

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.12/15

23 November 1957

Limited Distribution

CONTRACTING PARTIES
Twelfth Session

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SUMMARY RECORD OF THE FIFTEENTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 15 November 1957, at 2.30 p.m.

Chairman: Mr. L.K. JHA (India)

- Subjects discussed:
1. Closing Date of the Session
 2. Finnish Schedule - Adjustment of Specific Duties
 3. Disposal of Commodity Surpluses (continued)
 4. Entry into force of Protocol Amending Preamble and Parts II and III
 5. Cuban Tariff Reform
 6. Anti-dumping and countervailing Duties

The CHAIRMAN, speaking on behalf of the CONTRACTING PARTIES conveyed his condolences to the Czechoslovak delegation on the death of the President of Czechoslovakia, Mr. Zapotocky.

Mr. SVEC (Czechoslovakia) thanked the Chairman and the CONTRACTING PARTIES for their expression of sympathy.

1. Closing Date of the Session

The CHAIRMAN drew attention to the need for the closing date to be decided so that the secretariat could make appropriate arrangements regarding temporary staff. He had consulted some delegations informally and the view had been expressed that, while it would no doubt be difficult to reach conclusions on some of the major items on the agenda by 30 November, an extension of a few days would not suffice to enable those items to be disposed of. In reply to a question by Mr. Machado (Brazil) he said that the CONTRACTING PARTIES would have to decide at that time what arrangements would be necessary with regard to consideration of the Treaty of Rome after the end of the Session, in the light of the report of the Committee on the Treaty. He proposed that 30 November 1957 should be accepted as the closing day of the Session.

It was so agreed.

2. Finnish Schedule - Adjustment of specific Duties (L/744)

Mr. DUBOIS (Chairman of the Working Party on Schedules), presenting the report, said that the Working Party had sought a solution for the problem posed by the Finnish Government which would make it possible to grant the request for authority to increase specific duties without impairing the value of the concessions in the Finnish schedule. The Working Party had realized that it might be difficult for contracting parties to make a full assessment by the end of the Session of the effects which the measure might have on their interests, and the draft decision therefore contained a provision that contracting parties which notified the Finnish Government before 29 November 1957 that they considered the value of a concession was being impaired must state their reasons for that view; furthermore, claims of impairment might be lodged within three months after the Finnish Government had put any particular adjustment of duty into effect. In either case, if no solution was reached in bilateral consultations, the question could be referred to the CONTRACTING PARTIES or to the Intersessional Committee.

Mr. MACHADO (Brazil) said that the Finnish Government alone had notified the Brazilian Government that it was their intention to suspend concessions granted to the latter in view of the enactment of the new Brazilian tariff. It was his understanding that, consequently, Brazil would have to negotiate with Finland for an exchange of new concessions, that those negotiations would take place in connexion with the Brazilian tariff negotiations under the aegis of the Tariff Negotiations Committee, and that the Decision concerning the Finnish adjustment of duties would not affect that issue.

The CHAIRMAN confirmed the understanding of the Brazilian representative.

The CONTRACTING PARTIES adopted the Decision submitted by the Working Party.

3. Disposal of Commodity Surpluses (continued)

Mr. HOOGWATER (Kingdom of the Netherlands) said that the salient feature of the earlier statements on this subject had been the expression of concern about disposals of commodities held in large over-supply and the necessity not to disrupt world markets. Such disruption had so far been avoided through the exercise of a certain amount of care by countries disposing of surplus stocks and he was confident that this would be the case in the future. The fact remained, however, that depressing effects of surplus disposals had sometimes been felt on the export trade of the Netherlands, and that injury had been caused, and was still being caused, to particular trade interests.

Moreover, there was a growing anxiety that surplus disposals were becoming a permanent feature of international trade. Despite steps being taken in a number of countries to reduce the production of commodities under surplus, stocks were still being accumulated and measures had to be taken to find outlets for them on world markets. In some countries such measures dominated agricultural

policy, and there was the danger that these countries would come to consider at least some of those measures to be normal trading practices. In the United States, for example, out of total agricultural exports of \$4,700 million in 1956-57, \$1,900 million had been disposed of under Government programmes and \$1,500 million had come from stocks held by the Commodity Credit Corporation and were sold in world markets under CCC or Export-Import Bank credits; thus only 29 per cent of agricultural exports was disposed of in a manner his delegation considered as "normal". This situation emphasized, therefore, the difficulty of seeing how "normal" trading practices could be restored in the near future and it underlined the importance that the rule of additional consumption, stressed by his delegation at the Eleventh Session, be observed to the fullest possible extent.

His delegation was appreciative of the comprehensive statement that had been submitted on United States surplus disposal activities and of the plans to be developed to solve the fundamental problem of surpluses. In this connexion, however, Mr. Hoogwater enquired whether the United States representative could give an estimate of how long contracting parties would remain confronted with this problem and he expressed the view that if it were in fact true that no solution was in sight then the CONTRACTING PARTIES should re-examine the whole question.

Mr. OSMAN ALI (Pakistan) said that Pakistan had a dual interest in this problem. In the first instance it had greatly benefited from United States disposal programmes in times of famine and as a measure of assistance in the implementation of plans for economic development; for this his delegation was appreciative and grateful.

On the other hand, however, there was another area of interest to Pakistan, namely the disposal of cotton surpluses. The United States had stepped up its sales of cotton at special export prices and had so managed to sell 7.5 million bales of cotton in the crop year 1956-57 as compared to approximately one-third of that quantity in the previous year. Statistics showed that these sales were not matched by increased consumption in importing countries and the result, therefore, was to cause an accumulation of stocks in some other exporting countries. In Pakistan, for instance, with production largely static, carry-over stocks mostly doubled in the last two years. This gave rise to concern not only because it meant lower foreign exchange earnings but also due to the fact that, since the underlying causes of the surpluses remained, the situation was likely to become more difficult. During the past year sales of cotton to Europe by Pakistan fell considerably and were generally made to one country with whom Pakistan had a bilateral agreement. Since his Government aimed at multilateralism in its trade relations, he was reluctant to draw the conclusion that bilateralism seemed to be the only way in which Pakistan could keep up with these developments.

His delegation was appreciative of the efforts being made by the United States to solve the problem of surpluses without disruption of normal channels of trade. Some of the measures adopted to this end held great promise, but in the event had not come up to expectations. Much was expected in particular of the Soil Bank programme, which at the time looked like being very effective, but its achievements

had been limited. It seemed to his delegation, therefore, that something more needed to be done in order to attack the root causes of the surpluses. In view of the continuing nature of the surplus problem and its great importance he hoped that this item would figure on the agenda of the Thirteenth Session.

Mr. CHRISTIE (Union of South Africa) said that the various programmes of the United States Government for disposal of surpluses had continued to be a matter which his Government viewed with great concern. Although it might be true that the United States Government was trying to contain the disruptive effects of the surplus disposals on international trade, the fact remained that these programmes had their impact on the trade of countries which had to compete in world markets on normal commercial terms. South Africa as an exporter of agricultural products, including maize, fresh and dried fruits, fruit products, oilseeds and vegetable oils, had felt the impact of programmes which disposed of surpluses of these commodities on non-commercial terms.

The disposal of agricultural surpluses was a difficult and complex problem to which there was no easy solution; indeed, when the CONTRACTING PARTIES adopted the Resolution of 4 March 1955, this was realized, and all that was attempted at the time was to recognize the problem and to ensure adequate consultation with the principal suppliers and other interested contracting parties in order to avoid prejudice to their interests. His delegation was also aware of the factors giving rise to the problem and in this connexion had taken note of the steps taken by the United States Government to reduce agricultural surpluses to manageable proportions through such measures as the Soil Bank Programme. Despite the results achieved under this Programme, however, it was noted that the entitlements under Titles I and II of Public Law 480 had to be increased this year. Moreover, the Soil Bank Programme was only a temporary measure and he enquired whether the United States Government was considering alternative measures to reinforce or take the place of existing ones.

Mr. Christie referred to two aspects of the United States disposal programmes of particular concern to his delegation: barter deals and triangular arrangements. It had been observed in document L/733 that the barter programme had undergone a major revision to ensure that ~~commodities exported~~ under such arrangements would result in a net gain for the total volume of agricultural exports. His delegation assumed that the United States Government had not been satisfied with results under this programme, since at one stage it had suspended the conclusion of such contracts, and he would be interested to know, therefore, in what way the programme had in fact been changed. With regard to triangular arrangements, he stated that while it was not always easy to establish their adverse effects on the trade of other countries, it seemed to his delegation that they created more problems than they solved. If they were to continue, therefore, he emphasized the need for the exercise of great care in order to ensure that they did not disrupt normal channels of trade.

Turning to the activities of other countries in this field, Mr. Christie made particular reference to the system in force in France. South Africa had a direct interest in some of the surplus products exported from France under State subsidies and the same need existed, therefore, in the case of France to pay full regard to the interests of other exporters who did not resort to subsidization.

His Government was particularly concerned with French exports of subsidized wines. Although not a major exporter, South Africa produced and exported excellent wines and brandies in substantial quantities. As a result of unfair subsidization measures for French exports, however, South Africa was either losing ground in some of its traditional markets or not sharing in the normal expansion of trade in these markets. He quoted statistics which illustrated the substantial decline both in absolute and relative terms of exports of South African wines and brandy to the Canadian, New Zealand and United Kingdom markets, during the period 1950/56. Over the same period, however, exports of French wines to these markets had increased substantially in absolute quantities and their share of these markets had increased significantly.

He recognized that competition in the wine and brandy trade was not merely a question of price, but pointed out that the main motive for the payment of export subsidies was surely to enable the products on which the subsidies were being paid to compete better on a price basis on external markets. When South African wine and brandy exporters - as a result of such subsidized exports of surpluses - were continuously being under-quoted in some of their traditional export markets, it became a matter of serious concern for his Government.

Mr. Christie said he was aware of the recent amendments to the system of export subsidization in France but understood that the general export subsidy of 20 per cent also applied to wine exports. His delegation would appreciate full particulars of the extent to which exports of surpluses of wine products were at present being subsidized in the notification the French Government was required to submit to the CONTRACTING PARTIES pursuant to Article XVI.

Mr. BERTRAM (Rhodesia and Nyasaland), while recognizing the efforts being made by the United States administration in the reduction of surpluses recorded his delegation's apprehensions regarding the disposal of surpluses through non-commercial channels, and the damage that might be caused to the interests of other contracting parties. He drew attention to his delegation's concern regarding non-commercial transactions in tobacco. This product was - next to copper - Rhodesia and Nyasaland's major export commodity and one in which there was an efficient and developing production. His delegation had noted with interest the quantities of tobacco disposed of under Title I of Public Law 480, and he expressed the hope that his country's interests would be taken into account by the United States Government when applying the consultations procedures in accordance with the Resolution of 4 March 1955.

Mr. Bertram supported the remarks by previous speakers on the necessity for the consultations to include the receiving country. The receiver knew his normal sources of supply and was in the best position, other than the supplier himself, to know where and when they were likely to be prejudiced. It seemed that the avoidance of disruption to normal trade by these non-commercial transactions necessitated triangular exchanges of views between the supplier, the receiver and the interested third party.

Referring again to tobacco, Mr. Bertram said that his delegation had noted with concern the extent to which counterpart funds were being used to finance sales promotion programmes in Europe, thus entrenching the position of United States exports. This was a type of sales activity with which countries like his found it difficult, it not impossible, to compete. Mr. Bertram then referred to barter contracts whereby Commodity Credit Corporation commodities were exchanged for strategic materials, and pointed out that such contracts might well result in the supply of these materials to the United States being diverted from their normal sources. Products of particular interest to Rhodesia and Nyasaland in this connexion were chrome and lead.

Mr. SWAMINATHAN (India) said that, like Pakistan, India had benefited from arrangements under the United States surplus disposal programme; for this his delegation was grateful. While aware of the reasons which gave rise to the concern expressed by a number of the contracting parties in regard to these arrangements he submitted one aspect of them for the consideration of the CONTRACTING PARTIES, namely the way in which disposal of foodstuffs for local currencies had been advantageous to his country. India has suffered from a shortage of food grains and purchases would have had to be made at a time of grave shortage of foreign exchange. The release of foreign exchange in this manner had made it possible to effect purchases of capital equipment and other goods not otherwise practicable; indeed, confronted with serious balance-of-payments difficulties India might well have had to intensify further her import restrictions. He pointed out that India had taken precautions with regard to normal commercial imports of food grains, and in this connexion he cited statistics on imports of wheat from an important and traditional supplier which showed that imports had increased substantially both before and after the agreement with the United States was signed.

Although India had derived benefits from the arrangements it also shared some of the concern expressed by the representative of South Africa in regard to triangular arrangements. Where shipments of commercial products such as cotton were involved, consultations should be held not only with the producers of the primary products concerned but also with the exporters of textiles.

Mr. DONNE (France) referring to the statement by the representative of South Africa said that there were now no surpluses of French wines; on the contrary the French Government was at present importing wine in order to remedy recent crop failures. He agreed with the representative of South Africa that competition in the wine trade was not merely a question of price but also of quality, and in this connexion he expressed the view that, while not wishing to detract from the quality of South African wines, there was in many countries a considerable consumer preference for French wines. Further, the prices of French wines were generally at a much higher level than those of other producing countries. With regard to export subsidies on wine, Mr. Donne pointed out that on 7 October 1957 it had been announced that export aids on wines would be discontinued as from 31 December 1957; for wines containing added alcohol of more than 15 degrees the measures became effective on 31 October 1957.

Miss LOUGH (United Kingdom) recalled that at the Eleventh Session her delegation had stated that the fundamental problem was the maintenance of agricultural price supports in some large producing countries at levels that encouraged over-production. The problem of surpluses would remain, so long as support at these levels continued. While they existed, however, countries disposing of them should do so in a way that caused minimum damage to traditional channels of trade and to the economies of other producing countries; it was important for the recipients of surpluses as well as for exporters to adhere to this principle. As the major surplus problem was in the United States it was gratifying to note that that country had accepted the terms of the Resolution of 4 March 1955. While her delegation recognized the efforts of the United States Government to ensure that its surplus disposal programmes were carried out with reasonable consideration for the interests of other producers, it was hoped that in future there would be still closer and more effective consultations with other interested contracting parties.

Mr. ADAIR (United States) said that he had listened with interest to the comments that had been made and his Government would give appropriate consideration to them. Many of the points raised had been discussed with interested contracting parties, both bilaterally and at the Food and Agriculture Organization Sub-Committee on Surplus Disposals, and in the majority of cases he thought a satisfactory solution had been reached. He had also noted with interest the references made to the surplus disposal activities of other countries. The United States delegation would again be willing to report on its surplus disposal activities at the Thirteenth Session.

The CHAIRMAN, in summing up the discussion, said that most delegations which had taken part in the debate had concentrated their attention on the United States agricultural surpluses. While appreciating the full picture presented by the United States representative in his opening statement, they had spoken with concern and criticism about the whole problem. They had recognized the domestic difficulties of the United States Government, but had expressed concern about the continuing impact of these surpluses on the commerce of other contracting parties. They had urged that efforts should be intensified to prevent surpluses from developing and that increased domestic consumption as well as genuine aid programmes to needy countries - of which a number of delegations had expressed appreciation - offered the best outlet for them. Some delegations had been particularly apprehensive of arrangements such as triangular deals which affected trade in manufactured goods also. The improvement effected in consultation procedures had been referred to with satisfaction and some fresh suggestions had also been made on this point. The CONTRACTING PARTIES welcomed the assurance of the representative of the United States that the views expressed by different delegations would be fully considered by his Government. As generally agreed, this item would appear on the agenda of the Thirteenth Session when, the Chairman hoped, further progress would have been made towards evolving agreed principles and procedures.

4. Entry into force of the Protocol Amending the Preamble and Parts II and III of the General Agreement (L/704 and Add. 2)

The CHAIRMAN drew attention to documents L/704 and Add. 2 and to the fact that the signatures of some contracting parties to the Protocol had been accompanied by certain statements; a draft declaration for the approval of the CONTRACTING PARTIES had been submitted by the secretariat.

The EXECUTIVE SECRETARY said that all the statements concerned merely re-stated the existing legal position; the secretariat had studied the matter and had reached the conclusion that there was nothing in these statements which affected the legal obligations of the contracting parties concerned or which required the unanimous approval of the contracting parties, and the signatures had therefore been accepted as valid and unconditional. It would nevertheless be useful if the CONTRACTING PARTIES were to confirm the action taken by the secretariat by approving the draft Declaration.

Mr. MACHADO (Brazil) said that his Government had asked Congress for authorization to sign the amendment protocols; it was hoped that that authorization would be granted in the near future, and Brazil would then sign the protocols without making any reservations. In that connexion, it was regrettable that there was no provision obliging governments to bring their existing legislation into conformity with the General Agreement within a definite period of time. It was desirable that the Agreement should be applied by all contracting parties on the same basis of equality as soon as possible.

The representatives of Finland, the Federal Republic of Germany, India, Sweden, the Union of South Africa and the United States of America confirmed that the statements accompanying the signatures of their Governments did not constitute reservations.

The CONTRACTING PARTIES unanimously approved the Declaration.

5. Cuban Tariff Reform (L/737 and Add. 1-4)

Mr. VARGAS GOMEZ (Cuba) assured the CONTRACTING PARTIES that in its tariff reform the Cuban Government would comply fully with its obligations under the General Agreement. It was Cuba's intention to withdraw or modify a number of tariff concessions, which had been granted to other contracting parties, under the negotiation procedures established under the Agreement, to hold the negotiations as soon as possible, and not to apply the new rates of duty until the negotiations had been completed. In regard to the negotiations, there was, however, one problem which must be settled. When Cuba had become a contracting party in 1947, negotiations had been conducted on the basis of the existing tariff which had not been revised since 1927 and in which 976 out of a total of 1,275 items carried specific duties. Considering that international prices had doubled since 1939, it was obvious that the existing Cuban tariff was very low and that its protective incidence had been reduced by a substantial degree. Cuba wished to provide compensation for the changes it might make in

concessions, but it must be realised that the scope for compensatory adjustments was very narrow and if contracting parties requested what was normally considered as adequate compensation, Cuba might have serious difficulties in effecting the tariff reform. In that connexion, Note 5 to Article XXVIII:4 was fully relevant and the Cuban Government hoped that the CONTRACTING PARTIES would recommend that the principles embodied in that Note should guide the negotiations. The question whether or not the compensation to be offered would in fact be adequate would then be settled during the negotiations. His Government was confident that the CONTRACTING PARTIES would find a solution to Cuba's problem in keeping with the spirit of understanding and solidarity which prevailed in GATT.

During the ensuing discussion many representatives commended the Cuban delegation on the manner in which the Cuban case had been presented and on the very extensive documentation that had been submitted.

Mr. MAGARINOS (Uruguay) considered that the explanations and assurances given by Cuba were more than sufficient to demonstrate the need for a reform of the Cuban tariff. The CONTRACTING PARTIES should give sympathetic attention to the problem which had been raised and should approve a negotiation procedure that would take into account Cuba's special position and would afford guarantees that that country's economical and financial situation would not be harmfully affected by the negotiations.

Mr. PORTOCARRERO (Nicaragua) urged the CONTRACTING PARTIES to make every effort to find a way to solve Cuba's problem.

Mr. MERINO (Chile) appreciated the reasons which had led Cuba to embark on a tariff reform; sooner or later all the developing countries would be faced with the same problem in order to bring their tariffs up to date and to provide adequate protection for new and growing industries. It was desirable that a solution should be found within the framework of GATT rather than through other devices which might yield results more rapidly but would not be in conformity with that instrument. The Cuban request should therefore receive sympathetic attention.

Mr. SOLBERG (Norway) recalled that very friendly trade relations had always existed between his country and Cuba and he was confident that a satisfactory solution could be found. He hoped the negotiations with Cuba could be scheduled to take place concurrently with the Brazilian and Swiss negotiators.

Mr. SWAMINATHAN (India) expressed his understanding of Cuba's need to reform the tariff and to introduce a balance in the economy which would provide more employment and raise the standard of living. The Cuban delegation had given assurances that the interests of third parties would receive close attention, and he was confident that Cuba would keep the principles of the General Agreement in mind. He therefore supported the Cuban request.

Mr. CHRISTENSEN (Denmark) pointed out that the question was of special importance to countries against which Cuba had invoked Article XXXV. The Danish Government had approached the Cuban Government directly with a view to finding a solution; pending the outcome of those bilateral discussions, he reserved the right to request as a new item on the agenda a review of Article XXXV and to make appropriate recommendations at that time.

Sir Claude COREA (Ceylon) agreed that the Cuban delegation had made out a strong case for sympathetic consideration by the other contracting parties. Its economy would reap great benefit from the tariff reform, but the economies of other countries would also benefit very much, as could be seen from paragraphs 1-3 of L/737/Add. 1. Cuba had been the birthplace of the General Agreement and had always given strong support to the GATT principles, and he was sure the CONTRACTING PARTIES would respond favourably to Cuba's request.

Mr. OSMAN ALI (Pakistan) fully appreciated Cuba's concern to bring its tariff up to date in order, inter alia, to assist its economic development; that was the aspiration of all under-developed countries and one which the CONTRACTING PARTIES had recognized as being in the interests of multilateral trade. It must be realised, however, that the matter might create certain difficulties for some other contracting parties. He was nevertheless confident that, as in the past, the CONTRACTING PARTIES would find a solution acceptable to all parties and in keeping with the spirit of the General Agreement.

Mr. MACHADO (Brazil) said that his country, which had also reformed its tariff recently, was particularly well placed to comprehend Cuba's position; it was essential that obsolete tariffs should be brought up to date and he was confident that the CONTRACTING PARTIES would in this case also find a solution.

Mr. ADAIR (United States of America) appreciated Cuba's desire to modernize the tariff; there were problems to be solved, but friendly and constructive consideration would no doubt provide a solution.

Mr. REISMAN (Canada) was gratified that the Cuban Government had assured the contracting parties of its intention to act within the framework of GATT; Canada and Cuba had maintained extensive and friendly commercial relations and he hoped they would continue to do so. His Government was prepared to take part in the negotiations and would bear in mind Cuba's need to diversify its economy.

Mr. SVĚC (Czechoslovakia) recalled that his country had been one of those which had negotiated with Cuba; his Government well understood the necessities of economic development and considered a solution along the lines indicated to be most urgent.

The CHAIRMAN proposed that the item should be referred to the Working Party on Schedules which should also consider the possibility of the negotiations being synchronized with other negotiations to be held in the near future.

It was so agreed.

Mr. VARGAS GOMEZ (Cuba) thanked representatives for their support and for their understanding of Cuba's current problems. The question of tariffs was delicate and would have to be examined in accordance with established procedures, but he was confident that in the Working Party a satisfactory solution would be found.

6. Anti-dumping and countervailing Duties (L/712 and Corr. 1-2)

The CHAIRMAN recalled that at the Eleventh Session the CONTRACTING PARTIES had instructed the secretariat to prepare an analysis of the legislation and regulations of various contracting parties providing for the imposition of anti-dumping and countervailing duties. The secretariat's analysis had been distributed in document L/712.

During the discussion that ensued the representatives of Sweden and Norway, whose Governments had proposed at the Eleventh Session that the secretariat undertake this analysis, expressed their thanks to the contracting parties that had participated in the preparation of the report and recorded their appreciation to the secretariat for the thoroughness with which they had collected, summarized and analysed the material. The other speakers also expressed their appreciation of the breadth and utility of the study and of the logical manner in which it was presented.

Mr. HAGEN (Sweden) suggested further procedures for the consideration of this subject by the CONTRACTING PARTIES. In the first instance contracting parties should refer the analysis to experts of their Governments for closer examination; to facilitate such studies on a broad basis the document should be derestricted forthwith. A practical and constructive further step would then be for as many contracting parties as possible, not only those that had so far taken part in the study, to be invited to present their views and suggestions before the end of April 1958 for further studies of this problem. The secretariat should then be asked to collect and summarize these suggestions for submission to the Thirteenth Session at which time the CONTRACTING PARTIES could consider what further action should be taken.

This approach to the problem would enable the CONTRACTING PARTIES to consider more closely the problems involved and in view of the importance of this subject in international trade his Government expressed the hope that contracting parties would be prepared to support and encourage action along these lines.

Mr. SOLBERG (Norway) recalled his delegation's active participation in the work of the CONTRACTING PARTIES in this field. The main reason for Norway's interest was that the law enacted in 1955, which replaced its hitherto inadequate anti-dumping legislation, was in fact copied from the provisions of Article VI of the General Agreement. This Article, however, did not contain specific rules with regard to the determination of dumping nor did it give a clear indication of the methods of levying anti-dumping duties; contracting parties, therefore, were permitted considerable freedom of action in the application of anti-dumping measures. Accordingly, the Norwegian Government took an active interest in both the interpretation of Article VI and in the implementation of anti-dumping legislation by other contracting parties pursuant to the provisions of that Article.

In the past few years Norway had experienced low-priced importation which had the character of dumping. The Norwegian authorities realised, however, that the assessment of anti-dumping duties was a complicated matter from a legislative point of view and also for national reasons. Since this was also the experience of many other countries international co-operation in this field through the GATT was important and essential.

In giving full support to the Swedish proposals his delegation stressed the importance of this study being carried out on the widest possible basis. Therefore he suggested that all contracting parties be invited to comment on problems touched upon in the analysis.

Mr. SHAW (Federation of Rhodesia and Nyasaland) wondered whether even very mature consideration of the problem would ever lead to the ideal of uniform action. He recalled previous international conferences where such subjects had been considered; the records showed that since the economic policies of participating countries were tied to their respective legislations no amendments suitable to all could be agreed upon. The best approach, therefore, would be for the government of each contracting party to study the secretariat's analysis and to consider whether appropriate amendments could be made to their own legislation. In doing so his delegation suggested that special attention should be given to the problem that had presented itself in recent years in regard to imports from State-trading countries. His Government's customs legislation was designed to deal with trade emanating from countries having a free economy; ways and means had been found, however, to adapt this legislation to imports from State-trading countries. In his view it was doubtful whether normal legislative provisions which governed the determination of value for duty purposes covered this type of transaction. It seemed, therefore, that the emergence of this form of trading called for a "new deal" both in regard to legislation concerning the valuation of goods for duty purposes and the related aspect of anti-dumping duties. His delegation considered that any further examination of anti-dumping duties would be more profitably undertaken in regard to this form of trade.

Mr. SVEC (Czechoslovakia) said that the relationship between anti-dumping duties and the most-favoured-nation principle might usefully be further examined and clarified. That part of the analysis which dealt with relations with State-trading countries was short but concise and of great practical value to his delegation. He recalled discussions on this aspect at the Review Session which had resulted in the addition of an interpretative note to Article VI. This note had to a certain extent given rise to a kind of progressive crystallization of ideas and his delegation believed this process could be furthered on the basis of the study by the secretariat. He thought that the Swedish proposal indicated the best procedures to be followed in this matter.

Mr. HOWIE (Canada) supported the suggestions of the Swedish delegation for future action. In an examination of the analysis he had been impressed by the fact that most of the legislation in this field actually being invoked was applicable only in cases of subsidizations or "long-term" dumping. There seemed to be a complete absence of national legislation to counteract the

effects of two other types of dumping, namely "casual" or "sporadic" dumping and "predatory" dumping. "Casual" dumping took place when an exporter disposed of temporary surpluses, obsolete or second-quality goods on foreign markets rather than allow these items to be introduced into his own domestic market and thus undermine the price structure. The other type, "predatory" dumping, was the most vicious of all and took place when a powerful firm engaged in a very low price policy in sales to a certain market in order to weaken the local producer's competitive position and force him out of business or to adopt a particular price policy. In order to counteract these practices the necessary legislation must allow for quick and positive action by the importing country before domestic firms suffer irreparable damage.

Canada had had considerable experience in anti-dumping matters and in fact his Government was the first to enact legislation in this field. His delegation would be prepared to study this question at the Thirteenth Session and he expressed the hope that delegations would come prepared to carry out a useful examination of the problem.

Mr. DONNE (France) said that his Government was particularly interested in this matter since it had noted that certain countries had not applied their legislation on anti-dumping and countervailing duties in strict accordance with Article VI of the General Agreement. Furthermore French legislation in this field was obsolete and the study by the secretariat would be of value in framing more appropriate legislation. He supported the Swedish proposal.

Mr. MARTINS (Austria) said that his delegation felt that efforts should be undertaken within the framework of the General Agreement to simplify and standardize provisions on anti-dumping duties and accordingly was in favour of continued efforts by the CONTRACTING PARTIES to arrive at a solution to this end.

Mr. EICHHORN (Federal Republic of Germany) underlined the importance which his delegation attached to the solution of problems arising in this connexion, in particular the simplification and standardization of regulations in this field. He supported the procedural suggestions of Sweden and Norway.

Mr. MACHADO (Brazil) said that the question under discussion had been the subject of a recent decision by his Government. He recognized that abuses could occur under the umbrella of anti-dumping legislation. His delegation considered therefore that the CONTRACTING PARTIES should continue their studies in this field and accordingly supported the Swedish proposal.

Mr. SMITH (Australia) recalled that at the Review Session the Australian delegation had been concerned with the use of anti-dumping and countervailing duties to protect the interests of third countries in markets where subsidized

exports might interfere with their export trade. Although some advances were made in this direction in the Revised Article VI his delegation felt that there might still be scope for further progress. He shared the views expressed by other delegates on the matter of anti-dumping and countervailing duties in relation to State-trading. With regard to the procedure to be followed he supported the proposals of the Swedish delegation.

Mr. SWAMINATHAN (India) also supported the Swedish proposal.

Mr. PRESS (New Zealand) associated his delegation with the procedural proposal by the representative of Sweden and suggested that owing to the complexities and technicalities of the problem it might be convenient if, as with the preparation of the analysis itself, contracting parties could again send experts to Geneva to discuss the question with the secretariat.

Mr. HAGEN (Sweden) thanked the contracting parties who had supported his delegation's proposals and suggested that the publication of the secretariat's analysis might facilitate future studies.

The EXECUTIVE SECRETARY, referring to the point raised by the New Zealand representative, expressed his appreciation to those governments which had made experts available for discussions on this matter with the secretariat and entreated other governments which might be called upon in continuing this work to grant the same favours. With reference to the suggestion by the representative of Sweden the Executive Secretary said the secretariat would examine the printing budget for 1958 and endeavour, if possible, to provide for the publication of the document.

The CHAIRMAN, in summing up the discussion, said that although some doubts had been expressed as to the ultimate possibility of evolving uniform international standards the fact remained that the CONTRACTING PARTIES had subscribed to Article VI and consequently any domestic legislation would have to take into account the provisions of that Article. As there was a general feeling that further action should be left over to the Thirteenth Session it would be appropriate to take up this matter before that time, otherwise delegations might be faced with the same problem with which they were now confronted. The Swedish proposals had this end in view and have received general support. The Chairman then submitted these proposals for the consideration of the CONTRACTING PARTIES.

The CONTRACTING PARTIES agreed to derestrict document L/712 and to invite contracting parties to indicate to the secretariat no later than 30 April 1958 their views on what further action should be taken in the light of this study. The secretariat was instructed to analyse the replies received and to submit a document thereon to the CONTRACTING PARTIES for their consideration at the Thirteenth Session.

The meeting adjourned at 5.30 p.m.