

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.12/20

11 December 1957

Limited Distribution

CONTRACTING PARTIES
Twelfth Session

Page 167

SUMMARY RECORD OF THE TWENTIETH MEETING

Held at the Palais des Nations, Geneva
on Friday, 29 November 1957 at 10.30 a.m.

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

- Subjects discussed:
1. Rome Treaties (Report by the Chairman of the Committee)
 2. European Free-Trade Area Proposals
 3. Intersessional Administration of the Agreement:
 - (a) Report by Intersessional Committee
 - (b) Renewal of Intersessional Arrangements
 - (c) Election of Intersessional Committee
 4. Trends and Developments in International Trade (Continued)
 5. Financial Statement and Budget (Report of Working Party)

1. The Rome Treaties

Mr. WILGROSS (Canada) (Chairman of the Committee on the Rome Treaty) stated that he would report orally on the work of the Committee. At its meetings between 4 and 7 November, there had been a very full discussion of various aspects of the Treaty of Rome, in the light of the provisions of the General Agreement. As a result of that discussion, the Committee had set up four Sub-Groups to consider in greater detail (A) Tariffs and Plan and Schedule; (B) Quantitative Restrictions; (C) Trade in Agricultural Products; and (D) Association of Overseas Territories. The reports of the Sub-Groups had been presented to the Committee on 28 November, and the latter had found that the reports contained no definite conclusions, because either the time at the disposal of the Sub-Groups or the information currently available had not permitted such conclusions to be drawn. Accordingly, while the reports would contribute significantly to the future consideration of those problems, they were largely of an interim character; therefore the Committee had simply taken note of them and had decided to bring them to the attention of the CONTRACTING PARTIES for their information. They should be regarded as annexes to the present report.

The Committee had decided that it was premature to deal with Section B of its terms of reference. With regard to Section C, it recommended (1) that after the Session, further consideration of questions relating to the Rome Treaty should be carried on by the Intersessional Committee; (2) that, in view of the importance to all contracting parties of those questions, the Intersessional Committee for the period between the Twelfth and Thirteenth Sessions should be composed of representatives of all contracting parties; and (3) that, in its work on the Rome Treaty, the Intersessional Committee should have the same terms of reference as the Committee except that after the Rome Treaty enters into force the reference to the Interim Committee should be replaced by a reference to the appropriate institutions of the Community.

The Committee had also considered the Euratom Treaty. The Chairman had prepared a note (W.12/55) following an examination by four experts of the legal position. The Committee had agreed with the conclusions set forth in paragraph 10 of that note, and recommended that the Intersessional Committee should take into consideration the provisions of the Euratom Treaty together with the Treaty establishing the European Economic Community.¹

The CHAIRMAN congratulated Mr. Wilgress on the manner in which he had brought the work of the Committee to a successful and timely conclusion.

Mr. VALLADAO (Brazil) referred to the fact that in Sub-Group D his delegation had asked the Six to agree to refrain until the end of 1958 from applying any tariff reductions in respect of products originating in the overseas territories. The representative of the Six had not yet been able to respond to that request and, therefore, while not opposing the proposed arrangements for continued consideration during the intersessional period, he wished to reserve the position of the Brazilian Government for any action which it might consider necessary, as a result of the fact that the assurances for which it had asked had not been forthcoming.

Mr. KAWASAKI (Japan) recalled that in April 1957 his delegation had requested a special Session of the CONTRACTING PARTIES to consider the Treaty of Rome; events since then had more than justified that request. It was of the utmost importance that consideration within GATT of the Treaty of Rome should continue, and he fully supported the proposed arrangements. He expressed his appreciation of the way in which the representatives of the Six had answered questions and given clarification on many points. His delegation had noted the statement by the Belgian representative in the Committee (CRT/SR.5) that the Institutions of the Community would carefully examine the matter which the Japanese representative had raised in Sub-Group A, and he hoped that in the near future normal relations within GATT would be established between Japan, on the one hand, and France and the Benelux countries, on the other.

In reply to an inquiry by Mr. GARCIA OLDINI (Chile) concerning the distribution of documents sufficiently in advance of the consideration of them in meetings and concerning the distribution of English and French texts, the

¹ The full text of Mr. Wilgress' oral report, to which are annexed the reports of the Sub-Groups, has been distributed in document L/778.

EXECUTIVE SECRETARY stated that it was only in very exceptional cases that items were scheduled for discussion less than twenty-four hours after the relevant documents had been distributed to delegations, and that, except for the summary records of plenary meetings which were not working documents of the Session, all documents were being issued simultaneously in the two working languages.

Mr. DONNE (France) and Mr. STUYCK (Belgium) welcomed the assurance that documents were being issued simultaneously in English and French; failure to do so could cause real difficulties for French-speaking representatives.

Mr. GARCIA OLDINI (Chile) drew attention to the fact that the Committee and Sub-Groups had had insufficient time at their disposal and urged that no other questions should be raised in the Intersessional Committee while it was considering the Treaty of Rome so that undivided attention could be given to that most important question.

The CHAIRMAN said that the Chilean representative's very pertinent remarks about the need for adequate time for consideration of the Treaty of Rome would be taken into account when the Intersessional Committee fixed its agenda and order of business. During the Twelfth Session, the CONTRACTING PARTIES had had a heavy programme of work, and one reason why it had been necessary to fix a target date for the end of the Session was that, because of the importance of the matters to be discussed, some distant countries had chosen to be represented at a high level by officials who could not remain absent from their capitals for an unlimited period.

Mr. SANDERS (United Kingdom) noted that it had been early recognized that probably only limited progress would be made at the Session; the Committee and the Sub-Groups were to be congratulated on the progress they had made in elucidating complex and difficult issues. As the reports indicated, further progress on some points could not be made because the facts were not available; on others there were still differences of view. He noted with satisfaction that discussions in a working party were to take place at an early date on the problems which the Association of Overseas Territories would raise in the trade in particular commodities, and he was hopeful that these discussions would pave the way to solutions of those problems.

The CHAIRMAN asked if the CONTRACTING PARTIES were prepared to approve the Report by the Chairman of the Committee on the Rome Treaty, together with the reports of the Sub-Groups, the report relating to the Euratom Treaty, and the recommendations regarding the continuing study of these questions during the intersessional period.

The reports were adopted, and the CONTRACTING PARTIES agreed that the Intersessional Committee for the period between the Twelfth and Thirteenth Sessions, which would continue the consideration of questions relating to the Rome Treaties, should be composed of representatives of all contracting parties.

2. European Free-Trade Area Proposals (L/745, W.12/61)

The CHAIRMAN recalled that when this question was discussed at a previous meeting (SR.12/16) he had invited the Australian delegation to prepare a draft mandate for the Intersessional Committee in following developments on this question. The Australian draft had been distributed in document W.12/61.

After amending the draft to meet suggestions by the representatives of Brazil and Austria, the CONTRACTING PARTIES approved the following statement for incorporation in the record:

"The consensus of the contracting parties is that the negotiation of a European free-trade area is of major significance to both European and world trade. Any formal instrument embodying an agreement for a European free-trade area would need to be placed before the CONTRACTING PARTIES for consideration under the relevant provisions of the General Agreement. In view of the important trading relationships and obligations under the General Agreement which European countries have with other contracting parties, it would be desirable that the CONTRACTING PARTIES be kept informed of developments in the negotiations for a free-trade area and for any formal instrument to be made available to the CONTRACTING PARTIES immediately following its signature. This would facilitate subsequent consideration in GATT and permit the views of other contracting parties to be taken into consideration by the countries participating in the free-trade area.

"Accordingly, the Intersessional Committee is requested to maintain contact, by the most appropriate means, with the negotiations providing for the formation of a European free-trade area, to act on behalf of the CONTRACTING PARTIES in any consultations which may be arranged with the negotiating committee for the free-trade area during the intersessional period and to report to the next Session of the CONTRACTING PARTIES.

"The OEEC countries are urged to co-operate with the Intersessional Committee by providing information and entering into such discussion with the Intersessional Committee from time to time as may be necessary to enable the Committee to report adequately to the CONTRACTING PARTIES."

3. Intersessional Administration of the Agreement (W.12/54)
(a) The Report of the Intersessional Committee on Action between the Eleventh and Twelfth Sessions (L/708)

The CHAIRMAN pointed out that many of the questions in the Report (L/708) had been dealt with under other items of the agenda and that the Report as a whole should now be adopted.

The CONTRACTING PARTIES thereupon adopted the Report of the Intersessional Committee.

(b) Renewal of Intersessional Arrangements

The CHAIRMAN pointed out that certain changes in the mandate of the Intersessional Committee might be proposed by the Working Party on Balance of Payments in a report to be submitted to the CONTRACTING PARTIES. Further, the Executive Secretary had drawn attention to the fact that paragraph 11 of the functions of the Committee could be deleted. Apart from these changes the existing intersessional arrangements could be approved for the period between the Twelfth and Thirteenth Sessions.

It was agreed, subject to the above changes, to renew the arrangements for the administration of the Agreement for the period between the Twelfth and Thirteenth Sessions.

(c) Election of Intersessional Committee

The CHAIRMAN stated that an election was unnecessary since the CONTRACTING PARTIES had already agreed that the Intersessional Committee for the period between the Twelfth and Thirteenth Sessions should be constituted of all contracting parties.

The CONTRACTING PARTIES took note of the composition of the Intersessional Committee and agreed that it should be convened on Saturday, 30 November to examine arrangements for further consideration of the Treaty of Rome.

4. Trends and Developments in Interational Trade (W.12/49, Add.1 and 2)
(Continued)

The CHAIRMAN referred to the draft decision (W.12/49) which had been considered at a previous meeting (SR.12/19) and enquired whether in the light of that discussion any delegations wished to press any of the amendments they had proposed.

In the discussion that ensued the representative of France repeated the viewpoint of his delegation that the wording of paragraph (c) should be clarified in order to specify that the study would be undertaken on a universal basis and not confined to industrialized countries. This was accepted in principle and a revised draft of the paragraph was agreed upon.

The decision, as amended, was approved.¹

Mr. CAPPELEN (Norway) wished to record his delegation's understanding that "agricultural products" referred to in the draft decision included fishery products.

The CHAIRMAN then referred to a list of experts, from which the Panel could be chosen by the Executive Secretary, which he had distributed in document W.12/49/Add.1. He pointed out that it was necessary that this list be approved by the CONTRACTING PARTIES so as to enable the Executive Secretary to negotiate for their services.

¹ The Decision, as approved, has been issued in document L/775.

In the discussion that followed it was agreed to add the names of Professors Myrdal and Berchessi to the list. Subject to the addition of any further names that might be proposed, the list was approved. The Chairman said that if any delegations had particular preferences for, or objections to, any names on the list it would assist the Executive Secretary in making his choice if such information could be conveyed to him. It was also agreed that discretion be left to the Executive Secretary as to whether the Panel should consist of three or four experts.

5. Financial Statement and Budget -
Report of the Working Party (L/756)

Mr. MACHADO (Brazil), Chairman of the Working Party, introduced the report and drew attention to the paragraphs therein which required decisions by the CONTRACTING PARTIES. In addition, Mr. Machado pointed out that there were two points relating to these decisions which the Working Party had instructed him to refer to the Chairman of the CONTRACTING PARTIES for the formulation of proposals on the basis of informal discussions and consultations; the first of these related to the contract of the Executive Secretary and the Deputy Executive Secretary, and the second to the composition of the Review Board referred to in the Report. In conclusion, he commended the recommendations contained in the Report for the approval of the CONTRACTING PARTIES, and in doing so expressed the opinion that they marked an important step forward from the practical point of view of the functioning of the General Agreement.

The EXECUTIVE SECRETARY expressed his appreciation to the Chairman of the Working Party for the interest he had taken in these matters, particularly in the way in which he had carefully and constructively considered the administrative structure and budgetary difficulties. He assured him that this work was deeply appreciated by the secretariat, as was the consideration which, under his leadership, the Working Party had given to the difficult problems with which it was confronted.

Mr. SUJAK BIN RAHIMAN (Federation of Malaya) enquired as to the method for calculating his Government's contribution of \$1,560 to the Working Capital Fund and as to whether this was a once and for all payment.

The DEPUTY EXECUTIVE SECRETARY replied that, in accordance with the Decision taken at the Eleventh Session, the shares for participation in the Working Capital Fund of new contracting parties was based on the scale of contributions applicable in the year they became contracting parties. In view of the fact that Malaya and Ghana were not required to contribute to the 1957 budget, the scale of contributions for 1958 was used in the calculation of their share in the Working Capital Fund. It was in fact a once and for all payment provided the CONTRACTING PARTIES did not increase the amount of the Fund.

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

The CHAIRMAN then turned to the two points related to the decisions just taken which, as stated by Mr. Machado, the Working Party had referred to him for consideration. The first was in regard to the type of contract that might be offered to the Executive Secretary and Deputy Executive Secretary. In discussions he had held with the latter they had both indicated that they did not wish a change in status although it was appreciated that in the event of a new incumbent being recruited to either of these posts, it might be necessary for the CONTRACTING PARTIES to offer a fixed-term contract. The reasons they gave for not wishing to be committed either legally or morally to serve a specific period was that in the performance of their duties they were motivated by the spirit underlying the General Agreement itself, and should it happen that it ceased to be the type of instrument for promoting international trade that it was originally conceived to be, then it would no longer be their desire to continue in their respective capacities. In the light of this viewpoint the Chairman would have preferred to retain the status quo. However, in his judgment the present situation whereby there was a provision for thirty days' notice on either side was rather incongruous for the executives of an international organization such as the GATT. In order to meet both the personal views of the Executive Secretary and his Deputy and the interests of the CONTRACTING PARTIES, he suggested that it would be appropriate to amend their contracts to provide for six months' notice with the proviso that if this period expired before a Session was due to commence, then it would be extended to the middle of the Session. The Chairman then referred to paragraph 19 of the Report which, although it had been agreed to at a meeting of Heads of delegations, now required formal approval by the CONTRACTING PARTIES to make it effective.

The CONTRACTING PARTIES agreed to the Chairman's proposal with regard to the contracts of the Executive Secretary and the Deputy Executive Secretary and approved paragraph 19 of the Report.

The Executive Secretary referred to the decision that had just been taken in respect of paragraph 19, and expressed his appreciation for the consideration that had been given to this point and for the generous solution that had been provided. In this connexion, however, he wished to draw attention to a number of proposals he had put forward to the Budget Working Party which were designed to put the secretariat as a whole on a more satisfactory footing and in particular to give some benefits to a number of members of the staff who have served the CONTRACTING PARTIES for a considerable period of time. The procedure the Working Party had adopted for dealing with these proposals meant that it would be uncertain for some time whether and to what extent they would be made effective. Of particular importance was the strong indication in the report that the solution would be to apply proposals being considered by other organizations with different functions and secretariat structures. As he had pointed out to the Working Party, this did not appear to him to be fully appropriate to the circumstances with which he had to deal. It was appreciated, nevertheless, that where solutions compatible with the situation in other organizations would not be adaptable to the entirely different set of circumstances which existed in the GATT secretariat, then the matter could be considered by the Intersessional Committee, and he expressed the hope that at that stage satisfactory arrangements could be agreed upon. In the meantime, however, while the matter remained in abeyance he would wish to have the authority of the CONTRACTING PARTIES to refrain from applying the proposals contained in paragraph 19 of the Report so that the revised arrangements would operate for all personnel at the same time.

The CONTRACTING PARTIES agreed to the Executive Secretary's request.

The CHAIRMAN then referred to the second task entrusted to him by the Working Party which was to make suggestions as to the composition of the Review Board. He proposed that Mr. Melville Clark (Canada) and Mr. van Asch van Wijck (Kingdom of the Netherlands) be nominated as members, and as Chairman he suggested Mr. Agnides (Chairman of the United Nations Consultative Committee on Administrative Questions). In the event that Mr. Agnides was not available, he would propose the nomination of Mr. Pelt (Director of the European Office of the United Nations). If the latter should be unable to serve, he would propose Mr. Moderow (former Director of the European Office of the United Nations).

In reply to a point raised by the representative of Cuba, the EXECUTIVE SECRETARY assured the CONTRACTING PARTIES that in the granting of permanent appointments on the basis of recommendations to be made by the Review Board, due weight would be given, as in the past, to recruitment on as wide a geographical basis as practicable.

The CONTRACTING PARTIES agreed to the Chairman's proposals for the membership of the Review Board.

The meeting adjourned at 1.0 p.m.