GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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SUMMARY RECORD OF THE ELEVENTH MEETING

Held at the Palais des Nations, Geneva, on Saturday, 30 May 1959, at 9.30 a.m.

Chairman: Mr. F. GARCIA OLDINI (Chile)

Subjects discussed:
1. German Import Restrictions - Report of Working Party
2. Article XXVIII:4 - Addendum to Request by Canada
3. Australia/Papua-New Guinea Waiver - Approval of Decision
4. Meetings to be held prior to the Fifteenth Session and Report on Finance
5. Subsidies - Date for Review of Article XVI
6. Site of Tariff Conference, 1960-61
7. Balance-of-Payments Import Restrictions - Review of Restrictions and Reports on Consultations
8. Greek Import Restrictions
9. Membership of Committee III
10. Date of Sixteenth and Seventeenth Sessions
11. Closing Address by the Chairman

1. German Import Restrictions - Report of Working Party (L/1004, Corr.1 and Add.1)

The CHAIRMAN invited Mr. Wietnauer, Chairman of the working party, to present the working party's report.

Mr. WIETNAUER (Switzerland) said that the working party had taken as its point of departure the draft decision proposed by the United States delegation (W.14/24). A number of very important and far-reaching issues were involved in the problem under consideration but, thanks to the co-operative spirit which had prevailed during its discussion, the working party had been able to draw up a draft decision for consideration by the CONTRACTING PARTIES. Mr. Wietnauer pointed to certain specific reservations made by individual members of the working party. In paragraph 2, it was recorded that the representative of Czechoslovakia reserved his Government's position on the final result of any settlement. In paragraph 8, it was recorded that the representative of Canada maintained his Government's objection to the inclusion of Annex B in the operative part of the proposed decision; the representative of Australia also reserved his Government's position on this point.

Mr. BEALE (United States), having said that the draft decision was inevitably not perfect, pointed to some of the imperfections which were apparent to the United States delegation. They felt that, even now, the Federal Republic of Germany could undertake more extensive liberalization commitments or, at the very least, undertake firm commitments in regard to increased access for imports to its market. The Federal Republic should aim at liberalization even beyond the programme embodied in the decision, even if this caused difficulties for domestic interests. As a step in this direction, there should be a progressive and substantial expansion of import quotas. Similarly, in the light of the GATT provisions on non-discrimination, it was to be hoped that the Federal Republic would reconsider its policies and procedures regarding the allocation of quotas which were still maintained. In this connexion, the United States delegation looked forward to the first consultations under the decision which would take place at the fifteenth session; in their view, these consultations should cover any bilateral arrangements which tended to interfere with the liberalization of import restrictions and to limit the freedom to administer restrictions in accordance with Article XIII of the General Agreement. As for the draft decision itself, it seemed that there were three possible courses open to contracting parties. Firstly, the draft could be put aside and attempts made to improve it before the fifteenth session; if this were done, the probable result would be to end up with virtually no decision at all. Secondly, contracting parties could decide to reject the draft and possibly resort to action under Article XXIII; this could only lead to retaliation. Thirdly, the draft might be accepted on the grounds that a decision had been taken which, overall, best served the interests of the contracting parties and of the General Agreement; further, it would be demonstrated that a solution could be found within the framework of the General Agreement. The United States delegation favoured the third alternative course of action and would, accordingly, vote in favour of the draft decision.

Sir JOHN CRAWFORD (Australia) said that the document before the CONTRACTING PARTIES, which was the culmination of much hard work and controversy, posed major issues, not only for each contracting party in relation to the Federal Republic of Germany, but for the General Agreement as a whole. He proposed to record certain views on behalf of the Australian delegation. As some of these might not be completely palatable, however, he wished to pay a personal tribute to Mr. Klein and his colleagues. They had carried out a difficult rôle and the protracted consultations and negotiations must have meant great physical and mental stress for them. They had earned the respect of the contracting parties. Disappointments and criticisms which would be voiced during the discussion were not criticisms of the German delegation.

Sir John Crawford, in reference to the fact that the problem under discussion represented a major test for the GATT, said that the Federal Republic of Germany was clearly a most important example of a country declared free of the need for balance-of-payments restrictions. Because of this, the Federal Republic had been faced with the task of dismantling quantitative import restrictions and of making them conform with the General Agreement or seeking

a waiver from its obligations. The German proposals combined a modest amount of dismantling and a request for a substantial waiver. The attitude of the Federal Republic appeared to be that the quantitative restrictions system was too heavily entrenched to be dismantled completely either at once or in progressive stages. In this attitude there were two great dangers. Firstly, the balance of rights and obligations for the Federal Republic's partners in GATT were endangered and, secondly, others would feel perfectly justified in seeking similar privileges, so further destroying the balance that might once have existed. While the Federal Republic had made some movement towards removing restrictions, the most cursory examination of the draft decision made it clear that the two principal sufferers were the so-called "low-cost" producers (List VIII) and the exporters of primary products (Marketing Laws and List VII). For these two overlapping groups of interests the threat to the balance of rights and obligations was most acute. For them the omissions from liberalization far outweighed the few now added. Access was still severely restricted and discrimination was still a threat, if only because existing bilateral commitments made it difficult for the Federal Republic to give full application to Article XIII. The declarations of intent about discrimination were welcomed and value was attached to the provision for regular consultation. Nevertheless, the fact remained that the draft decision before the CONTRACTING PARTIES offered least assistance to the two groups he had just mentioned.

The failure to be more forthcoming on the problem of imports from low cost countries counted heavily against the Federal Republic, for it was in this field that leadership from advanced industrial areas was to be looked for. If the great industrial centre of Europe, in which Germany was a leader, could not offer a really constructive approach to the handling of this problem, it would strengthen the hands of anti-liberal elements in other countries. It was no answer to the Australian delegation's concern about the threat to the balance of Australia's rights and obligations in GATT to point to the right of complaint and redress under Article XXIII. To treat the problem that way, as the German delegation had frequently urged, not only generally failed in practice because of lack of success in finding the punishment to fit the crime, but also meant a setback to the goal of trade expansion; refusal to allow trade was met by a cutting down of reciprocal access for what were otherwise competitive products. The fact that German exports to Australia were expanding at the expense of others was to Australia a welcome sign of their competitive efficiency. Australia's desire was merely to be afforded similar opportunities to compete in the German market. It was no comfort to be told that one could retaliate against discrimination and lack of access by discriminating against the trade of the Federal Republic. As he had already said, the example of the Federal Republic might lead others to follow similar policies. It would be a sad day for the hopes of the supporters of multilateral trade if the more obnoxious forms of pre-war bilateralism were once again to be seen and felt in world trade.

In the Federal Republic, during the post-war period, one had been encouraged by public statements of leading Ministers and by the sheer fact of the Federal Republic's economic strength to look for the signs of a liberal trade policy. The results as shown in this decision were, at least in the short term, discouraging. Some comfort could be taken from the fact that the decision did recognize the obligation of the Federal Republic to move more in the direction of greater access and less discrimination, that the method of continuous consultation was heavily reinforced and, finally, from the fact that the Federal Republic was seeking a solution within GATT. Had the relations between contracting parties and the Federal Republic been outside GATT, it was doubtful whether any international solution would have been possible against the background of internal pressures which, apparently, were so strong in the Federal Republic. The elements of bilateralism in German policy which were still found to be so unpalatable might well, in the absence of GATT, have been unmanageable both for the Government of the Federal Republic and for its trading partners.

One of the really disturbing features of this protracted exercise had been the growing tendency to regard as unreasonable those who looked to the operation of GATT rules to protect their trading interests. Advanced industrial countries expected most-favoured-nation access to the markets of countries like Australia as an unquestioned and unchallengeable right. Yet when asked for reciprocal rights of access and non-discrimination it became politically inconvenient and impracticable. Waivers like those granted to the United States and now to be granted to the Federal Republic and to whomever might be next, were not encouraging. Conditions accepted by the Federal Republic in this decision were not concessions made by the Federal Republic but concessions made by the CONTRACTING PARTIES. For it was the CONTRACTING PARTIES who were about to agree that the Federal Republic might waive its obligations. It was its responsibility to remember this and to move increasingly into a position more fully in accord with the obligations it accepted on joining GATT. When one looked at the package before the CONTRACTING PARTIES, one must decide not merely whether it was bad or not in terms of GATT principles and articles but whether or not it pointed to more satisfactory future trading relations with the Federal Republic. The package was not good; it was not wholly bad. One could suspect or perhaps merely hope that its promise was better than the strict statement of commitments would suggest. The Government of the Federal Republic knew the wishes of the majority of contracting parties as to the practices it should adopt in its trade policy; the Australian delegation believed that the Federal Republic's opportunity to meet those wishes would be greater than the literal commitments it had undertaken. It was in this sense, especially, that the annual consultations would be of greatest value and importance to all the contracting parties.

In conclusion, Sir John Crawford said that the decision was not a reflection of the strength that GATT should have. It weakened badly the balance of obligations; for Australia it certainly detracted from the reality of reciprocal most-favoured-nation relations. Yet his delegation

recognized that it was an attempt by the Government of the Federal Republic to move from a position quite untenable in GATT to one more likely to grow into accord with the General Agreement. For this reason, the Australian delegation would not wish to obstruct the decision by voting against it and they removed their reservation with respect to Annex B. To express correctly their feeling of great disappointment and their conviction that something more could have been achieved, it would probably be wise for them to abstain. Yet to abstain might indicate to some an unwillingness to work with a decision likely to be acceptable to a majority. The Australian delegation did not wish to obstruct the application of the decision, for it would in fact, whether they liked it or not, govern their trading relations with the Federal Republic. They preferred those relations to be within the framework of GATT if that could be shown to be workable and worthwhile. They therefore proposed to give the decision a trial. For their part, they would not hesitate to report to contracting parties their experience in consultations and in day-to-day trade. If this proved unsatisfactory, they would have no option but to assume their freedom to modify their most-favoured-nation relations with the Federal Republic in accordance with the appropriate articles of GATT.

Mr. CASTLE (New Zealand) said that the question before the CONTRACTING PARTIES did not only relate to the problem of German import restrictions; it also directly concerned the basic principles of the General Agreement. While agreeing that the realistic and commonsense approach which was a feature of the work of the CONTRACTING PARTIES was desirable, it was nevertheless necessary to keep a sense of proportion. It must be remembered that the obligations of one contracting party were the rights and benefits of all other contracting parties. If this was to mean anything, individual contracting parties must be prepared to give up their complete freedom of action in matters of commercial policy and be ready to face up to any consequential difficulties which might arise. A situation similar to the one which the CONTRACTING PARTIES were now facing had arisen in 1955 in the case of the waiver granted to the United States in regard to its obligations under Article XI of the General Agreement. This waiver, which New Zealand had opposed, had had significant repercussions, not only on other contracting parties, but on the General Agreement itself. The CONTRACTING PARTIES were now seeing the consequences of the failure to prevent this earlier major departure from the rules of the General Agreement. As for the draft decision, this was unsatisfactory by virtue of the extent to which the difficulties of the Federal Republic of Germany had been accommodated. The proposed waiver would permit the Federal Republic to retain for three years, almost unconditionally, restrictions on a wide range of agricultural products. It contained no condition offering contracting parties real assurance of access in respect of a large number of products during the three years of the waiver. Likewise, there was no assurance that, at the end of the three-year period, the Federal Republic's policies would be any the less restrictive than at present. Would it not have been reasonable to insist that there should be a gradual relaxation of restrictions? It might well have been appropriate to have had in the preamble

of the decision some indication of what the CONTRACTING PARTIES had in mind in regard to those contracting parties most affected by the decision. There was a strong responsibility on all contracting parties to see that, during the period of the waiver, any contracting party adversely affected was supported strongly. Despite sympathy for the difficulties of the Federal Republic, and after the most careful consideration, the New Zealand delegation had decided that they must abstain when the vote on the decision was taken. They had no option but to do this, partly in view of the fact that the decision would permit the retention of restrictions on three out of four of New Zealand's major exports, and partly because of New Zealand's consistent attitude in the past on the question of principle involved.

Mr. JØRGENSEN (Denmark) said that, while the draft decision did not meet the wishes of all contracting parties, it was gratifying that the working party had been able to produce a report and a draft decision. He pointed out that in the working party, and previously, the representatives of the Federal Republic had underlined the important fact that their country was already importing large quantities of foodstuffs. It was also true that there had been some further measure of liberalization. It was to be hoped, nevertheless, that future developments would show an increase in imports in so far as the Marketing Laws products were concerned. The Danish delegation was prepared to vote in favour of the draft decision, although they were not completely satisfied with it. It was in the interests, not only of the Federal Republic, but of contracting parties generally, to find a solution to this problem at the present session. The difficulties which had arisen in dealing with the problem stressed the need for joint consultations on all aspects of agricultural protectionist policies, with a view to achieving a moderation of such policies. His delegation therefore looked forward to the consultations which would take place in Committee II.

Mr. VALLADAO (Brazil) said that his delegation shared the views expressed by previous speakers. Developments since the last session had not been great, but had at least shown a movement forward which was welcomed by his delegation. Nevertheless, they were not yet convinced that the General Agreement would emerge unscathed. Mr. Valladao pointed out that when a country like the United States expressed the opinion that it was likely to experience difficulties from the measures taken by the Federal Republic, the possible consequences for less-developed countries could more readily be understood. Less-developed countries who, because of the difference in their economic structure, were more vulnerable to difficulties than industrialized countries were already facing a number of problems such as those created by the existence of preferential systems, including the Common Market, and by the imposition in certain countries of heavy internal taxes which affected the expansion of consumption of their products. They were now called upon to face also the maintenance of import restrictions which were not justified under the General Agreement. The Brazilian delegation felt, however, that with patience and co-operation this problem could be resolved and would therefore vote in favour of the draft decision; they would, however, reserve the right to take appropriate action under other provisions of the General Agreement if the action taken by the Federal Republic under the decision did not prove to be satisfactory.

Mr. CAPPELEN (Norway) recalled that at the thirteenth session his delegation had expressed the hope that the Federal Republic, together with the countries principally affected, would examine the possibilities of finding a solution to this problem; on this basis Norway had taken an active part in the consultations and discussions which had been held since that session. As the Federal Republic was a major economic power its participation in the work of the General Agreement and its policy towards its trading partners was of great importance to the CONTRACTING PARTIES and it had therefore been important to arrive at a settlement; this settlement, however, could not be permitted to create a precedent. The Norwegian delegation considered that the prejudicial effects of the settlement would be determined by the extent to which the Federal Government would give increased access to its markets in accordance with the spirit of the decision, and in this respect they had full confidence in the Federal Republic's stated liberal trade policy. Other points to be borne in mind were that this decision was based on the principle that restrictions might be permitted only for a limited period, that the bulk of the remaining restrictions were in the agricultural field where many contracting parties had difficulties, and finally that it was most important to continued co-operation under the General Agreement that there should be no dissatisfaction or distrust between the Federal Republic and other countries which felt that their trade interests had not been completely taken into account in the settlement. The Norwegian delegation was prepared to accept the decision as a temporary solution and as the basis for close and fruitful co-operation with the Federal Republic in future. It was hoped, however, that a more satisfactory solution would be found shortly.

Mr. BEINOGLOU (Greece) said that his delegation considered that the report of the working party represented definite progress on a very controversial issue. A start had been made and it was to be hoped that this would be followed up, both in the interests of contracting parties and of the General Agreement.

Mr. SVEC (Czechoslovakia) expressed the intention of his delegation to abstain when the vote on this question was taken. In their view, this was one of the most important questions that had come before the CONTRACTING PARTIES and it was indeed unfortunate and unsatisfactory that it had had to be dealt with so hastily in the working party. Certain contracting parties, mostly OEEC countries, were apparently satisfied and were ready to support a package settlement. Czechoslovakia was not satisfied; the Federal Republic was one of Czechoslovakia's most important trading partners and they were not prepared to waive their rights under the General Agreement, and particularly their right to non-discriminatory treatment. As the representative of Australia had indicated, the right of retaliation under the provisions of the General Agreement was a meagre consolation. In conclusion, Mr. Svec said he wished it to be recorded that his delegation's reservation, referred to in the working party report, concerned not "Germany" but the Federal Republic of Germany.

Mr. SWAMINATHAN (India) said that in the view of his delegation any measures of liberalization which the Federal Republic found it possible to undertake were welcome and it was gratifying that as a result of consultations between the Federal Republic and interested contracting parties, some measures of liberalization proposed for a later date had been accelerated. Nevertheless, India shared with other contracting parties the disappointment that immediate liberalization, at least in respect of the non-marketing law items, had not been possible and that discrimination would continue in the case of several products until the end of the period covered by the decision. More particularly India felt a special sense of disappointment in that the few items of particular interest to it and from which the largest amount of foreign exchange was earned, were either the subject of a "hard-core" type decision or were still the subject of consultations. In the case of woven fabrics of jute and jute bags, unlike other products included in the liberalization programme, the period intended for full liberalization was five years, and in the case of cotton manufactures, the Federal Republic had not yet found it possible to indicate the final date for liberalization. In the view of the Indian delegation there was no justification for the maintenance of restrictions on the import of cotton textiles into the Federal Republic. Even the argument that sudden liberalization might cause serious injury to the domestic industry was invalid in this case because liberalization had already been extended to imports from several other countries.

Mr. Swaminathan said that, apart from general objections to the maintenance of restrictions, his country had even stronger and graver objections to discrimination. India's trading relations with the Federal Republic had been very good and capital goods and other goods produced by the Federal Republic were needed for India's continued development. In view of the very serious imbalance in trade between India and the Federal Republic, however, it was difficult to understand the discriminatory aspects of the restrictions and there was considerable pressure within India for some effective action to secure the removal of restrictions and particularly the removal of discrimination. India had noted with gratification the various statements made by the Federal Minister for Economics since his return from a visit to Asian countries and felt confident that this would influence the Federal Republic's attitude to this problem. As it was essential that action should be taken quickly it was hoped that the Federal Republic would be able to take satisfactory steps before the fifteenth session. The Indian delegation felt strongly that immediate liberalization was possible in the case of a number of items, including woven fabrics of coir, woven carpets of coconut fibres and products like sewing machines and toys, in which the area of competition likely to damage domestic industry was extremely small.

Mr. Swaminathan said that in the view of the Indian delegation recognition by the Federal Republic that contracting parties were entitled to seek full liberalization within a reasonable time in respect of those products was an important gain in principle. The Indian delegation would vote in

favour of the adoption of the working party's report and of the draft decision in the hope that the Federal Republic would recognize the understanding shown by contracting parties, some of whom were seriously hurt by the restrictions, and that the Federal Republic would take quicker and more generous action in regard to liberalization than that envisaged in the programme contained in the decision, which should be considered as a minimum. The Indian delegation regretted that the items most important to them would remain the subject of consultations and that those industrial products which were not mentioned in the working party's report were those on which the least progress had been made.

Mr. CAMEJO-ARGUDIN (Cuba) recalled that Cuba's relations with the Federal Republic were not conducted within the framework of the General Agreement, but were subject to bilateral arrangements. His delegation, however, had studied the report of the working party and in view of their concern about the possible effects of continuing to invoke Article XXXV, had referred the matter back to their Government. As they had not yet received instructions, his delegation would be obliged to abstain from voting.

Mr. SCHWARZMANN (Canada) said that, over the past two years, Canada and a number of other contracting parties had repeatedly expressed their concern at the maintenance by the Federal Republic of Germany of import restrictions on a large number of important products, contrary to the provisions of the General Agreement. In broad terms, this concern grew out of the belief that this action by the Federal Republic could do irreparable damage to the General Agreement and raise fundamental issues for the commercial policies of the contracting parties. The representatives of the United States, Australia, New Zealand and India, had summed up this concern during the present discussion and he would not repeat what they had said.

It was fair to say, however, as was reflected in the resolution adopted by an Intersessional Committee of the Whole in April 1958, that this concern had led many contracting parties to contemplate recourse to the provisions of Article XXIII. At the same time there existed an earnest desire on the part of all contracting parties to avoid a situation of that sort and to solve the problem by other means. The Canadian delegation had always felt that this could be done by the Federal Republic taking the following steps:

(a) removing as many restrictions as possible;

(b) seeking a waiver for those restrictions which, for special legal and domestic reasons, it could not remove at present; and

(c) accepting terms, conditions and limitations for such a waiver which would fully meet the interests and concerns of contracting parties.

The Canadian delegation had been desirous of reaching a settlement. Throughout the discussions and consultations which had preceded the drafting of the decision before the CONTRACTING PARTIES, their efforts had been directed at securing a settlement which would be generally acceptable to the Federal Republic's trading partners and which would be consistent with the objectives of the General Agreement. They did not consider, however, that the operation had been entirely successful and consequently they did not consider the proposed settlement as being fully satisfactory. In particular, they felt that the liberalization envisaged as part of the settlement was not sufficiently substantial or rapid. They were also concerned that there was no terminal date for the removal of a number of restrictions. Further, they felt that the assurances regarding increased access were not sufficiently firm and concrete. Finally, they did not consider there was sufficient clarity regarding the way in which the Federal Republic would implement its obligations to administer the restrictions in a non-discriminatory manner. In this connexion, they had in mind the Federal Republic's bilateral agreements which had been referred to by the representative of the United States and in the working party's report.

However, the Canadian delegation understood from the discussions on the proposed waiver that it would probably be generally acceptable to most contracting parties, including those whose trade was particularly affected by the restrictions. They were, of course, aware of the considerations which had led countries to accept the arrangement; indeed many of them had been summarized by the representative of the United States. It was perhaps necessary for the CONTRACTING PARTIES to grant the Federal Republic more time to resolve difficult domestic problems. It was also necessary to consider the settlement as a whole and to take the good with the bad. After carefully weighing up the various considerations, the Canadian delegation were prepared to agree to the waiver as temporary accommodation for some of the restrictions maintained by the Federal Republic. They wished to stress, however, that in accepting the waiver they attached particular importance to its implementation. By implementing the spirit as well as the letter of the waiver, the Federal Republic would make substantial progress in removing both the restrictions and the discrimination and many of the doubts felt by contracting parties would be removed. The Canadian delegation regarded the annual review and the various consultation procedures provided for in the waiver as providing both the Federal Republic and the contracting parties with an opportunity to bring the Federal Republic's trading system into line with the obligations which it accepted when it entered GATT. The discussions had been particularly difficult and complex and a settlement had now been reached, which while not completely satisfactory, was the best that could be achieved at this time. One should now look to the future. The CONTRACTING PARTIES had granted the Federal Republic a waiver which brought many of its import restrictions within the coverage of the General Agreement for the next three years. It was now up to the Federal Republic to make genuine efforts to assume her responsibilities as a contracting party and to move effectively towards compliance with the principles and obligations which had been accepted by other members of the world trading community.

Mr. WEITNAUER (Switzerland), Chairman of the working party, said he wished to point out that only Article XI would be waived in terms of the draft decision. It did not affect in any way the applicability of other provisions of the General Agreement, e.g. the provisions relating to non-discrimination.

Mr. JARDINE (United Kingdom) pointed out that for a country of such importance in international trade as the Federal Republic to continue indefinitely in breach of its obligations would do incalculable damage to the General Agreement. There was no doubt that the effectiveness of the General Agreement had inevitably been in question as long as this problem remained unresolved. His delegation welcomed the steps which the Federal Republic proposed to take and its willingness to regularize the position in regard to those restrictions on which it could not take action at once. The United Kingdom delegation, however, shared the disappointment expressed by the delegations of Australia, Canada and New Zealand; there was a substantial area of restrictions on important products, particularly agricultural products, where there was no commitment regarding either final liberalization or increased access. It had been hoped that the Federal Republic of Germany would have felt able to give other contracting parties more concrete assurances about increased access and some promise of obtaining a fair and reasonable share of its market. Despite the absence of precise commitments, agricultural exporting countries would look to Germany to take action in accordance with the spirit of the relevant recommendations of the Haberler Report. The United Kingdom had considerable misgivings regarding the long list of non-Marketing Laws agricultural products in respect of which the Federal Republic could not at present liberalize. Like Canada, the United Kingdom could not understand the reasons for discriminatory restrictions on some of these products; these discriminatory aspects, moreover, remained open to challenge under the General Agreement. The United Kingdom sympathized with India regarding the absence of a firm date for the liberalization of products of great importance to India. On the positive side was the inclusion of the List VIII products in Annex A in respect of which no waiver was being granted. Because of its positive elements and in the light of the serious consideration which it had given to this question, the United Kingdom delegation would vote in favour of the draft decision. Like other contracting parties it would, however, look to the Federal Republic to redouble its efforts to develop policies in conformity with the objective of the expansion of multilateral trade embodied in the General Agreement.

Mr. HAGEN (Sweden) said that the working party's report and the proposed decision represented a compromise solution on a most difficult and delicate problem. While aware of its shortcomings, the Swedish delegation were prepared to accept the package settlement. However, they had throughout maintained that, by virtue of paragraph 1 (a) (ii) of the Torquay Protocol, the Federal Republic's obligations under the General Agreement did not prevent the application of restrictions pursuant to the Agricultural

Marketing Laws. Only the legal experts of the Federal Republic itself could interpret these Laws and the interpretation given by them must be accepted by the CONTRACTING PARTIES. It was only because of the explicit statement in the draft decision that action by the CONTRACTING PARTIES was without prejudice to the legal considerations involved that the Swedish delegation were able to vote in favour of the decision.

Mr. AHMAD (Pakistan) recalled that his delegation had already expressed its concern on this subject (SR.14/8). Discussion had shown that this concern was widely shared by other contracting parties. One point which was of great importance was the dangerous situation likely to be created by the extension of the principles of the "hard-core" waiver Decision to the field of industrial and manufactured goods in the case of a country like the Federal Republic which enjoyed a favourable balance-of-payments position. His delegation had therefore hoped that if it were considered essential to give the Federal Government further time to remove its restrictions completely a terminal date for such an arrangement would be fixed. To their disappointment little progress had been made by the working party on this point. Pakistan was particularly interested in cotton textiles and those items included in Section D of Annex A to the decision, and Mr. Ahmad considered that the threat to the balance of rights and obligations between contracting parties, referred to by the representative of Australia, was imminent in the case of his country.

In spite of this, however, the Pakistan delegation had decided to support the decision, mainly because of the statement in footnote 1 to the draft decision which, in connexion with the products included in Section D of Annex A read: "The removal of those restrictions is under continuous consideration by the Federal Republic. In order to achieve this objective at the earliest possible date, it is the intention of the Federal Republic to initiate and actively pursue consultations with the contracting parties principally interested." It was with the earnest hope that substantial progress would be made towards the removal of restrictions on items included in Section D of Annex A before the next session that the delegation of Pakistan would support the draft decision.

Mr. ABE (Japan) said that the draft decision, which was the result of two years' discussion on this subject under the General Agreement, was not entirely satisfactory to Japan. However, Japan would join in accepting the decision in the hope that a solution to the remaining issues, based on the spirit and objectives of the General Agreement, would be found shortly.

Mr. ABDUL KARIM (Indonesia) expressed his delegation's disappointment at the outcome of the working party's discussions. Indonesia had an interest in some products which were included in Annex E of the draft decision and which would continue to be subject to restriction. While he objected to the use of quantitative restrictions which were not in principle tolerated by the General Agreement, he would vote in favour of the decision in the hope that the Federal Republic would remove the remaining restrictions within a reasonable period.

Mr. PHILIP (France) said that, in the working party, the French delegation had suggested an amendment to the report which had not been accepted and they had reserved their right to revert to the matter when the report was discussed by the CONTRACTING PARTIES. The proposed amendment was referred to in paragraph 3 of the report. In view of the fact, however, that the report was a finely balanced document, the French delegation were prepared to withdraw their amendment and would vote for the draft decision attached to the report.

Mr. SUJAK BIN RAHIMAN (Federation of Malaya) said that the draft decision, in the view of his delegation, was probably the best compromise solution which could have been achieved. They were pleased to note that the application of the decision would be under constant review. An important point arose in connexion with the difference of opinion about the Federal Republic's contention that it was entitled to maintain restrictions on imports of products specified in the Agricultural Marketing Laws; this was referred to in paragraph 2 of the preamble of the draft decision. His delegation would suggest that it might be opportune to streamline the procedures in connexion with accession to the General Agreement so that the sort of misunderstanding and difference of opinion regarding the interpretation of a country's legislation could not arise in future.

The CHAIRMAN asked whether the CONTRACTING PARTIES were prepared to approve the draft decision which was annexed to the working party's report.

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

Mr. KLEIN (Federal Republic of Germany) said that his Government welcomed the agreement which had been reached on the exceptionally difficult problems which they had been facing for some time. They were conscious, however, that this agreement did not imply a standstill and would continue to try to solve, in co-operation with the contracting parties, the remaining problems in this field. Mr. Klein expressed his appreciation of the high degree of understanding shown by contracting parties and expressed the belief that the decision approved by the CONTRACTING PARTIES would lead to substantial progress in the development of fruitful trade relations between the Federal Republic and other contracting parties.

2. Article XXVIII:4 - Addendum to Request by Canada (SECRET/106/Add.1)

The CHAIRMAN pointed out that contracting parties had been notified in document SECRET/106/Add.1 that three items had been inadvertently omitted from Canada's request for authority to enter into renegotiations. The Chairman enquired whether the CONTRACTING PARTIES agreed that the authority extended to Canada at an earlier meeting (SR.14/5) would cover these three additional items.

It was so agreed.

3. Australia/Papua-New Guinea Waiver - Approval of Decision (W.14/34)

The CHAIRMAN recalled that the CONTRACTING PARTIES had agreed at an earlier meeting (SR.14/9) to amend the waiver granted to Australia in respect of the treatment of imports from Papua-New Guinea. A draft decision had now been circulated by the Executive Secretary in document W.14/34.

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

4. Meetings Prior to Fifteenth Session (W.14/33)
Report on Finance (L/997)

The CHAIRMAN said that as the programme of meetings prior to the fifteenth session and the report on finance were inter-related, it was proposed that the CONTRACTING PARTIES should consider both questions at the same time. A programme of meetings between the present and the fifteenth sessions had been proposed by the Executive Secretary (W.14/33). This programme included three meetings agreed upon at the thirteenth session and, in addition, meetings of the three Committees on Expansion of International Trade and a meeting of the Working Party on Relations with Poland which had been appointed at the present session. A report on the 1959 budget position had been submitted by the Executive Secretary (L/997).

Mr. CAPPELEN (Norway) recalled that his delegation had proposed during the discussion on anti-dumping and countervailing duties (SR.14/2) that the group of governmental experts considering this question should hold their next meeting before the fifteenth session. He understood that such a meeting had not been included in the programme of meetings to be held during the inter-sessional period because of the heavy burden already placed upon the resources of the secretariat. However, in view of the fact that a number of contracting parties had supported this proposal and that his delegation considered that a long interval between meetings of the group of experts might have regrettable consequences, he asked the Executive Secretary to reconsider the possibility of including this meeting in the programme.

The EXECUTIVE SECRETARY said that the programme of meetings to be held prior to the fifteenth session placed a considerable strain on the organization both from the point of view of personnel and finance. It would be possible by virtue of the financial measures described in document L/997 to provide facilities for the programme of meetings which had been circulated, but as a result of the decision of the CONTRACTING PARTIES that a Ministerial meeting should be held during the fifteenth session (SR.14/10) it would be necessary to make advances from the working capital fund to meet additional expenses, as the present programme would strain financial resources to the limit. The Executive Secretary said that it seemed an undesirable practice to meet current expenses from the working capital fund and expressed the hope that, in future budgets, appropriations would be so set that this action would not require to be repeated. In seeking approval for the measures described in his report, he wished to have specific approval for making advances from the working capital fund for this purpose.

The Executive Secretary invited the attention of the CONTRACTING PARTIES to paragraph 7 of document L/997 and expressed the hope that the implications of the situation which had been created, whereby the CONTRACTING PARTIES were living beyond their financial means, would be taken into account in discussion on financial and budgetary matters at the next session. In this connexion, he referred to paragraph 9 of the document which contained certain practical suggestions which might help in the immediate future. If, however, the CONTRACTING PARTIES were now embarking upon a serious attack on the basic problems of international trade, the time might have come for the CONTRACTING PARTIES to examine the financial and administrative implications of this development.

With regard to the proposal of the Norwegain delegation the Executive Secretary said that the programme circulated necessarily represented a choice of priorities. While he would have liked the work of the CONTRACTING PARTIES in the field of anti-dumping practices, together with other important matters, to be resumed at an early date, the programme represented his views on what it would be realistic to undertake during the intersessional period. He therefore suggested that the group of experts should resume their work early in 1960.

Mr. CAPPELEN (Norway) said that his delegation accepted the views of the Executive Secretary and would not press this point.

Mr. ETIENNE (Belgium) said that, in his opinion, it would not now be appropriate for the Working Party on Commodities to meet during the first week of the fifteenth session as had been decided at the end of the thirteenth session. As the meeting of Ministers would be taking place at that time, the important problems connected with commodities and their consideration in the working party might well not receive the attention they deserved. There was, moreover, the fact that the Ministerial meeting would probably mean that there would be insufficient time available for the working party to meet. He would like to suggest, in his capacity as Chairman of the working party, that consideration should be given to including the question of commodities on the agenda for the meeting of Ministers. If this were agreed, it would seem that the working party should meet before the fifteenth session and, if such a meeting could not be held in Tokyo, he would suggest that it should take place in Geneva.

The EXECUTIVE SECRETARY said it was really not possible to modify the list of meetings contained in document W.14/33, which represented the maximum which finance and personnel would permit. He would hope, however, that it would be possible to arrange for Ministers to meet for half of each day so that the Working Party on Commodities could meet during the first week in the balance of time that was available.

Mr. ETIENNE said he was satisfied with the suggestion made by the Executive Secretary.

The CONTRACTING PARTIES approved the programme of meetings contained in document W.14/33.

The CONTRACTING PARTIES also approved the proposals contained in document L/997: (i) authorizing the Executive Secretary to draw from the unappropriated surplus for 1958 to cover the increased expenditure in 1959, (ii) authorizing the Executive Secretary to finance by an advance from the working capital fund the additional expenditure arising from the decision to hold a Ministerial meeting at the fifteenth session, (iii) authorizing the provision of four additional offices in the basement of the Villa le Bocage, and (iv) authorizing the new arrangements for the auditing of the accounts.

The CHAIRMAN said he wished to draw attention to the list of outstanding contributions for 1959 which had been distributed to delegations (L/999) and asked the delegations concerned to bring this to the notice of their governments. It was hoped that the outstanding amounts would be received in the near future as the delayed payment caused embarrassment to the financial administration of the secretariat.

5. Subsidies - Date for Review of Article XVI

The CHAIRMAN recalled that, when the CONTRACTING PARTIES examined earlier in the session the report of the Panel on Subsidies (SR.14/2), it was decided to leave for later consideration the question of the time at which the review of the operation of the provisions of Article XVI should be conducted. The Chairman proposed that, taking into account the preliminary work which had to be done by the Panel including the collection of additional information, this question should be referred to the Panel itself with the request that it should make recommendations thereon to the CONTRACTING PARTIES.

The Chairman's proposal was approved.

6. Site of Tariff Conference 1960-61 (W.14/36)

The CHAIRMAN drew attention to document W.14/36 in which the Executive Secretary had reported on the possibility of holding the Tariff Conference in Geneva or alternatively in some other town.

The EXECUTIVE SECRETARY said that as plans for the 1960 tariff conference would have to be made at an early date he had intended to ask the CONTRACTING PARTIES to take a decision on the venue of the conference during the session. However, in view of further information which had been received from the Geneva authorities, more consideration would have to be given to the facilities which might be available in Geneva. On the other hand, an interesting offer had been made by the town of Lausanne and a decision on this offer would have to be taken early in June. He therefore suggested that the CONTRACTING PARTIES should establish a special committee with the authority to take a decision. In order to avoid complications the committee might consist of the permanent representatives of the contracting parties in or near Geneva.

This was agreed.

7. Balance-of-Payments Import Restrictions - Review of Restrictions under Articles XII and XVIII:B (L/1005) and Reports on Consultations (L/1000 to L/1003 and Corr. 1)

The CHAIRMAN explained that Article XII:4(b) and Article XVIII:12(b) provided that, after the revised provisions had come into force, the CONTRACTING PARTIES should review all import restrictions applied for balance-of-payments reasons. This review was made in 1958 but, as the report on the subject had not been completed, the Committee on Balance-of-Payments Restrictions had been asked to prepare a draft. The report prepared by the Committee was contained in document L/1005. The Committee had also conducted individual consultations on balance-of-payments restrictions with France, New Zealand, the Union of South Africa and the United Kingdom. The reports on these consultations were contained in documents L/1000, L/1001, L/1002 and L/1003. As the Chairman of the Committee, Dr. van Blankenstein (Kingdom of the Netherlands), had been obliged to leave Geneva he had requested Mr. Meere (Australia), who had been Chairman of the Drafting Group of the Committee, to present on his behalf the report on the review in document L/1005 and the reports on the four consultations.

Mr. MEERE (Australia) said that the Committee was given two tasks. The first was to consider a draft paper, reviewing import restrictions under Articles XII and XVIII:B, which had been prepared by the secretariat in the light of comments supplied by interested contracting parties on an earlier draft. The second was to conduct consultations under Article XII:4(b) with the Union of South Africa and France and under Articles XII:4(b) and XIV:1(g) with the United Kingdom and New Zealand. The results of the work of the Committee and of the secretariat on the first task were embodied in the report on the review (document L/1005). If the CONTRACTING PARTIES approved this report, there would be annexed to it a supplement containing notes prepared by the secretariat, in collaboration with the contracting parties concerned, on the systems of import restrictions applied by various contracting parties for balance-of-payments reasons. Mr. Meere added that the review dealt only with balance-of-payments restrictions and did not cover restrictions applied for other reasons. Some members of the Committee had felt that the time was opportune for the CONTRACTING PARTIES also to review those import restrictions which were not applied for balance-of-payments reasons.

The consultations which the Committee had carried out with New Zealand, the Union of South Africa, the United Kingdom and France had been conducted in accordance with the procedures approved by the CONTRACTING PARTIES at the thirteenth session. The main points discussed in the consultations were summarized in the reports submitted in documents L/1000 to L/1003. As the consultations with the United Kingdom were completed on 28 May, the report did not take account of the significant liberalization of United Kingdom restrictions which had been announced on 29 May.

Mr. JARDINE (United Kingdom) said that he wished to add to the brief remarks made by Mr. Meere regarding the United Kingdom's announcement on the relaxation of import restrictions. As from 8 June controls on imports into the United Kingdom of many consumer goods from the dollar area would be removed. In addition, the so-called global quotas, open at present only to imports from Western Europe and certain other non-dollar areas would, from 1 January 1960, be open to the dollar area. It had also been decided to increase during the present year quotas of motor cars and most types of fruit from the dollar area.

The effect of these measures would be to make a further substantial reduction in discrimination against the dollar area. These measures were in accordance with the undertaking given by the President of the Board of Trade at the Commonwealth Trade and Economic Conference last September.

Mr. FISK (United States) said that his delegation and the United States Government warmly welcomed the United Kingdom's announcement. The measures concerned were a big contribution to the concept of non-discriminatory multilateral trade and were important for the effects they were likely to have on trade policies generally.

Mr. SCHWARZMANN (Canada) likewise welcomed the measures taken by the United Kingdom which represented yet a further step towards the complete dismantling of discrimination by the United Kingdom. His delegation had examined the list of commodities covered by the announcement and had found a large number which were of interest to Canada and to other countries. Canadian exporters would welcome the opportunity of regaining access to the traditional United Kingdom market. In the view of his delegation, the United Kingdom had set an example to those countries still maintaining similar restrictions.
Mr. Schwarzmann went on to say that the reports on balance-of-payments import restrictions were one of the most important matters dealt with by the CONTRACTING PARTIES at the present session. The reports, which clearly demonstrated the value of the new procedures for consultations, constituted a basis for a closer understanding of the policies of the contracting parties who were consulting and enabled them in turn to appreciate the views of other contracting parties.

Mr. CAPPELEN (Norway) said that he wished to comment on the reference in the statement of the Chairman of the Drafting Group to the desirability of reviewing quantitative restrictions imposed for reasons not associated with the payments position. In the view of his delegation there was no great difference between the hard-core problems a country had to face before and after it ceased to have balance-of-payments difficulties, and it would be in the common interest of all the contracting parties to review quantitative restrictions as a whole. One way in which this might be done would be by making another review of import restrictions which would include information on the motives and background of the restrictions applied whether or not they were related to the balance of payments and monetary reserves.

Mr. SWAMINATHAN (India) said that administrative difficulties had prevented his delegation from contributing as effectively as they would have wished to the work of the Committee and from seeking to have sufficient emphasis given in the report on the review of import restrictions for balance-of-payments reasons to the position of the less-developed countries. Unless these countries were permitted to obtain foreign exchange necessary to finance development, contracting parties could not expect an early relaxation of import restrictions in these countries. Contracting parties could make a substantial contribution to the liberalization of trade in less-developed countries by removing as rapidly as possible restrictions which had a limiting effect on exports from these countries, and by reducing the tariff and fiscal barriers to the trade of less-developed countries which were being studied in Committee III.

Mr. JORGENSEN (Denmark) said that, if a comprehensive picture of a country's economic situation were to be obtained, it was necessary to have information on all the factors which affected its financial position.

Information on subsidies and State trading, etc., was obtainable and annual consultations were provided for in the case of quantitative restrictions applied for balance-of-payments reasons or covered by a "hard-core" waiver. In the case of other quantitative restrictions, however, for example those permitted under Articles XI and XX, no information was available to the CONTRACTING PARTIES. As many of these restrictions were in the agricultural sector, Committee II would no doubt have its attention drawn to this question, but not all the restrictions would be covered in this way. As balance-of-payments justification for restrictions was progressively eliminated, quantitative restrictions imposed for other reasons grew in importance and the Danish delegation therefore agreed with the Norwegian view that information on all types of quantitative restrictions should be made available to the CONTRACTING PARTIES. Mr. Jorgensen suggested that the Norwegian proposal should be given further consideration at the next session.

Dr. van OORSCHOT (Kingdom of the Netherlands) said that he had been asked by some delegations for clarification regarding the part of the statement he had made at the first meeting of the CONTRACTING PARTIES (SR.14/1) regarding the restrictions which the Netherlands still maintained. To avoid any misunderstanding, he would like to repeat what he had said at that meeting, namely that his Government recognized that the maintenance of some of the remaining restrictions was not in accordance with the letter of the General Agreement. His Government would continue with its efforts to come completely into accord with the rules of the General Agreement and the Netherlands delegation would, in any case, hope to let the CONTRACTING PARTIES know the outcome of their Government's consideration of this matter at the fifteenth session.

Mr. FISK (United States) congratulated the Netherlands delegation on their Government's success in bringing to an end their balance-of-payments difficulties and for no longer having recourse to Article XII. His delegation was glad to see that the Netherlands had removed a good part of the restrictions against the dollar area. Document L/960 showed that restrictions were still being applied on a variety of goods, but his delegation appreciated the Netherlands' statement that, because of the liberal administration of the restrictions, their restrictive effects were limited. His delegation looked forward to the further information which the Netherlands delegation would in due course provide.

Mr. SVEC (Czechoslovakia) stressed the significance of the discriminatory aspects of import restrictions. He was disturbed to see that the report on France openly admitted discrimination against Czechoslovakia by the French Government. He hoped that he would have the backing of the CONTRACTING PARTIES and the General Agreement itself when he took exception to this situation, and he suggested that the French delegation, and any others concerned, should endeavour to eliminate such discrimination against Czechoslovakia. He reserved the right to raise this matter again if necessary.

The CHAIRMAN asked whether the CONTRACTING PARTIES were prepared to approve document L/1005 which contained the review of restrictions under Articles XII and XVIII:B and the reports on individual consultations contained in documents L/1000, L/1001, L/1002 and L/1003.

The CONTRACTING PARTIES approved the report on the review and the reports on the consultations with New Zealand, the Union of South Africa, the United Kingdom and France.

8. Greek Import Restrictions

Mr. BEINOGLOU (Greece) said that his delegation had hoped to be able to report during the course of the present session on certain modifications to the import system which the Greek Government had made. Unfortunately, the report had not been completed in time but would be transmitted in the near future. At the moment his Government was not yet quite certain which provisions of GATT should be referred to in making the notification but, subject to further consideration by his Government on this point, his delegation would have no objection if, upon receipt of the notification, consideration would be given to the question whether the matter need be referred to the Committee on Balance-of-Payments Restrictions.

The CONTRACTING PARTIES took note of the statement by the representative of Greece.

9. Membership of Committee III

The CHAIRMAN informed the CONTRACTING PARTIES that, as there was no representative of any of the Scandinavian countries on Committee III, Sweden, with the concurrence of the other three Scandinavian countries, had requested to be co-opted as a full member of the Committee.

This was agreed.

10. Dates of the Sixteenth and Seventeenth Sessions (W.14/35)

The CHAIRMAN pointed out that, when it was decided to hold two sessions of the CONTRACTING PARTIES each year, it was agreed that the date of each session should be fixed twelve months in advance. In document W.14/35 the Executive Secretary had proposed that the sixteenth session be held from Monday, 16 May to Saturday, 4 June 1960. So far as could be seen at present, the accommodation that would be available in Geneva at that time would not be all that delegations might desire, but it was most unlikely that any better accommodation would be available at any other time in April or May next year. The first weeks of March would be too early. If the dates proposed were agreed, the Executive Secretary would endeavour to find more satisfactory accommodation than that which could be promised at present. The Executive Secretary would also like to know whether the CONTRACTING PARTIES could decide on the date for the seventeenth session, as the making of staff arrangements would be facilitated if the decision was not left until November of this year. The Executive Secretary proposed that the seventeenth session should begin on 31 October 1960.

The proposals of the Executive Secretary were approved.

11. Closing Address by the Chairman[1]

Mr. GARCIA OLDINI, having pointed to the advantages which had accrued from the decision to hold two sessions of the CONTRACTING PARTIES each year, referred to some of the important matters which had been discussed at the fourteenth session. These had included arrangements for the provisional accession of Israel and for the closer association of Yugoslavia; Poland also had expressed the wish to enter into closer association with the CONTRACTING PARTIES and this matter would be examined by a working party before the fifteenth session. Encouraging results had come out of the series of consulations on quantitative restrictions imposed for balance-of-payments reasons and it was to be hoped that, at the fifteenth session, the Committee on Import Restrictions would be able to report further progress in the field of trade liberalization. Likewise, some progress had been made during the session towards finding a solution to the difficult and controversial problem of import restrictions maintained by the Federal Republic of Germany; this item had been on the agenda of the CONTRACTING PARTIES for several years. Matters of concern to Latin American countries, including their proposals for regional economic integration, had also been discussed.

Mr. Garcia Oldini said that, in his view, probably the most outstanding event of the session was the strong support given by the CONTRACTING PARTIES to the task of finding practical means for implementing the programme for trade expansion. Tangible results had already been achieved. He stressed the inter-related character of the work being undertaken by the three committees set up by the CONTRACTING PARTIES. In conclusion, Mr. Garcia Oldini expressed the view that the work of the session had further enhanced the prestige of the General Agreement, which was increasingly becoming the most effective forum in which countries could expound their economic and commercial problems and find solutions to the difficulties with which they were confronted.

The CHAIRMAN declared the fourteenth session closed at 1 p.m.

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[1] Mr. Garcia Oldini's statement is reproduced in full in Press Release GATT/454.