

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR. 28/6  
13 November 1972

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CONTRACTING PARTIES  
Twenty-Eighth Session

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## SUMMARY RECORD OF THE SIXTH MEETING

Held at the Palais des Nations, Geneva,  
on Tuesday, 7 November 1972, at 3 p.m.

Chairman: Mr. G. SMOQUINA (Italy)

Subjects discussed:

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### 3. Expansion of International Trade

Mr. FUTTER (New Zealand) expressed his understanding for the needs of developing countries and considered, as one of the important tasks of the negotiations, the seeking of ways and means to improve their trading conditions.

New Zealand was not a member of the Committee on Trade in Industrial Products but having a rapidly growing, although comparatively small manufacturing sector, his delegation followed with interest the work of this Committee.

Concerning the work of the Agriculture Committee in evaluating techniques and modalities, his delegation felt that there was now a need to modify the essentially theoretical results into workable and acceptable techniques for the negotiations.

He referred to the recent report of the OECD High Level Group on Trade and Related Problems. New Zealand found of particular interest the case for an improved system of multilateral safeguard measures. The Group noted that the GATT provisions concerning safeguard procedures were seldom invoked so that they no longer satisfactorily fulfilled their functions of subjecting the use of safeguard measures to some form of multilateral discipline. His delegation suggested that in the absence of a measure of international consensus on safeguard procedures, the value of parallel efforts to reduce tariffs and other barriers to trade would be sharply reduced. The OECD Group also brought into focus that liberalization measures increasingly needed to be supported by appropriate adjustment measures. Nowhere was this more clearly evident than in the field of agriculture where present protectionist policies could be changed only if governments were prepared to face up to the need for energetic policies which made it possible to meet demands for social progress in a way which did least damage to international trade.

New Zealand was firmly of the view that export subsidies were one of the most significant factors underlying the current distortions and difficulties in the international trading system, particularly in dairy products. The seriousness of the situation lay in the cyclical nature of subsidization with the imposition of subsidies by one country inviting the implementation of counter measures by other countries in order to protect their own export markets. This had serious implications for countries dependent on export earnings from agricultural products. While no country was denied the right to maintain national agriculture sectors, the problems arose when countries attempted to achieve too high a self-sufficiency rate, resulting in periodic surplus production situations. New Zealand had devoted considerable attention to the future rôle of commodity agreements as a means of introducing a measure of stability and rationality into world agricultural trade. New Zealand had traditionally supported the idea of international commodity agreements, especially with respect to dairy products. While the best course of action obviously was to change the domestic support policies, commodity agreements could make a useful contribution, where action in that respect was not forthcoming. New Zealand favoured a commodity-by-commodity approach to international agreements, while the type of agreement suitable to one commodity might not be suitable for other commodities. A start had already been made in the Working Party on Dairy Products in respect of skimmed milk powder and in the OECD with regard to whole milk powder, but a good deal more could be done. New Zealand had proposed that the Working Party on Dairy Products should consider an arrangement on anhydrous milk fat similar to that for skimmed milk powder and hoped that this could be brought about soon. The Group might also be invited to give its views on other measures which could be taken, in the context of the 1973 multilateral round, to improve the international marketing situation for these and other dairy products.

The New Zealand delegation suggested that the Agriculture Committee should, as a priority task, continue its work on techniques and modalities with a view to providing a clearer and more specific indication of the negotiating possibilities for agricultural products.

As regards the principles of the negotiations the New Zealand delegation felt that the negotiations should be flexible so that a reasonable compromise might be achieved; the negotiations should be a co-operative exercise comprising developed and developing countries and their objective should be to achieve a fair and reasonable package agreement. World trade had to be taken as a whole to develop meaningful concessions in both industrial and agricultural products. The General Agreement could not afford a negotiating round which did not bring substantial movement to liberalize trade in agricultural products.

The New Zealand delegation saw the preparatory committee as a useful means of making progress and supported this proposal.

Mr. JARAMILLO (Colombia) was grateful to the CONTRACTING PARTIES for the possibility afforded to his country to attend the session. The reports of the Committee on Trade in Industrial Products, the Agriculture Committee and the Group of Three, though of a preparatory nature as far as the techniques and modalities for the negotiations were concerned, reflected very important work. The techniques and modalities analyzed in those reports had, in his view, been conceived to achieve objectives which the major trading nations had set themselves, but these might not coincide with the objectives of developing countries. The manner in which developing countries would participate in the negotiations and in the preparatory work had to be defined keeping in mind the objectives stated in UNCTAD Resolution 82(III) and those stressed by the Special Committee for Latin American Co-ordination (CECLA) at its meeting in September of this year. His delegation supported the establishment of a Committee for the preparation of the negotiations. The liberalization and access to markets of tropical products should be given special attention as tropical products were still subject to tariffs and non-tariff barriers in developed countries. Colombia's accession to the General Agreement would be again considered in the light of the results of the negotiations.

Mr. BRUM (Uruguay) stated that the definition of the objectives of the negotiations as well as of the conditions for the participation of developing countries had not yet been fully dealt with by the Committee on Trade in Industrial Products and the Agriculture Committee. He felt that such definition of objectives should take place before the analysis of the techniques and modalities for the negotiations could proceed. A decision in this respect should be taken as soon as possible. As regards trade in agricultural products, he felt that the proposed multilateral trade negotiations could only lead to partial results. It was likely, therefore, that the negotiations were not the best way of dealing with the problems relating to temperate zone agricultural products. The issues involved were too vast and complex to be solved in the framework of discussions with a limited number of participants having in mind only partial solutions. He believed that these matters could only truly be solved by means of agreements involving the majority of the main exporters and importers of agricultural products.

The CHAIRMAN invited the CONTRACTING PARTIES to adopt the reports of the Committee on Trade in Industrial Products (L/3756), the Agriculture Committee (COM.AG/25) and the Committee on Trade and Development (L/3760).

The CONTRACTING PARTIES adopted the three reports.

The CHAIRMAN in his summing up of the discussion stated that several representatives had mentioned specific items and areas of concern, which they would wish to be taken into account in the future work. All these points would be reflected

in the record. The Chairman would simply take up here those points regarding the future work of the Committee which he had particularly noted.

His summing-up would be limited to those matters which fell under Item 3 of the agenda. As contracting parties were aware, certain other important matters touched upon in the debate fell outside that Item. Several representatives had stressed the need for the CONTRACTING PARTIES to give more guidance on the principles and specific objectives for the forthcoming negotiations and in particular developing countries had stressed the importance of such guidance in connexion with the working out of techniques and modalities for their participation in the negotiations. The point had also been made that the developing countries must play an active rôle in defining the objectives of these negotiations in terms of the advantages that these countries could expect from these negotiations. He hoped these questions would be taken up more extensively under Item 4: "Review of International Relations". Similarly the need for examining the problems as a whole for example, through a committee for the preparation of the negotiations, to which a number of representatives had spoken, would also be dealt with more fully under Item 4.

The following general points had emerged from the discussion of Item 3. He had noted general agreement that future multilateral trade negotiations should cover all products (agricultural as well as industrial) important in international trade, that they should bear on all relevant elements of trade, and in the case of certain agricultural products, also on price and production policies. These negotiations should take place within the framework of the GATT, with the participation of all interested governments. In this connexion, all representatives welcomed the participation of developing countries not members of the GATT both in the preparatory work for the negotiations and, later on, in the negotiations.

There had been general appreciation of the technical documentation provided by the secretariat in connexion with the preparatory work for the trade negotiations and in particular the assistance given to developing countries, and it was generally accepted that this assistance would be maintained and intensified.

Many speakers welcomed the proposals put forward by the Director-General relating to Item 3 in his statement (L/3766) and he thought that all who spoke agreed with the Director-General that the work of the three main Committees could not make much further progress without the benefit of further directives from this session.

It was clear from the discussion that all delegates who spoke would certainly wish, first of all, to direct the three Committees to pursue their work bearing in mind the suggestions made during the discussions which they had just had on Item 3 of their agenda.

He had heard no dissent from the view that there should be parallel progress in the work in the areas of agricultural trade, trade in industrial products and the trade of developing countries and that the various different aspects of the work within the industrial and agricultural sectors were interrelated.

He then turned specifically to the work of the Committee on Trade in Industrial Products, and noted suggestions by some delegations, that further work on techniques and modalities for the negotiation of tariffs should begin with a consideration of duty-free trade in industrial products among developed countries. Other delegations suggested, on the other hand, that all techniques should be analyzed, using the tariff study data. He suggested that, whilst no techniques should be discarded, as a practical matter the Committee would soon have to select a limited number of approaches to tariff negotiations for detailed examination.

In adopting the report of the Committee, the CONTRACTING PARTIES endorsed the following agreements reached in it:

- (a) that the work of the Working Party on the Tariff Study should be actively pursued,
- (b) that the illustrative list of non-tariff measures should be reviewed in accordance with paragraph 40 of the Committee's report,
- (c) that the work programme on ad referendum solutions to problems raised by selected non-tariff measures set out in paragraphs 74 to 80 of the Committee's report should be undertaken,
- (d) that discussions on safeguards should be taken up again by the Committee as soon as possible, bearing in mind the specific suggestions and points made during the session,
- (e) that the Committee should intensify its examination of the implications for developing countries of various techniques and modalities for the forthcoming negotiations with the benefit of continued technical assistance from the secretariat.

From the discussion related to the work of the Agriculture Committee it seemed to him that the time had come to begin narrowing the range of various methods and approaches suggested by the Agriculture Committee. In this connexion, some delegations suggested certain specific methods and approaches.

One suggestion was that early attention should be given to the use of a combination of techniques for simultaneous work on measures affecting imports, exports and production and the possibility of drawing up across-the-board rules with negotiated exceptions.

Another suggestion was that the Committee should examine in detail the possibility of securing more stability and regularity of supplies in the agricultural sector.

A further suggestion was that the Committee should examine the possibility of establishing codes or rules of general application on selected matters.

There was a good deal of support for the view that at its next meeting, the Agriculture Committee should endeavour to provide the framework for initiating pilot studies showing how particular techniques could be applied to concrete cases. The suggestion was made that high priority in this context might be given to products of particular interest to developing countries.

He then turned to the discussion of the work of the Committee on Trade and Development, and noted that there was general agreement that, at future meetings, the Committee should focus attention on matters relevant to the interests of developing countries in the future trade negotiations including the preparatory work currently proceeding on techniques and modalities in other GATT committees and bodies.

The CONTRACTING PARTIES took note of the activities of the sub-groups of the Committee on Trade and Development during the year and the arrangements for the reorientation of the Group on Residual Restrictions in accordance with the recommendation of the Group of Three.

The CONTRACTING PARTIES took note of the report of the Group of Three (L/3710). There was general agreement that the Group should be retained to pursue its work in accordance with its terms of reference. Furthermore, the Group should continue to seek ways of ensuring the implementation of recommendations already made and follow up any matters brought to its attention by the developing countries with a view to seeking a solution. Some delegations considered that the Group of Three could play a useful rôle in the context of the trade negotiations.

With regard to tropical products, all who spoke agreed that they should be given particular attention in the forthcoming trade negotiations because of their importance to many developing countries.

Some delegations suggested that the problems affecting trade in tropical products be analyzed in depth so as to provide a basis for determining appropriate techniques and modalities to deal with these items in the negotiations.

In concluding the Chairman stated that his summing up did, of course, not engage either the Contracting Parties as a whole or any of them.

5. Accession of Bangladesh

The CHAIRMAN stated that the Government of Bangladesh had submitted a formal request for accession to the GATT in accordance with the provisions of Article XXXIII. This request, which had been circulated to all contracting parties in document L/3752 of 13 October, was considered by the Council of Representatives at its meeting on 25 October.

As stated in the Minutes and the Report of the Council, the Government of Bangladesh proposed that the terms of accession, to be agreed between the Government of Bangladesh and the CONTRACTING PARTIES, should reflect the conditions which had prevailed so far, and the representative of Bangladesh informed the Council of his Government's preparedness to accept these conditions, including the tariff concessions which were formerly applicable within the territory of Bangladesh.

The Council agreed to refer this question to the CONTRACTING PARTIES and it was agreed at the opening meeting that this item should be added to the agenda of this session. The Council also requested the secretariat to draw up a draft protocol of accession, including the schedule to be attributed to Bangladesh, and a draft decision, for consideration by the CONTRACTING PARTIES. This draft Protocol and the draft decision had been circulated in document W.28/1. The two texts were put to the CONTRACTING PARTIES for their consideration and it was the intention of the Chairman to seek the approval of the Contracting Parties to the text of the draft protocol and the text of the draft decision.

The Chairman asked the CONTRACTING PARTIES to note that in paragraph 5 of the draft Protocol there was a phrase in square brackets which referred to the time within which the Protocol would be open for signature by the Government of Bangladesh. This time-limit seemed too short and he proposed therefore that the time-limit be set at 31 January 1973.

Sir Frederick MASON (United Kingdom) repeated the welcome expressed by his delegation for the application of Bangladesh in the Council meeting of 25 October. It seemed to his delegation that the draft protocol attached to document W.28/1 was the correct method for facilitating the admission of Bangladesh to the GATT. His delegation understood also that the schedule attached to the document was identical to that applied before independence and he proposed the adoption of the decision in document W.28/1 as an appropriate means for admitting Bangladesh as soon as possible.

Mr. NAIK (Pakistan) recalled that the Council had considered this matter on the basis of a telegraphic communication, from the authorities in Dacca which was circulated in document L/3752. The Council had also heard a declaration made by the representative of the Dacca authorities, which did not give the usual information about the tariff régime and other commercial policies. Nonetheless, the Council decided to set aside the long-established procedures of setting up a working party to examine the request of the applicant for accession to GATT under Article XXXIII. It further agreed that this matter should be referred to the CONTRACTING PARTIES for consideration at this session and asked the secretariat to draw up a draft decision and a draft protocol of accession. The delegation of Pakistan, while supporting the concept of the universality of the GATT, had stated then that no convincing or cogent reasons had been given for by-passing the long-established procedures. In fact these procedures, which stemmed from the relevant provisions of the GATT, had been compromised and the Council had taken a decision without having the benefit of at least clarifying the legal issues involved in what had been described as "unusual circumstances".

The delegation of Pakistan had stated its inability to associate itself with the unprecedented procedure adopted by the Council and with the decision taken to draw up a draft decision and a draft protocol of accession. This procedure, in its opinion, was juridically untenable and politically inexpedient.

He pointed out that the CONTRACTING PARTIES had before them now a draft decision and a draft protocol for accession of the applicant to GATT under Article XXXIII. The draft decision involved basic issues of transfer, succession or continuity of legal régime between a new State and the original State. His delegation considered that what the draft decision sought to achieve was, at best, controversial.

He pointed out that the GATT was a multilateral treaty embodying substantive rights and obligations of a legal character. GATT membership differed in a number of important respects from the membership of other international organizations. There were only two ways of becoming a contracting party, namely under Article XXVI:5(c) or Article XXXIII.

The provisions of Article XXVI:5(c) were principally designed to apply to cases of dependent or non-self-governing territories becoming independent. Under this Article, a dependent territory becoming independent under established international laws could become a contracting party on sponsorship through a declaration by the former responsible contracting party establishing the required basic facts. The other applicable rule was Article XXXIII, under which there were duly established procedures of setting up a working party to examine the request of

the applicant with reference to its foreign trade régime and other commercial policies. Furthermore, tariff concessions were to be granted by the applicant for which tariff negotiations were to be held between it and other contracting parties. On the basis of these negotiations, a schedule of negotiated tariff concessions was drawn up which formed an integral part of the Protocol for accession, which was subsequently drawn up by a working party. Accession under this Article was always preceded by tariff negotiations.

If his delegation looked at the draft protocol of accession of the applicant, it observed that this had been framed having regard to the communication dated 10 October from the applicant. Annexed to the draft protocol was a schedule of tariff concessions, which did not appear to have been the result of a round of tariff negotiations by the applicant with the other contracting parties. On the other hand, this schedule of tariff concessions was a copy of GATT Schedule XV of Pakistan. This Schedule represented tariff concessions which were negotiated and bound by Pakistan to other contracting parties during the course of various rounds of tariff negotiations held under the auspices of the GATT, commencing from the first round of tariff negotiations held in Geneva in 1947. The tariff concessions so bound by Pakistan were properly negotiated by Pakistan. They represented contractual obligations of Pakistan and it was for the CONTRACTING PARTIES to consider whether they could transfer these tariff concessions in their entirety to the applicant. He noted that those who had compiled Schedule LXX from the original Schedule XV had overlooked the fact that the specific rates of duty still remained expressed in the national currency of Pakistan which was not recognized in the territory of the applicant. This demonstrated that decisions having far reaching significance for at least one founder contracting party were being taken with haste and without proper examination.

There was, therefore, in the opinion of the delegation of Pakistan, an essential need for a working party to be established to examine all the aspects of accession of the applicant. The Delegation of Pakistan was unable to associate itself with the decision proposed in document W.28/1.

Mr. KIRCA (Turkey) stated that the position of his Government was recorded in the Council Minutes C/M/81 and remained unchanged.

Mr. SMITH (Australia) stated that his delegation supported the application of the People's Republic of Bangladesh for accession to the General Agreement in accordance with the provision of Article XXXIII. His delegation noted that Bangladesh accepted the obligations of GATT and that it had been applying the GATT provisions in its trade with contracting parties. Bangladesh might see some advantage in the circulation of a paper which would convey information on its trade policies and practices to the contracting parties. The Australian

delegation considered the terms of the draft protocol as satisfactory and supported the draft decision contained in document W/28.1.

Mr. SAHLGREN (Finland, speaking on behalf of the five Nordic countries), Mr. LLINAS CASTANON (Cuba), Mr. KITAHARA (Japan), Mr. FUTTER (New Zealand), Mr. PARCE (United States), Mr. SAMARANAYAKE (Sri Lanka), Mr. TOMIC (Yugoslavia), Mr. LAI (Malaysia), Mr. VAN WIJK (Netherlands, speaking on behalf of the EEC), Mr. COLMANT (France), Mr. CHAVARRI (Spain), Mr. EASTHAM (Canada), Miss CILIA (Malta), Mr. JODKO (Poland), Mr. OLIVERI LOPEZ (Argentina), Mr. DELGADO (Senegal), Mr. LUIS (Peru), Mr. BRUM (Uruguay), Mr. WILLENPART (Austria) and Mr. DUNKEL (Switzerland) also stated that they welcomed the application of Bangladesh to accede to the General Agreement in accordance with the provisions of Article XXXIII and supported the draft decision contained in document W/28.1.

Mr. NAIK (Pakistan) said that he hoped that those contracting parties who were convinced that the authorities in Dacca would continue to apply the GATT provisions in their commercial and trade relations, would have an opportunity to consider whether the commercial and trade treaties formally entered into by the Dacca authorities, were consistent with the provisions of the GATT.

The CONTRACTING PARTIES approved the text of the Protocol of Accession with the amendment proposed by the Chairman and also approved the text of the decision on the accession of Bangladesh.

The CHAIRMAN then stated that the decision would be put to a vote and that ballot papers would be distributed to all delegations present. In accordance with Article XXXIII, the terms of accession required the approval of two thirds of the contracting parties. Representatives who had authority to vote on behalf of their governments were requested to do so at the close of the meeting. Ballot papers would be sent by mail to contracting parties not represented at the meeting to enable them to register their votes. The result of the vote would be announced when the required number of affirmative votes had been obtained. Thereafter, the Protocol would be opened for signature and Bangladesh would become a contracting party thirty days after it signed the Protocol.

Mr. MOHSIN (Bangladesh) stated that it was with a deep sense of satisfaction that his delegation had noted the positive recommendation that was earlier made by the Council of Representatives for the accession of Bangladesh. His delegation considered the Accession of Bangladesh to the General Agreement to be the recognition of the reality by the international community and its willingness to bring within its fold a developing Asian country of seventy-five million people.

He recalled that the territory comprising Bangladesh had in fact been associated with the very inception of the General Agreement and had ever since tried not only to co-operate with the GATT, but also to promote the cause it stood for. There was no denying the fact that the GATT had contributed greatly to the spectacular growth in international trade in recent years. It was, therefore, easily understandable why the developing countries all over the world were increasingly becoming interested in the work of GATT.

He then drew attention to the state of the economy of Bangladesh and, in acknowledging with gratitude the valuable assistance received from the international community, pointed out that it was on the path of recovery. There was some hope that, with the gradual overcoming of the current problems both in the agricultural and industrial sectors, exports would receive the required additional boosts.

In conclusion, he indicated Bangladesh's willingness to participate fully in the forthcoming multilateral negotiations in GATT, with a view to not merely being a beneficiary, but also to contributing to the development of better and orderly growth of international trade.

The meeting adjourned at 17.00 h.