

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Fourteenth Session

Page 24/25

## SUMMARY RECORD OF THE THIRD MEETING

Held at the Palais des Nations, Geneva,  
on Thursday, 14 May at 2.30 p.m.

Chairman: Mr. F. GARCIA OLDINI (Chile)

Subjects discussed:

1. Request for accession by Israel
2. Expansion of international trade

### 1. Request for accession by Israel (L/968)

The CHAIRMAN drew attention to document L/968, which contained a communication from the Government of Israel advising their decision to seek accession to the General Agreement pursuant to Article XXXIII. A memorandum relating to Israel's trade and exchange régime had been distributed in document L/968/Add.1. The Chairman said it was a happy coincidence that this application was being considered by the CONTRACTING PARTIES on Israel's National Day.

Mr. BARTUR (Israel) said that Israel had followed closely the work of the GATT and appreciated the important nature of the tasks which confronted the CONTRACTING PARTIES. Mr. Bartur went on to refer to the main factors which had accounted for Israel's exceptional economic growth during the first eleven years of its existence and to the special social, political and security conditions which prevailed in Israel. Although still in certain respects an under-developed country Israel, with a highly-skilled working population, was not lacking in technical and intellectual competence. It was thus gradually becoming a modern industrial community with a rate of investment about 20 per cent of total national resources.

Mr. Bartur stressed Israel's need for a considerable and steady expansion of its foreign trade. Imports of goods and services in 1957/58 amounted to about \$570 million or approximately \$300 per capita; about 85 per cent of imports consisted of investment goods and raw materials. In the same year, exports of goods and services amounted to about \$190 million or about \$100 per capita. Despite the steady expansion of exports, there remained a considerable gap in the balance of payments. Israel must, to an ever-increasing extent, supplement and replace, by export earnings, the capital imports at present being used to fill the gap in the balance of payments. Thanks to her geographical position and the world-wide affiliations of her population, Israel was well fitted to develop intensive foreign trade. Furthermore, as an important buyer of labour-intensive capital goods, Israel was certainly justified in asking for unhampered access on equal terms to her suppliers' markets.

A description of Israel's foreign trade régime and foreign exchange policy was set out in document L/968/Add.1. In recent years measures had been adopted which were designed gradually to liberalize and multilateralize Israel's foreign trade. Most-favoured-nation treatment had consistently been accorded to all GATT members, in a number of cases unilaterally.

Israel would like to avail itself of the GATT procedure for tariff negotiations. It would take part in such negotiations, either on the initiative of any contracting party wishing to negotiate with Israel, or in the proposed tariff conference to be arranged by the Organization.<sup>1</sup>

Mr. HAGAN (Sweden) said that his delegation had noted with satisfaction Israel's wish to accede to the General Agreement. Certain aspects of Israel's foreign trade system needed clarification, however, in particular the extent to which the Government of Israel had the power to influence and direct imports and exports. He suggested the establishment of a small working party to examine the problems which arose. The Swedish delegation had no definite views on the question of tariff negotiations with Israel; possibly it would be best for these to be carried out at the time of the 1961 tariff conference. In the meantime, some interim arrangement with Israel would be necessary. The proposed working party could examine this question also.

Mr. BEALE (United States) welcomed Israel's application for accession. The detailed arrangements could be similar to those worked out for Japan and Switzerland. In view of the 1961 tariff conference, it would seem appropriate for tariff negotiations with Israel to be conducted at that time. The United States delegation agreed with the Swedish proposal for the establishment of a working party, where the action to be taken by the CONTRACTING PARTIES at the present session could best be developed.

Mr. TREU (Austria) welcomed the decision of Israel to seek accession. The Austrian delegation agreed with the proposal to set up a small working party to study various aspects of the trade régime in Israel in relation to the rules of the General Agreement. It was hoped that arrangements for accession and not for association would be worked out. Tariff negotiations with Israel could be conducted at the 1961 tariff conference. In the interim period some standstill arrangements would be necessary in regard to any measures affecting imports and exports as well as duties which Israel might contemplate taking, so as to ensure that Israel abided by the GATT rules while enjoying GATT privileges; measures should be taken only after consultation with the CONTRACTING PARTIES.

Mr. HJORTH-NIELSEN (Denmark), in warmly welcoming Israel's application, said he hoped a mutually satisfactory solution would quickly be reached. He agreed with the Swedish delegation regarding the procedures to be followed.

Mr. MERINO (Chile) said his delegation wholeheartedly supported Israel's request and hoped that means would be found to enable Israel to become a full GATT member as soon as possible.

Mr. BOSSMAN (Ghana) said Ghana supported in principle Israel's application. He pointed out that, in addition to other factors which justified the application, it should be remembered that Israel was already according most-favoured-nation treatment to contracting parties. The Ghana delegation hoped Israel's application would receive favourable consideration and it supported the proposal for the establishment of a working party to work out the terms for accession.

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<sup>1</sup> The statement by Mr. Bartur is reproduced in full in Press Release GATT/447.

Mr. TIKANVAARA (Finland) considered that the accession of Israel would be in the interests of GATT. He hoped, therefore, that Israel would become a contracting party as soon as possible. He supported the proposal to establish a working party to study the terms of accession and added that, as Finland had important trade relations with Israel, it would like to be a member of the working party. Finland was ready to enter into tariff negotiations with Israel as soon as possible.

Mr. KANAGASUNDRAM (Ceylon), in welcoming Israel's application, stressed that Ceylon supported Israel's direct accession to GATT and not provisional association. The Ceylon delegation favoured the proposal that a working party should work out the terms of accession.

Mr. PIRIZ COELHO (Uruguay) said that Uruguay, which had very satisfactory trade relations with Israel, had considered with great interest the request for accession set out in document L/968. Apart from other considerations, the fact that a substantial amount of Israel's exports and imports were accounted for by its trade with countries which were contracting parties, was a further reason for giving Israel's request favourable consideration. He supported the proposal that a working party should draft the terms of accession.

Mr. PARBONI (Italy) said that the Italian delegation supported Israel's request for accession. He agreed that a working party should work out the terms of accession and examine the problems which arose.

Mr. BOUCAS (Brazil) said that Israel's application gave satisfaction to the Brazilian delegation. Israel's importance in international commerce justified its participation in GATT.

Dr. van OORSCHOT (Netherlands) said that the Netherlands delegation was pleased to see Israel's application. He hoped that ways and means could be found to provide a quick and satisfactory solution. He supported the establishment of a working party.

Mr. MACFARLANE (Federation of Rhodesia and Nyasaland) said that the Federation's trade agreement with Israel contained a reference to the possibility of Israel acceding to GATT. The Federal delegation was pleased to see that this possibility was becoming a fact.

Mr. PHILIP (France) referred to the remarkable efforts which Israel had made, in the most difficult circumstances, to establish a modern economy. The French delegation was particularly pleased to support Israel's request and hoped that very soon after the working party had completed its work, Israel would become a full member of GATT without passing through the intermediate stage of association.

Mr. SANDERS (United Kingdom) very warmly welcomed Israel's decision to seek accession to GATT. He hoped the proposed working party would bring forward recommendations which would satisfy Israel's request at an early date.

Mr. SWAMINATHAN (India) said that India subscribed to the view that GATT should be widespread and as broadly based as possible. It was evident, however, that Israel had a somewhat complex exchange and trading system. The Indian delegation, therefore, supported the proposal that a working party should examine the application.

Mr. WEITNAUER (Switzerland) expressed great pleasure at Israel's decision to accede to the GATT. Its participation in GATT would contribute to Israel's economic development and make it a more important partner in international commerce. He supported the proposal to set up a working party.

Mr. STEYN (Union of South Africa) said that the representative of Israel must have been heartened by the general response of contracting parties to Israel's application. He wished to say that South Africa also warmly welcomed the application.

Mr. AHMAD (Pakistan) said that his instructions were to oppose Israel's request for accession to GATT. He wished it to be recorded, therefore, that the Pakistan delegation reserved its position in so far as this issue was concerned. Mr. Ahmad added that, if Israel's accession was approved by the CONTRACTING PARTIES, the Pakistan Government intended to invoke the provisions of Article XXXV.

Mr. SCHWARZMANN (Canada) said that Canada warmly welcomed Israel's decision to seek accession to the GATT and was happy to support its application. Canada and Israel already exchanged most-favoured-nation treatment. The Canadian delegation was hopeful that a basis could be found as soon as possible for Israel's accession as a full member of GATT, with Israel accepting the obligations that go with full membership. He supported the proposal that a working party should be set up.

Mr. CUHRUK (Turkey) expressed the view that it was in the interests of contracting parties for Israel to become a member of GATT. Turkey supported Israel's request and favoured the proposal that a working party should be set up.

Mr. AUNG SOE (Burma) considered that Israel's accession to GATT would be advantageous both from Israel's point of view and from the point of view of world trade generally. Burma welcomed Israel's application for accession and supported the proposal to set up a working party.

Mr. SPREUTEELS (Belgium) said that Israel's application was particularly welcome. Belgium preferred direct accession for Israel and supported the proposal to set up a working party to examine the matter.

Mr. KOCH SAN (Cambodia) welcomed Israel's application for accession which it warmly supported.

Sir JOHN CRAWFORD (Australia) expressed Australia's cordial and sincere welcome for Israel's application. He looked forward to a satisfactory outcome to the working party's examination of the matter. As with most accessions, there were problems connected with Israel's application, but the Australian delegation believed that these were readily capable of solution.

Mr. PANDELAKI (Indonesia) reserved the Indonesian delegation's position with regard to Israel's application.

Mr. CAPPELEN (Norway) said that his delegation wished to associate itself with the welcome which other delegations had given to Israel's application.

Mr. BEINOGLU (Greece) supported Israel's request for accession. In his view the extension of GATT membership would further its aims and purposes. It would be useful to establish a working party to examine the application.

The CHAIRMAN said that there had been almost unanimous acceptance of Israel's request for accession to GATT. The views of Pakistan and Indonesia would be recorded. He proposed that a working party should be established, as requested by most contracting parties, and he suggested the following terms of reference and composition:

"To examine the request of the Government of Israel to accede to the General Agreement pursuant to Article XXIII and to make recommendations to the CONTRACTING PARTIES at the present session."

Chairman: Mr. Castle (New Zealand)

Members:

Austria	Ghana
Belgium	Italy
Brazil	Japan
Canada	Peru
Ceylon	Turkey
Germany, Federal	United Kingdom
Republic of	United States
Finland	Uruguay
France	

This was agreed.

2. Expansion of international trade (W.14/7, COM.I/3, COM.II/5, COM.III/1)

The CHAIRMAN stated that he had circulated a Note (W.14/7) in which he recalled the Decision of the CONTRACTING PARTIES at the last session to initiate a co-ordinated programme of action for the further expansion of international trade. Three committees had been appointed and their first reports had been submitted for the consideration of the CONTRACTING PARTIES at this session. The main points and recommendations in the reports were summarized in the Note. It had been agreed at the last session that the task of supervising and co-ordinating the work of the committees should be undertaken by the CONTRACTING PARTIES themselves, and he proposed, therefore, at this meeting to afford contracting parties an opportunity to comment on the programme as a whole and at the same time on points of special interest to them in the three reports.

Mr. HIJZEN (Commission of the European Economic Community) stressed the value which the Commission continued to attach to the efforts made by GATT to promote an increasing expansion of international trade. Similar sentiments had been expressed by two members of the Commission during the thirteenth session of the CONTRACTING PARTIES. That the hope for increasingly close ties with GATT was being realized to an increasing extent was demonstrated by the fact that, during the intersessional period, representatives of the Commission had participated in the work of the various working parties and committees.

In his statement opening the present session, the Chairman had said that the CONTRACTING PARTIES looked forward to that "positive contribution to our work which the representatives of the Community have so often assured us it is their intention to provide."

Proof of the reality of the Community's desire to co-operate with GATT could be seen in the decision taken by the Council of Ministers on 5 May whereby the Commission was authorized:

- to give the Community's agreement to the United States Government's proposition concerning the convening of a multilateral tariff conference under the auspices of the General Agreement; and
- to enter into negotiations, on the basis of the common external tariff, in accordance with the normal rules of GATT, with the United States and with other contracting parties expressing their intention of negotiating.

The Commission considered it behoved it to support the American initiative, which fell within the framework both of the basic objectives of the General Agreement and of the objectives relating to commercial policy in Article 110 of the Treaty of Rome.

Having mentioned the great importance which the European Economic Community attached to the success of the proposed tariff conference and having referred to the concern which, as the Community recognized, contracting parties had felt about certain aspects of the common external tariff, Mr. Hijzen said that the decision of the Council of Ministers had also recommended the Member States to push forward with their negotiations for fixing tariff rates for the products in List G, so as to be able to submit to the CONTRACTING PARTIES, before the end of 1959, as complete a common tariff as possible. This would be the tariff which the Commission would bring to the tariff conference in 1960. The Community hoped that most of the contracting parties, and particularly all the big industrialized countries, would participate in the conference.

To enable substantial results to come out of the conference, it would appear to be necessary for procedures and timing to be so arranged as to permit negotiations to go forward normally within the time-limit which, for all practical purposes, the American tariff legislation imposed on the negotiations; in other words the negotiations must be finished by the end of 1961. This would have the further advantage that the reductions agreed by the Six would come into force simultaneously with the first measures of alignment on the common external tariff.

Mr. Hijzen stressed that, in the view of the Community, it was essential to the success of the conference that the renegotiations which the Six were to undertake pursuant to Article XXIV:6 be completed sufficiently early to enable the common external tariff of the Community to be established as the basis for the negotiations at the conference. Delay in finalizing the renegotiations under Article XXIV:6, and therefore in establishing the common external tariff, would preclude the Community from taking part in the conference. The report of Committee I, however, seemed to meet these preoccupations. The Community was ready to approve the report and accept its recommendations. For its part, the Community would do its utmost to see that the time-table set out in the report was adhered to.

As for the report of Committee II, the procedures proposed for consultation would seem the most likely to result, in due course, in the "code of good agricultural conduct" to which Mr. Mansholt had referred during the ministerial discussion at the thirteenth session. The problems considered by Committee III would, no doubt, still require lengthy examination. The Commission intended to participate very actively in the work of the Committee.

Mr. PIRIZ COELHO (Uruguay) stated that his delegation had examined the reports of the three committees and the Note by the Chairman, and were in favour of the suggestions put forward in the Chairman's Note for each Committee. While they agreed with the views in paragraph 14 of the report of Committee II on the impossibility of the sudden removal of protectionist measures in the agricultural field, they hoped that all contracting parties would take some action on this to take account of the needs of agricultural producing countries. It was also hoped that the programme drawn up by Committee III would be useful to under-developed countries.

The Uruguayan delegation attached great importance to the work of the CONTRACTING PARTIES on the expansion of international trade and considered that they should continue to give attention to the principal problems in this field. They considered, therefore, that the work of the three committees in studying the different aspects of these problems would be of benefit to all contracting parties.

Mr. VALLADAO (Brazil) said that the work undertaken by the CONTRACTING PARTIES at the thirteenth session had aimed at improving relations among the contracting parties and at facilitating achievement of the objectives of the General Agreement. The results of the work accomplished at the last session were now available in the reports presented by the three committees.

It would have been noticed that, in Committee I, Brazil had not adhered to the majority view in the discussions on future tariff negotiations and that, in Committee III, Brazil had insisted that consideration should be given to the introduction of compulsory negotiation under the General Agreement on fiscal duties, which, in their opinion, represented a serious obstacle by which the effect of tariff concessions could be impaired. He wished to clarify the position of the Government of Brazil on these points. Brazil agreed that general tariff negotiations within the framework of the General Agreement should be held. Some years had passed since the last round of negotiations and from time to time it became necessary for domestic reasons for contracting parties to enter into new negotiations or to re-negotiate concessions which had lost their meaning. Brazil, however, had only just completed tariff negotiations and, as the results of these negotiations would have to be submitted to Parliament, it would be difficult at present for Brazil to participate in further negotiations. With regard to the views expressed in Committee III, Brazil believed it was essential that the principle of negotiation on fiscal duties should be accepted by the CONTRACTING PARTIES to be as valuable as negotiations in the tariff field. He had in mind particularly the effects on Brazil's trade in coffee and the very high fiscal duties imposed by a European country which removed all possibility of expansion of trade in that country.

So far as the proposed negotiations with the Member States of the European Economic Community were concerned, Brazil believed it was perhaps premature to consider opening these negotiations at this stage since the consequences of the European Economic Community upon the GATT were not yet apparent; to embark on tariff negotiations might prejudice several points which were still under debate. The CONTRACTING PARTIES had divided consideration of the Treaty of Rome into four sectors - tariffs, agriculture, quantitative restrictions and the association of overseas territories. Now they were asked to consider one sector in isolation. It would be very difficult to embark at this stage upon tariff negotiations the effects of which might be nullified by other provisions of the Treaty of Rome, such as those on agricultural policy and the association of overseas territories. In the opinion of the Brazilian delegation there did not seem to be any need for undue haste. They had been involved for some time, without result, in



consultations with the European Economic Community on products of great importance to Brazil and by embarking upon tariff negotiations Brazil would not wish to forego examination of other aspects of the Treaty which were as important as tariff negotiations. For this reason Brazil could not, during this session of the CONTRACTING PARTIES, support this programme which envisaged tariff negotiations with the Community in the near future, although it was realized that other countries might find in this proposal a note of realism which suited their interests.

Mr. SWAMINATHAN (India) said that it would be generally agreed that the object of the work of these three committees, which was of great importance to the CONTRACTING PARTIES, was to produce a co-ordinated programme aimed at the reduction of trade barriers. The less-developed countries were particularly concerned about the impact of the recommendations of Committees I and II on the recommendations of Committee III and their views on the terms of reference and work of Committee III might be of interest to other contracting parties. The less-developed countries, however, required more time to examine these questions together and he proposed, therefore, that further discussion should be postponed until they had had an opportunity to consider their attitude.

This was agreed and the meeting adjourned at 4.10 p.m.