

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Twentieth Session

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SUMMARY RECORD OF THE ELEVENTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 15 November 1962, at 2.30 p.m.

Chairman: Mr. W.P.H. VAN OORSCHOT (Kingdom of the Netherlands)

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1. Arrangements for balance-of-payments consultations in 1963 (L/1914)

The CHAIRMAN said that the Committee on Balance-of-Payments Restrictions had reviewed the consultations which must be carried out under Article XII and Article XVIII during 1963 and had submitted recommendations in document L/1914.

Mr. NAEGELI (Denmark), Chairman of the Committee on Balance-of-Payments Restrictions, said that provisions would have to be made for consultations under Article XII:4(b) and XVIII:12(b) in 1963 with nine contracting parties - assuming that there were no change in the number of countries applying balance-of-payments

restrictions - namely: Burma, Denmark, Finland, Indonesia, Israel, Japan, New Zealand, South Africa and Turkey. The Committee had not included in the programme the consultation with Chile which had been initiated in the Council regarding the intensification of **restrictions**. The Committee had noted that arrangements for that consultation would have to be made in conjunction with other matters which were not within the terms of reference of the Committee. In drawing up the programme for consultations in 1963, the Committee had been aware that certain governments were seeking provisional accession to the Agreement, that some governments might become contracting parties in 1963 under Article XXVI:5(c) and that the position of certain governments, having newly acceded to GATT, in relation to the provisions of Article XII or XVIII:B had yet to be clarified. Consequently, there might be more consultations to be held in 1963. The Committee proposed that the Executive Secretary be instructed to communicate and discuss with the governments concerned the timing of any such consultations which should be initiated. In paragraph 5 of document L/1914 the Committee had set out its recommendations on the arrangements for the consultations in 1963.

The CONTRACTING PARTIES approved the recommendations of the Committee on Balance-of-Payments Restrictions.

2. Report on balance-of-payments consultation with Ceylon and Ceylon temporary duty increases (L/1847 and Add.1; L/1918)

Mr. NAEGELI (Denmark), Chairman of the Committee on Balance-of-Payments Restrictions, said that the Committee, as instructed, had re-opened the consultation with Ceylon on 6 November to take account of the intensification of restrictions which had occurred subsequent to the earlier consultation under Article XVIII:12(b). The reports on the two consultations were before the CONTRACTING PARTIES for consideration and adoption (L/1847 and Add.1). At their meeting on 29 October the CONTRACTING PARTIES had, furthermore, instructed the Committee to consider and to advise them on the balance-of-payments aspects of the recent temporary increases in customs duties by Ceylon and the waiver requests relating thereto. The report relating to this discussion was also before the CONTRACTING PARTIES (L/1918). The Committee had consulted with the representative of the International Monetary Fund and had taken note of his statement that the level of the various restrictive and tariff measures currently applied by Ceylon did not appear to go beyond the extent necessary at the present time to stop a serious decline in its monetary reserves. The Committee had expressed understanding of the considerable difficulties facing Ceylon and had noted that the different measures taken over the last two years by Ceylon were intended to reinforce and supplement each other. It had noted that the tariff measures, in addition to exercising some direct restraint on imports, were understood to represent part of Ceylon's fiscal measures designed to redress the balance-of-payments position through reducing internal inflationary pressures. It had further noted that the duty increases were of a purely temporary nature and that action had been initiated in order to eliminate the widening of margins of preference that had in some cases resulted from the duty increases. The Committee had noted with satisfaction the statement by the representative of Ceylon that his country would revert to its traditional liberal import policy as soon as and to the extent that the balance of payments permitted.

With regard to the requests by Ceylon for an extension and expansion of the Waiver of 10 April 1961 authorizing temporary duty increases for balance-of-payments reasons, the Committee was of the view that, taking account of the statement by the International Monetary Fund referred to above, the balance-of-payments situation of Ceylon would justify the granting of the waiver requests. The Committee had prepared a draft decision for consideration by the CONTRACTING PARTIES if they should decide to accede to the waiver requests.

The CONTRACTING PARTIES adopted the reports on the consultations under Article XVIII:12(a) on Ceylon's balance-of-payments restrictions.

The Decision on the temporary duty increases was adopted by thirty-eight votes in favour and none against.

3. Canadian import surcharges (L/1916, W.20/22)

Mr. SKAK-NIELSEN (Denmark), Chairman of the Group on Canadian Import Surcharges, recalled that the Group had been appointed to undertake a factual examination of the temporary import surcharges imposed by the Government of Canada on items included in the GATT Schedule of Canada and to report to the CONTRACTING PARTIES. During the examination the Group had, as instructed, consulted with the International Monetary Fund. The discussion in the Group had largely been based on information contained in the extensive opening statement by the representative of Canada; the statement and the discussion were recorded in the report of the Group (L/1916).

The CHAIRMAN drew the attention of the CONTRACTING PARTIES to the draft decision (W.20/22), distributed to them for consideration, and said that he understood that a decision in those terms could be accepted by the Canadian Government. He enquired whether the CONTRACTING PARTIES were prepared to adopt it.

Mr. GRANDY (Canada) said that the Group had discussed the matter in a fair and objective manner. The report provided a clear analysis of the nature of the problems involved and of the legitimate concern of interested contracting parties. He wanted to draw particular attention to the important statement by the Minister of Finance of Canada, quoted in paragraph 9 of the report. In the light of the encouraging improvements in Canada's foreign exchange holdings the Bank Rate had been reduced by a further point and, more important, a second major step in the relaxation of the surcharges had been taken the preceding day. (The first major step, announced on 16 October, comprised the elimination of surcharges on various classes of machinery and industrial equipment, the trade coverage of which was some \$250 million.) The second step, effective from 15 November, included the elimination of the surcharges on almost all foods, agricultural products and fisheries products, as well as on printing machinery and equipment and ambulances. The surcharges on refrigerators and carpets were reduced from 15 to 10 per cent.

When the surcharges had first been imposed many food items had been exempted. Following the present relaxation, only a short list of luxury or less essential food products remained subject to the surcharge. Wines and spirits, tobacco and confectionery were not involved in this relaxation list. The list of changes, involving over 160 tariff positions, would be circulated as soon as possible. Among the more important categories the following might be mentioned: live animals, fresh meats, canned and prepared meats, poultry, dairy products including cheese, cocoa in paste or powder, peas and beans, cereals, rice, biscuits, fresh fruits and vegetables, dried fruits including raisins, prepared fruits, frozen fruits, preserves, nuts of all kinds, all fish and fish products, molasses, olives, olive oil and all vegetable oils, potatoes. The trade coverage of this relaxation was about 200 million dollars per annum. Taking the two major steps together, the surcharges had been eliminated on about 500 million dollars worth of trade, or one fifth of the original total, less than five months after their introduction. He was confident the CONTRACTING PARTIES would see in this move convincing evidence of the Canadian Government's determination to remove these temporary measures diligently and expeditiously in line with any improvements in its reserves and payments positions.

Turning to the question of the action it might be appropriate for the CONTRACTING PARTIES to take, the representative of Canada said that his delegation had some worries about some of the language in the proposed draft decision and was not certain that it reflected as clearly as it might the Canadian Government's views as to the circumstances which should be taken into account in the timing of the elimination of the surcharges. At the same time they recognized that there might be other delegations with a major interest who would have preferred somewhat different language from the opposite point of view. As it was evident that the draft had been prepared with great care, the Canadian delegation had concluded that it could support a decision in these terms and believed that if others could also agree, such a decision would be an acceptable outcome of the deliberations.

Mr. AOKI (Japan) said that his delegation endorsed the draft decision. The relaxation measures that had been taken since the surcharges were introduced were to be commended but they had only affected to a very limited extent items of interest to Japan. He called attention to the fact that some elements in the restrictive system seemed to be inconsistent with Article 7 of the Long-Term Cotton Agreement; he expressed the hope that these measures would shortly be redressed. The CONTRACTING PARTIES should instruct the Council to review the question.

Mr. GRIFFITH JOHNSON (United States) supported the draft decision. He pointed out that the trade between Canada and the United States amounted to some 7,000 million dollars a year and was the largest in the world between two countries. Against this background his country had been genuinely concerned about the very real crisis that Canada had passed through. The United States had been happy to participate in the very successful financial measures taken to assist Canada. His government felt that restrictive measures in the trade field were not appropriate to cope with difficulties which were basically due to capital movements. It was to be regretted that Canada, which had always been fighting for the GATT

rules, should have had to resort to import surcharges. The adverse effects of these had been pointed out in the report of the Group; the United States Government was particularly concerned with the protective effect of the surcharges. The Canadian Prime Minister had been quite right in pointing out that what was needed was to keep down production costs in Canada and to increase the competitiveness of Canadian industry. There were certain signs that some groups in Canada were looking upon the surcharges as long-term measures although the Government had repeatedly made assurances to the contrary. It was the expectation of his Government that the surcharges would be amongst the first emergency measures to be removed. He recalled that, at the recent reduction of the rate of discount, the Chairman of the Bank of Canada had stressed, in view of the resumption of the inflow of long-term capital, and the improvement of the reserve situation that more weight could be put on domestic monetary factors. The significant relaxation of the surcharges was appreciated but he urged that the temporary measures should be removed totally as soon as circumstances permitted.

Mr. CORKERY (Australia) said that the present case could be important as a precedent. As a question of principle he wondered why the CONTRACTING PARTIES were moving away from the waiver technique. He had expected that a case like the imposition of surcharges - which was not foreseen in the General Agreement - would have been dealt with through a waiver rather than through a decision of the kind proposed. It could be argued that waivers had been granted in a somewhat too automatic way in the past, but this problem could not be solved just by taking in another way decisions equivalent to waivers. As to the particular difficulties facing Canada, he understood that the measures taken - borrowing and the imposition of surcharges - had been necessary to prevent the reserves from being exhausted in a few weeks. He hoped, however, that the balance-of-payments situation of Canada would make it possible to remove them expeditiously. Referring to the report to the Council, which Canada, in accordance with the draft decision, should submit early in 1963, he said that the time-limit should not be short in such cases; it was often very difficult to forecast a short-term balance-of-payments development.

Mr. SKAK-NIELSEN (Denmark), speaking as the Danish delegate, said that he fully sympathized with the difficulties that Canada was still encountering. He expressed the hope that the long-term measures, which were called for, would make Canada less dependent upon the import of long-term capital. His Government was concerned about the maintenance of the surcharges, both because they affected a large part of the Danish exports to Canada and because of their consequences for the General Agreement as such. GATT had succeeded in eliminating tariff increases as balance-of-payments measures by industrialized countries, and it was regrettable if this important principle could not be adhered to. He reiterated the hope that the surcharges would be eliminated in the near future; a decision of the kind proposed would therefore be more appropriate than a normal waiver.

Mr. RYDFORS (Sweden) said that it was to be regretted that a highly industrialized and economically stable country like Canada had found itself compelled to take action which was hardly consistent with GATT. He was glad to know that Canada was planning to replace the surcharges by long-term measures and recalled

that the International Monetary Fund thought it possible that they could be eliminated in a few months. Sweden supported the draft decision.

Mr. MATHUR (India) expressed understanding for Canada's difficulties and supported the draft decision. He called attention to paragraph 20 of the report and expressed the hope that consideration for the highly vulnerable balance-of-payments situation of developing countries would make an early removal of the surcharges on items of interest to such countries possible.

The CONTRACTING PARTIES adopted the decision, as proposed in document W.20/22, and agreed that it be derestricted so that it could be tabled in the House of Commons of Canada that same day.

The EXECUTIVE SECRETARY said that the question of principle raised by the representative of Australia might be given consideration by the CONTRACTING PARTIES on some future occasion. In this connexion it should be noted that paragraph 5 of Article XXV spoke of "exceptional circumstances not elsewhere provided for in the Agreement", and these provisions might be kept more prominently in mind than they had been sometimes in the past.

4. European Economic Community/Association of Greece (L/189)

The CHAIRMAN recalled that at the nineteenth session a Working Party had been established to examine the provisions of the Agreement providing an Association between Greece and the Community. The Working Party had submitted a report in document L/189.

Mr. CAMPBELL-SMITH (Canada), Chairman of the Working Party, presented the report. He said that the Working Party's discussion was conducted in accordance with procedures agreed upon at the ninth session and was based on written questions submitted by various contracting parties and written answers from the two parties to the Agreement of Association. The report first dealt in general terms with the provisions of the Association Agreement, in the light of Article 24. He drew attention to the Working Party's discussion concerning the duration of the transitional period, the alignment of tariffs, including provisions for possible deferment of tariff reductions, and concerning the various aspects of the Agreement with respect to agriculture. There was an exchange of views on other matters which was covered in paragraph 9 but on which opinions on the applicability of the provisions of the General Agreement were inconclusive. A section was devoted to quantitative restrictions on which there was divergence of opinion as to whether or not the provisions of Article XXIV allowed the parties to the Association Agreement to deviate from the provisions of Article XIII of the General Agreement. In the light of earlier discussions elsewhere, the Working Party did not examine the principles involved but drew attention to these discussions. The Working Party examined the question of bilateral agreements and provisions in the Agreement of Athens with respect to tariff quotas. It had noted that the application of such quotas would be limited to particular cases during the transitional period, and that any problems which might arise would be settled in conformity with the provisions of the

General Agreement. Under the heading of "State trading" the Working Party examined the provisions of paragraph 4 of Protocol 15, with particular regard to commitments to purchase tobacco from Greece. Certain explanations and assurances were given which would no doubt warrant future clarification. Considerable time was devoted to the discussion of the agricultural provisions of the Athens Agreement and attention was drawn to the hope expressed in paragraph 26 that it would be the intention of Greece and the European Economic Community to take part in consultations under Committee II in this respect. The Working Party felt that certain provisions in this sector would be of interest to the CONTRACTING PARTIES as a whole. Finally several members of the Working Party pointed to the significance of the Athens Agreement as the first involving association with the European Economic Community and stressed that the sum of the conditions prevailing in Greece was unique to Greece and that the present Agreement was not a precedent for possible future association agreements between other countries and the European Economic Community. The Working Party was pleased to note the stress the parties to the Agreement laid on the liberal character of its terms and their conviction that these would promote the expansion and the development of the Greek economy and further its trade not only with the member States of the Community but also with other contracting parties. As the conclusions of the Working Party report noted, the discussions had been valuable and had provided much clarification. Nevertheless there were some legal and practical issues which remained. The Working Party therefore recommended further examination by the CONTRACTING PARTIES during the current session.

Mr. SGOURDEOS (Greece) said that although Greece was still a developing country it would not hesitate to use all the means possible to conform to the provisions of the GATT. In the last decade Greece had liberalized 94 per cent of its foreign trade which was of interest to contracting parties. On the basis of Article XXIV of the General Agreement an association with the EEC had been established and had entered into force on 1 November 1962. This was the natural outcome of a liberal economic policy since 1953 as well as the determination of the EEC to promote a faster development of the Greek economy. Paragraph 1 of Article 2 of the Association Agreement recognized the principle enunciated in Article XXIV:4 of the General Agreement, by taking full account of the need for ensuring the speedier development of the Greek economy and the raising of the level of employment and living conditions of the Greek nation. The Athens Agreement provided for tariff dismantlement over a twelve-year period on 70 per cent of the trade of the parties to the Agreement, while for the remainder of trade the tariff dismantlement would take place over a period of twenty-two years. The latter requirement was considered necessary and reasonable in view of the economic conditions in Greece and the different rate of its economic development vis-à-vis the EEC countries. The adoption by Greece of the Community's common external tariff would have a substantial effect on the reduction of tariffs since it would be less restrictive than the system now in effect. The Association Agreement was in line with Article XXIV:8(a) of the General Agreement since the Association Agreement covered the total trade between the EEC and Greece. The creation of the Association Agreement, in keeping with the provisions of GATT, would not only increase trade between Greece and the Community, but between Greece and contracting parties to GATT. Mr. Sgourdeos

emphasized the liberal nature of the Association Agreement and said that in future Greece would be pleased to provide additional information to the CONTRACTING PARTIES under Article XXIV as the development of the Association with the EEC progressed. It was the firm conviction of his Government that the objectives of the Athens Agreement would be achieved in harmony with the objectives of the General Agreement.

Mr. PARBONI (Italy) speaking on behalf of the member States of the European Economic Community said the Working Party had had the possibility of carrying out a thorough examination of the Association of Greece with the EEC. During the preparatory study in the Working Party the representatives of Greece had stressed the contribution that this Association could make to the development of his country, and had affirmed the conformity of the Association Agreement with the spirit and letter of the General Agreement. With regard to the fears expressed by certain contracting parties, the assurances given should allay these fears. The parties to the Association Agreement were prepared to furnish additional information under Article XXIV whenever the EEC would be submitting information to the CONTRACTING PARTIES on developments within the EEC.

Mr. HILJZEN (Commission of the European Economic Community) said that during the lengthy negotiations which had taken place between the EEC and Greece the parties concerned had very much in mind the need to ensure that the Association Agreement would be fully compatible with the GATT. He confirmed that the EEC would submit information on developments regarding the implementation of the Association Agreement along with other information on developments within the EEC.

Mr. GRIFFITH JOHNSON (United States) said the Association Agreement had provided for a very significant extension of the EEC customs union. His delegation had followed with great interest both the negotiation of the Agreement between the Six and Greece as well as the examination of Association Agreement within the GATT. In view of the principle involved in the extension of the Community and of its possible effects on trade with third countries, it was of the utmost importance that the operation of this Association Agreement conformed to the rules of the General Agreement. He wished to stress the point especially because of the differences, as had been discussed in the Working Party, between the authority provided by the Association Agreement on certain matters and the narrower limits set down in the GATT with respect to such matters. After a substantial effort to examine this Agreement and to report to the CONTRACTING PARTIES, the Working Party had to confine itself to recording the information, arguments and clarifications which had been put forward, and had recommended that the CONTRACTING PARTIES consider the Agreement at this session. It did not seem promising at this juncture to pursue the examination beyond the limits to which it had been carried by the Working Party. In view of this situation, and taking account fully of the content of the report including the divergent views and reservations contained therein, his delegation felt no action should be taken at this time which would be construed as a full or final approval of the Association Agreement. The Association Agreement should be reviewed as it

was applied and it should be recognized that individual contracting parties could initiate action if they should consider their trading interests adversely affected by its implementation. This suggestion was made in the expectation that the EEC and Greece, following the useful practice of the EEC itself and in accordance with the handling of other integration arrangements by the GATT, will be furnishing the CONTRACTING PARTIES with full information on the application of the Association Agreement. The Working Party report in paragraph 8 recorded the understanding that procedures for the renegotiations of concessions in the Greek schedule to GATT would be laid down in due course by the CONTRACTING PARTIES under Article XXIV:6 or under other relevant GATT provisions. The United States would like to enter into these negotiations as soon as feasible.

Mr. PHILLIPS (Australia) said that his delegation subscribed to the hope expressed by members of the Working Party that the Association Agreement would contribute to the more speedy economic development of Greece. However, it was noted that there were differences in the Working Party as to whether certain provisions of the Association Agreement could lead to infringement of the GATT. In particular, the question of tariff quotas as mentioned in paragraphs 18 and 19 of the report, could be a serious matter. He noted the reference to Article XIII:2(d) in paragraph 18 of the report and endorsed the view that Greece should allocate its tariff quotas in a non-discriminatory manner between sources of supply. His delegation wondered whether Article XVIII could be considered as being applicable to tariff quotas and if it were not applicable, his delegation wished to know what principle Greece intended to follow in allocating tariff quotas under Article 21 of the Association Agreement. Even if Greece followed non-discriminatory principles in the allocation of these tariff quotas it could be considered inconsistent with the GATT objectives to use tariff quotas to facilitate bilateral agreements thereby singling out countries which would not trade multilaterally for special benefits. In conclusion and in the light of paragraph 34 of the Working Party's report the view of the Australian delegation was that the CONTRACTING PARTIES should take note of the report and arrange for further consideration of the Association Agreement in the light of experience.

Mr. GRANDY (Canada) said that the examination by the Working Party of the Agreement establishing the association between Greece and the European Economic Community had clearly demonstrated the importance of the CONTRACTING PARTIES having the opportunity to consult with GATT Members who were entering into arrangements contemplated under Article XXIV. The Canadian Government had followed with sympathetic interest the steps taken by the Government of Greece and the European Economic Community towards laying the foundations for the establishment of a customs union. The Canadian Government sincerely hoped that this association would be beneficial, not only to the two parties concerned but to the trading community as a whole. His Government had in the interest of the world trading community, as well as its own trade, a natural expectation that the arrangements contemplated under the Association Agreement would meet not only the requirements of the provisions of Article XXIV but of the General Agreement as a whole. In the course of the examination of the Agreement, Canada had pointed in some detail to the concerns that might arise if the terms of the Agreement were such or were so interpreted as not to take fully into account the legitimate trading

interests of outside suppliers including Canadian suppliers. His delegation had expressed similar reservations on certain elements and interpretations which might not appear to be fully in accord with the objectives and the spirit of the General Agreement, particularly those provisions in the Agreement of Association relating to the length of the transitional period, agriculture, quantitative restrictions, tariffs and bilateral agreements.

As concluded by the Working Party, there had been useful clarification of the principal aspects of the Association Agreement. Certain of the issues over which differences of opinion had arisen would no doubt clarify themselves in the course of time. His delegation was confident that the authorities on both sides would wish to assist the CONTRACTING PARTIES in this respect and was pleased to note that the CONTRACTING PARTIES would be so informed in accordance with Article XXIV, paragraph 7(a). In this regard his delegation had noted the assurances given by the delegate of Italy on behalf of the Community that the Community would wish to include an account of developments in this Association when it made its reports to the CONTRACTING PARTIES for the Community as a whole. The arrangements for harmonization of the agricultural policies of Greece with that of the European Economic Community had received particular attention of the Working Party. There were several provisions which could be of major importance to agricultural producers and the Canadian Government considered it most important that their interests be borne in mind during their implementation. The same was also true in respect to the provisions relating to the adaptation of the national tariffs of Greece to the external tariff of the Community. With regard to agriculture his delegation fully supported the proposal in paragraph 26 that Greece and the Community participate in consultations under Committee II on the relevant provisions of the Agreement of Association. Finally, contracting parties would have in mind that the Agreement of Association would be an important precedent for other countries contemplating association with the European Economic Community. The Canadian delegation welcomed the assurances given on both sides that the parties concerned were resolved to carry out their arrangements in conformity with their international obligations under the General Agreement. It was assumed that at the appropriate time an opportunity would be available to consider possible recommendations under Article XXIV paragraph 7.

The CHAIRMAN then proposed that, in the light of the remarks and proposals that had been made, the following conclusions be adopted by the CONTRACTING PARTIES:

- (a) The CONTRACTING PARTIES have examined, in conformity with Article XXIV:7 the Agreement establishing an Association between Greece and the European Economic Community and in this connexion have considered a report thereon prepared by a working party (L/1629):

- (b) The CONTRACTING PARTIES note that the parties to that Agreement consider that it provides for the establishment, for the purposes of the General Agreement, of a customs union within the meaning of paragraph 5 of Article XXIV, that the Agreement was accordingly notified by them to the CONTRACTING PARTIES pursuant to paragraph 7 of Article XXIV;
- (c) The CONTRACTING PARTIES note that the Working Party confined itself to recording the information, arguments and clarifications put forward by governments, but they do not find it desirable to pursue at this time an examination of issues raised in the Working Party and, in the light of further opportunities for consideration under the General Agreement, do not at this stage avail themselves of the possibility of addressing recommendations under Article XXIV:7 to the parties to the Agreement;
- (d) The CONTRACTING PARTIES note with satisfaction that the parties to the Agreement are ready to furnish information in accordance with Article XXIV:7(a) as the evolution of the Association proceeds and that other information will be made available each time the European Economic Community informs the CONTRACTING PARTIES of developments having taken place in the Community;
- (e) The present conclusions are without prejudice to the responsibilities of the CONTRACTING PARTIES under the General Agreement or to the rights of contracting parties under the relevant provisions of the General Agreement.

This was agreed.

5. Article XXIV:5(a) - Interpretation (L/1919)

The CHAIRMAN recalled that discussions on this matter had taken place at the eighteenth and nineteenth sessions on the basis of a report which had been submitted to the CONTRACTING PARTIES by the Tariff Negotiations Committee. The question of the interpretation of the word "applicable" in paragraph 5(a) of Article XXIV was left unresolved and it was agreed that at this session the Executive Secretary would put forward an objective juridical opinion on this matter of interpretation. This had been done by the Executive Secretary in document L/1919.

Mr. WEISS (United States) expressed the appreciation of his delegation for the thoughtful analysis prepared by the Executive Secretary. He said that to some extent and for different reasons the United States delegation had come to conclusions which appeared to have essentially the same practical effect, with regard to the EEC's Common External Tariff, as the conclusions reached by the Executive Secretary.

Mr. VALLADAO (Brazil) said that the Executive Secretary's document was of considerable importance. The subject with which it dealt had been the object of very heated discussions at previous meetings and the examination of the matter in connexion with the Common External Tariff of the EEC had not led to any definite

conclusion. This was regrettable because Article XXIV:5(a) imposed an important condition regarding the formation of a customs union by GATT Members. The document now before the CONTRACTING PARTIES furnished new elements to be considered in analyzing this problem. When the matter had been previously dealt with by a working party, the delegation of Brazil had submitted a study indicating the effects of the Common External Tariff of the European Economic Community on the main exports of Brazil in the light of his delegation's understanding of the word "applicable". This study indicated that the incidence of the duties of the Common External Tariff would be about 40 per cent higher than the incidence of the national duties previously in force. It was the view of his delegation that contracting parties should make provision for further consideration of this question. The Council might be directed to examine the question taking into account the very relevant document submitted by the Executive Secretary.

Mr. HIJZEN (Commission of the EEC) said that he was quite prepared to accept that contracting parties were entitled at any time to initiate a reopening of discussions on the matter.

Mr. BOSCH (Uruguay) said that for reasons similar to those put forward by the representative of Brazil, his delegation supported his initiative.

The EXECUTIVE SECRETARY said that it was for the CONTRACTING PARTIES to determine whether and in what form the examination of this question should be pursued, or whether it should not be pursued, in the future. The secretariat would be prepared to consult with the Commission of the EEC in order to ascertain whether, on the basis of the opinion he had submitted in document L/1919, it would be possible to put forward an analysis of the incidence of the Common External Tariff taking this criteria into account. He was not in a position to say at the moment whether this would be possible, nor could he commit the European Economic Commission to collaborate in such a study. However, if this were possible, this would be a study in terms of Article XXIV:5(a) and would be a different study from the one mentioned by the delegate for Brazil. As he had stated on previous occasions, Article XXIV:5(a) relates to the incidence of the tariff as a whole. The study he had in mind would not be concerned with the incidence of the tariff on particular products of interest to particular countries.

Mr. VALLADAO (Brazil) referring to the statement by the Executive Secretary said that the example he had given was only an experimental one in which products amounting to about 80 per cent of Brazil's trade with the EEC were considered. In the view of his delegation, problems of such magnitude as the interpretation of Article XXIV, should be given more attention by the contracting parties.

Mr. WARREN (Canada) enquired, if the European Economic Commission were to respond favourably to the suggestion made by the Executive Secretary and if a study were made on the basis of the interpretation suggested by the Executive Secretary, whether such a study would be without prejudice to the views of contracting parties as to the correct interpretation and without prejudice to

the eventual finding, if any, of the CONTRACTING PARTIES with regard to the application of Article XXIV to the external tariff of the European Economic Community.

The EXECUTIVE SECRETARY said that he had certain hesitations in the light of the statement made by the delegate for Canada. If the CONTRACTING PARTIES did not wish to pronounce themselves one way or another on the interpretation he had suggested, he thought the examination he had proposed might be deferred; otherwise, if one applied the formula proposed and it gave results which were favourable to some countries, these countries would agree that the interpretation was correct, while on the other hand, if the results were unfavourable, they would want to say that the interpretation was not correct.

The CONTRACTING PARTIES noted the views of the Executive Secretary as set out in document L/1919 and the CHAIRMAN suggested that contracting parties could revert to this question if they should so wish at a meeting of the Council or at a future session.

6. Application of Article XXXV to Japan

The CHAIRMAN said that this item had been included in the agenda in order that the CONTRACTING PARTIES could continue their review of the application of Article XXXV to Japan.

Mr. AOKI (Japan) thanked the CONTRACTING PARTIES for the patience, sympathy and understanding with which they had conducted constructive deliberations on this long-standing question at previous sessions. He recalled the useful discussions which had taken place on this matter at the ministerial meeting in 1961. The Ministers had concluded that the earliest possible solution of this important question would not only enable Japan to participate fully in GATT activities but would also to a great extent, enhance the effectiveness of the General Agreement. As was reported to the Council last May, the atmosphere thus created at the ministerial meeting had already borne fruit to some extent, in that New Zealand, Ghana, Cuba, and Tunisia had already disinvoked the application of Article XXXV against Japan. He was also happy to report that the long negotiations between the United Kingdom and Japan had now been concluded, and a Treaty of Commerce, Establishment and Navigation between Japan and the United Kingdom had been signed. It was gratifying to note that the United Kingdom Government, on the occasion of its signature, declared its intention to consent to the application of the General Agreement between the United Kingdom and Japan by withdrawing its invocation of Article XXXV of the General Agreement on the coming into force of the said Treaty.

This was a most significant event because the United Kingdom, together with other major trading nations, had held the key for an early solution of the problem as a whole. It was also significant with regard to the increasing number of governments newly acceding to the General Agreement under the provisions of Article XXVI. In such cases, as contracting parties were aware if no GATT relations had existed between Japan and the metropolitan country sponsoring such

accessions, it would not be possible to establish automatically any contractual relationship under GATT between Japan and those newly acceding countries. In this connexion the United Kingdom was a country which had sponsored and would sponsor many such countries as were acceding under Article XXVI, paragraph 5(c) of the General Agreement. With regard to the present situation of bilateral consultations in progress between Japan and those contracting parties which were still applying Article XXXV against Japan, his Government had already initiated preliminary exchange of views with the Benelux countries. His delegation was convinced that the Benelux countries, on the satisfactory completion of the bilateral negotiations, would disinvoke their application of Article XXXV to Japan. In the case of France, bilateral consultations were now going on in Paris with a view to normalizing trade relations between Japan and France under the General Agreement. It was particularly encouraging that an understanding had been reached between the two countries after the recent visit of the Japanese Prime Minister, with the effect that both governments would endeavour to solve questions pending between the two countries in connexion with the General Agreement, on the basis of the principle of non-discrimination.

The negotiations for the revision of the Japan-Australia Trade Agreement had commenced and it was hoped that this would reach a successful conclusion, thereby bringing GATT relations between the two countries into full play. Concerning the relations between Japan and the Federation of Rhodesia and Nyasaland, his delegation hoped that a solution satisfactory to both countries on the question of the disinvocation of Article XXXV would be found in the course of the forthcoming negotiations regarding the modification of the Trade Agreement between Japan and the Federation to be held in March 1963. With regard to trade relations with the Republic of South Africa, Japan's exports to South Africa were at present subject to certain discriminatory treatment. On this occasion he would ask that the Government of South Africa give favourable consideration to the early removal of such discriminatory treatment, leading to the final withdrawal of its application of Article XXXV against Japan.

Mr. Aoki said that although he had not specifically mentioned several other countries which were also invoking Article XXXV, this should not be interpreted to mean that less importance was attached to their early disinvocation of that Article. On the contrary he hoped that those countries too would find the way to withdraw their invocation of Article XXXV as soon as possible. He stressed that without the complete solution of this question, Japan would find certain difficulties in participating to the fullest extent in the scheduled new round of tariff negotiations based on the idea of linear reduction, and even in the deliberations on the question of programmes of action for the expansion of trade of less-developed countries. In this connexion it would be desirable to take up the question of Article XXXV at the next ministerial meeting. It was the hope of the Japanese delegation that this would be the last time that the CONTRACTING PARTIES would have to take up this question on their agenda.

Mr. VAN WIJK (Kingdom of the Netherlands) recalled that on many occasions the Benelux delegations had stated in sessions of the CONTRACTING PARTIES that the matter of their trade relations with Japan, in particular the problem of Article XXXV, had had the full attention of their governments. He recalled that the head of his delegation speaking on behalf of the Benelux had declared during the fifteenth session in Tokyo, the intention to convert autonomous arrangements into mutual agreements which could promote trade between the Benelux countries and Japan. An agreement on commerce between Japan and the Benelux had entered into force, whereby in practice the problem of Article XXXV was solved to a great extent. Since 1959 the Benelux imports from Japan increased from \$41 million to \$62 million in 1961. During the same period exports to Japan increased from \$45 million to \$60 million. These figures proved that notwithstanding the application of Article XXXV mutual trade had developed favourably. It was recognized however that the application of Article XXXV signified for Japan more than a mere matter of commercial relations. During the last two sessions of the CONTRACTING PARTIES the Benelux countries had declared that the disinvocation of Article XXXV was the subject of continuous study. He was therefore pleased to announce that the Benelux governments were considering the matter very seriously. He shared with the Japanese delegation the hope that the first informal contacts which had already taken place between the Benelux countries and the Japanese authorities would lead to a satisfactory solution.

Mr. BALENSI (France) recalled that the joint communiqué issued by the French and Japanese Governments had mentioned that conversations which had taken place between the two Governments on the problems faced by the two countries in the context of the General Agreement had reached mutually satisfactory conclusions.

Mr. MWAMBUNGU (Tanganyika) said that during the period of British rule, the United Kingdom Government had invoked Article XXXV with regard to trade relations between Tanganyika and Japan. Such an invocation would continue to be valid unless expressly disinvoked by the succeeding government. As on the occasion of becoming a contracting party, Tanganyika had not disinvoked Article XXXV, application of that Article had remained in force. Representation had recently been made by the Government of Japan for Article XXXV to be disinvoked and for GATT to be applied to Tanganyika's trade with Japan. Tanganyika's trade with Japan was substantial; imports from Japan in 1960 amounted to approximately £3 million and in 1961 to over £3 million. Tanganyika's exports to Japan in 1960 were valued at over £2 million and in 1961 amounted to over £2 million. Tanganyika's trade with Japan therefore reflected over the last three years a balance in favour of Japan of approximately £1 million. Consideration was at this moment being given to the question of disinvoking Article XXXV with respect to Japan. The outcome was not yet known but opinion was not unfavourable towards disinvocation, though not probably without conditions.

Sir EDGAR COHEN (United Kingdom) said that while his delegation appreciated the significance of what the Japanese delegation had said concerning the part it might or might not be able to play in certain important events ahead if Article XXXV was still being invoked by others, his delegation was confident that the Japanese delegation would continue to assist in the preparatory business and to play its full part as always. By the time action had to be taken in further negotiations he hoped that sufficient progress would be made thus ensuring that the question of Article XXXV would no longer have to be an item on the agenda of the CONTRACTING PARTIES.

Mr. CAWOOD (Federation of Rhodesia and Nyasaland) said that his Government was still invoking the provisions of Article XXXV against Japan. However, his Government wished to make it clear that it shared fully the hope expressed by the representative of Japan that the forthcoming negotiations on the present trading arrangements between the Federation and Japan would result in the attainment of a mutually satisfactory agreement, which would not only permit a further increase of trade between the two countries but would also place their trade on a surer and more definite foundation. In the successive renegotiations which had taken place over the past few years, his Government had found it possible not only to accord the most-favoured-nation treatment to Japanese products but also progressively to remove a considerable proportion of Japanese exports to the Federation from the incidence of quantitative restrictions. However, his Government had been aware for some time now that as much as these progressive measures of trade liberalization had been appreciated, the Japanese Government felt that in addition to freer access to the Federation's markets, trade between the two countries should not be conducted under the influence of Article XXXV. After consideration of the implications that such a step would be likely to have on the Federation's developing economy his Government had decided that subject to the satisfactory conclusion of the forthcoming renegotiations with the Government of Japan it would be prepared to disinvoke the provisions of Article XXXV of the General Agreement as at present applied against Japan. The Japanese Government had already been informed officially of the acceptance by the Federation of this step in principle.

Mr. VALDEZ (Peru) said that Japan was a country with which Peru maintained very close trading relations. There was no reason for discrimination within the GATT, and his delegation felt that countries invoking Article XXXV against Japan should review their attitude.

Mr. BEECROFT (Nigeria) said that although Nigeria was one of the countries that applied Article XXXV against Japan by inheritance, he believed that the matter was more technical than of practical significance, since in practice Japan enjoyed no less favourable treatment in Nigerian markets than other contracting parties. For example in 1961 Nigerian imports from Japan amounted to well over £25 million and its exports to Japan were just under £2 million. The Japanese Government was no doubt aware of the intentions of his Government

in respect to this question. However, because of the demands that present day world affairs placed on the manpower resources of the newly-independent States, it had not yet been possible for his Government to take the necessary steps that would enable a decision on the disinvocation of Article XXXV to be taken. The Japanese delegation should be assured that the matter was being actively considered by the Government of Nigeria and it was hoped that it would not be very long before a decision would be taken.

Mr. TREU (Austria) said that negotiations had taken place between his Government and the Government of Japan earlier this year which had led to the signing of two agreements in September to ensure greater access of Japanese industrial products to the Austrian market. There had also been agreement to set up basic quotas within the framework of the Cotton Textiles Arrangement. During these discussions there had been an exchange of views on the question of Article XXXV. It was expected that negotiations on this matter would be resumed as soon as possible.

Mr. GRANDY (Canada) congratulated the Government of Japan and the United Kingdom for reaching success in their negotiations for a commercial agreement which on ratification would provide the basis for the United Kingdom to disinvoke Article XXXV. His delegation was also gratified by the news that some countries had disinvoked Article XXXV and that hopeful discussions were going on with others. His delegation felt that contracting parties generally would hope that the remaining countries still invoking Article XXXV would follow these examples and would give the most serious consideration to re-examining their position so that the problem of the invocation of Article XXXV against one of the major trading countries in the world would no longer require discussion year after year.

Mr. TALJAARD (South Africa) said that it was a matter of gratification to the South African Government that such a relatively important volume of trade took place between Japan and South Africa. Japan occupied the first position of importance on the list of countries exporting goods to South Africa. Despite important restrictions which South Africa had been obliged to impose on balance-of-payments grounds, South Africa imported from Japan goods amounting to over \$49 million during 1961. The Government of Japan had recently approached the South African Government with a view to the conclusion of a trade agreement and the South African Government was considering the matter.

Mr. GRIFFITH JOHNSON (United States) said that his delegation was particularly pleased to learn that Japan and the United Kingdom had reached agreement on their trading relationships and that negotiations were moving forward towards similar action by other governments. These developments were most encouraging and his delegation looked forward to further progress in the coming year. The importance of further and rapid progress in this area had been emphasized by the necessity for the full participation of Japan in any future tariff negotiations. It was perhaps pertinent and desirable to express concern that forward movements on this question were being slowed down by the application of Article XXXV against Japan on the part of countries recently acceding to the General Agreement. It might be well to continue to call attention to the thoughts expressed in paragraph 20 of the report prepared last year by the Working Party which had reviewed Article XXXV. The report suggested that an attempt should be made to dispel the idea that the invocation of Article XXXV was a normal part of accession, or that the invocation of this Article could legitimately be used as a bargaining lever for gaining extra privileges.

Mr. ANDRADE (Portugal) said that there had been about two years of unfruitful efforts to find, with the Japanese authorities, a way to overcome the particular economic difficulties that could certainly arise from the full application of the General Agreement between Japan and Portugal and it was with great regret that after all these efforts the Government of Portugal had been forced into having recourse to the provisions of Article XXXV. His delegation wished to assure the CONTRACTING PARTIES that the Portuguese Government was continuing to study actively the problems of commercial relations between the two countries, and hoped that a constructive and mutually satisfactory solution would be found soon.

Baron VON FLATEN (Sweden) associated his delegation with the remarks made by the delegate for the United States.

The CHAIRMAN said that contracting parties had no doubt noted the optimistic statement made by the Delegate for Japan concerning action taken or being taken by certain governments regarding the disinvocation of Article XXXV. Some delegations had stated that despite the fact that Article XXXV was being applied in respect of their trading relationships with Japan, the trading figures between their countries and Japan had improved. Contracting parties had heard the wish of the Japanese delegation that the question of Article XXXV should be placed on the agenda of the next ministerial meeting. The Japanese delegation might wish to raise this matter with the Council when the agenda for the Ministers is under consideration. Finally there was a general feeling that there was a necessity to come to a settlement of this whole question so that Article XXXV would no longer appear on the agenda of the CONTRACTING PARTIES.

7. United States Schedule

Mr. GRIFFITH JOHNSON (United States) said that his Government had decided not to ask the CONTRACTING PARTIES at this session to grant a waiver to permit the United States to put into effect on 1 January 1963 the revised tariff schedules authorized in the United States Tariff Classification Act of 1962. A special United States delegation had been in Geneva since late September to conduct consultations in connexion with the revised schedules. These represented a considerable clarification and simplification of the United States tariff, eliminated complexities and corrected anomalies which had been costly to traders and governments. They also eliminated the cumbersome separate legal and statistical nomenclatures that had in the past complicated the work of anyone who had had to deal with the United States tariff. His delegation had initiated consultations with all the contracting parties who had been able to designate representatives in Geneva for that purpose. In these consultations a number of contracting parties had indicated that the new schedules would create no problems for them. The consultations with the major trading partners of the United States had also been fruitful, but these consultations, involving trade in many hundreds of products, had necessarily been time-consuming and had been affected by the problem of providing adequate documentation. That problem had proved to be more formidable than had originally been anticipated. He thanked the many delegations who had co-operated with the delegation of his country in attempting to speed up the process of consultation and negotiation under Article XXVIII. He appreciated the understanding shown and the hard work that had been performed. He believed that it was in the interest of expanding trade that the United States adopted its simplified tariff at the earliest possible date. The United States delegation did not intend to slacken its efforts to help the contracting parties assess the effect of the new schedules on their trade and would continue to give technical help to the delegations concerned in order that the consultations and negotiations could move forward to completion as rapidly as possible.

Sir EDGAR COHEN (United Kingdom) said that there had evidently been great documentation problems. Nevertheless there had been substantial progress in the United Kingdom-United States negotiations. His delegation would certainly co-operate in order not to delay the important task of getting the new United States tariff into force as soon as possible.

Mr. HIJZIEH (Commission of the European Economic Community) confirmed that the negotiations had proved to be difficult, but said that his delegation would do its best to speed them up.

8. Financial and administrative questions (L/1804/Add.1, L/1842 and Add.1, L/1867, L/1912)

The CONTRACTING PARTIES approved the proposals contained in document L/1912 concerning the classification of Geneva for purposes of post adjustment. They also approved, as recommended by the Council, the report of the Committee on Budget, Finance and Administration (L/1842 and Add.1), together with its recommendations and proposals and the draft resolution on the expenditure of the CONTRACTING PARTIES in 1963, as well as the proposals contained in document L/1842/Add.1. The financial position as at 30 September 1962, as set out in L/1867, was noted.

The EXECUTIVE SECRETARY referred to the increasing workload of the secretariat and warned that, in view of the very critical period for GAITT lying ahead and the growing responsibilities of the secretariat, the next budget proposal would have to give some leeway for modest increases.

9. Chairmanship of ICCICA (W.20/21)

The CHAIRMAN said that the heads of delegations had asked him to propose the nomination of Mr. S.A. Hasnie for a second term as Chairman of the Interim Co-ordinating Committee for International Commodity Arrangements. If the CONTRACTING PARTIES approved this recommendation, Mr. Hasnie's name would be communicated to the Secretary-General as the CONTRACTING PARTIES' nominee for the coming year.

The CONTRACTING PARTIES approved the nomination of Mr. Hasnie.

10. Peru Schedule - Re-negotiation under Article XXVIII:4 (L/1896)

Mr. VALDEZ (Peru) presented his Government's request for authority under paragraph 4 of Article XXVIII to enter into re-negotiations for the modification or withdrawal of certain concessions in Schedule XXXV. He referred to the reasons stated in L/1896 and said that his delegation would gladly supply further information to interested delegations.

The CONTRACTING PARTIES agreed that there were "special circumstances" in the sense of paragraph 4 of Article XXVIII, and decided to grant the requested authority.

The CHAIRMAN said that any contracting party which considered that it had a "principal supplying interest" or a "substantial interest", as provided in paragraph 1 of Article XXVIII, should communicate such claim in writing and without delay to the Government of Peru, and at the same time inform the Executive Secretary. Any such claims recognized by the Peruvian Government would be deemed to be a determination by the CONTRACTING PARTIES within the terms of paragraph 1 of Article XXVIII.

11. Relation of less-developed countries to the work of the GATT (L/1920)

Mr. GRIFFITH JOHNSON (United States) presented the proposal outlined by his Government in document L/1920. Its main aim was, he said, to make it possible for less-developed countries which had so far not been prepared to accede to GATT, to participate actively in its work. GATT should respond in a constructive way to the statement in the recent Declaration of the Cairo Conference on Problems of Economic Development - a conference that had included a number of countries not parties to GATT - that the Conference invited the participating governments to co-operate effectively within the framework of GATT for the purpose of protecting their common interest. There were many ways in which governments which were not yet prepared to accede, could participate in the activities of GATT; as the CONTRACTING PARTIES had not time to examine all possibilities at this stage, he proposed that the Council should be instructed to make the necessary investigations.

Mr. HAMZA (United Arab Republic) supported the United States proposal. It would certainly be useful for such less-developed countries that were not yet prepared to accede to GATT, to have an opportunity to have their problems examined there. At the same time they would thus have a chance of getting acquainted with the work of GATT. It was, however, important that this new action should not delay the activities already under way in the committees of GATT. In this connexion he called the attention to one of the conclusions of the Cairo Conference which stressed the importance of the ministerial meeting in GATT for the solution of the problems of less-developed countries. He confirmed that the United Arab Republic would be prepared to co-operate in the proposed action. These problems were of an urgent nature and should be given a certain priority.

Mr. PARBONI (Italy) said that the member countries of the EEC had studied carefully the United States proposal and shared the views expressed therein. It would be of great value if the less-developed countries which had not yet joined GATT could as soon as possible be integrated in its work.

Mr. ZAMAN (Pakistan) said that his delegation wholeheartedly supported the proposal made by the representative of the United States. It would be a very limited appreciation indeed of the problems which were confronting the less-developed world in the middle of the twentieth century if the force and the validity of the premises on which the United States proposal were based, were not to be recognized. As representing a less-developed country his delegation was well placed to calculate the extent to which the less-developed countries not yet parties to the General Agreement, might benefit by having available to them the GATT as a forum in which their trade and other economic problems might be dealt with. These problems were too well-known to need elaboration at this juncture. In view of the limited time available, his delegation supported the procedure proposed by the United States: the Council should examine the question and make appropriate recommendations.

Mr. HAKIM (Indonesia) said that many urgent problems affecting the less-developed countries were under study in GATT, particularly in Committee III, and the scope of GATT's activities in this field was widening. There was a great similarity between the problems as discussed at the Cairo Conference and in GATT; the need to harmonize the development in industrialized and less-developed countries, the raising of the standard of living of the less-developed countries, etc. The United States proposal for a wider co-operation within the framework of GATT was useful and logical. It needed further examination but he was confident that it would lead to recommendations serving the interest of less-developed countries.

Mr. ONYIA (Nigeria) said that he did not object to the question being referred to the Council for further examination. He was not, however, convinced of the usefulness of the idea behind the proposal. If the work of the GATT was as useful to the less-developed countries as the proposal seemed to indicate, there should be no need to coerce them into it. It was moreover not clear to his delegation why some countries should enjoy the advantages of membership without having to assume the corresponding obligations. Such a possibility would rather discourage interested countries from joining GATT as full contracting parties. He asked how the inclusion of new less-developed countries in the activities of GATT was supposed to improve the results - hitherto rather limited - obtained with respect to the promotion of the trade of the less-developed countries. If it was the intention that the scope and the activities of GATT in this field should be widened, it would lead to new legal commitments and should rather be met by a revision of the Agreement. He recalled in this connexion that it had in the past always been the practice to invite interested non-members to participate - as observers or otherwise - in the activities of GATT. It was now more important to improve the quality of the work done than to induce more countries to participate in it. It was anyhow to be expected that a number of African countries, which had in the past been prevented from joining GATT by other outstanding issues, would become contracting parties before next session. He concluded by stating that his delegation found that the proposal could easily lead to transgressing the principles of GATT; his delegation could not see any real merits in it and objected to the legalizing of the principle behind it.

Mr. GRANDY (Canada) fully supported the proposal of the United States delegation. He said that the kinds of doubts raised by the delegate of Nigeria could be discussed in the Council. He had not understood the proposal to mean that countries participating in the work of GATT would enjoy full membership benefits. One of the advantages of the proposal was in his opinion that it would tend to draw these countries towards full accession to GATT.

Mr. KRUNIC (Yugoslavia) recalled that the recommendations of the Cairo Conference had stressed the importance for the less-developed countries of a close co-operation with international organizations, among them GATT. This suggestion had met a favourable reply from the CONTRACTING PARTIES and he

welcomed the United States proposal. He was convinced that it was in the interest of all that these urgent problems could be carefully studied in GATT and that a contribution could be made towards the elimination of the obstacles to the exports of less-developed countries. The forthcoming examination of the proposal in the Council should not, however, be allowed to cause a delay in the work already going on in GATT.

Mr. SANTIAPILLAI (Ceylon) said that his country was most interested in the programme for the expansion of trade. While feeling that the participation of as many countries as possible in the work of GATT would be useful at the discussion of these problems, he shared, nevertheless, some of the doubts expressed by the Nigerian representative. In the proposal it was stated that GATT should examine ways and means by which less-developed countries which were not now parties to GATT but considered that GATT was the appropriate place to deal with trade problems, might contribute to and participate in the work of GATT of particular interest to them. It was not clear to him what this exactly meant; it should be carefully examined by the Council. In Committee III and the Group on Tropical Products invitations had been sent to less-developed countries outside GATT to participate in the work of those bodies, but the interest shown by the countries concerned had been disappointingly small. In his opinion the best way for less-developed countries to take part in the activities of GATT would be through acquiring full membership. Any kind of special arrangement should only be for a limited time, for example one year, and should then be revised by the CONTRACTING PARTIES. He took it for granted that the recommendations to be made by the Council would be discussed by the CONTRACTING PARTIES before any action was taken. In the meantime it was open for any country to take part in the work of Committee III or the Group on Tropical Products.

Mr. MEJIA FELIU (Dominican Republic) said that, although not wanting to oppose the proposal by the United States, he shared nevertheless the doubts expressed by the delegate of Nigeria.

Mr. MATHUR (India) said that he was grateful to the United States delegation for the proposal put forward by them. As many of the problems taken up in GATT were global problems requiring global solutions he was certain that the participation of more less-developed countries would be of benefit to all. Doubts had been expressed about the desirability of including in the work of GATT countries not assuming full obligations, but it should be possible to work out arrangements whereby, in the common interest, those countries could participate and assist in consolidating the programme to which all contracting parties were committed.

Mr. GRIFFITH JOHNSON (United States) pointed out that it had not been the intention of his Government in presenting the proposal that countries should enjoy rights under GATT without assuming obligations. In the view of his delegation the special relationship foreseen in the proposal would only be a half-way station to full membership.

The CONTRACTING PARTIES decided to request the Council to examine the proposal of the United States Government in the light of this discussion and to submit recommendations.

12. Certification of rectifications and modifications to Schedules (MGT(62)22)

The CHAIRMAN said that delegations had received copies of document MGT(62)22 which contained lists of rectifications and modifications to certain Schedules annexed to the General Agreement. At the fifteenth session the CONTRACTING PARTIES had agreed that they would certify such changes in the Schedules in accordance with the procedure of the revised Article XXXIII, instead of incorporating these changes in protocols requiring acceptance by all governments. However, there were still some points that had not been satisfactorily cleared up in connexion with some of the lists and therefore it would not be possible to have the certification made during the present session.

13. Committee on Avoidance of Market Disruption

Mr. GRANDY (Canada), Chairman of the Committee on Avoidance of Market Disruption, recalled that the CONTRACTING PARTIES had agreed at the seventeenth session that the Committee should undertake a study of the economic, social and commercial factors underlying the problem of market disruption with special regard to the textile and clothing industries. A questionnaire had been sent out to contracting parties in December 1960, but as could be seen from document L/1900, replies had been received from only a limited number of countries. In several cases these replies were, moreover, not complete enough to be used for the study. He wanted to call attention to the suggestions in L/1900 and urge the contracting parties who had not already done so, to take early steps to supply the necessary information to the Committee.

The meeting adjourned at 5.15 p.m.