

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Fourteenth Session

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SUMMARY RECORD OF THE TENTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 29 May, at 10 a.m.

Chairman: Mr. F. GARCIA OLDINI (Chile)

- Subjects discussed:
1. Provisional Accession of Israel - Report of Working Party
 2. Rhodesia and Nyasaland Tariff - Trade Agreement with Australia; Approval of Decision
 3. Provisional Accession of Switzerland - Extension of Closing Date for Signature of Declaration
 4. Brazil Tariff Negotiations - Extension of Time-limit in Decision of 16 November 1956
 5. Latin American Economic Integration
 6. Nicaraguan Import Charges
 7. Expansion of Trade: Programme for Committee II
 8. Arrangements for the Fifteenth Session - a Meeting of Ministers
 9. Rome Treaty - Reports on the Article XXII Consultations
 10. Status of Guinea

1. Provisional Accession of Israel - Report of Working Party (L/992)

The CHAIRMAN invited Mr. Castle, Chairman of the working party, to submit the working party's report which had been circulated in document L/992.

Mr. CASTLE (New Zealand) said, in introducing the report, that although the provisions of Article XXXIII of the General Agreement did not specifically require countries to enter into tariff negotiations before accession, the working party had thought it desirable to follow the precedent set by the CONTRACTING PARTIES in dealing with previous requests for accession and to await the outcome of tariff negotiations before drawing up terms for the full accession of Israel. The Government of Israel had been prepared to enter into tariff negotiations with the CONTRACTING PARTIES now but in the view of the working party, these negotiations could more conveniently be held during the general multilateral negotiations to take place during 1960-61. Under these circumstances the draft decision drawn up by the working party provided for the provisional accession of Israel pending the outcome of the tariff negotiations.

A related question with which the working party had dealt had concerned the binding of all or part of the Israeli customs tariff during the period prior to full accession. The Government of Israel had not been in a position to accept tariff level commitments, but it had been agreed that the negotiations would be carried out on the basis of the customs tariff and import surcharges now in force or on any lower duties or surcharges that might be in force at the time of the negotiations. As Israel would accede provisionally to the General Agreement without a schedule of tariff concessions, if the recommendations of the working party were approved, the working party had felt that contracting parties accepting the declaration should not have to accept direct obligations towards Israel in respect of the modification or withdrawal of tariff concessions. Israel would, however, receive the benefits of most-favoured-nation treatment under Article I of the General Agreement.

Mr. Castle said that the working party had questioned the representatives of Israel on the nature of their economic system and some of the points which had emerged during the examination were mentioned in paragraph 2 of the report. He expressed his appreciation of the helpful and co-operative attitude of the Israeli representatives during the discussions.

The CHAIRMAN asked whether contracting parties were prepared to approve the text of the declaration and to adopt the decision, inviting Israel to participate in the work of the CONTRACTING PARTIES, and the working party report.

The CONTRACTING PARTIES approved the declaration and the decision by thirty-two votes in favour and one against; the report of the working party was adopted.

It was noted for the record that, in the normal course of business, the fact that it was not possible, from a strictly legal point of view, to give full voting rights to Israel was not very important as the CONTRACTING PARTIES did not usually proceed to a formal vote in reaching decisions; generally the Chairman took the sense of the meeting and Israel would have the same opportunity as contracting parties to express its opinion.

Mr. AHMAD (Pakistan) said that he had abstained from voting as his Government had decided not to accept the declaration or the decision. His position therefore remained as stated at the meeting of the CONTRACTING PARTIES on 14 May (SR.14/3).

Mr. SUBARDJO (Indonesia) said that, although in general his Government adopted an understanding and co-operative attitude towards the work of the CONTRACTING PARTIES, a question of principle was involved in this case and in view of the policy of his Government he had voted against the declaration and decision.

Mr. BARTUR (Israel) said that Israel regarded participation in the work of the General Agreement as an important stepping-stone in the evolution of its economic policy and one which would lead to the expansion of trade and economic relations with the CONTRACTING PARTIES. It was not easy to find a general solution for countries in different stages of economic development maintaining different systems of foreign trade and economic policy. Nevertheless, he had been greatly impressed by the way progress was achieved by the CONTRACTING PARTIES in a spirit of tolerance and by taking account of the specific needs of each country.

Israel was striving towards closer relations with all countries and would be pleased if the principles of non-discrimination embodied in the General Agreement could spread by the further expansion of the membership of GATT. The Havana Charter had had as one of its main objectives "to further the enjoyment by all countries on equal terms of access to the markets, products and productive facilities which are needed for their economic prosperity and development". He considered that the way towards real international co-operation and understanding to the benefit of all lay in trying to realize these objectives. That conviction would guide Israel's active participation in GATT.

Upon the invitation of the CHAIRMAN, the representative of Israel took his seat at the table.

2. Rhodesia and Nyasaland Tariff - Trade Agreement with Australia (W.14/32)

The CHAIRMAN recalled that, at their meeting on 25 May (SR.14/7), the CONTRACTING PARTIES had agreed to grant to the Governments of the Federation of Rhodesia and Nyasaland and Australia a further extension of the time-limit for the completion of the process of adjustment of preferences in their Trade Agreement. A draft decision had now been circulated by the Executive Secretary (W.14/32).

The CONTRACTING PARTIES approved the draft decision by thirty-two votes in favour and none against.

Mr. WARWICK SMITH (Australia) said that his delegation had been advised that the Australian Government had now approved the results of the negotiations which had been conducted with the Federation of Rhodesia and Nyasaland for the completion of the process of adjustment of preferences. Notification of the adjustments made in the Australian tariff had been submitted to the secretariat. In accordance with the Decision of 3 December 1955, Australia was prepared to consult promptly with any contracting party which might be substantially affected by the adjustments. In terms of the Decision which the contracting parties had just approved (W.14/32), the sixty-day time period could be complied with.

3. Provisional Accession of Switzerland - Extension of Closing Date for Signature of the Declaration

The CHAIRMAN pointed out that paragraph 7 of the Declaration on the provisional accession of Switzerland provided that the Declaration should remain open for acceptance until 30 June 1959.

Mr. WEITNAUER (Switzerland) said that the draft Swiss tariff was at present being discussed by the Swiss Parliament and the parliamentary procedures would, he had no doubt, result in the adoption of the new tariff before the end of June. At that point there must be a delay of three months to provide against the possibility of a referendum being asked for in accordance with the procedures laid down in the Swiss Constitution. This meant that the new tariff and the concessions granted to contracting parties could not be brought into force until the beginning of October at the earliest; the probability was that this would not be done until January 1960. For the same reasons, Switzerland's signature of the Declaration of 22 November could not receive Government ratification before the beginning of October. The Swiss delegation, therefore, who understood that the process of ratification had also not been completed by certain of the other contracting parties concerned, would appreciate an extension of the closing date for acceptance of the Declaration until 15 November 1959.

In reply to an enquiry from the Chairman, Mr. Weitnauer said that his Government would have no objection to the closing date being extended until the end of the fifteenth session.

Mr. ABE (Japan) said that his Government had not yet accepted the Declaration and he did not know whether it would be able to accept it before the end of June 1959. As for the proposal of the representative of Switzerland, the Japanese delegation would prefer to have the closing date extended until 30 June 1960, as there might not be an appropriate parliamentary session between now and November. Perhaps, however, this point could be considered at a later date should circumstances make it necessary; meanwhile, he was prepared to support the Swiss proposal.

The CHAIRMAN said that the record of the meeting would indicate that all interested contracting parties were present and that no objection had been raised against the proposal to extend the closing date for the signature or acceptance of the Declaration and that, as a result, the Executive Secretary was authorized, notwithstanding the provisions of paragraph 7 of the Declaration, to accept signatures and acceptances up to the end of the fifteenth session.

This was agreed.

4. Draft Tariff Negotiations - Extension of the Time-limit Provided for in the Decision of 16 November 1956 (L/993)

The CHAIRMAN recalled that at their meeting on 25 May (SR.14/7) when the CONTRACTING PARTIES received the final report of the Tariff Negotiations Committee, it was agreed to extend the time-limit, provided for in the Decision of 16 November 1956, within which the negotiations were to be completed and the results put into effect. A draft decision had now been circulated by the Executive Secretary (L/993).

The CONTRACTING PARTIES approved the draft decision by thirty-two votes in favour and none against.

5. Latin American Economic Integration (L/991)

The CHAIRMAN invited the attention of the CONTRACTING PARTIES to the Note submitted by the delegations of Brazil, Chile and Uruguay (L/991) reporting recent developments in the negotiations among Latin American countries for the preparation of a Free Trade Area Agreement.

Mr. MERINO (Chile) recalled that the CONTRACTING PARTIES had been informed at the last session (SR/13/21) of the reasons of the Latin American countries for seeking an agreement on the formation of a regional market. The delegations of Brazil, Chile and Uruguay, in agreement with Argentina, now wished to report to the CONTRACTING PARTIES that since the last session this work had been pursued; a draft agreement had been established and was being considered by governments. When agreement on a final text had been reached the agreement would be laid before the CONTRACTING PARTIES for appropriate action under the General Agreement.

Mr. POTENTE (Argentina) said that he wished to support the statement of the delegation of Chile. Argentina, although not a contracting party, had followed the work of the General Agreement with growing interest. Last year the Haberler Report had indicated that the gap between the national income of countries exporting primary products and foodstuffs and countries with a high degree of industrial development was widening. The Latin American countries had taken such considerations into account in deciding to resume the studies begun ten years ago and directed towards the more intensive use of their resources and the expansion of their reciprocal trade. It was not intended that the eventual establishment of a regional market should lead to the exclusion of other countries from trade with the area, but rather that the development of trade within the area would favour, as external purchasing power increased, the expansion of trade with the rest of the world. It was in this spirit that Argentina, which had traditionally transacted the major part of her external trade with Western Europe, was collaborating in the studies directed towards the establishment of a regional market in Latin America.

Mr. de la FUENTE LOCKER (Peru) said that his delegation had noted with interest the statement by the representative of Argentina and the Note submitted by the delegations of Brazil, Chile and Uruguay, and wished to repeat their support for the measures taken by those countries to further Latin American co-operation. They considered the proposed regional agreement to be a substantial step towards the general unification of Latin American economies in which Peru was taking an active interest.

Mr. BEALE (United States) said that the United States had followed with great interest the development of a provisional plan for the creation of a free trade area by Argentina, Brazil, Chile and Uruguay and were very sympathetic to the efforts of the Latin American countries to establish closer economic relations. They would favour a regional arrangement drawn up in accordance with the provisions of Article XXIV of the General Agreement and were pleased to note that the Latin American Governments concerned would bring the agreement to the CONTRACTING PARTIES for consideration.

Mr. de LACHARRIERE (France) said that he wished to express to the Latin American countries the sympathetic interest of the Member Countries of the European Economic Community in their efforts.

The CONTRACTING PARTIES took note that when a final text of the draft agreement had been prepared it would be submitted to the CONTRACTING PARTIES.

6. Nicaraguan Import Charges (L/983)

The CHAIRMAN recalled that, when this question was discussed at an earlier meeting (SR.14/9), he had informed the CONTRACTING PARTIES that the Government of Nicaragua had requested a postponement of the consideration of this question until the fifteenth session. The Chairman said that, so far as he was aware, no contracting party was proposing that arrangements should be made for consideration of this matter intersessionally and therefore he enquired whether the CONTRACTING PARTIES were prepared to agree to the request put forward by the Government of Nicaragua.

It was so agreed.

7. Expansion of International Trade - Programme for Committee II (COM.II/4)

The CHAIRMAN recalled that, at their meeting on 21 May (SR.14/6), the CONTRACTING PARTIES had agreed that the Executive Secretary would submit proposals regarding the procedures and the time-table for the consultations which had been recommended by Committee II. The Executive Secretary's proposals had now been distributed in COM.II/4. The Chairman asked the CONTRACTING PARTIES for their decision on the following points in document COM.II/4:

- (i) the proposals concerning the collection of information and the preparation of papers;
- (ii) the time-table for the consultations on agricultural policies;
- (iii) whether the task of conducting the consultations should be assigned to Committee II; and whether the Chairman of the CONTRACTING PARTIES should be authorized to appoint a vice-chairman to assist the Chairman of Committee II.

Mr. WARWICK SMITH (Australia) said that his delegation agreed with the proposals put forward, but wished to raise one point in connexion with the implications of paragraph 7 of document COM.II/4, which related to the time-table for the consultations. His delegation would like an assurance that Committee II, if it felt that it could do so, would report to the sixteenth session its views on the first round of consultations without having to wait for the consultations with all contracting parties to be concluded.

Mr. SWAMINATHAN (India) drew attention to the staffing difficulties which faced his Government, and said that it was difficult for experts to attend meetings outside India for any length of time. He would appreciate it if arrangements could be made for India's consultations to take place either at or after the sixteenth session.

The EXECUTIVE SECRETARY said that the point raised by the representative of Australia did not raise any serious problem. It had been recognized and expected by the CONTRACTING PARTIES that each of the three committees would report as necessary and when appropriate to the CONTRACTING PARTIES. He would therefore expect that Committee II would report to the sixteenth session on the first round of consultations, notwithstanding that consultations with some contracting parties still remained to be carried out. As for the request made by the representative of India, he had felt that it would be convenient for the Government of India for their consultations to be held during the course of the fifteenth session, particularly as the session would take place in Asia. He saw no difficulty, however, in postponing the consultations with India to a later date.

The CONTRACTING PARTIES approved the proposals in document COM.II/4 referred to by the Chairman in (i) and (ii) above. It was also agreed that the consultations should be conducted by Committee II and that the Chairman of the CONTRACTING PARTIES should be authorized to appoint a vice-chairman to assist the Chairman of the Committee.

The CHAIRMAN said that he wished, at this point in the meeting, to make certain proposals regarding the membership of Committees I and II. First, he would propose that, in view of its interest in the questions to be discussed by Committee I, Australia should be co-opted onto the Committee as a full member. Similarly, he would propose that Norway should be co-opted as a full member of Committee II.

This was agreed.

8. Arrangements for the Fifteenth Session - a Meeting of Ministers

The CHAIRMAN recalled that at a previous meeting he had invited delegations to consider whether the CONTRACTING PARTIES should arrange for a meeting of Trade Ministers to be held during the fifteenth session in Tokyo. As in the past two years, the agenda for such a meeting would probably cover developments in international trade, the effects of these developments upon the application of the General Agreement and the achievement of its objectives, and the major items on the agenda of the session.

The Chairman said that he would like to ascertain whether there was a prospect of a full and representative attendance at a meeting of Ministers and pointed out that this condition had hardly been satisfied at the thirteenth session. It was important that the CONTRACTING PARTIES should come to a decision now so that if a meeting were to be held, the necessary arrangements by the Ministers themselves, by the Japanese Government, and by the secretariat, could be made.

The EXECUTIVE SECRETARY said that it had been generally agreed in the past that a meeting of Ministers should be decided upon with regard to the importance of matters on the agenda for a session or of questions arising in international trade. The Chairman had given an indication of the type of agenda which might be appropriate and if the CONTRACTING PARTIES decided in principle that a meeting of Ministers should be held, specific proposals on the agenda would be

placed before them. He considered however that it might be helpful if he indicated more precisely at this stage how the agenda might appear and suggested that there were three points which might usefully be studied by Ministers.

First, Ministers might wish to consider current trends in international trade. Discussions on this subject would probably be based upon the annual report by the secretariat, International Trade 1958, which would be published during the summer, and Ministers might wish to consider the perspectives for international trade and commercial policy in the light of the restoration of external convertibility in the currencies of a number of contracting parties and of the fiscal and exchange reforms undertaken in others. Secondly, Ministers might wish to review progress in the implementation of the programme for trade expansion. The Executive Secretary recalled that the success of this programme would depend entirely upon the manner in which governments were prepared to act. Thirdly, Ministers might wish to give consideration to the other principal problems on the agenda for the session. It was probable that the CONTRACTING PARTIES would have before them, at the fifteenth session, questions relating to programmes of regional integration through trade liberalization on a regional basis. Ministers might wish to address themselves to the problem of harmonizing regional programmes of economic integration through trade liberalization with the worldwide approach of the General Agreement.

Mr. KANAGASUNDRAM (Ceylon) said that his delegation subscribed to the view that there should be a meeting of Ministers at the fifteenth session. Ceylon hoped to participate and strongly supported the Chairman's proposal in principle.

Mr. STONE (Canada) said that his delegation welcomed the prospect of a Ministers' meeting. The Canadian Minister of Trade and Commerce hoped that his plans would permit him to attend. It was to be hoped that as many Ministers as possible would be present at the meeting.

Mr. ABBAN (Ghana), having expressed the support of his delegation for the proposed meeting of Ministers, said that the Minister of Trade of Ghana intended to be present. There were, however, certain considerations which could possibly affect his attendance, in particular the fact that there would be a parliamentary session at that time.

Mr. de la FUENTE LOCKER (Peru) said he was unable to give an undertaking at the present time that a Peruvian Minister would attend. He wished to say, however, that in the light of the Executive Secretary's statement, his delegation proposed to recommend strongly to their Government that a Minister should attend.

Mr. HAGEN (Sweden) said that the Swedish Minister of Commerce was interested in participating in the proposed Ministerial meeting. He hoped to be able to attend, but it was not possible to give a positive answer at present.

Mr. BEINOGLU (Greece), while supporting the proposal to hold a Ministerial meeting at the fifteenth session, said he could not give an assurance that the Greek Minister of Trade would be able to attend. The Greek delegation, however, intended to point out to the Minister the importance which, in their view, should be attached to the meeting.

Mr. SWAMINATHAN (India) said that it had become traditional for Ministers to have a meeting at the beginning of full sessions of the CONTRACTING PARTIES. His delegation considered that the agenda items suggested by the Executive Secretary were all of great importance, and they supported the proposal that there should be a meeting of Ministers at the fifteenth session. Without being able to give a positive answer at this stage, Mr. Swaminathan felt sure that an Indian Minister would attend.

Mr. VALLADAO (Brazil), in supporting the proposal for a meeting of Ministers, said his delegation would recommend strongly to their Government that the Brazilian Minister of Finance should attend.

Dr. van OORSCHOT (Kingdom of the Netherlands) stressed the importance which his delegation attached to a Ministerial meeting. He hoped to be able to give an early answer regarding the attendance of a Netherlands Minister.

Mr. BEALE (United States) said that his delegation would support the proposal that a meeting of Ministers should be held. The United States Under-Secretary of State for Economic Affairs had been happy to attend the thirteenth session, and while it was not possible at this stage to commit him to attend a meeting at the fifteenth session, the United States delegation would urge that he should do so.¹

Mr. PHILIP (France) said that the French delegation had listened to the proposal for a meeting of Ministers with interest. While they could not guarantee that in October a French Minister would be able to attend, they hoped that this would prove possible and hoped also that as many countries as possible would be represented by Ministers.

Mr. WARWICK SMITH (Australia) said that he would support the proposal for a Ministerial meeting and hoped that an Australian Minister would be able to participate.

Mr. PERBONI (Italy) said that the question of Italian representation at a meeting of Ministers was now being considered by his Government and that his delegation had recommended that a Minister should attend.

Mr. CAPPELEN (Norway) said that the Norwegian Minister of Trade intended to be present if a meeting of Ministers were held.

¹ At the meeting on 30 May, Mr. Beale informed contracting parties that he had been notified that Mr. Dillon, the Under-Secretary of State for Economic Affairs, hoped to attend the Ministerial meeting.

Mr. CUHRUK (Turkey) said that his delegation recognized the importance of Ministerial meetings and considered that such a meeting in Tokyo would be useful. He could not at present, however, say definitely whether a Turkish Minister would attend. He requested the Executive Secretary to notify contracting parties as early as possible of the number of Ministers who would attend such a meeting.

Mr. AHMAD (Pakistan) said that he had listened with interest to the programme suggested by the Executive Secretary. Consideration of these important and urgent items at Ministerial level would be very helpful, both from the point of view of focussing attention on them and of achieving concrete results. He hoped that his Minister of Trade would attend if the meeting were fairly representative.

Mr. STEYN (Union of South Africa) said that he thought the degree of usefulness attached to a Ministerial meeting would depend largely on the number of Ministers present. He could not therefore at this stage say whether South Africa would be represented at such a meeting as the decision on this would be taken in the light of the number of other Ministers who would attend.

The CHAIRMAN said that, judging by the statement made by the considerable number of delegates who had spoken, opinion was favourable to a Ministerial meeting. He invited the Executive Secretary to express his views.

The EXECUTIVE SECRETARY said that only two of the seventeen delegates who had spoken had said that their Ministers intended to be present. Other delegates were in favour of such a meeting, but, understandably, had, at this early stage, a certain amount of qualification and doubt regarding the attendance of their own Ministers. Normally, he would suggest that consideration of the matter should be deferred for a short while, when it would be possible to make firmer predictions. However, as the session was taking place in Tokyo, it was necessary for the Japanese Government and for the secretariat to take action on certain matters which could not be deferred. He would suggest, therefore, that, on the basis of the opinions expressed so far, the CONTRACTING PARTIES should assume a general sentiment in favour of the idea of holding a meeting of Ministers and that, particularly in view of the great importance of the matters which could usefully be discussed, there would in fact be a broad and representative attendance of Ministers. A Ministerial meeting lasting one week would involve the extension of the session from three to four weeks.

In reply to an enquiry from the Chairman, Mr. ABE (Japan) confirmed that an extension of the duration of the session from three to four weeks would be acceptable to his Government.

The CHAIRMAN proposed, in the light of the discussion which had taken place, that there should be a meeting of Ministers at the fifteenth session of the CONTRACTING PARTIES and that the session should be extended from three to four weeks.

This was agreed.

9. Rome Treaty - Reports on the Article XXII Consultations

The CHAIRMAN recalled that, during the thirteenth session, a number of contracting parties had entered into consultations, under the provisions of Article XXII, with the Member States of the European Economic Community regarding the effects on trade of the Association of Overseas Territories with the Community. Consultations had been initiated on tea, tobacco, coffee, cocoa and bananas. These consultations were continued in February and the first stage - namely, the factual examination - had been completed during the present session. Minutes on the matters discussed, agreed by the participating governments, would be distributed to all contracting parties for their information; these minutes would not be derestricted under the normal procedures for GATT documents. The Chairman added that the inclusion of this item on the agenda provided an opportunity for comment on the work that had been done.

Mr. JARDINE (United Kingdom), in restating the general attitude of the United Kingdom on this question, said that his Government had welcomed the establishment of the European Economic Community as a major step towards European unity, and believed that it could develop in a way which could lead to an expansion of international trade on a multilateral basis. The United Kingdom had never objected to the association of the Overseas Territories with the Community and appreciated the desire of the Six to promote the economic growth of the territories concerned. It was to be hoped, however, that the Six, in return, would appreciate that other territories in Africa and other less-developed countries would not wish to suffer as a consequence of this association. This would happen, however, if the preferences permitted by the Rome Treaty were fully implemented. It was essential that some way should be found of effecting a reconciliation of the different interests. The application of preferences already existing was not, of course, contested and this factor would have to be taken into account in the reconciliation of interests which the United Kingdom hoped would come about. When the United Kingdom agreed, at the intersessional meeting in April 1958, that legal considerations should be set aside for the time being and that recourse should be had to the procedures of Article XXII, it did so in the belief that practical solutions to the very real problems that existed would quickly result. In the consultations, the United Kingdom had stressed the view that the new tariff preferences for the overseas territories in the large European market of the Six must do serious damage to the trade of other countries by distorting prices, diverting trade and disturbing world trade in the products concerned. These views were strongly supported by the Haberler Report. Further, there was concern that the agricultural provisions of the Rome Treaty might be used to give the overseas territories preference over and above the tariff preferences provided for in the Treaty. The United Kingdom was pleased to note, however, that, in one or two cases, tariff preferences which might have been accorded as from 1 January 1959 had been temporarily avoided.

The contention of the Six that they could only accept evidence of concrete damage could not be accepted by the United Kingdom. The preferential arrangements might so stimulate production that, by the time statistical evidence of damage was available, it would be politically impossible to change the arrangements. The Six had given the CONTRACTING PARTIES to understand that they wished to avoid damaging the trade of other countries. It was urgent that the Six should give some overt indication of this intention. Action could not

await the production of the sort of proof which the Six had so far asked for. Production in the overseas territories of the Six must already have been encouraged by the preferences which had been granted and this, as would be understood, could have serious political and economic consequences for other territories in Africa and elsewhere. The Six had also expressed the view, which in the United Kingdom's opinion was inequitable, that third countries were not entitled to any share in the increased trade resulting from expanding consumption within the Community and that, at most, regard should be had to maintaining the level of the existing trade of those countries. The attitude of the Six was contrary to the objectives of the GATT, which aimed at promoting the progressive development of the economies of all contracting parties. Some reconciliation was urgently needed. At the moment there was a risk of a division of interests, whereas there should be a unity of interests. The United Kingdom was certainly greatly disappointed at the lack of progress so far, and hoped that the Community would approach the problem in a new spirit and help towards the achievement of a positive solution to the problems involved.

Mr. PHILIP (France) said that he did not wish to re-enter a general debate on this subject. The consultations had been held and had had some result. The representative of the EEC would make a statement on behalf of the Community.

Mr. HIJZEN (Commission of the European Economic Community)¹, in reference to the decision of the CONTRACTING PARTIES to set aside for the time being the legal issues involved in the Rome Treaty and to rely on the normal Article XXII procedures, said that the Community had concurred in this decision with the conviction that the consultation procedure would make it possible, in frank discussions, to hear the complaints of third countries, to determine the extent to which the fears expressed were justified and thereby to reach a better mutual understanding of all the problems involved.

An assessment of the results of the consultations which, as the Community had expected, had taken place in a spirit of co-operation and goodwill, depended on the approach made by countries to the consultations. Having referred to the differences of opinion between the Six and the other consulting countries as to the effects on trade which the Rome Treaty would be likely to have, Mr. Hijzen said that the Six could hardly recognize in advance consequences which would be contrary to their own belief that the Rome Treaty would bring about a general expansion of trade with third countries, unless evidence of concrete damage could be furnished.

In recent months the Community had given very full consideration to the problem of consultations. Aware, however, that no action taken under the Rome Treaty as regards the products covered by the consultations had yet resulted in actual damage being caused to the trade of other contracting parties, the Community did not believe that it was either possible or necessary to envisage any specific action in the immediate future. Nevertheless, although it did not consider there to be foundation for the concern voiced by third countries, the Community was anxious to demonstrate its goodwill and understanding towards the fears which had been expressed during the consultations. In this spirit, the Community did not refuse to admit that the application of the Rome Treaty might, in certain cases, cause actual damage to the trade of

¹ The statement by Mr. Hijzen is reproduced in full in document L/1006.

third countries. It was ready to envisage, in liaison with the countries concerned, practical measures which the situation might warrant should such an eventuality occur. The Community was of the opinion that it was not necessary to define in advance or in a final way the meaning to be attached to cases of concrete damage. The definition of possible cases of concrete damage, and the objective criteria to be met, would automatically emerge from the discussions which the Community would have with any third countries concerned.

In conclusion, Mr. Hijzen said that the Community, for its part, would be prepared to resume consultations on those products which had already been considered and to accept the opening of consultations on additional products.

Mr. McNALLY (Federation of Rhodesia and Nyasaland) said that while his delegation was prepared to regard the consultations on tobacco as having been adjourned, this should not be regarded as implying tacit acceptance of the legality of the actions taken by the Six with regard to the association of the overseas territories and would not inhibit the Federation from seeking future bilateral or multilateral consultations or negotiations with the Community. His delegation did not consider that progress to date had been at all satisfactory, and did not accept the arguments put forward by the Member States of the Community on concrete damage. As the consultations with the Six would continue, the Federation would expect to see this item repeated on the agenda for the fifteenth session.

Mr. VALLADAO (Brazil) recalled that his delegation were among those who had agreed that legal issues should be put aside for the time being, so that the problems concerned could be examined on a more practical basis. Brazil, therefore, had agreed to the procedures under Article XXII. Mr. Valladao referred to the preoccupations of the less-developed countries with the need for economic development, the maintenance of standards of living and increased foreign exchange earnings, and to their concern about the effects the Treaty of Rome would have on their trading interests. Unfortunately, the Six did not seem to have been convinced by the strong arguments on this subject which these countries had put forward. After a year's work, contracting parties had a few documents to show for their efforts. His delegation preferred to consider these documents only as progress reports and not as reports in their final form. He hoped that the arguments which had been advanced by other countries would still have an effect on the Six and that they would in fact see some possibility of taking action. The statement made by the representative of the Community was in some respects encouraging and he hoped that the Six would now show sufficient understanding to enable an early solution to be found to the very serious problems involved.

Mr. CUHRUK (Turkey) said that his delegation had participated in the consultations on tobacco and, with other participating countries, had presented their views on the threat to Turkish trade in tobacco arising from the introduction of the common external tariff. The consultations resumed earlier in the year had been less encouraging than those which had taken place during the thirteenth session; his delegation were still, therefore, very concerned about the effects which the introduction of a 30 per cent margin of preference might have on tobacco, Turkey's principal export item. It was hoped, however, that the Member States of the Community would take concrete action to reduce the possibility of damage to the trade of other countries before it became serious and lasting.

Mr. BEALE (United States) said that, although it was recognized that the consultations under Article XXII with the Community had been difficult and disappointing in certain respects, his delegation believed that they had been useful. While the United States continued to look forward to the sound economic development of the European Economic Community and the associated overseas territories, it was concerned about the impact of the association of the overseas territories with the Community on the economies of non-Member States, and in the case of the commodity in which the United States was particularly interested, tobacco, it was felt strongly that the common tariff of 30 per cent ad valorem was too high. His delegation, however, had been reassured by the statement of the representative of the Community and felt sure that with continued patience and goodwill satisfactory solutions, consistent with the basic objectives of the General Agreement, would be developed.

Mr. BEINOGLU (Greece) said that his delegation had followed the discussion with keen interest. It was encouraging that this debate should be held within the framework of the General Agreement where it had already been shown that matters could be discussed in a conciliatory and constructive fashion. His delegation believed that a determined effort on all sides would result in a successful solution.

Mr. MATHUR (India) said that his delegation shared the disappointment expressed by a number of contracting parties that the consultations had not resulted in any understanding which would reassure third countries that their export trade would not be damaged by the implementation of certain provisions of the Rome Treaty. His delegation had noted the intention of the Community to continue consultations and to extend them to cover other commodities. While he did not wish to repeat the arguments which had already been advanced regarding evidence of concrete damage, he hoped that in the course of future consultations some understanding would be reached which would satisfy the fears of third countries about damage to their export trade. His delegation were glad to note from the statement of the representative of the Community that the importance of maintaining and expanding the export earnings of less-developed countries was appreciated by the Community, and he felt confident that if this spirit of comprehension were translated into action, satisfactory solutions would result.

Mr. WARWICK SMITH (Australia) said that his delegation had listened with some disquiet to the views expressed by other contracting parties. Australia had not yet participated in the consultations, but had now requested the Member States of the Community to consult under Article XXII on a short list of metals and minerals. The question which had now arisen, however, was whether consultations held under Article XXII were a useful means for working out practical and mutually acceptable solutions. When his delegation had agreed to set aside the unresolved legal issues in the examination of the Rome Treaty by the CONTRACTING PARTIES, in favour of more businesslike discussions under Article XXII, they had not expected to learn a year later that the position taken by the Six involved no real recognition of the cause of damage presented in the consultations by other countries. He welcomed the statement by the representative of the Six which indicated that the Community did not refuse to admit the possibility of damage, but it was apparently still the position that the Community required to have real and existing damage demonstrated before it would consider practical measures. If this attitude were to continue, the value of the consultation procedures would be in some doubt.

The consultations so far had dealt only with a small group of tropical products. In the view of his delegation the fears expressed by participating countries during these consultations were solidly based and they did not think it unreasonable for these countries to expect under the General Agreement practical recognition of their position by the Member States of the Community. It should also be remembered that there was a wide range of items falling within other provisions of the Rome Treaty in which contracting parties were interested. If these aspects of the Rome Treaty were to come before the CONTRACTING PARTIES for consideration through the consultation procedure, it would not be unreasonable on the part of the CONTRACTING PARTIES to expect that the Community would be ready to offer constructive solutions to those problems.

Mr. SCHWARZMANN (Canada) welcomed the statement of the representative of the Community and the expressed intention of the Community of approaching the consultations in a co-operative spirit. He recalled that the arrangements for consultations were made in April 1958 at a time when many contracting parties had doubts about the compatibility of certain aspects of the Rome Treaty with the General Agreement. Canada had participated in the consultations on tobacco and might wish to consult on other commodities at a later stage. Arrangements for the association of the overseas territories could divert trade and adversely affect the interests of other contracting parties. Canada was disappointed with the consultations, which had revealed no inclination on the part of the Six to meet the concerns of other countries. The object of the consultations, particularly in view of the fact that the commodities concerned required, in many cases, long-term planning and investment, should be to forestall damage before it occurred. He also agreed with the view that third countries were entitled to share in the expected increase in the market of the Six. The Canadian delegation wished to see the consultations continue and hoped that the Six would make a more realistic approach to the problem. He assumed that the CONTRACTING PARTIES would wish to have a report on this question at their fifteenth session.

Mr. ABBAN (Ghana) said that his delegation had not been fully satisfied by the statement of the representative of the Community. The cocoa consultations had disappointed his delegation. Nevertheless, he hoped that time would permit the parties concerned to reach a workable compromise.

Mr. PANDELAKI (Indonesia) said that Indonesia had participated in the consultations on cocoa, coffee, tea and tobacco; these, he felt, had so far been of value. His delegation regretted that a divergence of opinion still existed between the parties concerned. Indonesia held the view that some provisions of the Rome Treaty, including the association of the overseas territories with the Six, was endangering the trade of other contracting parties. This was serious for Indonesia, as any loss of foreign exchange could adversely affect its development programmes. In regard to the contention of the Six that other contracting parties should demonstrate concrete damage, his delegation held the view that, if one waited until that point had been reached, it would be too late to remedy the damage which had been done. His delegation hoped that the Six would consider changing their approach to these serious problems.

Mr. SANTIAPILLAI (Ceylon) expressed the disappointment of his delegation with the results of the consultations. In their view, the goodwill shown by contracting parties in agreeing that legal considerations should temporarily be put aside had not been reciprocated by the Six in their attitude during the consultations. His delegation considered that the consultations held so far should only be regarded as a first stage. It was to be hoped that the contracting parties concerned would shortly let the Six have additional data and that the Six, in turn, would show a greater understanding of the problem confronting other contracting parties.

Mr. ABE (Japan) said that his delegation attached great importance to the continuation of the consultations. He repeated the concern which Japan felt about the unfavourable effect which the implementation of the common external tariff might have on green tea, a very important Japanese export, and he expressed the hope that due consideration would be given by the Member States of the Community to Japan's position during the continued consultations.

Mr. AHMAD (Pakistan) said that Pakistan had participated in the consultations and shared the disappointment and concern expressed by other contracting parties. In the view of his delegation, participating countries were entitled not only to seek to maintain trade with the Member States of the Community at its existing level but also were fully justified in seeking their share in any increased trade which might develop. His delegation considered that more satisfactory results might have emerged from the consultations if these had been conducted in a better spirit of understanding and co-operation, but they had been reassured by the statement of the representative of the Community and hoped that during the second stage of the consultations attention would be paid by the Members of the Community to the views expressed in the debate. Mr. Ahmad supported the proposal that this item should be included in the agenda for the fifteenth session and that interested contracting parties should report at that session on progress made during the intersessional period.

The CHAIRMAN said that he had detected a slight change in the climate of the discussion and this perhaps held out the possibility of positive results being achieved. He assumed that the Community on the one hand, and the consulting governments on the other, would now wish to give careful consideration to the reports on the consultations, in order to consider what further action was appropriate. He also assumed that representatives of the contracting parties concerned with the products in question would, in due course, establish contacts with the Member States and with the appropriate institutions of the Community.

10. The Status of Guinea (W.14/31)

The CHAIRMAN drew attention to document W.14/31, in which it was suggested that delegations should have an opportunity of considering the question of the status of Guinea in the light of the procedures relating to Article XXVI:5(c) adopted at the twelfth session. The Chairman invited the representative of France to inform the contracting parties of the present status of Guinea in regard to the conduct of its external commercial relations.

Mr. PHILIP (France) said that Guinea had full competence enabling the CONTRACTING PARTIES, if they so wished, to apply to it the procedures relating to Article XXVI:5(c) adopted at the twelfth session.

The CHAIRMAN enquired whether the CONTRACTING PARTIES wished to authorize the Executive Secretary to conduct, with Guinea and France, the consultations provided for in the procedures adopted by the CONTRACTING PARTIES and to place this matter on the agenda for the fifteenth session.

It was so agreed.

The meeting adjourned at 1 p.m.