

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE SEVENTH MEETING

Held at the Palais des Nations, Geneva
on Tuesday, 14 November 1967, at 2.30 p.m.

Chairman: Mr. M. AOKI (Japan)

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1. GATT/UNCTAD relations (continuation) (L/2839, L/2890)

Mr. ADEBANJO (Nigeria) said his delegation agreed with the Director-General's statement on the proliferation of international activities. They fully supported collaboration between GATT and UNCTAD, but would include also collaboration with UNIDO, UNDP, FAO, IMF and IBRD, and all international organizations dealing with trade and development. Regarding the joint Centre, finance was not a problem, since it would not involve the CONTRACTING PARTIES in additional commitments. Nor was he worried about the question of bureaucratic management of the joint Centre: it was not necessary to prejudge the way control problems would be resolved. He would like to see greater collaboration among delegations attending GATT, UNCTAD and other meetings, so that positions taken were consistent. His delegation supported the idea of a working party that would report to the current session. His delegation would like to participate in it.

Mr. MILANOVIC (Yugoslavia) said that the positive results and experiences of the GATT Centre should be a guarantee of the good functioning of the joint Centre. His delegation had on several occasions underlined the importance they attached to extensive co-operation between GATT and UNCTAD. They therefore gave their full support to the present initiatives, and welcomed the co-operation between GATT and UNCTAD concerning the participation of non-member countries of GATT in negotiations between developing countries. They would be interested in taking part in the proposed working party. They were aware of the problems involved in establishing a joint Centre, but were confident these would be solved pragmatically.

Mr. BIEDMA (Argentina) said his delegation fully agreed with the comments made by the Director-General, supported the decision to set up a joint GATT/UNCTAD Trade Centre, and would wish to participate in the proposed working party.

Dr. RYAN (Australia) said that the subject of GATT/UNCTAD relations was important and complex. The development of harmonious relations between the two bodies was a prerequisite to avoid unnecessary duplication of work. They had been encouraged by the manner in which the heads of the two organizations had developed their proposal for a joint Trade Centre, and by the fact that inter-secretariat co-ordination meetings were taking place. The question of which organization should tackle a particular problem was one that could not be solved by a formula, but only in a pragmatic and flexible spirit. His delegation supported in principle the idea of a joint Centre along the lines proposed in the secretariat's documents; but felt more comprehensive information was required before formal approval could be given to the arrangements. It would also be useful to explore participation by the FAO in a trade promotion programme. They supported the proposal for a working party and would be pleased to serve on it.

Mr. HOMOLA (Czechoslovakia) associated his delegation with the speakers who had appreciated the statement of the Director-General. They welcomed the agreement reached by the heads of GATT and UNCTAD on the establishment of a joint Trade Centre, and regarded this as a precedent to be followed in other areas of the work of the two organizations. Regarding the concrete technical, financial, administrative, and personnel problems involved in setting up the new Centre, they agreed these could best be dealt with by a working party.

Mr. TREU (Austria) said his delegation had, at the Fifth Session of the UNCTAD Board, expressed its gratitude to the Director-General for arriving at an understanding with the Secretary-General of UNCTAD on the creation of a joint Centre. This would certainly bring better results than having two Centres. The existing Centre was working splendidly and the joint Centre held great promise for the future, provided it could get funds to extend its activities. His delegation expected the latter to come from United Nations resources. To solve the administrative and budgetary problems they agreed that a working party be established, and his delegation was willing to serve on it.

Mr. CISTERNAS (Chile) said his delegation felt that GATT and UNCTAD should complement each other's activities for the benefit of their member countries. They were satisfied with the Director-General's useful statement on co-operation between the two organizations. The establishment of a joint Trade Centre was the first step in this co-operation, and a most satisfactory advance. They agreed with the proposal that a working party examine in detail the difficult problems involved, and report back to the session with conclusions and recommendations.

Mr. FRANJUL (Dominican Republic) expressed the approval of his delegation for the Director-General's proposal for a joint Trade Centre, as outlined in the secretariat documents.

Mr. TALBAR (Israel) expressed appreciation for the Director-General, who had created the GATT Trade Centre, and was now advancing this joint venture between GATT and UNCTAD. They welcomed the steps advocated to enlarge and strengthen the new Centre, and would be glad to serve as members of the working party.

Mr. SCHNEBLI (Switzerland) said his Government had co-operated closely with the Centre from its inception. They were convinced that its activity was efficient and necessary. They wanted it to stay efficient and expand further. Certain questions of detail regarding the new Centre would have to be clarified in the working party.

The CHAIRMAN asked the CONTRACTING PARTIES to take note of the document L/2839. It was so agreed.

The Chairman proposed the following terms of reference for a working party:

"To examine the proposals put forward by the Director-General (L/2839 and L/2890) in respect of the formation of a joint GATT/UNCTAD International Trade Centre and to report to the CONTRACTING PARTIES."

Membership:

Argentina	India
Australia	Israel
Austria	Ivory Coast
Brazil	Japan
Canada	Nigeria
Ceylon	Sweden
Cuba	Switzerland
France	United Kingdom
Fed. Rep. of Germany	United States
Guyana	Yugoslavia

The Commission of the European Communities will participate in the working party.

Chairman: Mr. J. KAUFMANN (Netherlands)

This was agreed.

Mr. HOUZER (Canada) requested that members of the UNCTAD Secretariat be present at the working party, since they could aid in clarifying the concepts outlined in documents L/2839 and L/2890.

This was agreed.

2. The impact of commodity problems upon international trade (L/2876)

The CHAIRMAN said that the Director-General had distributed a note on the Impact of Commodity Problems upon International Trade (L/2876), containing some ideas for the examination of commodity problems at sessions of the CONTRACTING PARTIES, and on the present situation in respect of various groups of products.

Major-General WIJJEKOON (Ceylon) said that the item under discussion was intended to remind the CONTRACTING PARTIES of the continuing problems confronting commodities, and their effects on international trade. The GATT report on International Trade 1966 showed that the growth in world trade had been uneven; exports of manufactures had grown twice as fast as exports of primary products. Export earnings of the developing countries had grown substantially less than those of the developed market economies and the centrally-planned countries. The share of developing countries in world trade had continued to decline. Among the many factors contributing to the relatively slow growth of these countries' export earnings were the technological developments in industrialized countries, such as the development of synthetic materials; the commodity composition of the exports, in which primary products predominated; and the increased production in the developed countries of competing natural products, often behind protective barriers.

Turning to document L/2876 he said that Ceylon had been suffering from a continuing balance-of-payments deficit which had become aggravated in the last two years. Ceylon's commodity terms of trade had seriously deteriorated due to a fall in export prices and a rise in import prices in its key sectors. Ceylon's prospects were inextricably tied up with its principal exports, namely tea, rubber and coconut products. Tea prices had declined very steeply, with serious implications for Ceylon's balance of payments; a further decline in export prices would seriously jeopardize Ceylon's goals of economic growth. While export prices had fallen, retail prices had remained unchanged, seriously affecting the competitiveness of tea with other beverages whose retail prices had declined or whose qualities had been improved, or where marketing and export promotion techniques had been most aggressive. The whole complex of marketing arrangements for tea was a subject which would merit the serious consideration of tea producing countries and of the CONTRACTING PARTIES if immediate and lasting relief was to be obtained.

The prospects for natural rubber, Mr. Wijeyekoon said, were particularly dismal due to continuing pressures on prices from synthetic rubber. Natural rubber prices, now at their lowest point in eighteen years, caused serious concern to producing countries, which had suffered a serious fall in export earnings. The market for coconut products was also unsatisfactory; among the main problems were the slow rate of growth in output, and erratic prices. Recently a further uncertainty had been introduced into the market for coconut oil due to the replacement for non-food uses in the United States of coconut oil-based fatty acids by synthetics. For the products mentioned the adverse developments might be modified by measures such as fostering demand through the creation of new markets and finding new directions of trade. However, Ceylon's experience had demonstrated that global imbalances could be avoided primarily by international agreements aimed at balancing supply and demand. While commodities of a purely tropical character had so far been largely ignored in the search for commodity agreements, wheat, which was largely produced for export by the developed countries, had been made the subject of an arrangement. The arrangement had a rather unusual feature in that prices had been pre-determined before the formal negotiating meeting held in Rome, on the basis of a quid pro quo arrangement among certain participants in the Kennedy Round. The considerations that had been taken into account in the fixing of minimum and maximum prices did not apply to countries that had not signed the Geneva Memorandum of Agreement. While he did not object to the negotiation of any commodity agreement and indeed strongly supported agreement for the stabilization of prices, he was somewhat concerned about the method in which the agreement had been concluded.

His Government considered that the GATT had a useful rôle to play in the field of commodities. Hitherto the Working Group on International Commodity Problems, appointed by the Committee on Trade and Development, had examined the particular problems relating to certain primary commodities. Ceylon would desire that the GATT engage in intensive studies on a wider basis, particularly of those commodities which were causing grave concern. This applied in particular to tea, rubber and coconut. The last two had been covered by the Director-General's note. The problems of tea were however of such a magnitude and of such concern to producing countries that they should be made the subject of detailed study.

Mr. NARASIMHAN (India) said that the GATT report International Trade 1966 showed that the developing countries' export earnings from tea had been reduced in 1966 due to the smaller volume of exports and to lower prices. It was in particular the fall in prices that was causing his country concern. He endorsed

the suggestion made by Ceylon that a deeper study on tea should be undertaken. The International Trade Centre could go into this question and could submit a comprehensive study to the Special Group on Tropical Products which his delegation had proposed should be revived.

Mr. RAVEAU (Chad) said that in spite of its necessary brevity the Director-General's note constituted an excellent synthesis, in particular as regards cotton which was of primary importance for the economy of Chad. Cotton supply and demand had recently reached equilibrium again. It was to be hoped that this was not just a passing phenomenon. His delegation was glad to pay tribute to the Government of the United States whose programme of acreage restrictions on cotton had contributed in a decisive manner to the present balance and would hopefully have the same effects in the future. He hoped that the restored balance would provide a favourable basis for negotiating an international agreement that would prevent the return of crises such as that which had seriously disrupted Chad's economy. He noted that the strengthening of prices had not prevented a growth in consumption of cotton, which showed that stable and fairer prices did not necessarily have an adverse effect on demand. The reason for the lack of growth in consumption in the industrialized countries was the competition from synthetic fibres. Once again he wished to express his delegation's concern as well as the hope that this competition would not increase to the point of disrupting the market for natural fibres. This might indeed be the result of excess production of synthetic fibres. If this happened producers of both natural and synthetic fibres would be the losers.

Mr. MILANOVIC (Yugoslavia) referring to Section I of L/2876 observed that Yugoslavia was a country whose exports depended largely on agricultural products marketed in industrialized countries. Not only did Yugoslavia's agricultural exports face protective barriers in these markets but in some instances other measures were also applied. As a result it was difficult for his Government to forecast its future export earnings. Yugoslavia fully supported any initiative to find solutions to existing problems in temperate agriculture which had to be dealt with urgently because of the relative failure of the Kennedy Round in this sector. GATT should also seek solutions to problems affecting tropical products. There were signs that results were emerging in this field and in particular he referred to the forthcoming Conference on Cocoa.

Mr. LATIMER (Canada) noted that the impact of commodity problems was an item of interest to all contracting parties, industrialized as well as less-developed. He welcomed the new form of presentation adopted in L/2876 which facilitated concentration on those problems of particular relevance to the GATT. There was an urgent need for primary producers to stabilize their export earnings and export trade in commodities so important for their development and living standards. In a number of cases solutions were being sought in international commodity agreements and Canada was participating actively in these efforts. Canada welcomed the success of recent negotiations on the creation of an International Grains Arrangement even though it fell short in some respects of what would have been desirable. Canada was involved in discussions on sugar, cocoa and coffee and hoped for satisfactory outcomes with respect to these three products. Difficulties facing sugar producers were particularly acute and needed to be resolved urgently.

Mr. MARTIN (Argentina) referring to the GATT report "International Trade 1966" and, in particular, to Table A, pointed out that the trade of developing countries had not increased as fast as that of developed countries. Developing countries had had to face difficulties in international markets as well as domestically. It was not the case that imports by developing countries had fallen off as a result of weakness in demand but it had to be borne in mind that, because of increasingly onerous debt servicing burdens and the relative stagnation of exports, the capacity of these countries to import was limited. The CONTRACTING PARTIES should urgently examine the best procedures for resolving the outstanding problems so as to improve the position of developing countries and to provide for an expansion of world trade. The Kennedy Round had had some positive results but difficulties remained in some sectors including, in particular, meat and dairy products. It was now incumbent upon governments, in a spirit of goodwill, to seek means of achieving success in these sectors and Argentina was prepared to participate fully in these endeavours.

Mr. VIDAL (Uruguay) said that the secretariat's report highlighted the problems in commodity trade and their effects on the export earnings of developing countries. He agreed with the representatives of Yugoslavia and Argentina that many problems existed as regards temperate agriculture and, in particular, in the meat and dairy sectors. He noted that results for cereals had been relatively positive. International commodity problems had a direct impact on the domestic economy of Uruguay and his country would welcome the earliest possible commencement of consultations aimed at finding solutions to these problems, particularly with respect to meat and dairy products.

Mr. CAMPBELL (Australia) expressed concern at the continuation of commodity problems and the rather slow progress that had been made in dealing with them. The problems falling under this item of the agenda were being dealt with under other items including in particular item 3(b). He hoped that as an outcome of discussions under item 3, the foundation would be laid for new and positive efforts by the GATT in this field.

Australia was particularly interested in a successful outcome to the International Sugar Conference and noted that coffee and cocoa were commodities of interest to many contracting parties. Although the conferences on these three commodities were being held under other auspices, this did not alter the fact that their results would affect the rôle of the GATT in future. He welcomed the form the presentation of data in the secretariat's report but wishes to see the inclusion of fruit in the section on temperate agricultural products when a paper was being prepared for the next session. It would also be useful to include in the section dealing with raw materials and non-ferrous metals, information on developments in trade policies.

Mr. IMRU (UNCTAD), speaking at the invitation of the Chairman, said that his Organization had for some time been concerned over the situation as regards tea and rubber. Requests had been received for the initiation of consultations on rubber and a study had been undertaken, in collaboration with the FAO, to act as a basis for these consultations. His Secretariat had prepared extensive studies on tea.

Mr. O'HAGAN (FAO), speaking at the invitation of the Chairman, pointed out that his Organization had recently revised the study "Agricultural Commodities - Projections in 1975 and 1985" which contains forecasts of the evolution of supply and demand for all major agricultural commodities. The FAO Study Group on Oilseeds, Oils and Fats, in whose work UNCTAD co-operated, covered copra. The Study Group had initiated a programme of work oriented towards the identification of the existing problems so as to assess the desirability of different possibilities of international action in this field. The initial studies would be completed in the new year, hopefully in time for the second UNCTAD Conference. Two ad hoc meetings had been held on tea and studies in hand were concentrated on price formation and the operation of world markets. The FAO had already undertaken studies on competition between jute and other natural hard fibres and synthetics, and it was expected that these studies would shortly be enlarged to cover competition between cotton and synthetic fibres. The FAO was in close contact with the International Rubber Study Group and had been asked to participate in a joint study on this item.

Major-General WIJEYEKOON (Ceylon) said that as UNCTAD and the FAO were dealing with the products he had mentioned in his earlier intervention it would not seem necessary for the GATT to involve itself in them.

Dr. SANCHEZ-GONZALEZ (Cuba) said that his country attached great importance to this item. The developing countries depended very much on primary products and their terms of trade had not improved. Industrialized countries were pursuing protectionist policies and it was necessary to solve the problems arising therefrom. Cuba supported the efforts being undertaken in UNCTAD in connexion with sugar and cocoa.

It was agreed that this item should be retained on the CONTRACTING PARTIES' agenda for the twenty-fifth session.

3. Article XVI, paragraph 4

The CHAIRMAN referred to the Declaration Extending the Standstill Provisions of Paragraph 4 of Article XVI, which had been drawn up by the CONTRACTING PARTIES and opened for acceptance in 1964, so that contracting parties which had not accepted the "Declaration Giving Effect" to these provisions could at least accept a standstill on the granting of subsidies on exports of non-primary products. However, the standstill declaration had been accepted by only one contracting party and would expire at the end of 1967. The Chairman enquired whether it was the view of the CONTRACTING PARTIES that a new standstill declaration should be drawn up.

Mr. LATIMER (Canada) suggested that there should be a new instrument so that contracting parties which do not accept the ban on subsidies on exports of non-primary products could accept a commitment not to increase existing subsidies or to establish new ones.

Mr. SOMMERFELT (Norway) said that perhaps a recommendation by the CONTRACTING PARTIES would suffice.

The CHAIRMAN suggested that the Director-General be asked to consider the form and substance of an instrument and to bring a proposal before the CONTRACTING PARTIES at a later meeting.

4. Reports under waivers

(a) Australia/preferences (L/2818 and Add.1)

The CHAIRMAN said that on 28 March 1966 the CONTRACTING PARTIES had adopted a Decision waiving the provisions of paragraph 1 of Article I to permit the Government of Australia to accord preferential treatment to certain goods of less-developed countries under certain prescribed terms and conditions. The text of this Decision was contained in document L/2627. Under paragraph 6 of this Decision the CONTRACTING PARTIES agreed to review annually the operation of the waiver. In connexion with such reviews, the Government of Australia was also to report annually to the CONTRACTING PARTIES on the action taken by it under the Decision and to provide information regarding imports into Australia from all sources of the products listed in the Annex to the Decision.

The Government of Australia had notified the CONTRACTING PARTIES of the action taken by it in terms of the waiver in document L/2658 of 25 May 1966. Certain additions to the list of products to which the Government of Australia granted preferential treatment in terms of the waiver, was subsequently notified in documents L/2793 and L/2832.

Mr. CAMPBELL (Australia) presented the report to the CONTRACTING PARTIES and said that the system of preferences which Australia submitted to the GATT provided for non-reciprocal preferences on selected manufactures and semi-manufactures of developing countries up to the levels of specified quotas for each commodity. Such preferences would apply to all developing countries unless, in a particular case, any developing country was already competitive in the product concerned. In that case, it would not receive the preference. The system also provided for duty-free admission, without quota restriction, of certain hand-made traditional products of cottage industries in developing countries.

In accordance with the terms of the waiver granted to Australia, imports of specified manufactures and semi-manufactures from developing countries had been admitted since 1 July 1966, at preferential rates of duty up to annual quotas established for each product or group of related products. As from 15 April 1966, imports of handicraft products covered by the scheme had been admitted free of duty, without restriction of quantity.

The waiver expressly provided that the Government of Australia may vary the list of goods, the rates of duty and the size of quotas, subject to certain consultation procedures. In response to a number of requests for additions to be made to the list of products being accorded preferential tariff treatment, the Australian Government had decided to extend the system as from 1 July 1967. As a result of this extension, the scheme now covered eighty-nine quota groups of manufactures and semi-manufactures, with a total quota value of \$20.4 million per annum. In addition, the range of handicraft products eligible for duty-free admission was expanded, as set out in documents L/2793 and L/2793/Add.1.

He emphasized three points regarding the administration of the scheme. First, any Australian importer interested in importing goods covered by the system could apply for a quota; these were not restricted to traditional importers. Secondly, procedures had been implemented to ensure that quotas were not wasted upon importers who may apply for and secure them, but find that they are not able to use them effectively. And thirdly, all developing countries eligible for the preferences were accorded an equal opportunity to share in the allocations.

The system was administered as follows: Quota limits for manufactures and semi-manufactures included in the scheme were set on an annual basis. For purely administrative purposes, the quota year was divided into two six-month periods; but any quotas not allocated in the first half were available in the second half of the quota year.

About two months before the beginning of each quota period, invitations to apply for quotas covering imports at the preferential rates were circulated to importers by notices issued by the Department of Customs and Excise. At the beginning of each quota period, that Department issued tentative quota allocations to applicant importers. However, tentative quota holders were required to produce by a certain date a copy of a firm order placed or other evidence of intention to import. If this evidence were not provided, the allocation was cancelled and re-allocated among eligible applicants. This procedure was designed to avoid the wastage of opportunities for developing countries to take advantage of the scheme.

Allocations were made to applicants for each product for which a preferential duty quota was available. If the applications within a particular quota amounted to less than the available quota, all were granted in full. If applications exceeded the quota, tentative allocations were made taking into account the number of countries for which allocations were sought; the number of importers requesting allocations, and the value of individual applications.

The Department of Customs and Excise required certification for imports under the scheme. However, appropriate certification on the normal invoice form used by the exporter was acceptable. He pointed out that certification for handicraft items had to be made by an authority in the exporting country recognized by the Department as suitable for the purpose.

In any evaluation of the results of the scheme, it should be remembered that it had been operating only since mid-1966. However, it had already resulted in a significant increase in exports from developing countries to Australia of items covered by the scheme. For example, imports from developing countries of items for which preferential quotas were available showed a rate of increase of 70 per cent for the period January/June 1967, over the period July/December 1966; and imports of items covered by the handicraft concessions revealed a similar upward trend, with an increase of 60 per cent during the period January/June over the previous six months.

During 1966/67, total quotas issued under the scheme amounted to \$3.7 million. This, of course, was only a small part of the then available total of \$13.3 million quotas. Of the fifty-seven quota groups included in the scheme in 1966/67, forty-three had been wholly or partly unused. There were several

possible explanations for this under-utilization of quotas, including lack of awareness of the scheme by many developing countries, the slowness of Australian importers to take advantage of the scheme, and the strong competitive local market which obviously faced some products. However, with greater realization of the system's potential, both on the part of the exporter in the developing country and the Australian importer, the volume of trade covered should rise much further.

Moreover, the recent additions to the list of items provided expanded opportunities for developing countries to take advantage of the scheme. The possibility of further extension was being examined by Australia in view of further requests received for new items to be added to the scheme.

One interesting point was that several developing countries, whose interest in the Australian market had been stimulated by modest sales opportunities secured under this preferential arrangement, had arranged for specialist trade promotion missions to visit Australia to make their own on-the-spot assessments of export prospects, not just for items covered by the scheme but for other items also. Thus the scheme was already serving, in a small way, as a catalyst. In the longer term, perhaps, this could be one of the more significant consequences of this effort by the Australian Government to assist the trade of the developing countries.

The Australian Government was very willing to co-operate with the Joint Trade Centre in any measures which might be helpful in enabling the developing countries to become better acquainted with opportunities provided by the Australian scheme of preferences for developing countries.

Mr. NARASIMHAN (India) said that the Australian scheme of preferences was the first such scheme to be applied and represented a bold experiment. Although his Government would have preferred a more generalized system of preferences, it had nevertheless supported the waiver. Indian authorities had made their own brief review of the operation of the waiver and this showed that exports to Australia, included in the scheme, had gained significantly. In due course it was felt that there would be prospects for trade increases in other lines as well. There was a good case for the extension of the scheme to new items and he was hopeful that, in time, coverage could be enlarged. He had no doubt that, with experience, the administration of the scheme would improve.

He drew attention to the system of certification introduced by exporting countries for handicraft and handloom products, and to the need for urgent action to be taken by developed countries for duty-free imports of these products.

Mr. BRODIE (United States) said that in view of the general interest in the subject of preferences, it might be worthwhile to set up a working party to carry out the annual review called for under the waiver.

Mr. CISTERNAS (Chile) said that his delegation's support for the waiver should not be considered as a precedent or as a change of his Government's position in favour of a more generalized scheme of preferences. However the Australian scheme represented a step towards a future, wider application of preferences. He agreed with the Australian representative that the scheme, having been set under way only recently, importers and exporters were not yet fully familiar with its functioning; it was therefore difficult to draw conclusions from a review at this stage.

Chile was one of the countries interested in increasing trade with Australia and had sent an expert to exchange views and explore possibilities with the Australian authorities. This had contributed to setting up a regular shipping line between Australia and Chile which was of considerable importance, as the major problem Chile had to overcome to increase its trade was the problem of transportation. He hoped that the Australian authorities would take into account the suggestions from Santiago concerning those products which were not yet included in the Australian system.

Mr. NISIBORI (Japan) said that although the operation of the waiver had been too short to allow a full assessment of its operation at this stage, his Government was very interested in the way it had developed. He thought that it would be useful to establish a working party to review the waiver.

Mr. SOMMERFELT (Norway) recalled that his delegation had taken an active part in the discussions in 1966 when the waiver was granted. He supported the idea of a working party.

Mr. NARASIMHAN (India) questioned the usefulness of a working party at this stage as the figures and facts concerning the operation of the waiver were not yet complete.

Mr. CAMPBELL (Australia) said that if the CONTRACTING PARTIES felt that a working party would serve a useful purpose his delegation would certainly not resist it. He felt, however, that he could not add very much more to his observations made when presenting the reports, and therefore it was doubtful whether a working party could yield all the desired results.

After some debate it was decided that, in view of the short time available, a working party would not be established during the current session but the operation of the waiver should be examined at the next session.

Mr. BRODIE (United States) said that the decision to refuse the establishment of a working party when a contracting party so requests should not be taken as a precedent.

The CHAIRMAN then referred to document L/2691, dated 17 October which contained the text of a communication circulated at the request of the Permanent Mission of the Republic of China. He said that the request of the Republic of China to be permitted to benefit from the preferences established by Australia was circulated in October 1966 and had, therefore, been before the CONTRACTING PARTIES for nearly a year. He therefore assumed that there were no objections to the name of the Republic of China being added to the list of countries and territories annexed to the Working Party's report on the Australian waiver in document L/2527, if this were acceptable to Australia. It had already been noted in the Working Party's report that the mention of a country or territory in this list did not define the status of that country or territory for the purpose of the General Agreement or for any other purpose.

Mr. CAMPBELL (Australia) said that if that was the position of the CONTRACTING PARTIES his Government would certainly note it with satisfaction, and would be pleased to take the necessary steps to include the Republic of China within the preferential arrangement. Referring to the discussion on the review of the waiver he assured the CONTRACTING PARTIES that his Government would report annually as was provided in the terms of the waiver. Referring to the substance of the discussion he said he had taken note of the remarks made by the delegates of India, Chile and others and wished to make clear that, from the outset, Australia had undertaken this scheme as a pilot operation and did not pretend to have all the techniques.

Mr. SANCHEZ-GONZALEZ (Cuba) said that if the communication which had been received about a year ago by the secretariat was a request from the so-called Republic of China to the Government of Australia, and that if this request implied the approval of the CONTRACTING PARTIES, he wished to make it quite clear that his Government objected to it and reserved its position.

The CHAIRMAN said that this statement would be noted.

5. Provisional accession of Tunisia and the United Arab Republic
(L/2899 and L/2869)

The CHAIRMAN said that the Government of Tunisia was undertaking negotiations with interested contracting parties with a view to its full accession under Article XXXIII and that a Working Party had been established to examine Tunisia's request for accession. It was not expected, however, that full accession could take place before the end of the year at which time the

arrangement for provisional accession would expire. The Government of Tunisia had therefore requested a further extension for one year of the provisional accession.

Tunisia's request for an extension of the provisional accession had been brought to the notice of the CONTRACTING PARTIES in document L/2899 and to facilitate consideration of this request the secretariat had provided a draft Procès-Verbal in Annex 1 of that document.

Mr. LARGUI (Tunisia) said that his Government was actively preparing for the negotiations which were to start as soon as possible. A document had already been prepared on Tunisia's economic policy and on its foreign trade policy. This report would be submitted to the Working Party on Accession of Tunisia and would be forwarded in the near future to the CONTRACTING PARTIES.

His Government had also finished the elaboration of a new customs tariff which was now before the National Assembly for ratification. This was to take place at the latest on 15 December 1967.

Although every effort was being made to expedite preparations for the negotiations for accession, these could not be expected to be finished before the expiration of the Third Procès-Verbal of Provisional Accession on 31 December 1967. To avoid an interruption in GATT relationship between Tunisia and the CONTRACTING PARTIES and to ensure adequate time for the negotiations, his delegation was requesting an extension of the provisional accession for one year only.

The CHAIRMAN said that, as a number of contracting parties had expressed support for the extension, they should now approve the text proposed in Annex 1 of document L/2899 after which the Procès-Verbal would be prepared for signature. The text was approved.

The draft text in Annex 2 of L/2899, providing for an extension of the decision inviting Tunisia to participate in the work of the CONTRACTING PARTIES was adopted.

The Chairman said that in document L/2869 the CONTRACTING PARTIES had been informed of a similar request from the Government of the United Arab Republic for an extension for one year of the arrangement for provisional accession. As a number of contracting parties had supported the request for extension from the Government of the United Arab Republic, the text of the draft Procès-Verbal contained in Annex 1 of document L/2869 was approved and the draft decision in Annex 2 of the same document was adopted.

The Chairman requested those contracting parties who had accepted the Declaration on the provisional accession of both Tunisia and the United Arab Republic, to accept also the new extensions before 31 December 1967 so as to avoid any interruption in GATT relationships between Tunisia, the United Arab Republic and the respective contracting parties.

The meeting adjourned at 5.40 p.m.