

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.16/6  
13 June 1960

Limited Distribution

CONTRACTING PARTIES  
Sixteenth Session

Page 67

## SUMMARY RECORD OF THE SIXTH MEETING

Held at the Palais des Nations, Geneva,  
on Friday, 27 May, at 10 a.m.

Chairman: Mr. E.P. BARBOSA DA SILVA (Brazil)

- Subjects discussed:
1. Latin American Free Trade Area
  2. Belgian Import Restrictions
  3. Expansion of International Trade -  
Committee I

### 1. Latin American Free Trade Area (L/1201)

The CHAIRMAN recalled that the four contracting parties in South America - Brazil, Chile, Peru and Uruguay - had joined with Argentina, Paraguay and Mexico, in preparing a treaty for the establishment of a free-trade area in Latin America. This Treaty had been signed in Montevideo on 18 February 1960 and had been submitted to the CONTRACTING PARTIES for examination under paragraph 7 of Article XXIV. On 14 March 1960 the text of the Montevideo Treaty was submitted to contracting parties in document L/1157. The contracting parties had been invited to submit questions concerning the provisions of the Treaty and its implementation, and the secretariat, in documents L/1177, and Addenda 1 and 2, had prepared three questionnaires from the questions received. The replies to the first questionnaire were received during the course of the present session and distributed in document L/1201. The Chairman called on the representative of Chile for presenting the subject to the CONTRACTING PARTIES on behalf of the signatory governments.

Mr. GARCIA OLDINI (Chile), on behalf of the signatory governments, presented to the CONTRACTING PARTIES the Montevideo Treaty establishing the Latin American Free Trade Area.<sup>1</sup>

Mr. ADAIR (United States) expressed his delegation's interest in the efforts of the seven Latin American countries creating a free-trade area and congratulated the signatory governments on their initiative. His Government endorsed the objectives of the Montevideo Treaty of achieving higher standards of living and accelerating economic development through elimination of intra-regional trade barriers

---

<sup>1</sup> The full text of Mr. Garcia Oldini's statement has been distributed in document L/1230.

and the maximum utilization of productive factors. The United States had consistently supported the formation of economically sound regional markets which would advance the welfare of the countries inside as well as outside the area. The best way to ensure that this objective was met was to conform with the provisions of Article XXIV of the GATT. In providing for an exception to the basic policy of most-favoured-nation treatment for customs unions and free-trade areas, the drafters of Article XXIV had sought to ensure that any regional arrangements would lead to the creation of trade rather than trade diversion and thus promote the welfare of the world trading community as a whole. It was in the context of the principles laid down in Article XXIV therefore that the United States looked at any agreement for regional economic integration. The CONTRACTING PARTIES did not at this stage have all the information about the Latin American Free Trade Area which had been requested. Until this material which would enable the CONTRACTING PARTIES to examine the Montevideo Treaty in the light of the relevant provisions of the General Agreement had been received and studied by governments, it was difficult to make anything more than very preliminary comments on it. As in the case of other regional arrangements, the Montevideo Treaty should be considered in detail by a working party. There would of course be a number of points which would come up in this detailed examination of the Treaty but it seemed useful to his delegation to give some general comments at this time. The United States Government particularly wanted to examine, in the light of Article XXIV:8(b), the provisions of the Montevideo Treaty which called for the gradual elimination of duties, charges and restrictions in respect of substantially all reciprocal trade within the constituent territories. The degree to which trade liberalization was left to subsequent negotiations might raise some question as to whether the requirements of Article XXIV for a definite plan and schedule had been met. The special provisions affecting trade in agricultural commodities as well as those for industrial integration required a careful examination in terms of their relation to the provisions of the General Agreement. The United States regretted that the Treaty did not contain any specific provision that actions taken under the Treaty would be compatible with the provisions of the General Agreement. His delegation therefore hoped that the signatories would reassure the CONTRACTING PARTIES of this fundamental principle. Finally, it was the hope of the United States that the member countries of the Latin American Free Trade Area would quickly eliminate their remaining discriminations against outside countries and that the Treaty itself would not require member States to discriminate as among non-members. The examination of the Treaty by the working party to be established might start before the end of this session or at such time intersessionally as might be found to be convenient.

Mr. JARDINE (United Kingdom) congratulated the parties of the Montevideo Treaty on the conclusion of the Latin American Free Trade Area. It was encouraging to see from the main provisions of the Treaty how closely they had been drafted with an eye to the provisions of Article XXIV. On the other hand some of the exceptional provisions were widely drawn and, as in the case of the European Free Trade Association, there should be a further examination by a working party of the provisions of the Treaty and of their consistency with the General Agreement. The United Kingdom would carefully examine the answers to the questions which had been submitted to the parties to the Treaty in view of the examination of the Treaty by the CONTRACTING PARTIES. The United Kingdom delegation would be better able to comment at length on the Montevideo Treaty when it had had time to study the answers to all the questions put to

the signatory governments. The United Kingdom delegation had no objection to a working party being established to consider the Treaty; this working party might start its meetings at this session. The United Kingdom would consider problems to which this working party would have to address itself in a spirit of sympathy and understanding for the member countries concerned.

Mr. SWARD (Sweden) congratulated the member countries of the Latin American Free Trade Area for the positive results of their work. The Swedish delegation was of the opinion that the Montevideo Treaty merited serious and sympathetic consideration by the CONTRACTING PARTIES. The convention however contained provisions which had to be studied carefully and the Swedish Government supported the setting up of a working party in which Sweden would be glad to participate.

Mr. GRANDY (Canada) congratulated the governments concerned on their success in reaching agreement on a Treaty designed to establish a free-trade area in Latin America. His delegation appreciated the statement which the representative of Chile had made and suggested that this statement should be reproduced and circulated. The Canadian Government considered it most important that the new trading arrangements in Latin America should be such as would promote sound economic growth of the member countries as well as contribute to stronger trade relations with other contracting parties to the General Agreement. It was Canada's hope that the implementation of the Treaty would give the Member Governments the full benefits of greater specialization and productivity, expand trade and promote sound economic development. The Canadian delegation had not yet had an opportunity to study the replies received from the parties to the Treaty to the questions submitted by the CONTRACTING PARTIES. It welcomed the willingness of the signatories to the Treaty who were also contracting parties to GATT to co-operate in the examination of the Treaty and it thought it appropriate that this work should begin at an early date and be carried forward through some appropriate intersessional procedure.

Mr. TREU (Austria) expressed his Government's appreciation of the Montevideo Treaty. There were two essential factors which motivated Austria's interest and sympathy towards the Latin American Free Trade Area. Firstly, Austria was firmly convinced that this agreement constituted a decisive step forward towards a rapid development of the economies of the Latin American countries and a gradual and faster increase in their standards of living. Secondly, it was Austria's conviction that the implementation of the Treaty would facilitate the elimination of restrictions which the majority of the parties to the Treaty were obliged to maintain and thus create a possibility of expanding the trade between the signatories and third countries. The Austrian delegation supported the suggestion put forward by the delegate of Canada to the effect that the statement made by the representative of Chile should be circulated. It furthermore supported the proposal to establish a working party which represented the most appropriate procedure for examining the provisions of the Montevideo Treaty in the light of the General Agreement.

Mr. MATHUR (India) said that his country followed with sympathetic interest the efforts which were being made by the Latin American countries to accelerate their economic development through the closer integration of their economies. His delegation was conscious that in these efforts the less-developed countries of Latin America faced a peculiarly delicate and complex problem of adjustment for they had to safeguard the vulnerable bases of their economies while pursuing measures which permitted a fuller utilization of economic resources in the area. It was therefore natural that these countries sought flexible and realistic approaches to the problem of integration and that they wished to proceed carefully and step by step. His delegation was confident that in looking at the provisions of the Treaty from the standpoint of the GATT rules, the CONTRACTING PARTIES would fully take into account the special difficulties of less-developed economies in the field of trade and economic development. At the same time, the Indian Government was also confident that the signatories to the Treaty fully realized that the way to economic progress did not lie in isolating their markets from third countries but that for a balanced and healthy development they had to continue maintaining and expanding the channels of trade between themselves and third countries. The Indian delegation believed that the parties to the Treaty would at every stage examine closely the effect of the arrangements adopted by them on their trade with third countries and would give such countries the fullest opportunities to bring to their attention aspects and features of these arrangements that might have an inhibiting effect on such trade.

Mr. CASTLE (New Zealand) recalled the meeting of New Zealand's sympathy with the proposal for a Latin American Free Trade Area expressed at the fifteenth session. As with other proposals of this kind, the New Zealand Government was very interested in the possible effects of such arrangements on the present and prospective trade of third countries. In recent years, New Zealand's trade with the Latin American region had been expanding and his country was naturally anxious to ensure that this expansion of trade would continue in the future. It was appropriate that the Montevideo Treaty received a full examination in terms of the whole of Article XXIV. This examination had already been initiated with the submission of questions by the CONTRACTING PARTIES to the members of the area. The answers so far given to some of these questions did not, however, in the view of the New Zealand delegation advance its understanding of the proposals nor did they make clear the intention of the member countries. It was clearly desirable that arrangements should now be made for a fuller examination of the Montevideo Treaty and New Zealand therefore supported the proposed establishment of a working party although it was recognized that it might not be possible for such a working party to make much progress during the present session. It would be helpful for the work of the working party if the signatories to the Treaty were to reconsider some of the answers already given to the questions submitted and to attempt to give much fuller information than they had done so far. New Zealand would approach the examination of the Treaty in a constructive spirit but before coming to any conclusion it was important that it was enabled to understand more clearly the nature of the Treaty and the intention of its participants.

Mr. RIZA (Pakistan) expressed his country's great interest and sympathy for the Latin American Free Trade Area. Trade between Pakistan and that area had not been significant but with current changes taking place in the economic structure of the less-developed countries the future could only be looked upon with optimism. His delegation was convinced that the signatories to the Treaty were fully aware that such arrangements should not create difficulties for the trade of outside countries and the recent experience in scrutinizing other similar associations should make them most careful to avoid any measures which might justifiably call for complaint by outside parties. Pakistan supported the proposed establishment of a working party.

Mr. DUHR (Luxemburg), on behalf of the Member States of the European Economic Community, said that these countries followed with great interest the steps taken by the Latin American countries to create an association which constituted an essential factor for their economic development and at the same time assured the expansion of their trade with third countries in conformity with the spirit of the General Agreement. In the course of the discussion of the Stockholm Treaty, his delegation had already had an occasion to put forward the point of view of the Member States of the European Economic Community with regard to the general problems created by the current trend of setting up regional trade systems. The Montevideo Treaty, in which the efforts of the Latin American countries to establish a regional system facilitating their economic and social development had resulted, was to be examined by the CONTRACTING PARTIES in the light of the various provisions of the General Agreement concerning the formation of regional trade systems. Under certain aspects the Montevideo Treaty resembled other forms of regional integration which had already been examined by the CONTRACTING PARTIES; other aspects, however, were new. The Six recognized that, different from the already existing forms of regional agreements, the Latin American Free Trade Area revealed a new factor in that it grouped countries whose economies were in a process of rapid development. This fact which was connected with new problems had to be taken into account in the examination of the Treaty. The Six noted with satisfaction that the provisions of the Treaty tended towards a total elimination of barriers to trade within the area without excluding a priori any sector of trade. With respect to the trade with third countries his delegation noted with satisfaction the assurances given in the replies to the first series of questions as well as those given at the present meeting. In the view of the Six, the replies given to the first part of the questionnaire constituted the first element for proceeding to a detailed examination of the Treaty. This examination should be carried out by a working party starting its work as soon as possible and in the deliberations of which the signatories might furnish all additional information which would be requested.

Sir John CRAWFORD (Australia) expressed his delegation's interest in the development of the Latin American Free Trade Area which was the first example of creating a regional market in the southern hemisphere and therefore called for special sympathetic interest for Australia. He repeated the stress placed by the Australian and the other delegations on the importance of having the proposals contained in the Montevideo Treaty conform with the principles of GATT. In this respect his delegation supported the procedural proposals put forward by the United States delegate.

Mr. WIRASINHA (Ceylon) expressed his delegation's congratulations to the signatories of the Montevideo Treaty on their performance, an initiative and enterprise in which Ceylon, as an under-developed country itself, was particularly interested. In effect the Montevideo Treaty constituted a new departure in the sense that countries which were themselves less-developed entered into a regional association. His Government would watch with interest the development which would take place within these arrangements and supported the suggestion of establishing a working party, the proceedings of which the Ceylon delegation would follow closely.

Mr. TNANI (Tunisia) said that his delegation welcomed with satisfaction the signing of the Montevideo Treaty and wished to congratulate the signatories to the Latin American Free Trade Area on their initiative. In the view of his country this enterprise constituted an historical event since it was the first important step taken by the developing countries towards achieving on a rational basis the development of their economies, a development which would result in an increase of their demand for imports and thus lead to an expansion of international trade which was the most essential objective of the General Agreement. In this respect the Tunisian delegation hoped that this new institution would conform to the provisions of Article XXIV of the General Agreement. It seemed to him that a most important factor lay in the impact of this new free-trade area on the freeing of trade within the area representing an economic liberalization which did not of course exclude international solidarity. It might be this aspect which constituted the example to be followed by other under-developed countries.

Mr. KASTOFT (Denmark) congratulated the Latin American countries on their success in concluding an agreement which should eventually lead to the formation of a Latin American Free Trade Area which, he hoped, would prove to be an important step in promoting economic and industrial development in the countries concerned. Denmark fully appreciated the difficulties which these countries had had to surmount before this result was attained as well as those which they might have in the future carrying-out of their plans. His country would be willing to participate in the consideration by the CONTRACTING PARTIES of the Montevideo Treaty and supported the relevant procedural proposals submitted by the United States delegation.

Mr. CAMEJO-ARGUDIN (Cuba) associated his delegation with the congratulations expressed by other delegations to the signatories of the Montevideo Treaty. His Government had followed with great sympathy the efforts made by these countries with which Cuba maintained a close relationship. The replies so far given to the questions submitted to the signatories contained some elements which removed certain concerns which his delegation had expressed at the fifteenth session. The Government of Cuba supported the proposal to establish a working party and asked to be appointed one of its members.

Mr. GARCIA OLDINI (Chile), on behalf of the Member States of the Latin American Free Trade Area, thanked the contracting parties who had expressed so much sympathy, encouragement and understanding for the establishment of this undertaking. The signatories were prepared to submit any additional information requested by contracting parties within the framework of the proposed working party.

The CHAIRMAN said that the discussion had indicated that the CONTRACTING PARTIES were in agreement with the proposal that a working party should be set up to carry out the necessary examination of the Montevideo Treaty.

The CONTRACTING PARTIES approved the establishment of a working party with the following terms of reference:

"To examine, in the light of the relevant provisions of the General Agreement on Tariffs and Trade, the provisions of the Montevideo Treaty and to report to the CONTRACTING PARTIES at the seventeenth session."

As to the membership, the CHAIRMAN proposed that the working party should be left open for participation to all contracting parties who so desired. The composition of the working party would therefore be announced later during the session. The Governments of Argentina, Mexico and Paraguay, who were also signatories to the Treaty, as well as the Commission of the European Economic Community, were invited to participate in the work of the working party.

The CONTRACTING PARTIES agreed with the proposal of the Chairman that Mr. E. Treu (Austria) should be appointed Chairman of the working party.

2. Belgian Import Restrictions (L/1159)

The CHAIRMAN recalled that at the fifteenth session, the CONTRACTING PARTIES had received the Fourth Annual Report submitted by the Government of Belgium under the Decision of 3 December 1955 whereby Belgium had been granted a waiver from Article XI for the maintenance of quantitative restrictions on certain agricultural products. During the discussion of that report several delegations had expressed serious concern about the lack of progress in the removal of restrictions and the Belgian Government had been invited to re-examine its position under the waiver and to advise the CONTRACTING PARTIES not later than the end of February 1960 of the steps it proposed to take. It had then been agreed that this question would be discussed at the sixteenth session.

Mr. De SMET (Belgium) recalled the regrets expressed by the Belgian delegation at the fifteenth session that Belgium had not been able to make progress in eliminating import restrictions in the course of 1959 due to the very difficult position of Belgian agriculture. Although in the meantime this situation had hardly improved, the Belgian Government had endeavoured to find solutions for giving satisfaction to the CONTRACTING PARTIES and at the same time to conform to the rules of the General Agreement. The Belgian delegation was now in a position to inform the CONTRACTING PARTIES that its Government had decided to liberalize a certain number of products covered by the waiver of 3 December 1955. The twelve products to be liberalized as soon as possible, and not later than 1 July 1960, were enumerated in a list submitted to the secretariat<sup>1</sup> and included live animals and meat of bovine and pork, as well as poultry eggs. The removal of licensing requirements on these products was, however, not possible without introducing certain safeguarding measures against imports at abnormally low prices. The Belgian Government, therefore, had enacted the necessary legal provisions for the application of licensing taxes to be imposed on such products imported at abnormally low prices. The possibility of liberalizing, in the near future, products which were still restricted was under study by the Belgian Government.

Sir John CRAWFORD (Australia) recalled that the Australian Government, which had been very actively associated with the Belgian Government in drafting the so-called Belgian waiver, had always regarded this waiver as having very great importance in the application of the principles of the General Agreement. During the recent sessions Australia had been particularly disappointed with the apparent inability of the Belgian Government to make progress under the terms of the waiver and it was therefore with pleasure that it noted that now there appeared to be some movement consistent with the original intention of the waiver. However, not having had an opportunity to examine the list submitted by the Belgian Government it was not clear to the Australian delegation how the imposed variable duties would operate and whether they were in fact an alternative to quantitative restrictions which would really comply with the spirit of the waiver. The Australian delegation hoped that it could have some more information about the items which were not liberalized so that it might know whether the Belgian Government would be

---

<sup>1</sup> Document L/1221



continuing its efforts on these particular items. The Australian delegation therefore suggested that some procedure should be established which would enable it to confer with the Belgian representatives as to the real meaning of their latest proposal.

Mr. CASTLE (New Zealand) said that all contracting parties had been aware of the difficulties encountered by Belgian agriculture and that this awareness was reflected in the considerable patience which the CONTRACTING PARTIES had shown in dealing with the Belgian question and in waiting for the statement which had just been made at this meeting. The satisfaction that certain quantitative restrictions were to be removed was, however, tempered with some disappointment that the present list did not go further. With regard to the imposition of import levies or licensing taxes to which reference had been made in the statement of the Belgian representative, the New Zealand delegate said that in practice it did not really matter to the agricultural exporting countries whether a country used quantitative restrictions or whether it used import levies if the latter were set at such a level that they prevented trade from flowing. New Zealand therefore would welcome some further information as to the nature of these import levies so that it could make up its mind as to the exact significance of them. It believed that the CONTRACTING PARTIES should take note of a situation which was developing and whereby quantitative restrictions were being replaced by variable levies. Such levies as imposed by Belgium and a number of other countries had so far been confined to the agricultural sector of international trade and worked to the detriment of countries such as New Zealand, which had referred to this matter in Committee II. It took little imagination to realize the damage which might be caused to the GATT as a whole if the import levy system were to spread to the trade in industrial products as well. The New Zealand Government hoped that the Belgian Government would endeavour to keep the level of these import levies as low as possible and would also take note not only of the direct effect of the levies, but at the same time bear in mind the consequences they had on the trade of other contracting parties. The raising of import levies was surely damaging to the objectives of the General Agreement to reduce tariff levels and bind rates of duties wherever possible. Without in any way conceding that the use of import levies of this kind was consistent with the rules of the General Agreement, the New Zealand delegation would like to ask the Belgian representative whether, if this method was to be employed, his Government would be prepared to enter into negotiations for reductions in the maximum level of such levies on the same basis as the General Agreement provided for negotiation of reductions in normal tariff rates. The New Zealand delegation supported the suggestion put forward by the delegation of Australia to the effect that an examination of the measures proposed by the Belgian Government should be undertaken.

Mr. KASTOFT (Denmark) welcomed the statement of the Belgian delegation, but did not feel in a position at the present time to judge the impact or the extent of the measures which the Belgian Government were proposing to take. As suggested by the representatives of Australia and New Zealand, the Danish delegation would very much appreciate having an opportunity during the session to study further in an appropriate way the declaration made by the delegation of Belgium.

Mr. GRANDY (Canada) expressed his delegation's appreciation of the efforts which the Belgian Government had made so as to make some progress in the removal of its remaining restrictions in conformity with the provisions of the Belgian waiver. Canada hoped that further progress along these lines would be made between the present and the seventeenth session. The implications of the introduction of variable import levies on liberalized products needed to be considered carefully.

Mr. De SMET (Belgium) stated that his delegation understood perfectly that certain delegations were interested in obtaining additional information and expressed his delegation's readiness to comply with such requests. The restrictions applied to the products enumerated on the latest liberalization list had had the effect of preventing any import of such products; the suppression of these restrictions, even if accompanied by the introduction of a licensing tax, would permit some importation of these products and therefore these measures represented an important step forward for re-establishing commercial exchanges with the interested countries.

Mr. EDWARDS (United States) said that it was with great interest that the United States delegation had taken note of the Belgian statement. As there had been no opportunity to examine in detail the Belgian proposal the United States delegation could only make some preliminary observations. The representative of the United States recalled that during four and a half years Belgium had fully removed restrictions on only three items and he expressed the regret of his Government that Belgium had failed to provide the facts necessary for the annual review required by the waiver which it had been granted in 1955. He thought that it was generally recognized that the hard-core waiver granted to Belgium had considerable significance for the well-being of the General Agreement. It was a test case of a carefully worked out formula for dealing with a difficult type of situation with which the CONTRACTING PARTIES could expect to be confronted from time to time. As conceived, it was thought to be not only fair, but likewise practical and workable. The reaction of the United States delegation to the measures announced at this meeting by the Belgian delegation was one of disappointment and concern. In essence they seemed to mean that one set of restrictions was to be substituted for another; this would be entirely inconsistent with the purpose of the General Agreement concerning the provisions of liberalization of trade by countries not suffering balance-of-payments difficulties. The United States delegation would carefully examine the Belgian statement and the available related information. This could be facilitated if Belgium would supply the CONTRACTING PARTIES with a full formal statement along the lines of their verbal presentation at this meeting and the United States held the view that indeed Belgium had an obligation to do so. The statement of the Belgian delegation did not seem to provide the United States with any reason for changing their feelings of disappointment with Belgium's performance under the waiver. The delegation of the United States therefore associated itself with the suggestion of the Australian, and some other delegations, for establishing procedures to consult with the Belgian Government on this question.

The CHAIRMAN suggested that the contracting parties who had shown an interest in this matter should meet with the Belgian representative during the session for consultation on the measures proposed and the other questions to which reference was made in the discussion. Interested contracting parties should inform the Executive Secretary who would make the necessary arrangements for holding a meeting. The information arising out of such consultations would

be circulated to the contracting parties. The matter would come up for discussion again at the seventeenth session when the CONTRACTING PARTIES would no doubt have received the Fifth Annual Report as required by the waiver.

### 3. Expansion of International Trade - Committee I

The CHAIRMAN drew the attention of the meeting to a note contained in document Spec(60)133 which set out certain procedural suggestions with regard to various questions dealt with by Committee I. The CONTRACTING PARTIES agreed with the proposal dealt with in the first point of this document to the effect that a tariff negotiations committee should be established with the terms of reference and composition as laid down in the rules and procedures for the tariff conference (BISD, Eighth Supplement, page 117, paragraphs (a) - (g)). This committee would meet before the opening of the conference and would, if necessary, and desired, address itself to the points mentioned in document Spec(60)133.

With regard to the Polish proposal to negotiate at the tariff conference the Chairman recalled that at the fifteenth session a decision was taken in the sense that the contracting parties wishing to take advantage of Poland's offer to take part in the tariff conference should consult with the Government of Poland and that the question should be included in the agenda of the present session. The Chairman called on the observer of Poland to speak on this matter.

Mr. AUGUSTOWSKI (Poland) said that the position of the Polish Government with regard to its proposed participation in the forthcoming tariff conference, as set out in document L/1049, remained unchanged. His Government had had some useful consultations with a number of contracting parties concerning the Polish offer to negotiate minimum import commitments against tariff concessions. Several problems had been discussed and in the view of the Polish Government several clarifications had been obtained. The representative of Poland summarized the main points of the Polish position for such consultations as follows:

- Poland was interested in getting tariff concessions in its trade relations with a number of contracting parties to the General Agreement;
- Poland was prepared, in exchange for tariff concessions, to offer minimum import commitments, which had the character of firm commitments;
- the Polish concessions should be regarded as multilateral ones available to all signatories of the Declaration on Relations between Poland and the CONTRACTING PARTIES to the General Agreement. In granting such concessions Poland expected to take a further step towards multilateralization of its foreign trade;
- in the view of the Polish Government this kind of concession was the only one it was able to negotiate within the framework of the tariff conference;

- the Polish Government did not exclude in advance any item which might be made the subject of its minimum import commitments;
- Poland realized that trade under the tariff concessions granted to it would not be static; if Polish exports increased, Poland would be ready to examine with the countries concerned a formula for the equitable progression of its minimum import commitments in order to balance the concessions.

The representative of Poland expressed the hope that he would have an opportunity to deal in a detailed manner with all these questions at an appropriate time, provided some of the contracting parties showed an interest in the Polish proposals. He believed that these proposals would give Poland's trading partners the opportunity to facilitate and stabilize their access to the Polish market, a fact which the CONTRACTING PARTIES, in deciding upon the matter in question, should take into account.

Sir John CRANFORD (Australia) said that his country supported the participation of Poland in the forthcoming round of negotiations and he hoped that a similar position would be taken by other contracting parties. The possibility of negotiating with Poland was the best assurance of mutual efforts to find a rational trading basis which fitted with the general rules and objectives of the General Agreement. Australia did not assume that participation would necessarily result in agreements with individual countries, nor did it wish to exaggerate the trade significance of such agreements, but neither did Australia wish to exaggerate the doubts which were arising from the difficulties inherent in trading with State-trading economies. The Australian Government did not accept the view that a worthwhile and reciprocal most-favoured-nation relationship could not be achieved. On the contrary it was its belief that a State-trading economy such as that of Poland could accommodate concessions, within its pattern of trading, likely to ensure tariff and non-tariff measures able to match more closely than they did now, the most-favoured-nation tariff and non-discriminatory licensing treatment extended by Australia to Poland. In this connexion the Australian delegation welcomed the statement made by the Polish delegation which indicated the Polish Government's wish to move to a genuine reciprocal most-favoured-nation relationship. It was Australia's hope that bilateral agreements between other countries and Poland would not make the Polish proposal unworkable so far as Australia was concerned. With respect to the proposal, set out in paragraph 2 of document Spec(60)133, to the effect that interested countries which were not at this time prepared to take advantage of Poland's offer to negotiate minimum import commitments against tariff concessions, should notify their desire to avail themselves of Poland's offer to the Tariff Negotiations Committee which could then consider the basis for negotiations with Poland, it was Australia's view that such a proposal seemed to carry an implication about the Tariff Negotiations Committee which it could not quite accept. Australia was quite willing to hear the views of the Tariff Negotiations Committee and would certainly welcome them, but it was his Government's opinion that Australia, together with Poland, would wish to determine for themselves whether a basis for negotiation existed. The General Agreement had always foreseen the need to develop trade between economies of a different type and in Australia's view the doubts and difficulties so

frequently voiced on this subject could best be tackled in the practical field of tariff negotiations. The contracting parties now had such an opportunity and for its part Australia was willing to take it. Moreover, it was its belief that the more countries participated the more chance there would be of success.

Mr. GRANDY (Canada) stated that Canada felt it desirable that closer trading relations with Poland should be established on the broadest possible basis and accordingly his country had signed, during this session, the Declaration on Relations with the Polish People's Republic. The Canadian delegation had had some informal talks with the Polish delegation with a view to ascertaining whether there would be a basis for mutually advantageous negotiations between Canada and Poland and it would continue such exploratory talks. Canada would be interested in knowing how many other contracting parties were undertaking similar discussions. The Canadian delegation wished to associate itself with the remarks which the delegate of Australia had made with regard to the functioning of the Tariff Negotiations Committee as proposed under paragraph 2 of document Spec(60)133.

Mr. ADAIR (United States) said that his delegation agreed with the suggestion contained in paragraph 2 of the aforementioned document that interested countries should notify the Tariff Negotiations Committee of their desire to avail themselves of the Polish offer and that this Committee should then consider the basis for negotiations with Poland and report to the CONTRACTING PARTIES at the seventeenth session. Such an arrangement would provide a means of centralizing the receipts of any such notifications and would facilitate their presentation to the CONTRACTING PARTIES. In considering this matter the Tariff Negotiations Committee would of course have to take into account that there was no precedent in the GATT for negotiations in which the offers of one of the parties consisted wholly of import commitments. If terms to such negotiations were to be established it would, in the view of the United States, be necessary to assure that agreements, between contracting parties and Poland, inconsistent with the General Agreement or with the rights of other contracting parties therein, be precluded and that the participation of Poland in the tariff negotiations would not be considered as an equivalent to negotiations with a view to accession to the General Agreement and that such negotiations by Poland could not be construed as altering in any way the relationship between Poland and the CONTRACTING PARTIES as set forth in the Declaration of 9 November 1959.

Mr. PSCOLKA (Czechoslovakia) said that in the opinion of his delegation Poland's participation in the tariff conference did not require any new arrangements. It was sufficiently covered by the traditional arrangements concerning State trading worked out for the Torquay Conference as well as for the forthcoming tariff conference. Poland's association with GATT was about to be signed by the required majority and now the next step for Poland was to take part in the conference and to enter into negotiations with the interested contracting parties. His delegation noted with interest that some preliminary consultations with Poland had already taken place and that several delegations were willing to continue them. The offer made by the Government of Poland allowed, in the opinion of his delegation, for further useful negotiations with a view to expanding trade between Poland and other contracting parties in line with the overall objectives of the General Agreement.

The CHAIRMAN assured the various delegations who had spoken on this subject that note would be taken of their comments.

The CONTRACTING PARTIES agreed that any technical problems which might arise in connexion with negotiations with Poland should be referred to the Tariff Negotiations Committee and that this Committee be instructed to report to the CONTRACTING PARTIES at the seventeenth session with any appropriate proposals or recommendations.

With respect to the preparation of the negotiations under Article XXIV:6 with the European Economic Community and to the examination of the Common Tariff under Article XXIV:5(a), the CHAIRMAN referred to the views which were contained in paragraphs 3 and 6 of document Spec(60)133. He then called on the representative of the Commission of the EEC.

Mr. HIJZEN (Commission of the European Economic Community) stated that the Common Tariff had been drawn up within a much shorter period than was provided for in the Rome Treaty with the express purpose of enabling the EEC to participate in the forthcoming tariff conference in the framework of the General Agreement. Compiled on the basis of the Brussels Nomenclature, the Common Tariff comprised less than 3,000 lines and was therefore remarkably concise and easy to consult. This tariff, as approved by the Council of Ministers of the Community on 13 February 1960, had been transmitted to the CONTRACTING PARTIES a few months ago. Recently CONTRACTING PARTIES had been notified of the tariff rates resulting from the negotiations between Member States in respect of nearly all the products included in List "G" of the Treaty; the only items in this List for which rates had not yet been fixed referred to the four tariff positions covering petroleum products. Thus, the EEC had fulfilled the obligation which it had accepted at the fourteenth session to submit to the CONTRACTING PARTIES a common tariff in as complete a form as possible. In fact, the items which were still pending represented a very small percentage in relation to those for which the rates had been set. The pending items referred to the following products:

- (i) products notified by Member States as being subject to fiscal duties;
- (ii) products on which a specific duty rate was likely to be imposed;
- (iii) products on which some duty adjustments were still to be decided upon in line mainly with the outcome of negotiations in respect of List "G" products; and
- (iv) a very limited number of products considered as special cases.

The representative of the Commission assured the CONTRACTING PARTIES that the duty rates which remained to be fixed on the above-mentioned products would be notified to them prior to the opening of the tariff conference. The Common External Tariff of the EEC was characterized by its very moderate general incidence. However, the Community, fully conscious of its responsibilities with regard to the development of international trade, was prepared to enter into negotiations with a view to carrying out reductions at a later stage.

With regard to the statistical documentation which the Commission had undertaken to supply to the CONTRACTING PARTIES for the purpose of preparing the renegotiations as provided for under Article XXIV:6, the Commission apologized for the delay in submitting this material. Considerable work was entailed in compiling the consolidated list of tariff positions bound under the General Agreement. This task was now completed and it was expected that the additional lists covering the last fifty chapters of the Common Tariff would be in the hands of the GATT secretariat in a very short time. The statistical data on global imports into each of the Member States in respect of the products bound under the GATT would be forwarded to the secretariat in the course of the last two weeks in June 1960. The list of tariff items in respect of which the Community considered that renegotiations could be entered into under Article XXIV:6 would be submitted to the CONTRACTING PARTIES at the same time as the aforementioned statistical data.

As to the examination of the Common Tariff of the EEC under Article XXIV:5(a), the representative of the Commission stated that the Community, for legal as well as practical considerations, maintained its view that this examination could not reasonably take place until the renegotiations under Article XXIV:6 had been completed. At that time only the Common Tariff would have reached its definite form within the meaning of paragraph 5(a) of Article XXIV, and only then therefore, would the CONTRACTING PARTIES be in a position to pass judgment on the incidence of the Common Tariff of the EEC. Naturally, the Commission would be prepared, in order to facilitate the task of the governments concerned, to make available to them all the information which might be deemed to be necessary to that effect; however, the collection of the material for that purpose should in no case delay the vast amount of work entailed in compiling the consolidated list of items bound in the relevant national tariffs of the Member States, in calculating the credits and debits resulting from the alignment of the individual national tariffs with the Common Tariff and in abstracting the tariff items on which renegotiations under Article XXIV:6 were to be entered into.

It would be gratifying to the Community, if the CONTRACTING PARTIES were willing, without taking a formal decision, to agree with the suggestion that the examination of the general incidence of the Common Tariff be undertaken only after the renegotiations under Article XXIV:6 have been completed. The Commission was prepared, however, to concur in the proposal whereby the Executive Secretary would be authorized to call an informal meeting at the outset of the tariff conference for the purpose of making available to the interested contracting parties such additional information as they might request regarding the methods used in establishing the Common External Tariff.

Mr. BUARQUE (Brazil) said that the Brazilian delegation wished to comment on various points raised in document Spec(60)133 as well as on the declaration which had just been made by the representative of the Commission of the European Economic Community. The Brazilian delegation welcomed the creation of the Tariff Negotiations Committee which was designed to direct and control the work and proceedings connected with the various forthcoming tariff negotiations. Brazil's active participation in these negotiations would depend on the one hand on the concrete elements which might develop in the course of the work of the Tariff Negotiations Committee and on the other hand on the scope which would be covered by such negotiations. As the Brazilian delegation to the fifteenth session had indicated, the crucial point of interest for Brazil was obtaining access to markets in the broadest sense. The outcome of the work

in which Committee III was engaged revealed the existence of certain non-tariff measures which constituted, with respect to exports of primary products by the less-developed countries, a more important and more serious obstacle to trade than did the customs tariffs. For that reason the delegation of Brazil considered as particularly important, the decision taken by Committee I in Tokyo whereby the negotiability of non-tariff measures had been recognized.

With regard to the negotiations with Poland the Tariff Negotiations Committee had, quite apart from its current undertakings, the highly important task of guiding the negotiations which the Polish Government proposed to initiate. In the view of the Brazilian Government the negotiations with Poland represented a concrete example of the situation which might arise from the accession to the General Agreement of a country whose economy was entirely controlled by the State. The rulings adopted in the course of these negotiations would constitute precedents for possible similar cases; it followed that, on that occasion, the CONTRACTING PARTIES would be legislating on rules of procedure designed to reconcile the accession of countries whose economies operated under State control with the spirit and the letter of the General Agreement, the philosophy of which was eminently liberal. With particular reference to Poland, the Brazilian delegation would follow with great interest the deliberations within the Tariff Negotiations Committee. The Brazilian Government had established contact with the Polish Government with regard to the negotiations which the latter country intended to initiate. Whilst the exchange of information had reached a fairly advanced stage, it had not yet afforded the possibility of arriving at a clear assessment of the situation, but it might be expected that the proceedings within the Tariff Negotiations Committee could enable Brazil to do so.

With respect to the European Economic Community the Brazilian Government had watched with close attention the course followed by the Rome Treaty within the framework of the General Agreement, and in particular the forthcoming renegotiations which the contracting parties who were signatories to the Rome Treaty were called upon to undertake. The Brazilian delegation wished to stress that the participation of Brazil in these renegotiations did not imply any change in its point of view that the provisions of Article XXIV of the General Agreement did not fully cover the provisions of the Rome Treaty. Furthermore, the Brazilian delegation was of the opinion that these renegotiations afforded an excellent opportunity of ascertaining whether the Member States of the European Economic Community were actually prepared to give due consideration to the trading interests of third countries. In the view of the Brazilian delegation the renegotiations could not claim to be of a fully representative character unless the following two fundamental conditions were fulfilled. Firstly, the provisions of Article XXIV:9 dealing with the effects of the preferences permitted under Article I:2 should be examined; and secondly, an investigation should be carried out on the fact that the Rome Treaty had introduced trading mechanisms in favour of the metropolitan agricultural sector and of the dependent territories, which clearly constituted non-tariff measures. It was of the greatest interest to Brazil that these points be discussed at the informal meeting to be convened at the beginning of the renegotiations in September 1960. In concluding, Mr. Buarque stressed the paramount importance which the Brazilian delegation attached to the appointment of the Tariff Negotiations Committee, as well as to the planned informal meeting in September 1960, in the course of which clarifications on the rules of procedure for the negotiations with the European Economic Community as well as on all other relevant questions, might be obtained.



The CHAIRMAN, referring to the statement by the representative of Brazil, said that the negotiations proposed by Poland were not negotiations for accession, but that they related to the Declaration on Relations between contracting parties and the Government of the Polish People's Republic.

Mr. HAGUIWARA (Japan) wished to raise a few points with regard to the possible tariff negotiations between Japan and the European Economic Community. Due to the fact that four of the six Member States of the EEC had not yet withdrawn the invocation of Article XXXV against Japan, some rather complex legal problems might arise. Would, for instance, a new tariff binding offered to Japan as a result of renegotiations under Article XXIV:6 with Germany and Italy, on concessions initially negotiated with Japan, be construed as binding in the Common Tariff, notwithstanding the invocation of Article XXXV by France and other Member States? Furthermore, how could Japan expect fruitful results from possible tariff negotiations with the EEC in the general round for new concessions, unless a solution was found with respect to the invocation of Article XXXV on behalf of the four Member States of the Community? The delegation of Japan wished to reserve the right to raise these questions during the deliberations of the Tariff Negotiations Committee.

Mr. ADAIR (United States) wished to thank the representative of the Commission of the European Economic Community for the willingness of the Commission to provide information for facilitating the examination of the Common Tariff under Article XXIV:5(a) at a later date. He welcomed the fact that the Commission was prepared to participate in an informal meeting at the beginning of the tariff conference. He was sure that all contracting parties appreciated the renewed statement of the Community's willingness to decrease the rates of duty of the Common Tariff in the forthcoming tariff negotiations.

Mr. VINCENT (Australia) said that his delegation welcomed the movement forward in relation to the renegotiations under Article XXIV:6 and watched with great interest for the remaining documents to be submitted by the Community which should enable the participating countries to make real progress in their preparation for the tariff conference. The Australian delegation regarded the exercise under Article XXIV:5(a) as a very meaningful one and one which should, despite difficulties, not be allowed to go by default. His delegation had no illusions as to the difficulties involved in this task, not only in the preparation of the relevant material, but also in the problems that might arise in assessing the level of the Common Tariff for each country and overall. Now that most of the Common Tariff was available, further progress could be made and the most practical way for carrying out this work was a country-by-country study of the Tariff. In the view of his delegation it mattered little whether the exercise under Article XXIV:6 or that under Article XXIV:5(a) came first. The Australian Government wished to have an occasion, once both exercises had been completed, to have an overall assessment of the final outcome. The suggestion that the Tariff Negotiations Committee should undertake this work was acceptable to his delegation.

Mr. GRANDY (Canada) expressed his delegation's appreciation for the co-operative manner in which the Commission of the EEC had prepared and submitted material in order to facilitate the negotiations under Article XXIV:6. The Canadian delegation was of the opinion that with respect to the examination of the Common Tariff under Article XXIV:5(a), the suggestions made in the

final paragraph of document Spec(60)133 would be the most satisfactory way of proceeding. His delegation appreciated the offer made by the Commission to provide supplementary information as to how the Common Tariff had been established and how the criteria of Article XXIV had been met. It also appreciated the possibility that the Executive Secretary might convene an informal meeting at the beginning of the tariff conference, if there should be contracting parties who wished further clarification on the material which had been provided.

Mr. SWARD (Sweden) thanked the representative of the Commission of the EEC for the valuable information given about the time-table for submitting further information and material concerning the Common Tariff. His delegation was aware that the compilation of all this material involved considerable work, but on the other hand, it was also difficult for outside countries to study and become acquainted with that material. A further delay in the transmission of the remaining material would, of course, make it more difficult to conclude this undertaking in due time before the opening of the tariff negotiations, a fact which had also been recognized in paragraph 3 of document Spec(60)133. With regard to the examination of the Common Tariff under Article XXIV:5(a), the time available for studying the new Tariff had been very short, and for its part at least, the Swedish Government had not been able to assess its total effect on Swedish exports to the EEC. The Swedish Government therefore had to reserve its position with respect to the decision on this final judgment. Furthermore, it had to be stressed that this question had a certain bearing on the forthcoming tariff negotiations. The Swedish Government therefore appreciated the opportunity to discuss all these matters at an informal meeting as suggested in paragraph 6 of document Spec(60)133.

Mr. WEITNAUER (Switzerland) expressed his delegation's appreciation for the documentation which contracting parties had received and expected to receive from the European Economic Community. His delegation was particularly interested in the information regarding the bound items. The Swiss Government was somewhat disappointed that no information was submitted as to the principles which had governed the establishment of the Common Tariff. Such information would be most valuable for the preparation of the renegotiations as well as for the negotiations for new concessions. It would be highly appreciated by his delegation if the representative of the Commission could submit a statement setting out the criteria used for the establishment of the Common Tariff and giving a certain number of examples illustrating such criteria. The transmission of such information, which he felt sure could be made in the very near future, would assist interested contracting parties considerably in the preparation of the exercises under Article XXIV:5(a) and Article XXIV:6. Such a statement might also help the Tariff Negotiations Committee in the discussions which it, or a sub-group to be established, had to carry out on certain points which remained to be settled.

Mr. RIZA (Pakistan) welcomed the statement by the representative of the Commission to the effect that supplementary information complementing that already circulated would be transmitted. In the view of his delegation, it would be most useful, as suggested by the representative of Switzerland, to have a statement indicating the manner in which the Common Tariff had been established in conformity with Article XXIV, so as to enable the interested

contracting parties to examine this in relation to their own particular problems. The delegation of Pakistan also agreed with the remark made by the delegate of Sweden in that the time at the disposal of the contracting parties for the examination of the Common Tariff was very limited. The study of the documents submitted by the EEC which, to date, comprised five large volumes of the first forty-nine chapters of the list of tariff concessions, published in the French language only, was going to be a lengthy, difficult and laborious process. In these circumstances the delegation of Pakistan could only express the opinion that an opportunity should be allowed for a most careful examination of the Common Tariff before anything in the nature of a joint examination be brought under way. This exercise under Article XXIV:5(a) was a very important one and was likely to have far-reaching and longstanding repercussions on the economies of the less-developed countries in particular.

Mr. MATHUR (India) stated that the Indian delegation, like those of other contracting parties, was awaiting full information from the Member States of the EEC regarding the bindings in the Common Tariff and the proposals with respect to concessions on items for which the new rates would be higher than the rates bound in the individual national tariffs. The delegation of India recognized that the shape of the Common Tariff would be known only after negotiations under Article XXIV:6 were completed. Nevertheless, it hoped that the procedures adopted would enable adequate examination of the Common Tariff with a view to providing a complete picture of its general incidence before negotiations for new concessions started in 1961.

Mr. SVLEC (Czechoslovakia) stated that the method of fixing the rates of the Common Tariff by calculating the arithmetical average of the national rates was not in full conformity with the terms "general incidence" as provided for in Article XXIV, nor with the spirit of that Article. His delegation regretted to say that its original apprehensions expressed in previous discussions had been confirmed when the Common Tariff had recently been submitted to it. Consequently, his delegation was of the opinion that the level of the new rates as proposed in the Common Tariff, should be closely examined and that this should be done before the renegotiations commence, as well as during the time of such negotiations.

Mr. TNANI (Tunisia) thanked the Commission of the EEC for the documentation submitted and for the statement by its representative. The Government of Tunisia was particularly interested in the tariff negotiations which it was about to enter into with a view to its accession to the General Agreement. In this respect the negotiations with the Member States of the EEC were of considerable interest to Tunisia since they affected a substantial proportion of its foreign trade. The representative of Tunisia wished to stress that his Government in conducting the forthcoming negotiations would apply paragraph 3(b) of Article XXVIII:bis.

The CHAIRMAN thanked the representative of the Commission of the EEC for his offer to provide further information on the lines indicated and assured the representative of Japan that the questions raised in his statement could be taken up with the Tariff Negotiations Committee. The suggestions contained in the final sentences of document Spec(60)133 had met with approval and

therefore the Executive Secretary would make the necessary arrangements to convene an informal meeting at the beginning of the tariff conference in September 1960 if contracting parties expressed the desire to obtain from the Commission of the European Economic Community further clarification or additional information, as to how the Common Tariff had been established and how the criteria of Article XXIV had been met.

This was agreed.

The meeting adjourned at 12.40 p.m.