

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
Ninth Session

## SUMMARY RECORD OF THE FORTY-FOURTH MEETING

Held at the Palais des Nations, Geneva,  
on Saturday, 5 March 1955, at 10 a.m.

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

- Subjects discussed:
1. Report of Review Working Party I - Part III
  2. Report of Review Working Party I - Part IV
  3. Report of Review Working Party IV - Article 6  
of the Organizational Agreement
  4. Intersessional Arrangements - Election of the  
Intersessional Committee
    - (a) Approval of Arrangements for Election
    - (b) Voting
  5. Report of Working Party 6 - United States request  
for a waiver.

### 1. Report of Review Working Party I - Part III (L/332/Add.2)

Mr. SUETENS, Chairman of the Working Party, introduced the report, and wished to thank in particular Mr. Osman Ali who had been Chairman of the Sub-Group concerned with it.

The report was then taken up paragraph by paragraph and comments were made on individual paragraphs.

Mr. GRAFFE (Luxemburg), referring to paragraph 76, recalled that the Luxemburg delegate had already given in the Working Party the reasons for the permanent inferiority of conditions of agricultural production in Luxemburg. They had also given the basic economic, social and political reasons why the Luxemburg Government could not do without the indispensable balancing element of agriculture and the need to protect this vital branch of their economy. They had called attention to the special régime for Luxemburg agriculture within the framework of the Belgo-Luxemburg Economic Union and within Benelux, and the very limited effect of this special régime on the economy of the other countries. They had also declared that they could not accept within the

framework of the GATT a less favourable system of protection than existed within Benelux. His Government therefore intended as soon as possible to invoke the relevant provisions of the GATT in order to regulate Luxemburg agriculture.

Mr. VARGAS GOMEZ (Cuba) said that his delegation had been instructed to reserve the position of the Cuban Government respecting the whole of Section II dealing with transitional problems connected with the elimination of import restrictions maintained during a period of balance-of-payments difficulties, and with regard to the draft Decision. The Cuban Government was not convinced of the necessity to grant a waiver of obligations to such countries so that they might continue to apply quantitative restrictions. They considered that there were many other instruments of economic policy affording adequate protection to domestic industries without having to resort to such dangerous and harmful measures as quantitative restrictions. The Cuban Government observed with deep concern that, with the draft Decision, it was proposed to introduce the precedent that these waivers of obligations could be granted by a simple majority vote of the contracting parties. This they strongly opposed, considering that the consequences might be seriously to weaken the structure of the General Agreement. The general prohibition against quantitative restrictions was one of the most important provisions of the Agreement. In all legal bodies whose existence it was desired to continue, exceptions from the general fundamental principles were permitted only in a very restricted manner and with special voting requirements. A curious evolution was taking place in the GATT by which exceptions had been transformed into minor matters and the most important principles were being negotiated as though they were customs tariffs. The Cuban Government deeply regretted this situation and felt that the policy of compromise was being carried much too far. When divergencies between contracting parties were of a material character, some settlement must be reached, but the basic principles of the Organization should not be disturbed. The Cuban Government would vote against the Decision when it was submitted to the CONTRACTING PARTIES.

Mr. DONNE (France) referred to paragraph 77 and the disagreement of the French delegation with the approach of the Working Party. His delegation was unable to accept the system of the waiver from Article XI as proposed by the Working Party. This did not mean, however, that his delegation would oppose a request for a waiver from that Article by a contracting party, as was shown by their attitude to the United States request. They did not consider it desirable to establish a framework or an a priori system when it was not known to what country it would be applied, nor when, nor in what conditions. Each request for a waiver should be examined by the CONTRACTING PARTIES on its own merits at the time at which it was presented and taking into account the particular and general conditions prevailing at the time. It was preferable also to base whatever treatment was given to various cases on precedents, in order to establish little by little within the GATT a coherent jurisprudence, according with a proper conception of the law.

Mr. JHA (India), referring to paragraphs 84 and 85, observed that those paragraphs were intended to assure under-developed countries that the CONTRACTING PARTIES formally recognized that they would accord to such countries the same favourable consideration as that accorded by them to the problems with which the Decision was intended to deal. A formal and favourable vote on this paragraph would enable the Indian delegation to withdraw their reservation to the Decision.

Paragraph 85 was adopted by a vote of thirty in favour, one against. The Dominican Republic recorded its abstention on this matter. The Indian representative withdrew the reservation of his delegation.

It was agreed to delete the square brackets around paragraph C of the Decision (page 10).

Mr. FINNMARK (Sweden) said that while his delegation was prepared to accept the draft Decision they were not altogether happy about the solution. The Swedish Government was prepared to do away with quantitative restrictions for purposes other than balance-of-payments difficulties if the leading trading nations were prepared to do likewise. They would therefore have preferred to see the full application of Article XI and it was a matter of regret that some of the most important trading nations had not been able to adopt this attitude. His delegation was aware that this Decision represented a difficult compromise, but it was not one which they could accept with satisfaction. They had difficulties in accepting the basic philosophy of the new waiver approach. The Decision was designed to cover problems particularly in the field of agriculture which were common to many contracting parties and the Swedish delegation felt that such problems should be dealt with within the framework of a common formula. They would have preferred a system embodying general provisions assuring to contracting parties the right to apply restrictions for the purposes contemplated during a transitional period provided they fulfilled certain specified conditions. Mr. Finnmark feared that the system of the proposed Decision would aggravate still further the inequality between different contracting parties with regard to rights and obligations under the Agreement. This aspect was a matter of concern to his Government and they accepted the Decision on the understanding that it would be applied in a way which guaranteed equal access to its facilities.

Mr. HAGEMANN (Germany) recalled that the Chairman of his delegation had called attention to the importance of this problem at the opening meeting of the Review, and pointed out that, besides an improvement of the provisions of Articles XII and XIV, transitional provisions for such import restrictions as could no longer be justified for balance-of-payments reasons were necessary and constituted serious problems for the economy of many countries. It was proposed that such restrictions should have only a transitional character and that the country concerned take serious measures for their progressive removal, in the meantime granting to interested contracting parties a fair share in its market. The solution proposed by the Working Party met these

principles. Its advantage was that it left the General Agreement unchanged and favoured ever-increasing adjustment of all contracting parties to the leading principles of the General Agreement. The German delegation felt that it had thus been possible to elaborate the formal basis and principles for settling of cases of this kind for all contracting parties, including under-developed countries. The ultimate decision in each individual case was left to the CONTRACTING PARTIES. The German delegation was convinced that the CONTRACTING PARTIES would take equitable and reasonable decisions on such cases and take into account the particular situation in each country to an appropriate extent. They supported the adoption of the report and of the draft Decision.

Mr. SEIDENFADEN (Denmark) said that the views of Denmark were the same as those of Sweden.

Mr. COHN (Dominican Republic) referred to the third paragraph of the Decision which specified average imports over the preceding three years. Although this clearly referred only to total overall imports, he wished it made quite clear that it did not apply to the apportioning of individual quotas.

The CHAIRMAN said that paragraph 3(b) of the Decision related to granting fair shares with regard to the total of imports. The distribution of such shares was covered by paragraph E:2.

Mr. SUIESENS (Belgium) said that the case of Belgium was simple and had frequently been explained. They had a residue of restrictions which were not compatible with Article XI and all that they requested was the necessary time to bring them into conformity with the General Agreement. They were not enthusiastic about the solution proposed by the Working Party but would accept it, since it was supported by the majority, and would make use of it. Mr. Suetens said that the reservation which he had made in the Working Party was withdrawn.

Mr. Suetens referred to the remarks of the French representative and observed that each waiver must be an individual matter, treated on its own merits and therefore not really to be considered as a precedent. It would, however, be inconceivable that, if a waiver was granted in certain well-defined conditions, a country in exactly the same conditions should not be able to count on a favourable vote.

The CONTRACTING PARTIES adopted the Decision dealing with problems raised for contracting parties in eliminating import restrictions maintained during a period of balance-of-payments difficulties by a vote of twenty-nine in favour to one against.

The report of the Working Party was approved as a whole.

2. Report of Review Working Party I - Part IV (L/332/Add.3)

Mr. SUETENS, Chairman of the Working Party, introduced the report, which emanated from a committee which had worked on the periphery of the conference and remitted its report very late. The subject was difficult. The Working Party had not had time to examine the report as a whole and the majority of its members felt that it was a matter which required a serious examination and instructions from their governments. They proposed, therefore, that the report be transmitted for examination by governments and that the CONTRACTING PARTIES pursue their discussion of these problems at the Tenth Session. Certain recommendations were contained on page 6 which the Working Party proposed for adoption.

Dr. NAUDE (Union of South Africa) said that his Government attached importance to the relations between the GATT and the Fund and supported these recommendations as a modest step in the right direction. They would hope that there would be further progress at the Tenth Session.

Mr. DIAS CARNEIRO (Brazil) said that his delegation was only able to forward these recommendations to their Government without comment and if a vote were taken on the report his delegation would abstain.

Mr. SEIDENTADEN (Denmark) referring to paragraph 93 observed that the necessity for governments to pursue a coordinated policy in both bodies was an extremely important point and he would prefer that the emphasis on this point should not be restricted only to the Danish delegation.

Mr. JHA (India) said that although his delegation had found it difficult to give full support to the entire report, they saw no reason why paragraph 93 should not state that there was "general agreement" in the Working Party on the need to pursue a coordinated policy.

It was agreed to amend paragraph 93 accordingly.

The report was approved as a whole, including the recommendations contained on page 6, subject to the reservation of the Brazilian representative.

3. Report of Review Working Party IV - Article 6 of the Organizational Agreement (L/327/Add.1)

The CHAIRMAN recalled the amendment proposed by the Brazilian delegate and carried at an earlier meeting with the result that a number of countries had attached reservations to Article 6 of the Organizational Agreement. The Administrative Steering Group had considered this problem and proposed the solution contained in L/327/Add.1 of increasing the number of members of the Executive Committee to seventeen and specifying in sub-paragraph (i) that it should include "the five members" of chief economic importance.

The amendments were intended to overcome the difficulties which had been experienced in agreeing upon a text for the Article. Under this formula, whilst taking due account of the other criteria laid down in Article 6, it would be possible to arrive at a satisfactory geographical distribution of seats. This distribution might well for example be as follows: two countries from North America, the United Kingdom, three from Northern and Western Europe, three from Central and Southern Europe, three from amongst the countries of Latin America, three from the countries of Asia, leaving two seats to be filled from amongst the countries which did not fall within these geographical units, Australia, New Zealand, Union of South Africa and the Federation of Rhodesia and Nyasaland.

It was relevant also to call attention to the fact that any contracting party was entitled to be represented by an observer who could participate fully in the discussion of any matter of concern to that contracting party. Moreover there was an unfettered right of appeal to the Assembly from any decision of the Executive Committee.

Mr. MACHADO (Brazil) noted that this reversed the Decision that had been adopted by a vote of the CONTRACTING PARTIES and he wished to state that his delegation was pleased with the solution of the Steering Group which he felt met the concern of all countries. They could accept it.

Mr. JHA (India) stated that the Organization, before the Executive Committee was actually set up, would have to consider many matters of detail which it had not been necessary to examine at this stage. Indeed, the Working Party had not originally even settled the number of countries which should be included in the Executive Committee on account of their economic importance. The amendment now proposed would fix this number at five and leave twelve seats to be filled by other members. The numbers proposed seemed to his delegation reasonable and they had no difficulty in accepting the proposal in so far as it related to the allocation of five seats to countries of chief economic importance, leaving twelve to be filled in the light of the criteria contained in the Article. The question remained open as to the manner and principles on which these five seats would be filled. In accordance with sub-paragraph (a) of the Article all members were to be elected for a single term and eligible for re-election, and there were thus no permanent seats. The Article also stated that in determining the countries of chief economic importance particular regard should be paid to their share in international trade. The same wording had been used in Article 78 of the Havana Charter and Annex L relating to that Article provided detailed criteria for the election of these countries. This Annex provided that "in view of their potential importance in international trade the three countries with the largest population in the world" should be included in the category of countries of chief economic importance. The Indian delegation felt that this was reasonable and indeed it had been accepted by over fifty countries. Mr. Jha said that he referred to this interpretation now, not because he wished to have it endorsed, but merely to confirm what should be clear from the text of the Article that, in determining the countries of chief

economic importance, the sole test would not be the share of each member in international trade. The Article referred to "particular regard" to be paid to this criterion, and this clearly could not imply exclusive regard to this one factor.

Mr. Jha emphasized that although they considered the Havana Charter interpretation a reasonable one, they did not seek its acceptance at this stage by the CONTRACTING PARTIES. Many points of detail must inevitably be left for future determination. All that he wished to have confirmed was that, at the appropriate time, it would be possible for his delegation to suggest the criteria to which attention must be paid in determining the five countries of chief economic importance. What these criteria should be, whether population should be one of them, whether such factors as economic resources and the availability of raw materials should be taken into account, were matters to be considered later. Provided that the principle was accepted by the CONTRACTING PARTIES, or confirmed by the Chairman, that the share in international trade was not the only factor to be taken into account in the determination of countries of chief economic importance, though particular regard should be had to that factor, the Indian delegation was willing to support the amendment.

The CHAIRMAN said that there was no doubt that the position as stated by the Indian representative for determining the countries of chief economic importance was the correct one and that the share of international trade was not the sole test of this.

Mr. CIULOW (Uruguay) and Mr. GOERTZ (Austria) supported the amendment.

Mr. PEREIRA (Ceylon) sympathized with the statement of the Indian representative and wished to be sure that, if his interpretation were adopted, there was no intention of affecting the original distribution of seats, as explained by the Chairman.

Mr. CRAWFORD (Australia) supported the amendment proposed and accepted the Chairman's statement as an illustration only of the basis of distribution that might be followed. There would be no obligation upon the Organization to follow it in detail.

Mr. BROWN (United States) said that this solution was acceptable to his delegation and they could withdraw their reservation. They appreciated the cooperation of the Brazilian delegation and others in reaching a solution.

Dr. NAUDE (Union of South Africa) said that his delegation had felt that the Brazilian amendment would in practice work out in a manner that was now proposed.

In reply to remarks by the Greek representative, the CHAIRMAN explained that Germany was included among the countries of Central and not of North-Western Europe, but explained that the distribution to which he had referred should not be debated as it was given only as an illustration. There was no question of the CONTRACTING PARTIES approving this statement.

Mr. HADJI VASSILIOU (Greece) said he would reserve his remarks, in that case, to the discussion of the Intersessional Committee, although he felt that as a result of that discussion they might wish to increase the number of the Executive Committee to eighteen. He reserved the position of his Government on Article 6.

Mr. HAGEMANN (Germany) accepted the amendment proposed and could withdraw his reservation.

The CONTRACTING PARTIES adopted the proposed amendment to Article 6 contained in document L/327/Add.1 by a vote of thirty-one in favour and none against. The Greek representative reserved his position.

#### 4. Intersessional Arrangements - Election of Intersessional Committee

The CHAIRMAN recalled the discussion of the arrangements for this election at an earlier meeting (SR.9/40). In the light of the amendments which had just been agreed to Article 6 of the Organizational Agreement, he proposed that the Intersessional Committee should be composed of seventeen rather than sixteen members. The election should, accordingly, be for seventeen members, and the first seventeen to be elected by a vote of not less than a simple majority of the contracting parties would constitute the Intersessional Committee.

Mr. HADJI VASSILIOU (Greece) referred to the statement of the President on the distribution by geographic regions of seats on the Executive Committee. Since the Intersessional Committee about to be elected would serve as a precedent for the Executive Committee, it was essential to discuss most seriously its constitution. The distribution of seats as described by the Chairman put Europe in a disadvantageous position, unjustly since this was the continent where economic relations were most concentrated. For six Asiatic countries with the 7.7 per cent of world trade three seats were provided; for eight Latin American countries having 5.3 per cent of world trade, three seats were also provided. These two groups thus had six seats between them while only four seats were reserved for twelve European countries having 21.2 per cent of world trade. The Asiatic countries could invoke, to be sure, the criterion of population, but this was not a criterion provided for in Article 6 (nor one taken into account in other international organizations). The only criteria which ruled in this case were those of "shares in international trade" and "broad geographical areas", as well as "different degrees of economic development, different types of economies and different economic interests". On this basis, the seats for these twelve European countries should be distributed on the basis of one for the three Scandinavian countries, one for the Benelux countries, one for the Balkan Pact group (which was in the process of organizing itself from an economic point of view), one for the countries of Central Europe, and one for the others of the

periphery. They should thus have at least five seats, and the size of the Executive Committee should be increased to eighteen rather than seventeen members. The Greek delegation proposed at this point only that the Committee be increased to eighteen and reserved the right to revert to this question at a later stage, particularly if it found that types of economy, such as those of Greece and Turkey, were not represented in the Executive Committee of the new Organization.

Mr. Hadji Vassiliou explained that he felt it his duty to defend the interests of Europe since Greece held the chairmanship at the present time of the executive organ of the Council of Europe, and he himself, as President of the Committee of Ministers, would be called to give an account of this matter.

Mr. HAYTA (Turkey) reserved the position of his delegation on the statements of the Chairman regarding distribution of seats on the Executive Committee, and supported the view expressed by the Greek representative.

The CONTRACTING PARTIES agreed that the Intersessional Committee should include seventeen members, and the procedures be amended accordingly, and that it be elected by a vote.

The ballot was taken and Mr. Porcel (Cuba) and Mr. Kastoft (Denmark) were appointed as scrutineers.

##### 5. Report of Working Party 6 on the United States Waiver (L/339)

Mr. SUETENS, Chairman of the Working Party introduced the report on this extremely difficult case which had been examined most carefully. The problem presented to the Working Party had not permitted any variety of solutions. The waiver required by the United States would have been useless to them had it been limited in scope or time. The amendment to the Agricultural Adjustment Act adopted in 1951 specified that no international agreement concluded by the United States could be applied in a manner incompatible with the provisions of Section 22 thereof. Since serious material interests were in question, as well as extremely delicate questions of principle, it had not been possible to reach a unanimous solution. Paragraph 4 of the report and the following paragraphs described the positions of various delegations that had not been able to agree with the conclusions of the Working Party.

Mr. COUILLARD (Canada) recalled that at the Plenary Meeting of 2 February, his delegation had explained why the Canadian Government could not support the request by the United States for a waiver with respect to the use of Section 22 of the United States Agricultural Adjustment Act. He recalled that he had said at the time that the Canadian Government could not accept any arrangement which in effect wrote Section 22 unqualified and virtually unsupervised into the General Agreement. Under Section 22 restrictions might be applied to cut imports by as much as 50 per cent;

alternatively, and possibly more damaging, a fee of as much as 50 per cent ad valorem might be imposed in addition to customs duties. Those measures were to be applied whenever and wherever the President found, after the due processes of the United States Tariff Commission had been complied with, that any programme of the United States Department of Agriculture was being interfered with or was likely to be interfered with. While his Government had agreed that the United States should not be required to support agricultural prices all round the world in the above circumstances, it could not agree to permit the United States to exclude imports to any extent considered necessary to protect any programme of the United States Department of Agriculture, whatever its nature and purpose. Considering all these features, the Canadian authorities concerned had continued to insist that Section 22, unqualified and unsupervised, must not be written into or accepted by the General Agreement, and the Canadian delegation had instructions to vote against a waiver of that character.

The draft waiver drawn up by Working Party 6 would relieve the United States of its obligations under the Agreement to the extent necessary to remove the conflict between the General Agreement and Section 22. It was drawn up in that broad form, because in the view of the United States delegation any waiver containing effective limitations and controls would not meet their position. The waiver if granted, and for so long as it remained in effect, meant that the United States Government would not be in default of its General Agreement obligations, regardless of whatever quantitative restrictions or import fees it decided to impose on agricultural imports pursuant to Section 22. Under the waiver, the United States would be obligated to consult the contracting parties, to hear representations and to submit reports. It could not be required, for as long as the waiver remained in force, to modify or remove any restriction or fee which it had imposed in the past or might impose in the future. In other words, the whole Section 22 of the Agricultural Adjustment Act would be written into the General Agreement unqualified and virtually unsupervised. The Canadian delegation had therefore been instructed to vote against the waiver, as now drafted.

Mr. FINNMARK (Sweden) said his delegation regretted that the United States had felt it necessary to ask for a general waiver of this kind to meet their agricultural programme. This was a problem which was not peculiar to the United States, and they would have preferred that it be tackled in a uniform manner, under conditions which would apply equally to all contracting parties. His delegation had however been instructed to vote in favour of the waiver. They were satisfied that this was a matter of vital importance to the United States Government and a prerequisite to United States acceptance of the Organizational Agreement and amended General Agreement. The paramount importance of securing the full cooperation of the United States Government in the activities of the Organization was the decisive factor in his Government's acceptance of the Decision.

Mr. VARGAS GOMEZ (Cuba) said his delegation had viewed the request for a waiver by the United States with deep concern. Document L/315 containing a Memorandum by the United States on the subject, would lead to the understanding that the granting of the waiver only affected the importation of goods which interfered or were likely to interfere with the price stabilization programmes existing in the United States for the protection of certain agricultural products. But when the text of the first paragraph of Section 22 of the Agricultural Adjustment Act was considered, (on page 9 of document L/339) it would be seen that the scope of the suggested waiver was almost unlimited. This read as follows: "whenever the Secretary of Agriculture had reason to believe that any Article or Articles were being or were practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any programme or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or Section 32, Public Law No. 320, 74th Congress, approved 24 August 1935, as amended, of any loan, purchase, or other programme or operation undertaken by the Department of Agriculture, or any Agency operating under its direction, with respect to any agricultural commodity or product thereof ..."

If the waiver were granted, the contradictions between the provisions of the General Agreement and Section 22 of the Agricultural Adjustment Act or, as had been alleged, the operation of certain price stabilization programmes, would not only be eliminated, but the United States would have absolute freedom to carry out programmes under such legislation, the texts and scope of which were unknown. Furthermore, the United States Government would be able to apply restrictive measures or modify their obligations under Article II of the Agreement, as a result of a simple loan, purchase or other programme or operation undertaken by the Department of Agriculture, or through any of its agencies. It would therefore be able to operate its system of agricultural protectionism with absolute freedom and without being governed by any international standards or principles.

The main prejudicial effects of the proposed waiver were that the principle of tariff stability for agricultural products in the United States Schedule was destroyed and all hopes of maintenance and expansion of the export of agricultural products to the United States market was lost, owing to the unlimited power to apply quantitative restrictions.

In accordance with the provisions of Article XI, it was possible to apply quantitative restrictions on agricultural products. However, it was necessary at the same time to restrict domestic production and to keep the same proportion between imports and domestic production, according to a previous representative period, as well as to allocate import quotas amongst supplying countries in accordance with the same principle. Therefore even though quantitative restrictions were applied under the present provisions of Article XI, it was still possible, if not to expand, at least to maintain the level of exports carried out in the previous representative period. If, however, the waiver

were granted, all those safeguards would disappear, and some of the programmes operated by the Department of Agriculture might tend to increase domestic production as opposed to imports of agricultural products, reducing the latter by 50 per cent. The United States Memorandum (L/315) gave the impression that the purpose of Section 22 was to stop and control the increase of imports attracted into the United States by the high prices resulting from the operation of certain programmes. Yet the fact that Section 22 gave the President the power to reduce imports to 50 per cent of the normal level imported during a previous representative period showed the intention to be not only to control an unreasonable increase in imports, but to increase domestic production at the expense of imports.

Turning now to the international repercussions of the waiver on the structure of the General Agreement, Mr. Vargas Gomez said no contracting party would wish to accept more onerous responsibilities than those imposed on other contracting parties, and it was to be feared that in a few years' time all the safeguards for exports of agricultural products which existed under the Agreement would have become inoperative. The basis of relative equilibrium which had made it possible for industrial countries as well as under-developed countries dependent essentially on agricultural products, to join together in the same Organization would be destroyed. Countries which exported mainly agricultural products could not vote in favour of such a waiver, irrespective of the immediate or direct effect of it on any given country.

Moreover, from the point of view of general policy, the decision which the CONTRACTING PARTIES were called upon to make was one of outstanding importance. Without fundamental economic cause or any overriding necessity for embarking upon an intensive policy of agricultural protectionism, there would be a reversal to the past and to the ideas of excessive economic nationalism which had produced such lamentable consequences before the war. The CONTRACTING PARTIES had come to a turning point in international economic policy and such manifestations of political retrogression as these were even more disquieting, because occurring in countries which had a major influence in the world, as demonstrated by not only the waiver requested by the United States, but by those requested by other contracting parties which showed a similar tendency to depart from the liberal policy which had been universally supported in recent years.

The delegation of Cuba had not been inflexible when confronted by the problems of the United States. They had declared their willingness to grant a waiver within certain well-defined limitations, which would avoid precisely the irreparable damage he had referred to. His delegation had asked that a time-limit be fixed and that the waiver be granted only in respect of existing restrictions, specifying the goods affected. In relation to new restrictions which might be imposed in the future, sympathetic consideration was offered. They had also stressed the need to maintain the proportion which had existed between imports and domestic production during a previous representative period. His delegation had never asked the United States Government to revoke Section 22 of the Agricultural Adjustment Act, but only that they should cooperate in introducing into their legislation some modifications which, although important, could not create difficulties for that country.

Cuba had always been against the use of quantitative restrictions for economic protection. Although fairly weak economically, and having an industrial development which was deficient from all points of view, Cuba had succeeded in protecting the gradual development of her economy solely by the use of customs duties, and even in that aspect the country could claim to be amongst those with a low tariff. It was therefore difficult for Cuba to understand why other much more powerful countries needed to resort to quantitative restrictions as a means of economic protection but they had accepted that reality as provided for under the present Article XI of the Agreement. They were not, however, prepared to accept that, without justifiable economic reasons, the displacement of normal imports be adopted as a permanent principle of economic policy in order to increase domestic production by means of artificial programmes. If the intention were to defend the domestic producer from excessive imports, to ensure for him his rightful share in the domestic market, there seemed no reason why certain modifications in the Agricultural Adjustment Act should not be introduced to bring it into line with the obligations under the last paragraph of Article XI. If it were realized that the structure of the Agreement was jeopardized, that should be more than sufficient to induce the United States Congress to cooperate with the Organization, the very existence of which had depended so much on the generous efforts of that country.

The Cuban delegation would vote against the granting of the waiver.

Mr. HAGEMANN (Germany) referred to an earlier statement regarding the sympathetic examination by the German delegation of the request by the United States. His delegation considered that any country might be confronted by economic problems of a specific nature which, in the last resort, could only be solved by measures adopted within the framework of its own economic policy. The problem therefore was to bring the economic necessities of the United States into harmony with its obligations under the Agreement. Article XXV made provision for such solutions, consistent with the spirit of the Agreement, of which one of the essential tasks was to facilitate understanding between contracting parties and to safeguard the balance between their legitimate interests. The German delegation would support the waiver proposed by the Working Party, in the conviction that the United States Government, in making use of the freedom granted by the CONTRACTING PARTIES, would act in a reasonable manner and endeavour to take account of the legitimate interests of other contracting parties as far as possible. In supporting the request by the United States, his delegation were aware that identical economic problems might one day arise for other contracting parties, calling for the same spirit of sympathetic consideration in solving them.

Mr. CRAWFORD (Australia) said that the decision about to be taken was upon one of the most important issues before the Ninth Session, namely the relationship between the General Agreement and Section 22 of the United States Agricultural Adjustment Act. All Governments would be comparing the results of the Review with the hopes they entertained and the proposals they had made

at its beginning. The final judgment of the Australian Government would be made on a careful assessment of the whole range of work of the Session and the decision would have to be between acceptance and rejection of the revised Agreement. He had already expressed the criticisms of his Government regarding various proposed amendments and its dissatisfaction that some of its proposals had failed to be adopted because of the attitude of one particular contracting party. While the final judgment of his Government upon the results of the Session must be reserved, they were now called upon to decide whether a waiver should be granted to the United States and whether other waivers should be given to other contracting parties. While disliking the necessity of waivers, they were not opposed to them in principle, recognizing that it was necessary to provide for the adjustment or modification of general rules to meet exceptional circumstances.

The most difficult of the various cases that had been presented was the request by the United States. This would prejudice the short-term economic relations of Australia with the United States but more serious was the nature of the problem that it presented to other contracting parties, particularly the almost unqualified character of the proposed waiver. The Australian delegation would attach great importance to the annual review which would enable the contracting parties to review all activities under the waiver. A procedure of consultation was also assured and they would look to all United States Government Departments for full cooperation in these procedures. Finally, the waiver would reserve recourse to Article XXIII. Mr. Crawford said that his delegation felt obliged to accept the United States proposal for a waiver because of the promise upon which it had been put forward, namely that Congress would not act on the revised GATT and the Organizational Agreement without it. They accepted the statements by the United States on this point and wished to record their satisfaction with the frankness of the statements and replies by the United States delegation. His delegation was not prepared to take the step that would produce a situation in which Congress would fail to act because the United States had not been granted the waiver. They were disposed to give the United States Administration a charge to persuade Congress that the world looked to the United States for effective economic leadership in the free world. After full consideration they had decided to vote in favour of the waiver.

Mr. DONNE (France) said that the French delegation would vote in favour of a waiver, but wished it to be clear that they supported the request not because this was a problem raised by a provision of national law of so-called mandatory character, but because they considered it to be a request based on the economic, social and political reality prevailing in the United States at the present time. They were confident that the Government of the United States would apply the measures in a reasonable and equitable manner.

Mr. MACHADO (Brazil) referred to the views previously expressed by his delegation on this question and said that they were now instructed to abstain on the vote on this matter.

Mr. GARCIA OLDINI (Chile) said that his delegation was conscious of the gravity of the problem caused to the contracting parties by the request of the United States and regretted that this request had been met. Having

noted the statement by the representative of the United States, according to which the United States Government had used its authority under Section 22 of the Agricultural Adjustment Act in a relatively limited manner and that it was unlikely that any extensive use of the remedy provided in that section would be made in the future, the Chilean delegation would vote in favour of the decision proposed by the Working Party. They were confident that the United States Government would have recourse to this waiver with extreme prudence and in a manner to avoid as far as possible injuring the interests of the contracting parties, particularly those most vulnerable from the economic point of view.

Mr. Garcia Oldini stated that if a measure taken by the United States should affect Chilean exports, they would have recourse to the procedures of consultations set out in the Decision and expressly reserved their right to have recourse to the renegotiations provided for in Article XXIII of the Agreement. His delegation was confident that, if such a case should arise the United States would show the same understanding which was now being shown to them, and that this would obviate the need for his country or for the CONTRACTING PARTIES to take the extreme measures provided for in Article XXIII of the Agreement. Moreover, he felt that, if the application of the waiver showed in practice that it went beyond the limits of reconciling the economic interests of the United States with those of other countries, there was nothing to prevent the matter being raised again before the CONTRACTING PARTIES.

Mr. CIJLOW (Uruguay) said that his delegation would vote in favour of a request for a waiver presented by the United States in accordance with its expressed principles of considering the social factor in all problems, independently of the legal and economic issues involved. From this point of view they saw no difficulty in granting a waiver to a country such as the United States when the latter had affirmed that the request arose out of the legislation necessary to maintain the standard of living. They took into account also the understanding that the United States had always shown to world problems, and its respect for other nations. They would vote for the waiver in the full assurance that the United States would make use of the freedom granted to it in a manner that would not damage the interests and economies of other contracting parties.

Mr. HADJI VASSILIOU (Greece) stated that his delegation would vote in favour of the waiver with mixed feelings. On the one hand, Greece as an exporter of agricultural products had no interest in the establishment of such precedent, the more so since the United States request was undoubtedly outside the spirit of the GATT. On the other hand, from the political point of view both internal and international, there were many arguments in favour of the United States request. From the political point of view, the Greek delegation felt it must support the United States request. Moreover, the GATT continued to an even greater extent than before to be a juxtaposition of special cases as a result of the waivers that continued to be granted. This was the situation that boded ill for the future. Nevertheless, in such a GATT the United States was equally entitled to their waiver, on the understanding that United States delegations in the future would show the same understanding towards requests for waivers by other countries, particularly under-developed countries.

Mr. ANZILOTTI (Italy) said that his delegation would support the United States request in consideration of the reasons indicated by the delegation and confident that the United States would make use of the waiver only when strictly necessary, and taking account always of the interests of the contracting parties.

Mr. PRESS (New Zealand) said his Government took an extremely serious view of the request by the United States. He would not again refer to the damage caused to the economy of his country by the restrictions which the waiver was designed to legitimize, and which had been referred to in all discussions at sessions of the CONTRACTING PARTIES over the past years. New Zealand was a small country entirely dependent on its exports of a limited range of primary products, and had been most severely affected by the restrictions imposed by the United States under the provisions of Section 22 of the Agricultural Adjustment Act. The form which was proposed for the waiver would give unfettered freedom to the United States to take whatever action they chose under Section 22 to apply import restrictions to additional products and to intensify existing restrictions at will, and an important piece of United States domestic legislation would be written into the General Agreement. Despite appearances, the draft waiver afforded no checks on such action, the CONTRACTING PARTIES having no functions under it except to receive information from the United States, to hear complaints from affected contracting parties, and to pass on such complaints to the United States to be dealt with under their own domestic laws and procedures. Past experience of repeated and ineffectual representations to the United States Government regarding Section 22 did not lead to any conviction that, in the future and under the freedom of such a waiver, the United States would be more responsive to representations made by the contracting parties.

To many people in New Zealand this issue was the one by which the General Agreement itself would be judged. The problem confronting the United States Government was, however, appreciated, Mr. Press emphasized, and it was hoped that, instead of regarding the waiver merely as a device for the indefinite continuation or intensification of the present restrictions, the United States Government would treat it merely as a temporary shelter beneath which the construction of agricultural protectionism could be progressively dismantled. These hopes were not, however, a sufficient basis for New Zealand to support the waiver, which would seem inconsistent with the former attitude of his Government and be incomprehensible to domestic producers who were hurt by the restrictions. He would vote against the waiver. Mr. Press did wish to add the appreciation by his delegation of the frank way in which the United States delegate had responded to questions by contracting parties.

Baron BENTINCK (Netherlands) associated himself with the views and reasoning of other delegations, among them New Zealand. The waiver confronted the CONTRACTING PARTIES with the inconsistencies between Section 22 of the Agricultural Adjustment Act and the General Agreement. The former provided that no international agreement could be applied inconsistently with

it and that the decision of the President as to the facts under that Section were final. The law therefore gave no scope to the United States Government to pay any regard to the interests of international trade. His country had vital interests involved here. They were even more concerned at the question of principle raised by the action of the CONTRACTING PARTIES in making it possible for an individual contracting party to apply its own rules rather than the international rules of the Agreement; that they should accept on so important a problem the concept of the primacy of national law. His delegation was instructed to vote against the waiver.

Mr. GOERTZ (Austria) referred to his earlier remarks on this subject (SR.9/33). The Austrian delegation was fully aware of the danger of the situation, but felt that the CONTRACTING PARTIES must adjust themselves to the realities of the situation, and his delegation would vote in favour of the waiver.

Mr. SEIDENFADEN (Denmark) said that the position of his Government was well-known. They had carefully considered the request and agreed with the representatives of Canada, The Netherlands and New Zealand. They would vote against the waiver.

Mr. LARRABURE (Peru) said his delegation would vote in favour of the waiver for the same reasons that had been expressed by the representative of Uruguay.

The vote was taken on the draft Decision by roll call at the request of the Canadian representative. The following countries voted in favour of the proposed decision: Australia, Austria, Belgium, Chile, the Dominican Republic, Finland, France, Germany, Greece, India, Indonesia, Italy, Luxemburg, Nicaragua, Norway, Pakistan, Peru, Federation of Rhodesia and Nyasaland, Sweden, Turkey, the United Kingdom, the United States, Uruguay and Japan.

The following countries voted against the proposed decision: Canada, Cuba, Denmark, The Netherlands and New Zealand. The following countries abstained: Brazil, Burma, Ceylon, Czechoslovakia and the Union of South Africa.

The CONTRACTING PARTIES thus approved the waiver by a vote of twenty-three in favour and five against. The report of the Working Party was adopted as a whole with certain changes in paragraphs 2, 4 and 8 (see L/339/Corr.1).

Mr. SAW OHN TIN (Burma) said that he had abstained since it had not been possible to acquaint his Government with all the particulars of the case.

Mr. SVEC (Czechoslovakia) said that, in view of the exceptional character of relations between Czechoslovakia and the United States, his delegation did not express its opinion in the discussion and had abstained from voting.

The meeting adjourned at 1 p.m.

