

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES  
Seventeenth Session

## SUMMARY RECORD OF THE SEVENTH MEETING

### Corrigendum

#### Pages 81 and 82

As certain amendments have been requested by the United States delegation to the summary of that part of the statement of Mr. ADAIR (United States) which is on pages 81 and 82, the whole of that part of the statement, as it should now read, is reproduced hereunder:

"Mr. Adair then referred to the important question of the use of Article XXVIII. Having explained the reasons which had led to the inclusion of Article XXVIII in the GATT, Mr. Adair said that it was never contemplated that the Article would be used for general tariff increases. The overriding concept remained that countries applying the GATT would continue their interest in fostering further trade expansion through the lowering of tariffs and their willingness to work to this end in negotiations pursuant to the GATT. In actual practice, however, there appeared to have been some recent tendency to overlook this basic framework. Notwithstanding the substantial use made of Article XXVIII:4 since the close of the last "open season", fourteen contracting parties had notified items to be renegotiated during the 1960 season. Two others would be renegotiating concessions affected by tariff revisions. Some contracting parties were withdrawing substantial segments of their schedules. Some cases involved an increase in tariffs on items formerly subject to quantitative restrictions, the withdrawal of concessions as a precautionary measure so as to permit a later increase on these items if desired or, finally, large-scale changes in nomenclature, sometimes entailing substantial tariff increases not matched by reductions. It would be unfair not to take account that the countries using Article XXVIII had not made use of Article XIX, which the United States preferred to use for any necessary increases. Its use of Article XIX was rigorously restricted, however. Mr. Adair stressed the need for more restraint in the use of Article XXVIII so as to avoid jeopardizing the whole programme for tariff reduction.

Commenting on Committee II which had now reached a crucial stage in its work Mr. Adair said that, although the Committee had not yet completed the difficult task involved in the first phase of its assignment, the facts set out in the documentation prepared for the Committee's use and summarized in the draft outline of a report which the Committee would use as a basis for discussion at its next meeting, left little doubt that virtually all

governments had intervened in one way or another to assist or support their agricultural producers and that concurrent with the growth of price supports, import restrictions and export subsidies, normal patterns of production and trade had been gravely distorted. Mr. Adair, after mentioning some of the consequences of this intervention, noted that not all the ills he had mentioned could be ascribed solely to agricultural protectionism, and that the policies of governments in this field could not be governed solely by economic considerations. For these reasons, Committee II had recognized the need to proceed with careful deliberation in completing its analysis. In the meantime, the facts the Committee had assembled, and the draft outline of a report which it had circulated, would be of value to governments and would, it was to be hoped, of themselves strengthen the hands of those within each country who saw the disadvantages of high levels of protection for agriculture and were seeking greater moderation in this matter.

In reference to Committee III, Mr. Adair said that the Committee's report was of particular interest, as it concentrated on certain manufactured goods and took account of the possibilities and need for developing markets for these goods, which were within the capacity of the less-developed countries to produce, both in these countries themselves and in the industrialized countries. The United States Government regarded the work of Committee III as one of the most important current responsibilities of the CONTRACTING PARTIES. It was based upon a recognition that the promotion of economic development involved trade as well as aid, since the indebtedness generated by foreign aid had to be serviced and, in any case, it was not to be expected that the gap between the less-developed countries' prospective earnings and import requirements could be filled by aid alone. Mr. Adair said that the United States considered that the initiative under Committee III was the most important of all the general efforts being made by the international community to alleviate the trade problems of the less-developed countries, being addressed to the three basic objectives of enlarging their present markets, accelerating the diversification of their exports and thus reducing their vulnerability to the ups and downs of a few export items. Stressing the unique character and critical importance of the GATT programme and the fact that the work of the Committee was intended to give impetus to an urgent, extra effort by contracting parties, Mr. Adair said the programme must not be allowed to fail. Mr. Adair went on to say that the United States was reviewing such of its measures as might adversely affect the trade of less-developed countries, with particular reference to those cited in Committee III, for the purpose of determining where there was opportunity for early action modifying or eliminating them. Those measures of the United States which had been specifically cited in the Committee's report were generally such as could not be altered without amending basic legislation or carrying out certain administrative investigations which took time. Thus, it could not be predicted what changes in existing measures affecting the trade of less-developed countries might in time be possible. He could say that the question of

modifying certain measures had been opened and that he hoped to be able to report further progress in time. Further, he could assure the contracting parties that the United States would continue to give its earnest attention to what could be done to improve the trade prospects of the less-developed countries in United States markets and elsewhere. His delegation hoped comparable assurances could be given by other governments, particularly by the governments of continental Europe, where by accident of historical development, the apparent obstacles to trade in the products studied by Committee III are most heavily concentrated."