

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Eleventh Session

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SUMMARY RECORD OF THE SIXTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 19 October 1956, at 10 a.m.

Chairman: Mr. L. Dana WILGROSS (Canada)

- Subjects discussed:
1. Australian Waiver - Papua/New Guinea
 2. Status of Agreement and Protocols
 3. Interim Report by Working Party on Ceylon's Applications under Article XVIII

1. Australian Waiver - Papua/New Guinea (L/546)

The CHAIRMAN introduced the Third Annual Report by the Government of Australia under the Decision of 24 October 1953 which authorized Australia to accord in certain circumstances special customs treatment for products of the Trust Territory of Papua/New Guinea. He noted in the report that the Australian Government had recently accorded duty-free treatment to a number of forestry products originating in Papua, New Guinea. Since this action had not involved any increase in existing duties, Australia was not required, under the terms of the waiver, to enter into consultations with other contracting parties.

Mr. WARWICK SMITH (Australia) stated that the action taken under the waiver on seven forestry products completed Government action on a number of recommendations made in a Tariff Board report concerning related timber products. At the moment they had no further products in mind for action under this waiver. He referred to the import statistics given in the report and observed that in only one of the seven items were there any recorded imports from Papua and New Guinea; moreover imports from that source had actually declined in the last year. There was consequently nothing to report as to the effects on the trade of other contracting parties.

He referred to the provisions of the Decision of 24 October 1953 and recalled the difficulties his delegation had encountered at the Tenth Session with reference to the definition of "primary products". This year again the question might be asked whether "doors of wood", one of the items on which action had been taken, was a "primary product". Whatever might be said on

this point, it was his Government's feeling that the product in question fell within the intention of the waiver granted to Australia. However, if the CONTRACTING PARTIES were agreeable, his delegation would like to examine the possibility of avoiding similar technical difficulties in the future. He suggested that the CONTRACTING PARTIES might consider whether the intention of the waiver would be materially altered or whether there would be any serious difficulties if the limitation to "primary products" were removed. He pointed out that there were adequate safeguards in the waiver to protect the interests of other contracting parties and referred in particular, to the assurances given by the Australian Government that the waiver would not be utilized in such a manner as to cause material injury to the competitive trade of any other contracting party.

Mr. HOCKIN (Canada) said that the proposal by the Australian representative raised questions of a detailed nature which could be more adequately resolved in a working party.

It was agreed to establish a working party with the following **terms of reference** and membership:

Terms of reference:

To examine the Third Annual Report submitted by the Government of Australia and to consider the proposal by the Government of Australia to amend the Decision of 24 October 1953, and to submit recommendations thereon to the CONTRACTING PARTIES.

Chairman: Mr. A.B. Hockin (Canada)

<u>Members:</u>	Australia	Germany
	Brazil	India
	Canada	Indonesia
	Ceylon	United Kingdom
	Finland	United States
	France	

2. Status of Agreement and Protocols (L/517/Rev.1 and Corr.1)

The CHAIRMAN introduced the report of the Executive Secretary and suggested that it should be considered section by section.

Definitive Application of the Agreement (Resolution of 7 March 1955)

U SAW OHN TIN (Burma) expressed regret that it had not yet been possible for his Government to take a decision on the acceptance of the Resolution

Serious economic difficulties and a general election resulting in a new government had delayed action. A statement on the matter had now been submitted to the new Cabinet and the decision of his Government might perhaps be received before the end of the Session.

Protocols of Amendment

The CHAIRMAN recalled that the time-limit for signature of the Protocol Amending Part I and Articles XXIX and XXX, the Protocol Amending the Preamble and Parts II and III, the Protocol of Organizational Amendments and the Protocol of Rectification to the French Text, would expire on 25 October 1956.

Mr. ASTRAWINATA (Indonesia) requested that the closing date for signature of the four protocols be extended to the next Session. These protocols had been submitted to the previous parliament eighteen months ago but the question had not then been considered sufficiently urgent for action. Since then a new parliament had been elected. The case had now been placed before it and his Government had reason to believe that the position of Indonesia would be made clear before the next session of the CONTRACTING PARTIES.

Sir Claude COREA (Ceylon) expressed his regret that the amendment protocols had not yet been signed by his Government. He hoped parliamentary approval would soon be obtained. As for the Protocol of Rectification to the French Text, he had received the authority to sign before 25 October.

Mr. TIKANVAARA (Finland) said that these Protocols had been presented to parliament for approval.

Mr. WARWICK SMITH (Australia), commenting on the delay in the entry into force of the revised text of the Agreement, expressed disappointment that there was no clear indication of the intentions of those governments which had so far not found it possible to sign the protocols. The work of the Review Session was at stake. Some eighteen months having elapsed it was not unreasonable to ask whether there were substantial reasons why the amendments agreed to should not enter into force immediately. The protocols of amendment had been designed to come into operation independently of the Agreement on the Organization for Trade Cooperation. Australia had attached great importance to the Review Session and, although it had failed to secure satisfaction on a number of points, thought that the revised text of the Agreement was a better balanced and more satisfactory instrument. A concerted move to bring the amendments into force should be made, and he hoped that the governments concerned would take the necessary action without delay.

Mr. SANDERS (United Kingdom) agreed with the Australian representative that the various protocols had been drawn up in such a way that if there were delay with some of them it should at least be possible to get the really meaningful amendments to the Agreement into force quickly. He asked governments which had not yet signed to give serious consideration to early action as it was surely the general wish that the benefits resulting from the Review should be enjoyed as soon as possible.

Mr. PEREZ CISNEROS (Cuba) said that his Government had hoped that the protocols of amendment would enter into force without much delay since, as a result of the compromises achieved at the Review Session, any real difficulties standing in the way of acceptance should have been eliminated. His Government had not yet signed the Protocol of Organizational Amendments as it was awaiting ratification by the leading trading nations of the Agreement on the Organization for Trade Cooperation with which that protocol was linked.

Mr. AZIZ AHMAD (Pakistan) associated himself with the views of the Australian and United Kingdom representatives. For some years prior to the Review Session his Government had felt the necessity for obtaining the amendment of certain provisions. They had thought they had achieved this at the Review and felt that the results thereof should be brought into force quickly and not be delayed pending ratification of the Agreement on the Organization for Trade Cooperation.

Mr. MACHADO (Brazil), referring to the fact that his Government had not yet signed the protocols of amendment, said that according to the requirements of the basic law his Government had submitted the revised text to Congress for approval and that the Technical Committee had voted in favour. It was necessary to adjust the present Agreement to changed conditions and to co-ordinate the action of governments in this field.

Sir Claude COREA (Ceylon), while agreeing that early acceptance of the protocols was desirable, explained that the delay in Ceylon's acceptance of them was due to the formation of a completely new Government in April of this year. The matter was now before the Minister of Commerce and he expected it would come before the Cabinet at an early date.

Dr. STANDENAT (Austria) said that his Government had signed all the amendment protocols and that ratification by parliament would, he believed, follow before the end of the year. He hoped the revised text would enter into force without delay.

Mr. CARIM (Turkey) said that all the protocols of amendment had been submitted to the National Assembly which he hoped would approve them at its next session commencing 1 November.

Mr. PHILIP (France) said that France was among the minority of fifteen countries which had signed all the protocols of amendment, thereby giving a positive indication of their faith in the future of the Agreement.

Mr. GUNDELACH (Denmark) said that the protocols of amendment had been submitted to parliament for approval and that his Government regarded these protocols and the Agreement on the Organization for Trade Cooperation as one entity. It was hoped that ratification would shortly be effected.

U SAU OHN TIN (Burma) associated himself with the views of the Indonesian representative that the closing date for signature be deferred to the Twelfth Session so that the Burmese Government would have time to consider the question.

Baron BENTINCK (Kingdom of the Netherlands) agreed with those representatives who felt that all the Protocols of 1955 should be considered as one entity. His Government had submitted them to parliament as such, as it was difficult to ratify any one protocol individually.

Mr. CORSE (United States) referring to the fact that his Government had accepted all the protocols of amendment, said that it was possible to make a distinction between the various protocols and supported the suggestion to put the substantive amendments into effect immediately.

Mr. WARWICK SMITH (Australia) suggested that it might be possible to draw the attention of governments to the importance of speedy acceptance of the protocols of amendment and that perhaps later in the Session some form of communication to this effect could be addressed to governments.

Mr. HOCKIN (Canada) and Mr. SIVAMINATHAN (India) supported the Australian proposal and stressed the importance of giving effect to the Revised Agreement.

Mr. TATSUKE (Japan) said that the protocols of amendment would be submitted for approval to parliament which would reassemble in December. His Government had been authorized to sign the Protocol of Rectification to the French Text and his delegation expected to receive instructions to sign this Protocol in a few days.

The CHAIRMAN said that the discussion had shown general agreement on the importance of taking action with regard to the protocols of amendment, as delay in their ratification gave rise to a serious situation for the Agreement and jeopardized the work of the Review Session. The representative of Australia had proposed special action be taken by the CONTRACTING PARTIES to call attention to the importance of a speedy acceptance of the protocols of amendment. He proposed that this item be retained on the Agenda for consideration at a later stage and at that time consideration could be given to the Indonesian proposal to extend the time for signature of the four protocols.

It was agreed to extend the date of signature of the Protocol Amending Part I and Articles XXIX and XXX, the Protocol Amending the Preamble and Parts II and III, the Protocol of Organizational Amendments and the Protocol of Rectification to the French Text, to the end of the Session. By that time

consideration would have been given to the Australian proposal and to a further extension of the time limit.

Agreement on the Organization for Trade Cooperation

The CHAIRMAN said that only five governments were parties to this Agreement and that many speakers had drawn attention to the importance of the link between it and the protocols of amendment.

Mr. PEREZ CISNEROS (Cuba) said that his Government had not signed the Agreement on the Organization for Trade Cooperation nor the related Protocol of Organizational Amendments and that there was no prospect of their doing so as long as the major trading nations did not. He hoped such action would not be long delayed and enquired whether it would be possible to obtain from the leading trading countries some indication of the probability of their governments signing this Agreement in the near future, as this was a matter of concern to all CONTRACTING PARTIES and the future of the Organization would depend on the action of these governments.

Mr. MACHADO (Brazil) considered it indispensable that a full-fledged organization should administer the Agreement. There was therefore a need to arrive at a definite and prompt decision on the Organization for Trade Cooperation to avoid its sharing the fate of the Havana Charter. While he recognized the procedural difficulties of some countries he suggested tentatively that consideration be given to the possibility of fixing a date for the acceptance of the Organization for Trade Cooperation. He would not wish to make this a formal proposal as there was need for prior consultations between delegations.

Dr. STANDENLT (Austria) said his Government had not signed this Agreement but he would probably receive the necessary authority during the present Session. Ratification by parliament would, he believed, follow before the end of the year.

Mr. CARIM (Turkey) said that the Agreement on the Organization for Trade Cooperation had been submitted to the National Assembly for approval and it was hoped that a decision would be taken at the next Session commencing on 1 November.

Mr. PHILIP (France), recalling that the French delegation had taken an active part in the Review Session, indicated that his Government would submit the Agreement on the Organization for Trade Cooperation to parliament immediately after its acceptance by the Government of the United States, without which no such organization was possible. In view of the experience made with the Havana Charter earlier submission to parliament would not seem useful. He agreed with previous speakers that it was dangerous to remain in the present uncertain position.

Mr. GUNDELACH (Denmark) said that this Agreement had been submitted to parliament for approval and hoped that it would soon be ratified.

Mr. AUGENTHALER (Czechoslovakia) said that his Government had not accepted the Agreement on the Organization for Trade Cooperation and that his Government could not be expected to be more GATT-minded than the United States.

Mr. TIKANVALA (Finland) said that the Agreement had been submitted to parliament which had recently reassembled.

Mr. CORSE (United States) said that it was impossible for his delegation to make a definite statement at this time. The Agreement had been submitted to Congress with the full support of the President and cabinet ministers and the extended hearings had shown substantial support and equally substantial opposition, some of which did not pertain to the Organization for Trade Cooperation but to the General Agreement itself. The Organization for Trade Cooperation Bill had received a more than two-to-one favourable vote by the Ways and Means Committee of the House of Representatives but had not been debated on the floor. The Bill would die when the new Congress assembled and entirely new proceedings would have to be instituted. It would be misleading to be either pessimistic or optimistic about the future of the Agreement in the United States.

It was agreed to consider later in the Session the Brazilian proposal that a closing date should be fixed for signature of the Agreement on the Organization for Trade Cooperation.

Protocols of Rectifications and Modifications

The CHAIRMAN said that four of these protocols, the first of which had been opened for signature as long as four years ago, had not entered into force through lack of one or more signatures. He suggested that the delegations of the governments which had not yet signed these protocols endeavour to make arrangements to do so as soon as possible.

Dr. STANDENAT (Austria) said that he could not indicate a precise date for the Austrian signature of the Fourth Protocol which was linked to the entry into force of the new Austrian tariff.

Mr. AUGENTHALER (Czechoslovakia) said that his Government hoped to sign the Fifth Protocol shortly.

Mr. GARCLA OLDINI (Chile) said that he was in communication with his Government in this matter.

Sir CLAUDE CORRIE (Ceylon) said that he would be able to sign the Fifth Protocol as well as the Sixth which was to be opened for signature at the end of the present Session.

Mr. AUNG SOE (Burma) said that he had received instructions to sign the Fifth Protocol during the present Session.

Mr. SWAMINATHAN (India) said that he expected to be able to sign the Fifth Protocol in the very near future.

Mr. TATSUKE (Japan) said that his delegation expected to sign the Fifth Protocol in a few days.

The CHAIRMAN suggested that the CONTRACTING PARTIES re-examine the situation when the item was reconsidered later in the Session.

Protocol of Terms of Accession of Japan

The CHAIRMAN drew attention to the fact that four governments had not yet made effective the tariff concessions which they had negotiated with Japan in 1955.

Mr. GARCIA OLDINI (Chile) said that, although his Government had not given formal notification his country's tariff concessions to Japan had been made effective administratively.

Mr. FERLESCH (Italy) stated that the constitutional procedure was following its course and, he hoped, would be completed shortly. Meanwhile the tariff concessions granted to Japan were being applied.

Dr. EICHHORN (Federal Republic of Germany) said that the procedure of ratification was well advanced.

Mr. TATSUKE (Japan) expressed the hope that the contracting parties which had not yet notified their intention to apply the tariff concessions contained in the schedules annexed to the Protocol of Terms of Accession of Japan would be able to do so before long.

The CHAIRMAN said that this question could also be re-examined at a later stage in the Session.

Sixth Protocol of Supplementary Concessions

The CHAIRMAN said that, of the signatories to this Protocol, which embodied the results of the 1956 Tariff Conference, eleven had given the notification of intention to apply the concessions in their schedules but eleven others had not yet done so.

Mr. TATSUKE (Japan) said that his government hoped to obtain parliamentary approval shortly.

Dr. EICHHORN (Federal Republic of Germany) said that the Protocol had been adopted by the Bundesrat and was under consideration by the Bundestag. With very few exceptions, however, the German concessions had been put into effect on 1 July 1956.

Mr. CAPPELEN (Norway) said that it had not been possible to submit the results of the negotiations to parliament at the Spring Session but that they had been presented in the present Session so that the concessions should be made effective before the time-limit expired.

Mr. GARCIA OLDINI (Chile) said that pending parliamentary approval of the Protocol the concessions had been put into effect by administrative action.

Mr. TIKANVALA (Finland) said that the Protocol had been submitted to parliament for approval.

Mr. CORSE (United States) said that because of certain features of the Trade Agreements Act his Government had given effect to all the concessions on 30 June 1956. It had not, as on past occasions, withheld any concessions initially negotiated with countries which were not prepared to give effect to their own concessions at the same time. As indicated during the negotiations, it might be necessary to withdraw concessions granted by the United States to countries which were unduly delaying the entry into force of their concessions.

The United States, however, would only have recourse to the withdrawal provisions in the Protocol if there were special difficulties and due notice, as provided for, would be given. He would be glad to receive any information which representatives might have on the intentions of their governments with regard to the application of the concessions they had granted to the United States.

Declaration on the Continued Application of Schedules

The CHAIRMAN said that twenty-nine governments were parties to the Declaration. The position of Chile was set out in the first paragraph of Section (g) of the Executive Secretary's Report and that of Brazil, the Dominican Republic, Italy, Nicaragua and the Federation of Rhodesia and Nyasaland in the second paragraph.

The CONTRACTING PARTIES agreed that all the questions under the item "Status of the Agreement and Protocols" would be reconsidered later in the Session.

3. Interim Report of the Working Party on Article XVIII Applications (L/548)

Baron BEEVING (Netherlands), presenting the Interim Report, explained that the Working Party had examined the applications of Ceylon, which covered six items. On one group of products, namely cotton sarongs and towels, while the original application had been submitted under paragraph 7 of Article XVIII, the Ceylon delegation, in view of the consensus of opinion in the Working Party that it could not be considered under that provision, had agreed to have the application considered under paragraph 8(a). Under that provision, it was necessary for Ceylon to enter into consultations with contracting parties materially affected. The report proposed that the CONTRACTING PARTIES should request that the Working Party be notified by any contracting parties which might consider themselves materially affected.

Another item was one on which Ceylon had assumed an obligation under Article II of the Agreement and consequently had to be dealt with under paragraph 5 of Article XVIII. Under the relevant procedures, Ceylon was required to enter into negotiations with materially affected contracting parties. For this reason the Working Party should be notified by any such contracting parties so that their claims might be taken into account when the negotiations were arranged. The Interim Report of the Working Party had been submitted, therefore, in order to enable it to proceed further with the Ceylon applications concerning these products. In addition, the Working Party, taking account of a recommendation approved at the Ninth Session with a view to simplifying the procedure (see Basic Instruments and Selected Documents, Third Supplement, pages 56-57), also proposed that it be authorized to take any further procedural action that might be necessary following the receipt of any such notifications.

The CONTRACTING PARTIES approved the Interim Report and adopted the following proposals contained therein:

- (i) that the CONTRACTING PARTIES request that the Working Party be notified as soon as possible before 25 October by any contracting party (other than India and Japan), which may consider itself materially affected by the measure proposed by Ceylon concerning the import of cotton sarongs and towels;
- (ii) that the CONTRACTING PARTIES request that the Working Party be notified as soon as possible before 25 October by any contracting party which considers itself materially affected by the measure proposed by Ceylon with respect to razor blades;
- (iii) that the CONTRACTING PARTIES authorize the Working Party to take all necessary procedural action as described in the last sentence of paragraph 4 and the last sentence of paragraph 7 of the Interim Report.

The meeting adjourned at 12.30 p.m.