

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE ELEVENTH MEETING

Held at the Palais des Nations, Geneva
on Tuesday, 14 November 1972, 11 a.m.

Chairman: Mr. G. SMOQUINA (Italy)

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1. European Free Trade Area Agreements

Before summing up the discussion on item 4 and proceeding to the other items on the agenda, the CHAIRMAN reverted to two questions that had been raised early in the session and on which it would be desirable to complete the work. The first concerned the Article XXIV:6 renegotiations resulting from the enlargement of the Community and the second, the request that had been presented at the beginning of the session to establish working parties to consider the agreements entered into between the European Communities and various European States.

The Chairman recalled that at the second meeting of the session it had been agreed that the question of establishing a working party to examine the provisions of the Agreements between the European Communities and member States of the European Free-Trade Area should be reverted to later in the session.

The secretariat had been informed that the texts of the final Agreements between the European Communities and Austria, and the Agreements between the Communities and Iceland, Portugal and Sweden had been sent that day. The texts of the Agreements between the Communities and Switzerland and Liechtenstein, as well as the Interim Agreements between the Communities and Austria, had already been received some time ago, as notified to contracting parties in documents L/3758 and Addendum 1, and L/3755.

After consultations with the delegations concerned, the Chairman proposed that the CONTRACTING PARTIES establish five working parties to carry out the examination of the agreements. Although the Agreements had a fair amount of features in common, there were certain differences of substance which would make it necessary to establish a separate working party for each Agreement. He suggested that if his proposal was accepted, the terms of reference of the working parties should be as follows:

- To examine, in the light of the relevant provisions of the General Agreement on Tariffs and Trade, the provisions of the Interim Agreements between, on the one hand, the European Economic Community and the member States of the European Coal and Steel Community and, on the other hand, the Government of Austria, signed on 22 July 1972, and the provisions of the Final Agreements between, on the one hand, the European Economic Community, the member States of the European Coal and Steel Community, and the European Coal and Steel Community, and, on the other hand, the Government of Austria, signed on 22 July 1972, and to report to the Council.

- To examine, in the light of the relevant provisions of the General Agreement on Tariffs and Trade, the provisions of the agreements between, on the one hand, the European Economic Community and the member States of the European Coal and Steel Community and, on the other hand, the Government of Iceland, signed on 22 July 1972, and to report to the Council.

- To examine, in the light of the relevant provisions of the General Agreement on Tariffs and Trade, the provisions of the agreements between, on the one hand, the European Economic Community, the member States of the European Coal and Steel Community, and the European Coal and Steel Community and, on the other hand, the Government of Portugal, signed on 22 July 1972, and to report to the Council.

- To examine, in the light of the relevant provisions of the General Agreement on Tariffs and Trade, the provisions of the agreements between, on the one hand, the European Economic Community, the member States of the European Coal and Steel Community, and the European Coal and Steel Community and, on the other hand, the Government of Sweden, signed on 22 July 1972, and to report to the Council.

- To examine, in the light of the relevant provisions of the General Agreement on Tariffs and Trade, the provisions of the agreements between, on the one hand, the European Economic Community and the member States of the European Coal and Steel Community and, on the other hand, the Government of Switzerland, signed on 22 July 1972, and the additional agreements extending the validity of these agreements to Liechtenstein, signed on 22 July 1972, and to report to the Council.

It was so decided.

The CHAIRMAN proposed that Mr. Nogueira Batista (Brazil), be appointed Chairman of the five working parties, and that membership be open to all contracting parties.

It was so decided.

The CHAIRMAN requested contracting parties wishing to participate in the work of the working parties to inform the secretariat in due course; he looked to the Chairman to ensure that the work of the various working parties was closely co-ordinated so as to avoid duplication of work.

2. European Economic Community - Accessions

With respect to the question of Article XXIV:6 renegotiations consequential upon the enlargement of the Community, the CHAIRMAN recalled the statement of the spokesman for the European Communities that the enlarged Community was ready to open the renegotiations foreseen in paragraph 6 of Article XXIV as soon as the procedures of ratification of the treaties would have been accomplished. The spokesman for the European Communities had also informed contracting parties that it was anticipated this would happen before the end of the year and he had proposed, therefore, that the formal opening of the renegotiations might take place at the beginning of January 1973. The spokesman for the European Communities had also pointed out that between this stage of the formal opening of the renegotiations and the actual detailed renegotiations some time would be required to complete the necessary technical work. In light of this he proposed that the actual renegotiations begin on 1 March 1973 with a view to their completion in a period of four to five months.

The Chairman expressed as his understanding that these two proposals were agreeable to the parties concerned and suggested therefore that this matter be regarded as agreed.

This was agreed.

3. Review of international economic relations

Before making a summing-up of the discussion the CHAIRMAN stated that contracting parties which still wanted to make observations on the points presented would thereafter be invited to do so. He presented the summing-up as follows:

We have heard many very useful and specific suggestions during the discussion under item 4 - Review of international economic relations. These will be fully reflected in the summary records of the session and will be taken into account in our future work.

What I would like to do now is to sum up on what appears to me to be the principal points that have emerged in the discussion.

A number of contracting parties, accounting for a substantial proportion of world trade, have reaffirmed their intention to initiate and actively support multilateral trade negotiations in 1973 in the framework of GATT, subject to such internal authorization as may be required, covering tariffs, non-tariff barriers and other measures which impede or distort trade. They agree that the negotiations shall cover both industrial and agricultural products, including tropical products, and take particular account of the need to find solutions to the problems of developing countries, including the problems of the least developed countries. They also agree to re-examine the adequacy of the multilateral safeguard system. They welcome the participation of other contracting parties, and of developing countries not contracting parties, in the preparatory work for the negotiations and look forward to the participation of these countries in the negotiations. They express the hope that these negotiations could be concluded in 1975.

The CONTRACTING PARTIES recognize the importance of the proposed multilateral negotiations and agreed that the stated objectives of expansion and ever greater liberalization of world trade, and improvement in the standards of living of the people of the world can best be achieved through co-ordinated efforts to solve in an equitable way the trade problems of both the developed and the developing countries.

It was also agreed that the multilateral trade negotiations should aim to secure additional benefits for the international trade of the developing countries so as to achieve a substantial increase in their foreign exchange earnings, diversification of their exports and an acceleration of the rate of growth of their trade, taking into account their development needs.

Representatives of developing countries, both contracting parties and non-contracting parties, have stated their interest in these trade negotiations and their interest in participating in their preparation, with the technical support of the secretariat, and expressed the hope that the work on defining principles and guidelines for the negotiations will proceed rapidly so that developing countries can take timely decisions on their participation in the negotiations.

The CONTRACTING PARTIES confirm their will to achieve the necessary conditions, having regard to all the interests concerned, for undertaking new and far-reaching multilateral negotiations in 1973 under the auspices of the GATT. To this end all contracting parties and developing countries not contracting parties have agreed to work together in preparation for the negotiations and, for this purpose, to establish a Preparatory Committee. The Committee will analyze and interpret in common the essential facts of the situation. It will develop methods and procedures for the negotiations with the full and active support of the three existing committees and in co-ordination with them. Membership in the Committee shall be open to all contracting parties and to developing countries not contracting parties who wish to participate in the preparatory work for the negotiations. The Director-General is requested to convene the first meeting at a date to be set after consultation with delegations.

On the basis set out above there is also a consensus supporting the convening of a meeting at ministerial level in September 1973 to consider the report of the Preparatory Committee, to establish a Trade Negotiations Committee and to provide the necessary guidelines for these negotiations. Arrangements for such a meeting will, therefore, be made.

Mrs. ZAEFFERER DE GOYENCHE (Argentina) requested that her country's views on item 4 of the Agenda be incorporated in the summing-up of the Chairman. Argentina had repeatedly expressed the need to reach at this meeting a consensus among developing and developed countries on the overall objectives of the future trade negotiations. Among the basic concepts which should be included in the objectives were an expansion of international trade, both in agricultural and industrial products, in such a manner that there would be a clear annual rate of growth; a major liberalization of international trade, taking into account the needs of each of the participants in the negotiations; a significant expansion and diversification in the short term, of the exports of developing countries and an increase in their relative share in international trade in a measure commensurate with their trade, financial and development needs. This last concept was in accordance with Article XXXVI:3 of Part IV of the General Agreement and could not now be left out of a formulation of the overall objectives. Improved conditions of access to markets and techniques and modalities responding to the needs of developing countries should be agreed upon in order that developing countries could participate in the negotiations. If these elements were left out Argentina would not be in a position to support the overall objectives of the negotiations as contained in the Chairman's summing up. Argentina trusted that the committee for the preparation of the negotiations would make a detailed analysis of the objectives of the negotiations as they affect the developing countries and that a general agreement on the overall objectives would be reached at the ministerial meeting of 1973.

Mr. CUBILLOS (Chile) considered that the Chairman had made a fair attempt to sum up the discussions that had taken place during the session. Nevertheless, in his view, the Chairman had omitted important proposals and objectives suggested by some developing countries, as the summing up dealt with trade matters without taking into account the development needs of developing countries, and no reference was made to the establishment of a new international economic order. He supported the inclusion in the summing up of the paragraph proposed by Argentina, which should read as follows: "A vast majority of developing countries, members and non-members of GATT, stated that they were unable to agree entirely with the objectives referred to in the case of the developing countries, since it omitted any reference to an improvement in the conditions of access by their export products to the markets of the industrialized countries, to increased participation by the developing countries in world trade, and to the need, once the negotiations were completed, to amend the rules that would govern international economic relations in the future. Only a global objective incorporating the elements that

had been omitted could provide a guarantee that, during the preparatory work, techniques and modalities of negotiation would be established that would assure to the developing countries a differentiated treatment consistent with the needs of their trade, finances and economic development". These were the objectives supported by a vast majority of developing countries, the inclusion of which in the summing up was supported by his delegation.

Mr. BATISTA (Brazil) explained that his delegation supported entirely the aims of the proposal just made by the representative of Argentina. He was of the opinion, however, that these aims should be stated in a different manner in that the form of the amendment to the summing up proposed by Argentina and Chile seemed to constitute a reservation on all that had been summed up in the preceding paragraphs. This would have the negative effect of reducing the value of the agreements that had already been reached. He said that his delegation could accept the addition of a paragraph to the effect that the developing countries interpreted the global objectives mentioned in the fifth paragraph, as meaning that they would receive improved conditions of access and increased participation in world trade, and that this would be done in connexion with a review of the rules of international trade. His delegation could not accept however, that the omission of these points was interpreted as nullifying the validity of the agreements reached on the other points included in the Chairman's summing up.

Mr. RAZAFINDRABE (Madagascar) thought that the summing up just given reflected the position that should be recorded in the results of the work of the CONTRACTING PARTIES. His delegation could not agree with the proposal of the delegation of Argentina, seconded by that of Chile, because the proposed paragraph made no mention of certain elements, in particular price policy, the readjustment of agricultural structures in the developed countries, international commodity arrangements, including price stabilization agreements, and, especially, the problem of deterioration in terms of trade. The delegation of Madagascar would have no objection to including the proposed paragraph in the summing up if those points were included.

Mr. BRUM (Uruguay) made a formal reservation on the summing up and indicated his general support for the Argentinian proposal as no references were made in the summing up to an increase in the relative share of developing countries in world trade, to the granting of competitive advantages to them or to an improvement in conditions of access to the markets of developed countries for products from developing countries.

Mr. DELGADO (Senegal) wholeheartedly supported the statement made by the delegation of Madagascar. In order to reflect the position of the developing countries as a whole in the proposed additional paragraph, it would be necessary to take account of all the elements which had a bearing on their needs, and in particular price policy. Like the delegation of Madagascar, the delegation of Senegal stressed the importance of the deterioration in terms of trade. If all elements were mentioned in the additional paragraph, his delegation would have no objection to its inclusion as a factual summary of the position of the developing countries.

Mr. ALZAMORA TRAVERSO (Peru) supported the inclusion in the summing up of the Argentinian proposal. The developing countries had wanted the objectives of the negotiations to be clearly defined in this session; if this was not done it was better to reflect, in the summing up, the disagreements that had existed, instead of trying to show an apparent consensus.

Mr. NIYI (Nigeria) said that the pertinent concerns which had been outlined by the representative of Argentina were shared if not by all, at least by the majority of developing countries. The points included in her proposed addition to the summing up clearly reflected positions which had been expressed during the debate on item 4 by developing countries, both members and non-members of GATT, regarding the anticipated results of the future negotiations. In his view the proposed addition did not detract from the summing up but went further and should be incorporated if not with the support of all contracting parties at least with that of the developing countries. This position should be adopted as a common stand by the developing countries as provisions for improvement in the conditions of access would have to be included in the negotiations if these were to be useful to them.

Mr. BRILLANTES (Philippines), speaking on behalf of eight countries which were not contracting parties to the GATT, said that he found the Chairman's summing up to be acceptable in that, although it did not cover all concerns, at least the immediate concern of the non-member developing countries had been met, as the CONTRACTING PARTIES had welcomed the participation of these countries in the Preparatory Committee and in the negotiations themselves. There would be adequate opportunity for further discussion of guidelines and objectives as well as techniques and modalities in the Preparatory Committee and in the Ministerial Meeting planned for September 1973.

Mr. NAIK (Pakistan) pointed out that although not all developing countries were satisfied with the Chairman's summing up they could take consolation from the assumption that paragraphs 4 and 5 of the summing up could be interpreted in a broad sense and in accordance with the principles of Part IV, and that paragraph 7 did not exclude the adoption of special techniques and modalities in respect of developing countries in the negotiations.

Mr. CUBILLOS (Chile) agreed that the paragraph, the addition of which he had proposed, did not include some of the points raised by other developing countries. He was willing to amend the new paragraph by adding as objectives the problems of price policies, commodity agreements, adjustments in the agricultural structure of the developed countries, and the deterioration in the terms of trade.

Mr. LLINAS CASTANON (Cuba) supported the inclusion, in the summing up, of the paragraph proposed by Chile.

Mr. GARRIDO RUIZ (Mexico) supported the inclusion, in the summing up, of the paragraph proposed by Argentina and Chile. The summary should be realistic and equitable, and reflect the points of view of all the countries that had participated in the debate; several of these points were of importance to non-contracting parties.

Mrs. ZAEFFERER DE GOYENECHE (Argentina) stated her support for the proposal of the representative of Chile.

Mr. JARAMILLO (Colombia) agreed with the statements made by the delegations of Chile, Argentina and Peru, and supported the proposal to include a new paragraph in the summing up of the Chairman.

Mr. KASASA (Zaire) supported the proposal of the delegation of Chile to the extent that it took account of the interests which the African Governments wished to be safeguarded. In his earlier statement he had spoken of his country's concern over price problems and the deterioration in terms of trade. To the extent that a reference to those elements could be included in the proposed text, the delegation of Zaire would support it.

Mr. SAMARANAYAKE (Sri Lanka) stated that in the view of his delegation, the Chairman's summing up represented a balance of the views exchanged in the discussion on this item and he agreed that the summing up represented a correct reflection of the essential elements of the discussion under this item and could be accepted as a consensus, particularly because further work would have to be carried out in the Preparatory Committee and the Ministerial Meeting to be held in September 1973 should provide definitive guidelines for the Multilateral Trade Negotiations.

At the same time, he suggested that in order to accommodate the proposal of the Argentinian Delegation which was supported by the Representative of Chile contracting parties might consider the inclusion of the paragraph as representing the views of a "large number" of developing countries rather than a "vast majority" of developing countries as suggested by the representative of Chile.

Mr. BRUM (Uruguay) supported the proposal of the representative of Chile.

Mr. VALDEZ (Ecuador), and Mr. LOPEZ HERRARTE (Guatemala) also supported the proposal of the Chilean representative.

Mr. BATISTA (Brazil) suggested that it might be useful to reflect upon whether changes might be made to the text proposed by the representative of Chile to render it more acceptable. In his view, the Chilean proposal could not be said to have received the support of a "large majority" of developing countries but

perhaps of a "large number". His delegation for instance, could not accept the last part of the text proposed by the representative of Chile in that he could not agree with the interpretation that only the elements of the global objectives as defined therein could provide the necessary guarantee that the interests of developing countries would be reflected in the preparations for the negotiations.

Mrs. ZAEFFERER DE GOYENECHÉ (Argentina) enquired whether there were any developing countries which were opposed to the proposal.

Mr. EBERLE (United States) pointed out that his delegation was very cognizant of the desires of the developing countries and felt that all their points, including the items mentioned by the representatives of Argentina and Chile, should be discussed in detail in the Preparatory Committee. However, there were forty or fifty other items that would also have to be considered. The delegation of the United States was opposed, at this point, to in any way prejudicing the future discussion in the Preparatory Committee. In the view of the United States representative it would create a serious procedural problem if measures were taken at the session that would affect the powers of the Preparatory Committee, especially in that the exact nature of the proposal was unclear since different representatives had used a variety of terms and had even made different proposals. Although he agreed that the points made in the proposal by the representative of Chile should be recorded, the representative of the United States could not agree to their addition in the summing up as directions to the Preparatory Committee. He urged the CONTRACTING PARTIES to accept the balanced summing up which had been presented by the Chairman.

Mr. WALKER (Jamaica) said that he had heard statements both where developed countries had stated unequivocally that they wished to take into account the needs and interests of developing countries and others which had been much more vague. In his opinion, however, the time had come to find a meaningful compromise. In his view the substance of the proposal could be retained in a manner that would not pre-empt the work of the Preparatory Committee by following the suggestions made by the representative of Brazil by adding a paragraph stating that the CONTRACTING PARTIES interpreted the fifth paragraph to include the particular items listed in the text proposed by the representative of Chile, while the final sentence of that proposal could be omitted as the representative of Brazil had also suggested.

The CHAIRMAN enquired whether the question could not be solved by limiting the agreement on the fifth paragraph to the countries mentioned above under paragraph 3. Thereafter, as a separate paragraph, the text proposed by the Chilean delegation as amended by the Brazilian delegation could be inserted.

Mr. LAI (Malaysia) expressed the view that the additional words proposed by the Chairman would incorrectly imply that the agreement referred to in the fifth paragraph involved only developed countries. His delegation also accepted the principles contained in that paragraph.

The meeting adjourned at 13.45 hours.