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SUMMARY RECORD OF THE TENTH MEETING

Held at the Palais des Nations, Geneva
on Thursday, 16 November 1967, at 3 p.m.

Chairman: Mr. K.B. LALL (India)

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1. Programme for expansion of international trade of less-developed countries
 - (a) Report of the Committee on Trade and Development
 - (b) Economic problems of Chad

Mr. LACZKOWSKI (Poland) said that the report of the Committee on Trade and Development was an important step towards tackling the immediate problems of the developing countries. On 18 October 1967 Poland had acceded to the GATT and had thus accepted Part IV of the Agreement. Referring to Chapter III of the Committee's report, he said that Poland intended to implement the results of the Kennedy Round on 1 January 1968. Passing to Section IV of the report, he said that his delegation would soon be in a position to supply adequate data on the problems of access to the Polish market.

His delegation had taken note of the statement made by the representative of Chile in the Committee on Trade and Development to the effect that the General Agreement was the only valid legal instrument in the field of international trade. The interest shown by UNCTAD in these negotiations was a good sign and he welcomed the possibility of collaboration between GATT and UNCTAD in this field.

He regarded the Protocol of Accession of Poland, (including the clarification given in the report of the Working Party (L/2806)), as an important legal instrument which could lead to the solution of the problems arising in trade between East and West. The document did not clear all the difficulties in the way of liberalization of trade, but as a first result in this field it was nevertheless encouraging.

During the negotiations for Poland's accession to GATT his delegation had not called attention to the important reforms under way in the Polish system of foreign trade. They had not wished to commit themselves before the results of the reform were confirmed. They were following closely the reform already set in motion in Czechoslovakia and had listened with great interest to the statement by the observer for Hungary announcing the forthcoming implementation of very important reforms in the economic administration of his country. His delegation had particularly noted the suggestion of discussions on the underlying principles of and possible amendments to the text of the General Agreement. It was with this, and with paragraph 7 of the report of the Working Party on the Accession of Poland in mind, that he wished to reserve the right of Poland to renegotiate her position with regard to the provisions of the General Agreement.

Poland's geographic position predestined her to trade. Her production in many fields was increasing at a rapid pace and yet the pattern of her exports to the industrialized countries was that of a developing country. For Poland accession to the GATT was the sign of an imminent change in her pattern of exports to industrialized countries and of a more rational participation in the future in the international division of labour.

In her present position Poland had few comments to make on the subject of Item 3 apart from problems of importance mainly to herself. But these comments would be of limited interest to others. Her real position would be more clearly defined around 1974 or 1975 when she would perhaps be in a position to put forward some ideas on negotiation techniques. For the time being his delegation subscribed to all the aspects of GATT's broad and imaginative programme of action as reviewed by the Director-General.

Although Poland's interest in agricultural exports was likely to decline, his delegation was keenly interested in the possibility of negotiations concerning agricultural products.

Mr. NIOUPIN (Ivory Coast) said that the problems under discussion were complex and involved contradictory and sometimes opposing interests. Therefore any decision or solution based on one point of view only would invariably neglect the interests of others.

Because developing countries had very disparate levels of development, no single set of solutions could be found for all. The problems of the expansion of trade of developing countries were intimately connected with other aspects of their general economic development and could not be solved within the framework of the GATT only. His delegation therefore welcomed the proposal of the Director-General, contained in document L/2906, that the trade of developing nations should be reviewed within the framework of the United Nations through an organ which would concentrate its efforts on a broad front and not limit itself to the more technical trade questions which were within the special competence of the GATT.

The GATT, in the opinion of his delegation, could be of a greater assistance to the developing countries by increasing the number of working groups to study the special economic problems of each country, with a view to finding solutions for them, as was done in the case of Chad. His Government considered it of great importance that international agreements be concluded on the products of developing countries, as, in the current situation, this was one of the best means of solving their trade problems.

He concluded by emphasizing the importance which his delegation attached to the work of the International Trade Centre.

Mr. ENCINAS DEL PANDO (Peru) said that special consideration should be given to the economies of developing countries whose trade had expanded at a relatively slow rate during the last years. In conformity with the statements contained in the Charter of Algiers, industrialized countries should not erect any additional tariff obstacles to imports from developing countries, nor raise the level of production of primary and basic commodities, in which they compete with developing countries.

Developing countries should receive assistance from industrialized economies and international organizations for diversifying their production within the framework of regional integration schemes. The price of primary commodities and tropical products should be guaranteed by international agreements and compensation funds. Tariff preferences should be given to imports of products of developing countries into industrialized countries and the inherent loss of actual preferences by certain developing countries should be compensated. The immediate implementation of the Kennedy Round reductions would be highly desirable.

During the last years, trade in primary commodities had lagged conspicuously behind trade of manufactured goods, and exports of developing countries had expanded at a slower pace than exports of industrialized countries. Further action, for example through a sector-by-sector approach, was necessary. Within the Kennedy Round negotiations, much more had been done for industrial manufactures than for primary commodities. A preferential system, favouring imports from developing countries and the advance implementation of the negotiated tariff reductions would be desirable. Non-tariff barriers deserved closer examination. The Peruvian delegate welcomed the proposals made by the Director-General in paragraph 6 of document L/2875, regarding consultations on economic questions in individual developing countries.

Mr. BEECROFT (Nigeria) pointed out that after twenty years of the existence of the GATT, it was timely to make a review of its past activities and lay down guidelines for its future work. Such a review, however, should have been carried out at a ministerial meeting of the CONTRACTING PARTIES, after the conclusion of the next UNCTAD session. Nevertheless it was the conviction of his delegation that the GATT should have a major rôle in the implementation of whatever decisions would be taken at that conference.

The GATT had contributed a great deal to the liberalization of world trade, as evidenced by the recent conclusion of the Kennedy Round negotiations. The Kennedy Round was not a complete failure for the developing countries. There were sectors where satisfactory results had been made, while the achievements in other sectors fell short of expectations. Agriculture was one of the fields in which the results had been unsatisfactory; his delegation therefore supported the proposal of the Director-General to reactivate Committee II with broadened terms of reference, and would co-operate in its work.

Developing nations, as members of the international community, stood to gain from the long run benefits of the substantial reductions in tariffs on industrial products achieved during the Kennedy Round. The problem would be their inability to exploit the new market opportunities thus opened. In this regard his delegation supported the proposal of the Director-General that the International Trade Centre undertake detailed studies of the opportunities offered and of the ways to take advantage of them.

With reference to the concessions obtained by Nigeria in tropical products, he expressed the gratitude of his Government for the efforts of the Nordic countries and to Japan for eliminating the duty on groundnuts for oil extraction and for increasing substantially its global quota. There were, however, serious losses in preferential advantages in the United Kingdom market.

His delegation thought that tariff barriers were not the major obstacle in this sector; what was needed was the conclusion of commodity agreements on appropriate primary tropical products as well as suitable market organizational arrangements for other products. The Coffee Agreement is a successful example in this field. The present difficulties experienced with this Agreement were due to factors other than trade barriers, such as inequalities in the distribution of basic quotas among producing countries, and unrealistic decisions on the question of selectivity.

His delegation supported the suggestion to reactivate the Special Group on Trade of Tropical Products and would co-operate in its work.

On the question of advance implementation, without staging, of concessions in favour of developing countries, the opinion of his delegation was that it should not affect products on which certain developing countries enjoyed preferential treatment. Concessions in this area should be implemented according to the normal time-table, in order to minimize the adverse effects on trade of these countries. His Government's position was motivated by the failure during the negotiations to deal with the question of compensation for loss of preferences.

He pointed out the dangers inherent in the dependence of a country on a limited export market and the urgency for developing countries to diversify their production as well as their pattern of trade. It was in view of this that his country had negotiated an agreement with the member States of the European Economic Community and had been supporting movements for regional integration in Africa. He mentioned the West African Economic Community whose Articles of Association had recently been signed and expressed the hope that the GATT would continue to co-operate with both the UNCTAD and the ECA in bringing about the realization of its objectives.

He emphasized the importance of regional integration in the expansion of trade among developing countries. His Government was ready to help bring about an exchange of concessions among developing countries as a whole, although Nigeria could not commit herself to participate in the negotiations. He expressed the satisfaction of his delegation and noted with satisfaction the willingness of the GATT and UNCTAD secretariats to collaborate in this exercise.

His delegation supported the suggestion of the Director-General to broaden the scope of the balance-of-payments consultations. However, he cautioned against encroachment on the sphere of activities of other organizations.

With regard to non-tariff barriers, his delegation welcomed the suggestion to draw up an inventory and emphasized the need for governments to persuade their industries to co-operate. He hoped that the GATT and UNCTAD secretariats would co-operate in this field and welcomed the pledge made by the Director-General that the GATT would co-operate in the preparation for the second UNCTAD Conference.

Mr. DUNNET (United Kingdom) congratulated the Committee on Trade and Development on its work and paid tribute to its present and preceding Chairmen. He said that in the field of tariffs, the post-Kennedy Round work, with regard to developing countries, should shift to a closer consideration of a generalized system of preferences. This matter was due for discussion at the next session of the UNCTAD, but he hoped that the time will soon be ripe for discussing the matter again in the GATT.

He welcomed the proposals for further studies on tropical products provided they did not duplicate work in other fora. His delegation was willing to participate in the work of a revised Tropical Products Group. On advance implementation of Kennedy Round concessions he said that his Government was willing to proceed with this, provided other developed countries took broadly comparable action. His delegation supported the proposal to establish panels to examine residual import restrictions on industrial products. However, because of the novelty of this mechanism, it would be advisable to restrict it to a few sectors, so that the results could form the basis of organizing future similar work.

He expressed the interest and sympathy of his Government concerning work being done on the expansion of trade among developing countries and hoped that ground rules for future negotiations would soon be established. It was very satisfactory that the UNCTAD Secretariat had offered its co-operation. He endorsed the section of the report of the Committee dealing with the problems of Chad.

Referring to the Director-General's proposal to widen the scope of the consultations with individual developing countries under Article XVIII and Part IV, he agreed with its merits but pointed out that there could be procedural snags in its practical operation. Apart from the question of any overlapping with the work of other organizations, studies in depth would not only require mass of documentation, but also the full co-operation of experts from the countries involved, and these were already scarce. In view of the difficulties of undertaking twenty such consultations each year, he suggested that the number be reduced to two, leaving the rest to be done under the existing procedures of Article XVIII.

2. Initial negotiating rights (L/2867)

The CHAIRMAN recalled that the Trade Negotiations Committee had agreed at a meeting in June to forward for adoption by the CONTRACTING PARTIES a recommendation - which had been accepted by all members of the Committee - regarding initial negotiating rights. The recommendation was reproduced in paragraph 1 of document L/2867. In paragraph 2 of the same document was an explanation by the Director-General why it was necessary to adopt such a recommendation. An understanding reached in the Committee regarding the interpretation of the text was set out in paragraph 3. It had also been the understanding of the Trade Negotiations Committee that the proposal would only apply in the case of concessions for which no initial negotiator was specified and that discussions on the granting of initial negotiating rights to Kennedy Round concessions would continue after the conclusion of the negotiations. It therefore followed that the adoption of the recommendation would not affect initial negotiating rights on concessions granted before the Kennedy Round, nor would it alter the rights which Article XXVIII gave to substantial suppliers.

Mr. TALVITIE (Finland), speaking also on behalf of Denmark, Norway and Sweden, endorsed the recommendation. He wished, however, to draw attention to the statement made by the Nordic delegation on 28 June 1967, in the Trade Negotiations Committee with respect to discussions on the granting of initial negotiating rights in the Kennedy Round. The Nordic countries endorsed the recommendation in the expectation that the discussions would lead to mutually satisfactory solutions.

Mr. TALBAR (Israel) supported the Nordic proposal. He regretted that the recommendation did not safeguard the interests of Israel. His delegation therefore intended to contact its negotiating partners and request them to reserve Israel's negotiating rights with regard to the products which Israel had negotiated.

Mr. LATIMER (Canada) said that Canada, as a member of the Trade Negotiations Committee, supported the adoption of the recommendation. It expected that negotiating rights under the rule in question would not be lost simply by virtue of the enlargement of existing economic groupings or the creation of new regional groups. That was, however, a matter the CONTRACTING PARTIES could best deal with when considering any such development. He pointed out that Canada might wish to take advantage of the opportunity for establishing initial negotiating rights through bilateral discussions.

Mr. SWARUP (India) said that it was well known that for most products the share in world trade of developing countries was very small. They had in many cases only recently begun to export manufactured or semi-manufactured goods to developed countries. He feared that with the proposed formulation of the recommendation, developing countries might find that they had no right to

be consulted when concessions of interest to them were modified. He suggested that a formulation should be sought by which a locus standi would be given to the developing countries with regard to negotiating rights. He had no specific formulation to suggest for the time being, but if the CONTRACTING PARTIES took a favourable attitude to his suggestion, his delegation might at a later stage, after proper consultations, be in a position to provide a formulation that would safeguard the interests of the developing countries.

The CHAIRMAN said that the reservations expressed had been noted. He was confident that the CONTRACTING PARTIES would show understanding if the developing countries agreed on a formula that would safeguard their interests.

The recommendation was adopted.

3. Import restrictions applied contrary to GATT and not covered by waivers (L/2740 and Add.1-14, L/2749 and Add.1-8, L/2837/Rev.1)

The CHAIRMAN introduced this item noting that, though there was a certain amount of overlapping in the various agenda items, he hoped it would be possible to discuss this particular point more or less separately from other matters already dealt with or remaining to be considered. He recalled that in accordance with procedures adopted in 1960, contracting parties had been invited to furnish lists of import restrictions which they were applying contrary to the provisions of the Agreement and without having obtained authorization to do so. Replies had been distributed, as had replies from certain newly-independent countries, even though no determination may have been made concerning consistency of their restrictions with GATT. These notifications were a valuable source of information for all who sought details concerning import treatment applicable to particular products, and they could be made considerably more valuable if all parties responded promptly and fully. Reports on hand were in many cases incomplete, especially on points such as the nature of the restrictions, the level of authorized imports and plans for relaxation and removal of restrictions. A note by the secretariat listed the twenty-odd countries which had not submitted any information recently; he added that Malta should not have been included in that list.

Major-General WIJEYEKOON (Ceylon) noted with deep concern that black tea was still subjected to quantitative restrictions inconsistent with GATT maintained by Japan, in spite of being a tropical product of special interest to developing countries. It was difficult to understand the need for such protection in a highly industrialized country like Japan. Ceylon had hoped that this restriction might be removed, particularly as Ceylon had never discriminated against Japanese goods and had supported disinvocation of Article XXXV by those countries which had invoked it against Japan. He urged strongly that early reconsideration be given to the elimination of the restriction.

Dr. BENES (Czechoslovakia) expressed regret that notifications submitted by contracting parties in this connexion were incomplete with respect to restrictions maintained against Czechoslovakia. These were still substantial in ten to twelve countries, mainly in Western Europe. But this fact was not at all apparent from their notifications. In one case, as much as 76 per cent of trade was restricted, yet from the notification one might believe that it was liberalized to about 97 per cent. The most desirable solution, obviously, would be to liberalize trade so that no such notification would be required.

Mr. COLMANT (France) noted that there was general recognition that the problems of developing countries could not be solved by classical means, so that the existence of restrictions in such countries should not be regarded as on a par with restrictions in developed countries, or as a real impediment to trade except in special situations like that of cotton textiles, which had been taken care of by special measures. His Government hoped that some of the hard-core problems which accounted for restrictions in developed countries might find solutions in bilateral negotiations as might be the case for jute goods. He thought it doubtful that a special procedure was needed to deal with such restrictions in future.

Mr PRESS (New Zealand) noted that this item had been a perennial on the agenda for many years and that little if any progress seemed to be made toward removal of remaining residuals among the developed countries. There seemed to be no doubt that if restrictions were reported in full the lists would be much longer. In his Government's view, continued violation of the rules of GATT on this subject reflected badly on the reputation of GATT in general. His own country was required to consult annually concerning the restrictions which it maintained in order to justify their continuance, and the consultation was an extremely thorough one, inquiring into domestic as well as trade policies. Certain other countries were subject to some review in connexion with waivers accorded to them. But it was intolerable that this should continue whilst other countries, in open breach of the agreement, remained under little or no pressure to bring their policies into conformity with the obligations they had undertaken. He well appreciated that complex legal issues might be involved and that real difficulties underlay many of the restrictions, but felt that it would be an abdication of responsibility for the CONTRACTING PARTIES to continue to shut their eyes to this situation. His own proposal was to fix a date now, as from which all residual restrictions should terminate, unless the countries maintaining them had applied for and obtained waivers authorizing their continuance or had submitted programmes for removal of the restrictions. If the CONTRACTING PARTIES were not ready for this step now, they never would be. The date he suggested was 31 December 1968.

Mr. LATIMER (Canada) said that the report on these quantitative restrictions had been read with interest in Canada; he wished to thank those countries which had reported. However, the number of countries from which no reports had been received was significant. The difficult problem of how to move toward elimination of the restrictions still remained. The trade diversion aspects of the restrictions were particularly disturbing. His Government favoured examination by a panel, as offering a possibility of movement toward removal of some restrictions. He agreed with the intent of the New Zealand proposal in that there was definite need to come to grips with this difficult problem.

Mr. NISIBORI (Japan) referred to Japan's notification of residual restrictions in L/2740/Add.1, and noted that since the last session of the CONTRACTING PARTIES three industrial products had been liberalized, pursuant to Japan's consistent policy of promoting trade liberalization, even when this touched economically and socially sensitive items. Unfortunately, discriminatory treatment of Japan's export products which his Government had hoped might be removed in the context of the Kennedy Round negotiations, remained a problem, and no discriminatory treatment had since been abolished. He wished to appeal to all concerned to put an early end to discrimination inconsistent with the principles of GATT; its continuance inevitably operated as a deterrent to further trade liberalization in Japan. He added that no information about the remaining discrimination against Japan had been supplied in the notifications to the secretariat.

He thanked the representative of Ceylon for his Government's support of disinvocation of Article XXV against Japan. As had been explained in the Kennedy Round negotiations, Japan maintained acreage limitations on tea. Consumption of tea had risen steadily and would in all likelihood continue in the future; this meant that imports would supply an increasing proportion of the Japanese market. Between 1962 and 1966 this had already happened to a considerable extent, consumption having risen from 2,300 tons to 4,300 tons per year while imports had risen, from 1960, to 3,510 tons. Value of imports had more than doubled, rising from US\$2.4 to US\$5.8 million.

Dr. GROS ESPIELL (Uruguay) stated that Uruguay attached great importance to this item and believed it was time to take effective measures to eliminate restrictions inconsistent with the General Agreement. The principles set out by the panel which examined reports in 1962 had been largely forgotten and new procedures were needed. Uruguay had had special experience with residual restrictions in the effort it had made to obtain redress under Article XXIII. Though that operation had been moderately successful, it showed how difficult it was to eliminate such restrictions. His country would therefore support the suggestion made last year by Israel, and supported by Nigeria, to set up an expert group to examine the justification of restrictions maintained. Alternatively, Uruguay would support any other efficient and practical suggestion, such as the one made by New Zealand and supported by Canada.

Mr. SWAMINATHAN (India) said that his Government had been waiting many years for progress in this area, so far with very little satisfaction. India had also taken part in many bilateral talks in that connexion and still hoped to see some result in the months to come. But some restrictions, crucial for India, had not yet received the necessary attention, and were still maintained for reasons of doubtful validity. It seemed clear therefore that some new procedure was needed if any quick results were to be obtained. Though his Government did not regard the proposed panels on hard-core restrictions as an adequate answer to the procedural problem, he hoped the CONTRACTING PARTIES might soon record some solution to problems in this area.

Mr. STEINFELD (Federal Republic of Germany) referred to the remarks made by France on the usefulness of direct bilateral discussions between interested parties as a means of adjusting trade problems, and confirmed that his country had found such consultations very helpful. He very much hoped that discussions under way on jute products might succeed.

Mr. MASSA (Spain) said that residuals had created great export difficulties for Spain, especially in regard to agricultural exports. Hence it became ever more necessary that they be eliminated. He pointed out how incongruous it was that countries with no balance-of-payments difficulties should be free to continue their restrictions, year after year, with no regular procedure for reviewing the matter, while those countries which did have balance-of-payments difficulties were required to consult in depth once a year regarding their restrictions.

Mr. MILANOVIC (Yugoslavia) noted that a number of countries on the list of those not having reported their import restrictions, were precisely those with which Yugoslavia had experienced export difficulties. It was consequently most disturbing to see that they also had failed to notify their restrictions or had said nothing concerning size of quotas, distribution of licences or the basis on which they determined quantities to be imported. It was impossible to judge trade prospects in any of these cases. Accordingly he agreed with the representative of New Zealand that a positive programme to resolve this very difficult question was needed.

Mr. PROPPS (United States) stated that his country had long been disturbed over the failure of contracting parties to comply with the procedures on these restrictions and felt that the present situation should not be permitted to continue. He urged that the most direct and satisfactory method of dealing with the problem would be for the countries in question to eliminate the restrictions. Under the circumstances the proposal of New Zealand deserved the serious consideration of the CONTRACTING PARTIES.

Mr. BARBOSA (Brazil) reminded the CONTRACTING PARTIES that this very morning a set of reports of the Committee on Balance-of-Payments Restrictions had been adopted, including a fifteen-page account of consultations with Brazil. Those who had taken the trouble to read it would have seen that the questioning had been

deep and extensive. To some extent it might have been helpful for Brazil, but the main purpose of other delegations had undoubtedly been to obtain promises concerning removal of these restrictions. In fact, Brazil had removed many of the restrictions in question. His delegation strongly supported the proposal of New Zealand as a start; perhaps the CONTRACTING PARTIES could also consider the establishment of consultations of the kind carried out in the Balance-of-Payments Committee for all countries maintaining restrictions inconsistent with the GATT.

Mr. DONOVAN (Australia) concurred that the situation was a serious one and thought the proposal by New Zealand worthy of very serious consideration by the CONTRACTING PARTIES. Certainly removal of the restrictions was of first importance, but pressure should be increased to ensure adequate reporting. He inquired whether France could not submit a residual list and asked whether, if this were not the case, some explanation might be given to the CONTRACTING PARTIES. It was obvious that residual restrictions were still a substantial element in the trade policies of a number of countries, so that the CONTRACTING PARTIES could not fail to take note of the effects and organize appropriate action. Restrictions on products of temperate agriculture comprised one of the worst areas. As restrictions, in that one area at least, affected many contracting parties, an attempt to reach a settlement through bilateral methods only seemed inappropriate; what was needed was, rather, general international arrangements open to participation by all interested parties.

Mr. de BIEDMA (Argentina) thanked the secretariat for its useful summary of reports received, which showed clearly that the organizational structure in this area was exceedingly fragile. Its weakness had adverse effects on all contracting parties, especially those in process of development, in depriving them of much needed opportunities to expand trade, even when they might be the most efficient producers. The very least the developed countries could do for the developing countries would be to provide opportunities for development of trade along economic lines. Argentina had tried many times to reach agreement along the bilateral lines referred to in the debate, with some good results in the past, but more recently the progress achieved had been less and less. Developing countries saw that even the developed countries were using import controls and prohibitions to provide protective shelter to uneconomic production, too often leading to accumulation of surpluses which in turn required further uneconomic measures injurious to the trade prospects of other countries. As had been pointed out, the most injured were those who operated the restrictive systems, it would therefore seem preferable to face the situation and acknowledge that trade patterns changed. He very much hoped that the dangers ahead would soon be recognized. In the meantime he supported the recommendations of the Committee on Trade and Development and the Australian suggestion that an examination of agricultural restrictions be submitted to a wider forum. He also supported the suggestions of New Zealand and Uruguay concerning residual restrictions.

Mr. MAHMOOD (Pakistan) stated that his country agreed with much that had been said. Pakistan also regretted and protested against the effects of restrictions inconsistent with the provisions of the Agreement and wished to be associated with the hope that the CONTRACTING PARTIES might express their grave concern and invite contracting parties to declare how long they intended to maintain existing measures of this kind. He had noted the statement by the EEC countries concerning bilateral talks and hoped for a successful outcome in that area.

Sir EUGENE MELVILLE (United Kingdom) agreed that this recurrent problem was a serious one and that steps should be taken to resolve the underlying difficulties. He noted, however, that the very length of time which had elapsed since efforts had been undertaken proved that the difficulties were real and widespread; he therefore cautioned against any hope that a quick answer could be found. As to how to make further progress, he noted that apart from bilateral talks two new lines had been suggested: panels which would present a new approach to some product groups, and the drawing up of a list of non-tariff barriers as suggested by the Director-General. He therefore thought that the drafting group to be set up on the future programme of trade expansion might be able to make some contribution to procedures appropriate in this area. He would prefer to see those two avenues explored before further consideration was given to the proposal of New Zealand which Mr. Press had himself described as "revolutionary".

Dr. SANCHEZ-GONZALEZ (Cuba) supported the total elimination of residual restrictions maintained inconsistently with the provisions of GATT. The machinery for ensuring compliance with the provisions of the Agreement was less effective than it should be and certainly required strengthening.

The CHAIRMAN noted that all the contracting parties had, happily, affirmed their desire to do away with restrictions and to complete the liberalization process. Considerable progress had been made in the desired direction since the present procedures were adopted in 1960, but some hard-core restrictions remained, particularly in agriculture, where fundamental difficulties appeared to play a larger part than in industrial products. The New Zealand proposal should really not be difficult to accept since, far from setting a deadline for removal of restrictions, it offered two possibilities for reaching agreement on their continuance for a time.

However, a consensus had not yet been reached. Two possible courses emerged. On the one hand, the CONTRACTING PARTIES might adopt the New Zealand proposal and note the reservations which had been expressed. Alternatively, the CONTRACTING PARTIES might refrain from taking a decision and instead express their desire and hope that the liberalization process would be completed by the end of 1968, either through removal of the restrictions or through agreement upon a programme for their removal; the question how to deal with any cases not taken care of by this procedure could be deferred to the next session.

The meeting closed at 6 p.m.