

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Eleventh Session

SUMMARY RECORD OF THE EIGHTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Saturday, 17 November 1956, at 9.30 a.m.

Chairman: Sir Claude COREA (Ceylon)

- Subjects discussed:
1. Report of Working Party on Budget
 2. Report of Working Party on Trade and Customs Regulations
 3. Report of Working Party on Schedules
 4. Report of Working Party on Balance-of-Payments Restrictions on proposal for consultations under Article XII
 5. Report of Working Party on Swiss Accession
 6. Report of Working Party on Commodity Problems
 7. Chilean Luxury Tax on Automobiles
 8. Date of Twelfth Session
 9. Derestriction of Documents
 10. Closing Address by Chairman

Presentation to Mr. L. Dana Wilgress

The CHAIRMAN on behalf of the CONTRACTING PARTIES paid tribute to the past services of Mr. Wilgress and asked him to accept a small presentation as a token of the esteem in which he was held.

Mr. L. Dana WILGRESS (Canada) thanked the Chairman and the CONTRACTING PARTIES, and said that it was a pleasure to be once again taking part in GATT deliberations and he would treasure the presentation as a reminder of his pleasant association with all those connected with the work of the CONTRACTING PARTIES.

1. Report of Working Party on Budget (L/596)

Mr. MACHADO (Brazil), Chairman of the Working Party, said there was little he could add to the Report. He drew attention to the points for decision in paragraph 43 of the Report and to the draft resolution immediately following. Annex C showed the proposed scale of contributions for 1957, and Annex D the shares of contracting parties in the Working Capital Fund it was proposed to create. He expressed the hope that the budget would mark a step forward in consolidating the organization of the GATT.

Mr. FORTHOMIE (Belgium) said that his delegation had not yet had an opportunity to examine all the aspects of the Report or to receive instructions from his Government; he wished, therefore, to reserve its position on the Report.

Baron BENTINCK (Kingdom of the Netherlands) reserved the position of his delegation with respect to Section VII of the Report.

The Report of the Working Party was adopted and the recommendations and the resolution contained therein were approved.

The EXECUTIVE SECRETARY thanked the CONTRACTING PARTIES and in particular the members and Chairman of the Working Party for the careful and sympathetic consideration they had given to a number of complicated proposals which had contained real difficulties for some delegations. He particularly appreciated the sympathetic consideration given to the question of the staff affiliation to the United Nations Pension Fund. The possibility of increased office accommodation would contribute towards the increased efficiency of the staff and a more effective carrying out of the trainee programme.

2. Report of Working Party on Trade and Customs Regulations (L/595)

Mr. DONNE (France), Chairman of the Working Party, introduced the Report which dealt with certificates of origin, marks of origin and consular formalities. The CONTRACTING PARTIES had been asked to consider the first two questions by the International Chamber of Commerce which had adopted resolutions at its Tokyo Conference in 1955, with a view to facilitating international trade. He recalled that these three problems had been studied by previous working parties on customs matters, and that Article XI contained provisions relating to marks of origin.

Certificates of Origin

Mr. Donne said that the Chamber had proposed amending paragraph (b) of the Recommendation on certificates of origin adopted by the CONTRACTING PARTIES on 23 October 1953 relating to the issue of certificates of origin. The Working Party found this proposal acceptable. It submitted for approval a revised wording for this paragraph.

The CONTRACTING PARTIES agreed to amend paragraph (b) of their Recommendation of 23 October 1953 as proposed by the Working Party.

Marks of Origin

Concerning marks of origin, Mr. Donne said the Working Party had agreed that it would be helpful to draw up generally acceptable rules so that measures applied in this field would not be used as an instrument of administrative protectionism. Although the Working Party was able to accept many of the points raised by the Chamber provisionally, it considered that they should be further studied and further information obtained from the

Chamber. It therefore decided not to redraft the recommendations but to propose that this question be re-examined at the Twelfth Session. The Working Party also recommended that the provisional conclusions reached should be passed on to the Chamber to enable it to continue its studies and to mark the interest of the CONTRACTING PARTIES in these recommendations.¹

Mr. KLEIN (Federal Republic of Germany) acknowledging the high quality of the Working Party's report said that, in his view, the terms of reference had been too restrictive since in its study on marks of origin the Working Party had had to remain within the limits of the Chamber's recommendations. In the course of the discussion it had become clear that these recommendations were not comprehensive, and he therefore suggested that discussions on this question at the Twelfth Session should cover a wider field. He hoped that contracting parties would bear this point in mind when examining the Report.

Mr. MARTINEZ (Cuba) reserved his position on the conclusions of the Working Party. Though they were, in general, in conformity with Cuban legislation, in his view the position required further study.

The CONTRACTING PARTIES agreed that this question should be referred to the Twelfth Session for further study.

Consular Formalities

Concerning the elimination of consular formalities, Mr. DONNE (France) said the Working Party had noted that many countries had complied with the Recommendation of 7 November 1952, but that formalities were still in force in some countries, the representatives of which had explained the reasons for non-compliance. The Working Party had agreed unanimously that the Recommendation should be reaffirmed. It did not consider it advisable to fix a new final date, but recommended that countries still maintaining these formalities should continue their efforts towards their rapid elimination and be invited to report on measures taken to this end. It was, therefore, recommended that this question be re-examined at the Twelfth Session.

Mr. MARTINEZ (Cuba) recalled the Cuban view that the obligations of contracting parties on this subject were contained in Article VIII. His Government was at present engaged in a revision of the customs tariff legislation in which all matters relating to imports were to a certain extent involved. Cuban legislation on these formalities was not a hindrance to exporters, and his Government was not in a position at this stage to contemplate their elimination. He wished to suggest that the Working Party's proposals should be in the form of a recommendation rather than of a decision which, in his view, would change the character of the original Recommendation.

¹ Mr. Donne also drew attention to an error in paragraphs 15 and 16 of the relevant parts of the French version of the Working Party's Report, later corrected in L/595/Corr.1

Mr. de la FUENTE LOCKAR (Peru), referring to the fact that the Working Party considered these formalities an obstacle to international trade, stated that the Working Party's authority in this field should derive from the provisions of Article VIII. Some obstacles to trade, such as quantitative restrictions, licensing and exchange control, were more important than consular formalities. These formalities should not have been singled out for special treatment. The fact that Peru, which imposed no restrictions of any kind on imports, was mentioned as, by implication, a country which impeded international trade would be difficult to explain to his Government and the Peruvian public. In his view the terms of reference of the Working Party should have been drawn more widely, at least to include all the obstacles mentioned in Article VIII, so that a true picture of a country's commercial policy would be obtained.

The CONTRACTING PARTIES approved the Working Party's recommendations which were amended by the Chairman of the Working Party to read as follows:

The CONTRACTING PARTIES

- (a) DECIDE to maintain the Recommendation of 7 November 1952 concerning the abolition of consular formalities;
- (b) RECOMMEND that contracting parties applying consular formalities examine urgently the possibility of introducing measures for their abolition or reduction at the earliest possible date;
- (c) INVITE all contracting parties applying consular formalities to report to the secretariat as soon as any further progress in this matter has been achieved, or at least yearly; and
- (d) DECIDE to review this matter again at their Twelfth Session.

Mr. GARCIA OLDINI (Chile) reserved the position of his Government on the Recommendation concerning consular formalities for the same reasons that had made such a reserve necessary in the previous two years. As he had not yet received instructions from his Government he would also have to reserve his position on the other sections of the Report.

The Report as a whole was adopted, including the recommendation that the documents relating to marks of origin, and also to anti-dumping and countervailing duties which were dealt with under item 15 of the Agenda, be derestricted at the close of the session.

3. Report of Working Party on Schedules (L/600)

Mr. PRENDERGAST (New Zealand), Chairman of the Working Party, introduced the report. He said the Working Party had dealt with requests for rectification and modification of schedules and with the preparation of the new Consolidated Schedules. Unfortunately, the Working Party had found it impossible to obtain approval at the present session of all rectifications and modifications submitted, and therefore recommended that the Sixth Protocol should not be opened for signature until 15 February 1957. With respect to the Consolidated Schedules one of the points which had given rise to some discussion was the question of publication. The Working Party had not

succeeded in obtaining agreement on the form of publication and, taking also into account the fact that only thirteen draft Consolidated Schedules had been distributed, had decided to recommend that the question be re-examined at the next session.

The CONTRACTING PARTIES adopted the report and approved the recommendations contained therein.

4. Report of Working Party on Balance-of-Payments Import Restrictions on the Proposals for Consultations under Article XII:4(b) (L/597)

The CHAIRMAN said that the Working Party on Balance-of-Payments Restrictions had been requested to examine the United States proposal that contracting parties maintaining restrictions under Article XII be invited to consult with the CONTRACTING PARTIES pursuant to the first provision of paragraph 4(b) of Article XII. The Working Party had also been asked to consider, in the light of its recommendations on that point, what arrangements should be made for the consultations and for the annual report for 1957 required under paragraph 1(g) of Article XIV. These matters were covered in the Final Report of the Working Party (L/597).

Mr. NAUDE (Union of South Africa), Chairman of the Working Party, presented the Report which recommended approval of the United States proposal and suggested arrangements to implement it. The Working Party was most grateful to a special group¹ which had worked hard and strenuously to find a solution to some of the difficult problems which the Working Party had faced. The International Monetary Fund had been invited to cooperate with the CONTRACTING PARTIES and had given assurances that it would extend its assistance in the consultations. The Working Party recommended that the Executive Secretary be authorized to invite, in the name of the CONTRACTING PARTIES, any contracting party not yet included in the list of the consulting countries which might indicate its desire to be included. The Working Party suggested that any contracting party interested in one or more of the consultations should be entitled to be represented and participate fully in the discussions.

Mr. Naudé drew attention to paragraph 13 of the Report (L/597) where it was noted that the Chairman of the Working Party would make a recommendation to the CONTRACTING PARTIES at the plenary meeting on the composition of the Consultations Committee. He felt, however, that in view of the importance of the matter the nomination should be made by the Chairman of the CONTRACTING PARTIES who should also, at a later stage, designate the Chairman of the Committee. An omission had been made in paragraph 13 of the Report as reproduced in L/597; the sentence "it was agreed that the Consultations Committee should meet in Geneva" should be inserted at the end of that paragraph.

¹ Consisting of Mr. M.U. Ahmed (Pakistan), Baron Bentinck (Netherlands, Chairman), Mr. Goldstein (United States), Mr. Meere (Australia) and Mr. Monserrat (Cuba)

At the proposal of the CHAIRMAN of the CONTRACTING PARTIES, and after hearing certain clarifications by the representatives of Norway and Denmark, the CONTRACTING PARTIES approved the following membership for the Consultations Committee:

Australia	Ceylon	Japan
Belgium	Denmark	Pakistan
Brazil	Dominican Republic	United Kingdom
Canada	France	United States
	Germany	

The CONTRACTING PARTIES agreed that the Chairman of the CONTRACTING PARTIES would in due course nominate the Chairman of the Committee.

Mr. KLEIN (Federal Republic of Germany) recalled his previous statement that his Government would participate in the consultations if decided upon by the CONTRACTING PARTIES, but that it attached great interest to the terms of reference of the Consultations Committee and to the time-table for the consultations; it had pointed out that the final position of his Government would depend on the number of contracting parties which would participate in the exercise. The list contained in Annex A to the Report did not contain all countries maintaining import restrictions for balance-of-payments reasons but a substantial number of them. In these circumstances his Government was prepared to participate and hoped that Brazil and India would also be willing to consult.

Mr. STANDENAT (Austria) said that his delegation had found some difficulty in approving the conclusions of the Working Party mainly because of the fact that some countries had not decided to take part in the consultations. His Government would nevertheless accept the Report as it stood, but for reasons of equity and reciprocity requested that in the consultation with Austria the countries which were invoking Article XII but were not themselves prepared to consult would be excluded from participation. He hoped that the case would prove purely theoretical. It would suffice if the Committee took appropriate measures when consultations with Austria were initiated.

Mr. MACHADO (Brazil) thought that, in view of the statement made by the delegate for Austria, it was important to clarify the position of his Government. His Government had accepted to consult and Brazil had therefore been included in the list. As he had stated on previous occasions, his Government intended to introduce exchange and trade reforms, but the precise date of their introduction had not yet been established; the new tariff for example which had been discussed at the session would certainly lead to a simplification of the import system. As consultations were of interest principally because they shed light on the import restriction system, it did not seem very useful for Brazil to consult if it intended to introduce exchange and trade reforms in the near future. If the system in force were not modified, his Government would consult. If the reforms were not carried out, consultations would be of little use. On the other hand, Brazil had accepted that a committee should meet in Rio de Janeiro to follow the proposed modifications in the Tariff. Such meetings meant more than consultations.

If the attitude of his Government led to the abstention of other countries from the consultations, Brazil would be prepared to consult in any case.

Mr. STUGU (Norway) wished to comment on certain problems of principle involved in questions concerning balances of payments. The countries which still were in the unhappy situation of having to rely on quantitative restrictions in order to safeguard their external solvency had in the last years considerably relaxed their import restrictions. His Government had consistently supported this policy and was of the opinion that the consultations would be a useful exercise to explain why some contracting parties were still unable to maintain equilibrium in their balances of payments without resorting to import restrictions. During recent years, many changes had occurred in the balance-of-payments positions of individual contracting parties. A frank exchange of views on these problems would contribute to solving the problems in this field of international trade. The consultations should deal more with the economic background of the problems than with the technical aspects of the restrictions. The countries applying quantitative restrictions were not the only ones in external disequilibrium; other countries which were making use of different methods with the same effects on trade could also be in surplus or deficit positions. Balance-of-payments problems could be the same irrespective of the ways and means adopted to cope with them. Therefore when arrangements for consultations on balance-of-payments problems were made, they should extend to all contracting parties. Consultations with the countries which were not invoking Article XII should not take place before the Twelfth Session in order not to overload the consultation committee. The most appropriate way was to discuss this proposal at the Twelfth Session so that consultations might possibly be held between the Twelfth and the Thirteenth Sessions.

Mr. de ST. LEGIER (France) said his delegation considered that the proposed consultations would be most fruitful if, as far as possible, all countries applying balance-of-payments restrictions took part. However, it was obvious that for certain countries these consultations involved practical and technical difficulties due to the shortage of qualified personnel to conduct the consultations. If certain absences were unavoidable, the list of participants should in any case be as varied and balanced as possible. He made a special appeal to Brazil to maintain its participation even if it considered that the consultations would not lead to useful results. For reasons of equilibrium, it was essential that one Latin American country should participate. He also strongly requested that the Indian Government agree to take part in the consultations because the absence of India would impair the balanced composition of the group of consulting countries. His delegation shared to a great extent the views which had just been expressed by the delegate for Norway. The consultations presently proposed would make it possible to form a general picture of the difficulties which some contracting parties were facing and could serve as a basis to examine balance-of-payments problems more fully and thoroughly. It would be appropriate to hold a general debate on the proposal of the delegate of Norway at the Twelfth Session.

Mr. GOLDSTEIN (United States) said that his delegation was most gratified by the interest and serious consideration which the contracting parties had given to the proposal of his Government. The seriousness with which the

project had been considered augured well for the benefits to be obtained from the consultations. When his Government had submitted its proposal, it had in mind the interests of all contracting parties. In the present debate particular reference had been made to the absence in the list in Annex A to the Report of some important countries. He was grateful to the representative of Brazil for announcing the readiness of his Government to participate in the consultations notwithstanding the considerable difficulties involved. Indeed, Brazil was a large trading nation and its problems were of interest to all countries in Latin America. India was another country which had not yet found it possible to announce its firm intention to participate. Discussions that had taken place in other international forums had shown that there was a wide interest for the problems which India was facing in its economic development, and for the way it was promoting industrialization. The participation of India in the consultations would certainly fill an important gap. With the addition of India, there would be no omission of important trading nations in the list and the value of the results of the consultations would thereby be enhanced significantly. He therefore hoped that India would be ready to assume this considerable burden. Finally, he appreciated the open-mindedness with which all delegations had considered the project, and the results which had been attained were a tribute to the vitality of the General Agreement.

Mr. SWAMINATHAN (India) said that he had listened with much interest to the references to India's absence from the list of the countries that had agreed to join in the consultations. He would make it a special point to transmit to his Government the general desire of the CONTRACTING PARTIES in this respect.

Mr. WILGRESS (Canada) regarded the proposal as a very significant step in the development of the procedures giving effect to the provisions of the General Agreement. He joined those delegations that had expressed the hope that Brazil and India would find it possible fully to participate in the consultations.

Miss SEAMAN (United Kingdom) said that in earlier discussions on this project the United Kingdom had announced that it would fully cooperate in the consultations. Her Government was one of the few contracting parties that had experience in consultations and welcomed the opportunity for wider discussions under the provisions of Article XII. Her delegation was also gratified to hear the statements of the countries that had particular difficulties to consult. The exercise would be a valuable preparation for the consultations that would be required under the revised provisions of Article XII. The United States had made a constructive proposal which would lead all contracting parties to examine more closely their import restrictions for balance-of-payments reasons.

The CONTRACTING PARTIES approved the report of the Working Party and the recommendations contained therein.

5. Report of Working Party on Swiss Accession (I/598)

Mr. SWAMINATHAN (India), Chairman of the Working Party, introducing the Report, stated that contracting parties considered it fitting that arrangements should be made to enable Switzerland to accede to the GATT, in the first place provisionally and then definitively. Switzerland was obliged to maintain quantitative restrictions on agricultural products under existing legislation. As this position was likely to continue the Swiss Government would have to reserve its acceptance of Article XI in certain specific terms. There had also been difficulties concerning Articles XIII to XIV: Switzerland felt that the application of these Articles by other OEEC countries might place it in a less advantageous trading position. The Working Party came to the conclusion that the provisions of Article XIII:4(d) and Article XXIII might provide a solution for Switzerland in these circumstances. Further, for reasons which they had explained, Switzerland did not wish to become a member of the International Monetary Fund, nor to enter into a special exchange agreement. After hearing a statement on Swiss monetary policy (L/593), it had been generally agreed that that country's monetary policy was such that no apprehensions need be felt because of Switzerland's inability to accept the provisions of Article XV:6.

In drafting the Report careful attention had been paid to the legal considerations involved and to the question of creating a precedent.

Mr. PRENDERGAST (New Zealand) was glad that the Working Party had succeeded in reducing the differences of view on this question. When the GATT came into being all countries were entitled to believe that no distinction would be drawn between the various commodities entering into international trade. In this belief, New Zealand would continue, as an active member of GATT, to support every effort to facilitate the greater freedom of international trade. Referring to paragraphs 5 and 6 of the Report, he said that New Zealand was one of the members of the Working Party who were unable to support the arrangements recommended. He emphasized that his country had entertained cordial trade relations with Switzerland for many years; a long-standing bilateral trade agreement between the two countries provided for most-favoured-nation treatment. The misgivings of his delegation were therefore not connected with the fact that the applicant country happened to be Switzerland, but had their origin in wider issues of principle and procedure related to the GATT itself. His Government was unable to accept the procedure proposed for provisional accession since it felt that Switzerland should apply under Article XXIII for definitive accession so that any specific waivers would form part of the decision of the CONTRACTING PARTIES. Further, he expressed concern about the manner in which this complicated subject had been handled during the Session. It had been

difficult for him to keep in touch with developments as discussions proceeded in the small group which had been set up by the Working Party and particularly to obtain any firm indication of the final proposals which were likely to emerge or of the measure of support these would receive from various countries. His delegation had every reason to wish that Switzerland should become a full member of GATT, but as the final proposals outlined in the Report had been presented too late for him to consult his Government and obtain final instructions, he had no alternative but to enter a complete reservation in respect of the proposals.

Mr. PARBONI (Italy) recalled the preoccupations of his delegation concerning the problems raised by the accession of Switzerland, and in particular by the maintenance of quantitative restrictions in the agricultural sector, but thought that the proposals in the report would make it possible to find a solution satisfactory to the CONTRACTING PARTIES and to Switzerland. As Switzerland had declared its willingness to enter into consultations with contracting parties on particular problems, and in view of its liberal policy, his delegation could accept the proposals of the Working Party.

Mr. GUNDELACH (Denmark) said that with the effective co-operation of the Swiss delegation a solution had been found to many of the problems. Concerning the import restrictions maintained by Switzerland on agricultural products, it had been clear that that country could undertake no commitments at this stage for their progressive elimination in accordance with the rules of GATT. He was glad therefore that the procedures outlined in the Report set a time limit to the period of provisional membership, and provided for consultations with a view to finding a solution in conformity with the Agreement. Denmark was concerned that the provisional accession of Switzerland on special terms meant that it was not able to accept certain basic obligations of the Agreement, and feared that a dangerous precedent might be established by accepting this procedure. He drew attention to the concern of his Government at the general lack of progress in abolishing agricultural protectionism, and pointed out that it had never been able to accept waivers going beyond the provisions of the "hard core" waiver. He therefore had to reserve the position of his Government on the procedures outlined in the Report.

Mr. FORTHOMME (Belgium) supported the conclusions of the Working Party and was confident that the Swiss authorities would reduce the scope of their reservations as quickly as possible and make every effort to accede to the GATT under normal conditions.

Mr. POLLARD (United Kingdom), in supporting the proposals, expressed regret that they would cause difficulties for countries exporting agricultural products. The fact that his delegation was in favour of the initiation of tariff negotiations did not necessarily commit his Government

to take part in them. He hoped that provisional accession would not become a permanent arrangement. He proposed that the CONTRACTING PARTIES should agree to an interpretation of paragraph 13(d) of the Report to the effect that reservations by contracting parties when signing the declaration would require acceptance by the other signatories.

Mr. STANDENIAT (Austria) was glad that a satisfactory solution to this question had been found and hoped that the problems posed by full accession of Switzerland would be solved without damage to the principles of the Agreement. He supported the proposals of the Working Party.

Mr. JOCKEL (Australia) recalled that his Government was in favour of Swiss accession, but thought that care should be taken to preserve the integrity of the Agreement. He regretted that these two objectives had not in his view been reconciled, and Australia had to be considered as one of the countries whose views were set out in paragraphs 3 to 5 of the Report. He therefore had to reserve the position of his Government on the proposals, including those in paragraph 10 of the Report concerning the possible application of Article XII.

Mr. ELVINGER (Luxemburg) associated himself with the view of the Belgian representative.

Mr. WILGRESS (Canada) was glad that it had been possible to find a suitable basis for the provisional accession of Switzerland, which had traditionally followed a liberal trade policy in accordance with the objectives of the Agreement. He thought that countries endeavouring to raise their standards of living could learn from the Swiss example: hard work and concentration on the production of goods which they could make better than other countries. Switzerland also enjoyed the benefits of competition and division of labour, and if it were a large country he was sure that it would have taken the lead in a multilateral approach to trade and payments. Indeed it had suffered from the lack of multilateral policies and from restrictions imposed by other countries. It would have the advantage of discussing these difficulties within the GATT. He supported the proposals of the Working Party and felt that the fact that Switzerland could not bring her agricultural legislation into conformity with the GATT which Canada regretted would be adequately covered by its declaration. Full accession remained the ultimate aim and he was sure that the CONTRACTING PARTIES would benefit from Swiss representation.

Mr. HALM (Observer for Switzerland), referring to the remarks of the United Kingdom representative, said that it was his understanding that the reservations which countries might attach to the declaration would have to be agreed by the other signatories.

Mr. NAUDE (Union of South Africa) supported the views expressed by the Canadian representative and said that his Government attached importance to Swiss membership and also to the integrity of the Agreement. He hoped that the procedures proposed would bring a satisfactory solution to the problems involved.

Mr. FRIESTER (Dominican Republic) said that small countries like his own which depended entirely on exports of agricultural products were concerned, as a matter of principle, about the problems presented by the accession of a country like Switzerland. It was important to preserve the integrity of the Agreement, and he agreed with the fears expressed concerning the maintenance of agricultural restrictions by Switzerland. His delegation felt, however, that the reservation to be attached by Switzerland to the declaration was not in principle different from waivers for agricultural products granted to other countries. He could, therefore, support the proposals of the Working Party, it being understood that the period of provisional membership was limited in time and that recourse to the provisions of Article XXIV would not be excluded when full accession came into effect.

Mr. CAPPELLEN (Norway) said that the previous discussion in plenary meeting (SR.11/9) had shown a general desire to see Switzerland a member of the GATT. The strength of the Agreement depended mainly on the spirit in which it was applied. Switzerland had given assurances that they would endeavour to comply with the principles of the Agreement and he welcomed Swiss participation in the work of the CONTRACTING PARTIES.

Mr. BARBOZA-CARNEIRO (Brazil) was glad that a solution had been found to this problem in view of the important trading relations existing between his country and Switzerland, and hoped that Switzerland would enter into tariff negotiations with Brazil.

Mr. SWAMINATHAN (India) expressed his Government's support for the proposals.

Mr. HAGEN (Sweden) supported the Report and thought that a practical solution to the difficulties had been found.

Mr. CORSE (United States) associated himself with those delegates who had spoken in favour of the Report.

Mr. de ST. LEGIER (France) agreed with those speakers who thought that the solution proposed was the best that could be found in the circumstances, and was grateful for the co-operation of the Swiss delegation.

Mr. OSMAN ALI (Pakistan) considered that the Working Party had found a satisfactory solution to the difficulties and supported adoption of the Report.

Baron BENTINCK (Kingdom of the Netherlands), referring to the pre-occupations of his delegation, was glad that a suitable procedure for the provisional accession of Switzerland had been devised by the Working Party and that a reasonably short interim period had been provided for. He hoped that Switzerland would soon become a permanent member of the GATT and be able to comply fully with its provisions.

Mr. GARCIA OLDINI (Chile) agreed with the French representative that the solution found was the best in the circumstances. Once Switzerland was participating in the work of GATT it would be possible to see the difficulties more clearly and the contracting parties would benefit considerably from such participation.

The CHAIRMAN referring to the point raised by the United Kingdom representative, said he assumed that all contracting parties and Switzerland agreed that it would be open to any contracting party to attach any consequential reservations which they themselves might wish to make when signing the declaration, subject, of course, to acceptance by the other signatories.

The CONTRACTING PARTIES approved the arrangements and procedures recommended by the Working Party in paragraph 13 of the Report and adopted the Report.

Mr. HAIM (Observer for Switzerland) thanked the Chairmen of the Working Party and of the Sub-Group and all contracting parties for their constructive cooperation.

6. Report of the Working Party on Commodity Problems (L/592)

Mr. OSMAN ALI (Pakistan), Chairman of the Working Party, introduced the Report. The Working Party had made a fresh approach to the problems arising in trade in primary commodities which, since the Ninth Session, had actively engaged the attention of the CONTRACTING PARTIES. The new approach consisted in placing the whole subject within the framework of the objectives of the General Agreement and the existing functions of the CONTRACTING PARTIES. The Working Party had drawn up a draft declaration which was annexed to the report. It seemed that a satisfactory solution had been reached to what had so far proved a rather complex and difficult problem.

Mr. FORTHOMME (Belgium) noted that the Report submitted to the CONTRACTING PARTIES was perhaps the most important of the Session. It was the conclusion of long efforts of the contracting parties to find a solution to a problem which was of vital interest to many. Whereas in the practice of the CONTRACTING PARTIES a declaration would normally be a document for signature, with respect to commodity problems a different procedure had been envisaged; what the Working Party had called a draft declaration should more properly be called a draft resolution.

Mr. STAUDENAT (Austria) proposed to insert the following paragraph in the report of the Working Party:

"The Working Party examined at the request of the Austrian delegation the desirability of inserting either in the report or in the Resolution a definition of the term 'primary commodities'. The working Party considered that at least at the present stage no purpose would be served by formulating such a definition;

further, the Working Party noted that under the terms of Articles XXII and XXIII it was open to any contracting party to raise any problem of particular interest to its foreign trade."

This additional paragraph would reflect the preoccupation of various delegations that the proposed declaration or resolution might be too restrictive to cover problems relating to commodities which were of particular interest to them.

Mr. MIQUEL Y ZAYAS (Cuba) said that his delegation would have no objection to the amendment proposed by the representative of Austria. For many years the CONTRACTING PARTIES had tried to incorporate in the General Agreement some rules and procedures for the consideration of matters relating to trade in primary commodities. His delegation had always been associated with such attempts. After all hopes for the coming into effect of the Havana Charter had vanished, the need for such rules and procedures had become still stronger, particularly in view of the fact that trade in primary commodities had been shrinking in relation to total world trade. The Working Party appointed at the Ninth Session had submitted to the CONTRACTING PARTIES the project of SACA, on which no agreement had been reached. Since the opening of this Session, the need for the CONTRACTING PARTIES to consider the problems relating to trade in primary commodities had once more been strongly expressed. This had led to the reconstitution of the Working Party, which had been able to find within the structure of the General Agreement itself the necessary elements to establish a sound basis for the activities of the CONTRACTING PARTIES in this field of international trade. Primary commodities constituted in a general way the backbone of international trade, and it was therefore logical that the CONTRACTING PARTIES find that the consideration of problems arising in the trade of such products fell fully within their competence. The inclusion of a discussion on the trends and developments in international commodity trade as a regular item on the agenda would strengthen the General Agreement and further its objectives. The establishment of a forum for discussions on such problems would provide a new and better opportunity to clarify the important problems arising in this basic sector of international trade. If many underdeveloped countries depended upon exports of primary commodities, these commodities were also the basis for the welfare of all populations and the continued activity of all industries in the world.

Mr. POLLARD (United Kingdom) said that his Government would be pleased to vote for the adoption of the "declaration" because it recognized the importance of the subject and its vital interest to the underdeveloped countries. He called attention to the fact that the draft declaration was a much smaller proposition than that with which the Session had opened. The area of action envisaged was very much smaller than that which SACA was originally intended to cover. It was also noted that the text of the declaration made it quite clear that there was no intention on the part of the CONTRACTING PARTIES in any way to poach on the preserves of ICCICA or

other competent international bodies. The declaration involved no alteration in the application of the principles which the CONTRACTING PARTIES had already accepted for the purposes of Article XX:I. His delegation would support the suggestion of the delegate of Belgium that it would be more appropriate to call it a resolution.

Mr. RICHARDSON (Australia) considered that a new approach to the question of primary commodity trade in relation to the objectives of the General Agreement and to the work of the CONTRACTING PARTIES had been found. Whilst the declaration, or resolution, which the Working Party had prepared was a brief one, the Australian delegation saw merit in its brevity. As his delegation had played a not entirely passive rôle in the Working Party it was gratified that the Report and the declaration took into account some of the views which the Australian delegation had expressed in the Working Party and on earlier occasions. In this connexion he wished particularly to associate his delegation with the view expressed in paragraph 6 of the Working Party's Report. The Australian delegation would support the adoption of the Report and the declaration.

Mr. PRIESTER (Dominican Republic) said that the declaration would constitute a first step towards the solution of problems arising in the trade in primary commodities. For countries like the Dominican Republic, which were completely dependent on such trade, it was a subject of the utmost importance. He saw great value in the Report, and stressed that for the first time it had been spelled out that in conformity with the functions conferred upon them under paragraph 1 of Article XXV, the CONTRACTING PARTIES could examine any particular difficulties which any contracting party was experiencing in this field of international trade. This new approach would be of great help in solving the problems that might arise in commodity trade in the near future. He was confident that after this first step the CONTRACTING PARTIES could, in future deliberations, make further progress.

Mr. WILGRESS (Canada) said that his delegation was pleased to note that a wide measure of agreement had been reached with respect to the establishment of procedures for dealing with special difficulties related to international trade in primary commodities. A number of contracting parties had expressed a keen interest in dealing with commodity problems in this forum, without, however, excluding other interested bodies. The report was designed to give concrete form to the desire of all contracting parties which had expressed an interest in setting up machinery to deal with this important sector of international trade. The General Agreement had well recognized procedures for dealing with problems of tariffs and other trade regulations; the Working Party had now succeeded in setting forth in relatively simple and straightforward terms a procedure for individual contracting parties to initiate consultations on commodity problems. These new procedures would give effect to the ruling made by the CONTRACTING PARTIES at the Tenth Session with respect to problems relating to trade in primary commodities. His delegation felt that the declaration would provide

highly useful machinery for the implementation of other objectives which the CONTRACTING PARTIES had always kept in mind, and the Canadian delegation would therefore accept the Report of the Working Party.

Mr. GARCIA OLDINI (Chile) said that ever since the existence of the General Agreement his delegation had urged that the CONTRACTING PARTIES should deal with problems related to international trade in primary commodities. One of the causes for disappointment after the deadlock of the Havana Charter was that these problems would not be considered as a whole in any international forum. His Government had tried to secure the insertion of Chapter VI of the Havana Charter in the revised text of the General Agreement, but this attempt had failed. It had also been unsuccessful in its attempts to introduce in the Agreement references to the problems arising in trade in primary commodities. His Government had collaborated in the drafting of the SACA, which had also ended in failure. A draft declaration had now finally been agreed upon which would enable the CONTRACTING PARTIES to take action within the framework of the General Agreement. The declaration established definitely the competence of the CONTRACTING PARTIES in this field, and indicated that the examination of all the problems arising in this field of international trade came within the terms of the present Agreement. All the contracting parties should therefore approve the declaration. Indeed that was one of the major objectives which the members of the Working Party had had in mind during their deliberations.

Mr. de SAINT-LEGER (France) said that the new approach to the commodity problems was much more modest than that of the SACA, but had the great advantage of being capable of coming into effect immediately. If the Working Party had pursued its efforts on the SACA, there would have been little chance for it to enter into force in the near future. If the present approach was modest it permitted further developments. His delegation hoped that the CONTRACTING PARTIES would make the fullest use of the possibilities which the declaration would afford.

Mr. CORSE (United States) said that his delegation had very carefully examined the draft resolution and the Report of the Working Party. At various times during the Session hopes and wishes had been expressed that there should be full participation of his Government in the work of the CONTRACTING PARTIES in this field. The United States had such strong feelings on this matter that it had not participated in the preparatory work. He recalled that at the previous Session when a ruling had been made which involved parts of the issues raised in the report, the United States had abstained. In the present circumstances, there having been no time to receive instructions, his delegation would have to abstain again and to express the same views as previously. He wished to propose that action on the resolution and on the Report of the Working Party be postponed in order to give his Government time to consider the matter thoroughly. If this suggestion were accepted, however, he could give no assurance that the United States position would change.

Mr. FORTHOMME (Belgium) thought the CONTRACTING PARTIES should adopt the resolution at this Session. However, having in mind the statement made by the delegate for the United States, the CONTRACTING PARTIES should make it clear that they wish to give the Government of the United States a full opportunity to study the matter and approve the resolution later on if it so desired.

Dr. NAUDE (Union of South Africa) asked whether the resolution could be submitted to a postal ballot.

Mr. JOCKEL (Australia) enquired whether the CONTRACTING PARTIES could accept the resolution, leaving it open to the Government of the United States to adhere to it later on.

The CHAIRMAN proposed that the CONTRACTING PARTIES should not delay their adoption of the resolution, it being understood that the Government of the United States could inform the CONTRACTING PARTIES of its acceptance of it at any time.

This was agreed.

Mr. CORSE (United States) asked whether if his Government decided to adhere to the resolution it would be possible to propose minor changes in the text if this appeared desirable. He recognized the carefulness with which the draft resolution had been prepared, but would not like to see any suggestion for amendments ruled out of order subsequently.

The EXECUTIVE SECRETARY said that if, after reflection, the Government of the United States found itself in a position to adhere to the resolution the CONTRACTING PARTIES might consider it a small price to pay for such adherence to make arrangements to reconsider the text at a later session. There was nothing sacrosanct in the text which had been drafted with care but also, necessarily, with some speed. It was always appropriate, particularly with the type of document under consideration, to make amendments which would make the action of the CONTRACTING PARTIES more effective. The CONTRACTING PARTIES could take into account the understandable desire of the Government of the United States, which had not taken part in the drafting of the resolution, to suggest modifications in the language which it might consider desirable.

The CHAIRMAN said that contracting parties unable to accept the resolution at the present time would be free to do so at any time. If they were prepared to adhere subsequently, they could come forward and explain their position. Nothing would preclude them from bringing before the CONTRACTING PARTIES suggestions for modifications in the wording of the resolution.

The CONTRACTING PARTIES agreed to insert in the Report the amendment proposed by the Austrian delegation, and to substitute the word "Resolution" for "Declaration" in the annex to the Report. The CONTRACTING PARTIES adopted the Resolution and approved the Report as amended.

Mr. JUDD (Representative of the United Nations) said that the solution of the problems arising in international trade in primary commodities, was a matter to which the Secretary-General of the United Nations attached considerable importance; in his recent Report to the General Assembly the Secretary-General had drawn attention to the need for further consideration of these problems. At the same time the United Nations wished to express satisfaction that the Report of the Working Party indicated that the CONTRACTING PARTIES, in taking action in this field, would not proceed to call any intergovernmental meeting on commodity problems unless it appeared that there was no other international body that had special competence in the field or than an international body, having such special competence, was unable to make suitable arrangements. This approach was particularly welcome because of the concern in some United Nations bodies that there should be no duplication of efforts in this field. He had been asked to bring to the attention of the CONTRACTING PARTIES the fact that the Economic and Social Council, at its 24th Session to be held in July 1957, would review international trade problems and consider arrangements for dealing with problems arising in the trade in primary commodities. The views of the CONTRACTING PARTIES on these questions would be helpful to the Council and the Secretary-General would be glad to bring the Resolution to its attention.

7. Chilean Luxury Tax on Automobiles (L/599)

The CHAIRMAN said that a memorandum had been submitted by the delegation of the United States which referred to the imposition by the Government of Chile in August 1956 of a new tax on automobiles.

It was agreed to add this item to the agenda.

Mr. CORSE (United States) said that the background of the case was set out in document L/599. His delegation merely requested that the CONTRACTING PARTIES should note that consultations with Chile were proceeding and that this item should be included on the agenda for the Twelfth Session. He hoped that prior to that time a solution would be found and that Chile would remove the unsatisfactory aspects of the tax.

Mr. GARCIA OLDINI (Chile) stated that the Government of Chile would soon introduce a draft law with a view to modifying the taxes on automobiles.

The CONTRACTING PARTIES agreed to include this item in the agenda of the Twelfth Session.

8. Date of Twelfth Session

The Chairman proposed that the Twelfth Session of the CONTRACTING PARTIES should open on Thursday, 17 October 1957.

Mr. FORTHOMME (Belgium) referring to the pressure of work at the present session, suggested that the period of the Twelfth Session be definitely fixed at its opening so that a programme of work could be drawn up which would ensure both effective and rapid treatment of agenda items.

The CONTRACTING PARTIES agreed to 17 October 1957 as the opening date of the Twelfth Session and that the suggestion of the Belgian representative should be considered.

9. Derestriction of Documents

The CHAIRMAN said that under the standing procedures for the derestriction of documents, the reports, decisions, etc., of the present session would not be derestricted until 15 February. In order to permit the publication of these documents in the Fifth Supplement to the Basic Instruments and Selected Documents, it was proposed in Spec/240/56 that, with specified exceptions, the reports, decisions, etc., adopted during the Session should be derestricted on 15 January.

This was agreed.

10. The Chairman's closing statement

The CHAIRMAN said that informal discussions at the present Session had revealed general agreement on the importance of GATT in world affairs and member governments should make it known that they recognized it as the sole competent instrument in the field of international trade and that they intended with the least possible delay to give the General Agreement the permanent basis of a formal Organization. GATT rules were not designed to impede the legitimate development of national policies, but to prevent them from becoming mutually destructive thus imperilling the attainment of the objectives of the Agreement.

Reviewing the work of the Session the Chairman stated that the new Brazilian tariff had presented the greatest challenge, but an ingenious solution had been evolved which would ensure the continuing wholehearted cooperation of Brazil as a partner in the General Agreement. It had been recognized that the restrictions on trade maintained for balance-of-payments reasons constituted a special problem and the decision to undertake a programme of consultations on a country-by-country basis during 1957 was therefore appropriate. The preliminary consideration of developments in Europe towards closer integration had emphasized the significant part played by GATT in linking regions of the world. The interest displayed by representatives in these developments was a good augury for future collaboration with the countries participating in the European schemes. The importance of the difficulties in the vital sector of trade in primary products was again recognized and the CONTRACTING PARTIES had evolved a new approach to these questions based on the provisions for consultations in the General Agreement. He was glad that a solution had been found providing for the provisional accession of Switzerland. Apart from that country's importance as a trading nation with a long tradition of liberal principles, this development was of particular satisfaction for the CONTRACTING PARTIES because Switzerland had been their host since the entry into force of the General Agreement.¹

The meeting adjourned at 1.30 p.m.

¹ The full text of the Chairman's statement is reproduced in Press Release GATT/322.