTIES should give careful consideration to strengthening those arrangements. The present intersessional procedures were introduced four years ago, and while they had worked reasonably well in the past would not, in the opinion of his delegation, be adequate to meet the needs of the future. Stronger machinery was required to bridge the gap between the present session and the establishment of the new Organization. Adequate arrangements must be made in advance of the new Organization, and further

progress toward building up the kind of intersessional machinery and procedures that would be required effectively to discharge functions that must be carried out without delay, regardless of whether or not it would be possible to hold a regular or special session of the members.

Mr. Plumptre referred to the 1950 Working Party Report (Basic Instruments and Selected Documents - Second Supplement), which had concluded that a standing committee would serve a useful purpose and could act both as an agenda committee for the CONTRACTING PARTIES and a body to discharge intersessionally such functions of the CONTRACTING PARTIES as required immediate attention or could appropriately be delegated. The most important of the list of functions suggested for this committee were the initiation of consultations under Articles XII - XV and reporting or making recommendations thereon to the CONTRACTING PARTIES, the examination of applications under Article XVIII (to which Article XXVIII should now be added), facilitating the settlement of differences between individual contracting parties, carrying out preparatory work on requests for waivers, and examining matters requiring urgent decision under Article XIX.

The Canadian delegation had agreed with these recommendations at that time, and they continued to do so. However, some countries had then wished to proceed more slowly and it had been decided to appoint the Ad Hoc Committee on Agenda and Intersessional Business on an experimental basis. Since that time, the Ad Hoc Committee had served a useful purpose and assumed progressively increasing responsibilities. More could have been accomplished, however, if appropriate intersessional machinery had been more continuously available, and Mr. Plumptre thought there would now be a good case for adopting in full the 1950 Recommendation for an Intersessional Committee even if no amendments were contemplated with GATT.

Very important amendments were, however, in prospect and would increase the need for better intersessional machinery. It was clear from the discussions about Article XVIII that, under the new rules, under-developed countries would be coming to the Organization with proposals on which consultations would have to be initiated and appropriate decisions be made promptly. The same might be true of other countries submitting requests to renegotiate items under the provisions of Article XXVIII. There would probably be other matters arising out of the Review requiring attention prior to the Tenth Session, for example, the further development of the Scandinavian proposal relating to a general tariff reduction.

The Canadian delegation believed that the CONTRACTING PARTIES should retain final authority on all matters of policy, and delegate powers to take decisions to the Intersessional Committee only within limited fields where prompt action was required, or where it was necessary to be in a position to have functions of an executive character discharged in order to implement broad policy decisions arrived at during regular or special sessions. This would not detract from the importance of the work to be done by a fully-fledged intersessional committee nor from the need to ensure that it was

composed of senior operating officers of the respective governments. His delegation saw no conflict between the concept of a strong, effective and quick-acting intersessional committee and the concept of a democratic organization in which final authority in policy matters was retained and exercised by an assembly in which all members had an equal voice and vote. If a working party were established to consider this matter, Mr. Plumptre hoped that it would not confine itself only to consideration of the intersessional committee; it should also study how the secretariat might be strengthened and consolidated, and the administration generally improved.

Mr. SEIDENFADEN (Denmark) agreed with the suggestions put forward by the Executive Secretary and the Canadian delegation and wished to put forward some views regarding the consultation procedure since consultations would be likely to have an increased importance and more complicated character in the future. Instead of ad hoc working parties composed of national representatives established in connection with the sessions, Mr. Seidenfaden thought it would be preferable to have real experts looking into such matters as quantitative restrictions for balance-of-payments reasons. Consultations in respect of these and annual consultations in respect of various waivers were among the cases where this might be a more helpful procedure. Individual contracting parties might be asked to provide lists of persons expert in different categories of problems from which a group could be selected to deal with each particular problem.

Mr. BROWN (United States) supported the suggestions of the Executive Secretary and the Canadian representative. His delegation felt that the effectiveness of the present rules of the GATT could be enhanced if there were a general will to do so. Plenary meetings of the CONTRACTING PARTIES must of course retain the responsibility for applying the Agreement. Nevertheless, as the new organization grew, a more continuous form of operation would be necessary and he supported the suggestion that the machinery for intersessional procedure be reconsidered. This was, of course, only the first step; governments must then be prepared to make their representatives available to meet at short notice. The Danish suggestion of using experts more widely, he thought, was useful but should be approached with caution; in any event experts should be used in a purely advisory capacity.

Mr. WHITE (New Zealand) supported the examination of this matter by a working party. His Government had not considered that the proposals for a Standing Committee which were made in 1950 should be revived, but they had rather favoured a continuation of the existing type of Committee, although they were willing to re-examine its functions. One feature of the present arrangements was unsatisfactory, namely, that the composition of the present Committee did not allow contracting parties who were not members to gain experience of the intersessional work. He was well aware of the difficulties of any system of rotating membership but asked that this problem be borne in mind by the working party.

Mr. MERINO (Chile) said that his Government attached importance to improving the intersessional arrangements. On the subject of experts, he agreed with the United States that, while there were many advantages in using experts, there were also certain dangers. The problems with which the CONTRACTING PARTIES dealt had much wider implications both economic and political, than their purely technical aspects. Furthermore, there was, of course, the geographical problem for countries like his own.

Mr. JHA (India) agreed that there was a need to take stock of the existing arrangements. He disagreed with the Danish representative regarding the scope for experts in the work of the CONTRACTING PARTIES. Delegates should continue to speak as representatives of governments. If the governments wished to make use of experts that was their affair.

Dr. NAUDE (South Africa) supported the substance of the Canadian suggestions. With regard to the suggestion for strengthening the secretariat, he called attention to the need to maintain economy. He would wish to reflect a little further on the Danish suggestion concerning the use of experts. Certainly he agreed with them that as the function of consultations grew more important, more permanent intersessional arrangements would be necessary, even perhaps to the extent of a full-time Executive Committee.

Mr. LARRE (France) said that his delegation fully agreed with the remarks of the United States delegate that the plenary assembly of the CONTRACTING PARTIES must reserve to itself the power to apply the Agreement, and thought that most contracting parties would be against any transfer of authority to take decisions to smaller groups. This view did not, however, exclude recognizing the need for more adequate preparation before and during sessions of the work of the CONTRACTING PARTIES. Concerning the proposal by the Danish delegate, it seemed to him that this had been misunderstood. It was not, in his view, suggested that the work of the CONTRACTING PARTIES should be given into the hands of international experts, but merely that the assistance and use that was being made of national experts, who always formed part of the delegation of contracting parties, should be placed on a more continuing basis and provision made for calling upon them to assist in the preparatory work in order to produce continuity and specialization in all the work of the CONTRACTING PARTIES. This would become all the more necessary as the agenda for sessions became even larger and the consultation procedures developed. Increased specialization was unavoidable and it would be useful to have a list of known experts in various fields who might be called upon.

Mr. SANDERS (United Kingdom) agreed, in principle, that the question of continuing administration of the Agreement should be gone into, but thought it late in the Session to enter into too great detail in this matter.

The CHAIRMAN said it was generally agreed that this was a matter that should be investigated as thoroughly as time permitted and considered as a part of the Review. He would suggest referring it to Working Party IV which should study the question in the light of the terms of reference for the Review instructing the CONTRACTING PARTIES to examine "what modifications should be made in the arrangements for its administration in order that the Agreement may contribute more effectively to early progress towards the attainment of its objectives". The Working Party should particularly consider the question of improving the arrangements for consultations with the International Monetary Fund, as indicated in the last sentence of the Executive Secretary's Note and, in this connection, should consult with the Sub-Group on GATT/Fund relations. They should also take into account the Danish suggestion for improving consultation procedure by the use of experts and other points raised in the discussion.

It was agreed to refer this question to Working Party IV.

6. United States Request for Waiver in connection with Section 22 of Agricultural Adjustment Act (L/315)

The CHAIRMAN referred to the United States request that there be placed on the Agenda of the Ninth Session its request for a waiver of obligations under the Agreement with respect to the use of Section 22 of the Agricultural Adjustment Act as amended. The document submitted by the United States included a memorandum in support of the request. The CONTRACTING PARTIES should in the first instance address themselves only to the question of whether this item should be added to the Agenda and not to the substance of the proposal.

Mr. BROWN (United States) thought that the document submitted by his delegation explained the general background of the request. His Government was not seeking to amend the Agreement to deal with this problem which arose out of particular circumstances in the United States. Moreover, it was a problem which existed at the present time and in relation to the Agreement in its existing form. They were anxious to have a decision before the Organizational Agreement was presented to the Congress which would wish to know, in connection with its consideration of that Agreement, the position before the CONTRACTING PARTIES of the United States on this matter. His delegation therefore requested that the request be placed on the Ninth Session Agenda and hoped a working party of the Ninth Session would be established to deal with it. They were prepared to supply whatever data the working party might require and to propose a text of a waiver.

Mr. PLUMPTRE (Canada) did not object to the inclusion of the item on the Agenda.

Mr. LARRE (France) enquired whether the scope of the waiver would be limited to the duration of the present text of the Agreement, in which case it seemed proper to place it on the Ninth Session Agenda. If it were to go beyond the present text he thought it should be referred to Review Working Party I. It was essential that the sub-group which was dealing with quantitative restrictions for other than balance-of-payments reasons should have before it a general view of the problems of various countries even where they took on a special form according to the different economies. It was in reality a common problem.

Mr. BROWN (United States) replied that the requested waiver would probably extend beyond the time when they had hoped the amendments to the Agreement would have become effective.

The CHAIRMAN stated that the United States requested that this be placed on the Ninth Session Agenda. If it were agreed to include it, it would be necessary for any working party established to keep in touch with the Review Working Party concerned, in particular with Sub-Group C of Working Party I.

It was agreed to add this item on the Ninth Session Agenda and to discuss it at an early meeting of the CONTRACTING PARTIES.

7. Procedure for Approval of Amendments - Interim Report by Review Working Party IV (L/314)

Mr. COUILLARD (Chairman of Working Party IV) introduced the report which referred to the question of the majority required to determine the contents of a protocol of amendments to the General Agreement. This was a question that had been brought before the CONTRACTING PARTIES by an earlier report of the Working Party (L/304) and referred by them to the Legal and Drafting Committee. The Legal and Drafting Committee Report (W.9/151) showed that the Committee had been unable to reach an agreement on the legal principles in question, some members believing that the determination of the contents of a protocol of amendments required only a simple majority, and others that Article XXV of the Agreement did not apply in this case since the Review was in the nature of a constituent meeting of the parties to the Agreement, but that it would be appropriate that the incorporation of amendments in the protocol should be subject to voting requirements analogous to the acceptance requirements laid down in Article XXX. The Legal and Drafting Committee then concluded that there was no legal objection to the proposal which had been put forward in the Working Party that, as a matter of procedure, the inclusion of all amendments might be made subject to a two-thirds majority of votes cast. In the light of this conclusion of the Legal and Drafting Committee the Working Party recommended that this procedure be adopted by the CONTRACTING PARTIES.

The request of Mr. GARCIA OLDINI (Chile), on a point of order, that discussion of this matter be adjourned was agreed to.

8. The Danish Memorandum on Steel Support Prices in the European Coal and Steel Community

The CHAIRMAN announced that the meeting on this subject which he had hoped to be able to arrange earlier had now been arranged for 4 February.

Mr. SEIDENFADEN (Denmark) said that he had received a telegram stating that the High Authority had invited a technical delegation to Luxemburg for a detailed examination of statistics and other technical aspects of the problem and their meeting was scheduled for 4 February. Perhaps it would be desirable to postpone the meeting of the CONTRACTING PARTIES if that were agreeable to them.

Mr. ANZILOTTI (Italy), speaking on behalf of the member States, stated that he too had received a letter to this effect from the High Authority and requested that a little time be given for consultations between the High Authority and the Danish delegation.

It was agreed to postpone discussion of this subject.

The meeting adjourned at 6.15 p.m.