

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/M/7  
21 June 1961

Limited Distribution

COUNCIL

## MINUTES OF MEETING

Held at the International Labour Office,  
Geneva, on Friday, 16 June 1961

Chairman: Mr. J.H. WARREN (Canada)

	<u>Page</u>
<u>Subjects discussed:</u> 1. Adoption of agenda	1
2. Membership of Council	1
3. Indonesian Schedule	1
4. Trade in cotton textile products	2

1. Adoption of agenda (C/15)

The agenda proposed by the Executive Secretary in document C/15 was adopted.

2. Membership of Council

At the request of the Indonesian delegation, Indonesia was co-opted for the discussion of item 3.

3. Indonesian Schedule (I/1504, L/1508 and Corr.1)

The CONTRACTING PARTIES recalled that, in the Decision of 10 April 1961, the Government of Indonesia was granted a waiver by the CONTRACTING PARTIES to cover action taken in August 1960 when rates of duty were raised on certain items enumerated in Schedule XXI, pending the outcome of renegotiations. The Government of Indonesia had now advised (L/1508 and Corr.1) that further increases had been made in bound rates of duty and had requested that the Decision of 10 April be modified to take account of these increases.

The representative of Indonesia explained that, while the Decision of 10 April 1961 was being circulated to contracting parties for approval by postal ballot, his Government had been obliged to reconsider the reform of the Indonesian tariff in the light of the economic situation in the country; as a result, as was stated in document L/1508, additional modifications had been made. During the renegotiations which Indonesia had been conducting since the beginning of June under the terms of the Decision of 10 April 1961, the Indonesian delegation had informed the contracting parties concerned of the latest modifications on items bound in Schedule XXI: it could be said, therefore, that these modifications had also been taken into account during the renegotiations.

Against this background, the representative of Indonesia requested that the Decision of 10 April 1961 be amended to take account of the additional modifications as set out in document L/1508.

The text of the draft decision in document C/1/22/Rev.1 was approved for submission to contracting parties for a vote by postal ballot.

#### 4. Trade in cotton textile products

The CHAIRMAN said that the United States had put forward a proposal, as quoted in the agenda (C/15), for the convening of a meeting of the countries principally interested in the importation and exportation of cotton textile products, with a view to reaching agreement on arrangements for the orderly development of the trade, while at the same time avoiding disruptive conditions in import markets.

The representative of the United States stressed the importance of this matter. It was necessary to proceed as rapidly as possible to seek solutions which would satisfy a number of objectives.

In explanation of the background to the proposal now before the Council, the representative of the United States said that in February 1961, the United States President had requested Cabinet consideration of the situation in the domestic textile sector. Following this, on 2 May, the President had issued certain directives. These incorporated seven proposals, one of which was for the calling of an international conference. The President had reiterated the intention to do everything possible to help strengthen the economies of the less-developed countries and it was hoped that the action the United States delegation was now proposing to the Council would contribute to this end as well as to a solution of problems in the cotton textile trade.

The representative of the United States said his Government hoped the Council would agree that emergency action was required. His delegation would suggest a high-level meeting of the principally interested importing and exporting countries in the latter part of July. Certain questions would have to be dealt with as discussions proceeded. As regards, for example, the kinds of cotton textiles which should be included, his delegation considered that the field of enquiry should not be limited in the first instance; it should run through the whole range of products from yarns to the finished manufactures. The United States would continue consultations on the problem generally and would be making suggestions regarding possible lines of approach; it was hoped that this would stimulate suggestions from other countries.

In conclusion, the representative of the United States said that the stakes involved in this question were very great and deserved action by contracting parties in a manner which would lead to a solution at the earliest possible moment.

There was general support in the Council for the United States' proposal. It was recognized that the problems concerned were difficult and were not new to the CONTRACTING PARTIES; they were very important and required serious attention. Some representatives stressed that what was really involved was an acceleration of the work of Committee III and of the Committee for the Avoidance of Market Disruption. In connexion with the latter Committee one representative, while expressing his Government's recognition that certain contracting parties had difficulties in this field and stating its willingness to co-operate in finding solutions, re-iterated his delegation's view that "market disruption" was not something that was necessarily definable by all contracting parties in the same way.

One representative expressed his Government's view that, at the proposed high-level meeting, there should be an examination of the problem and a full exchange of views with possibly some preliminary discussion of what steps should be taken; it would, however, not be appropriate for such a meeting to take decisions which were the prerogative of the CONTRACTING PARTIES. Several representatives strongly disagreed with this point of view. They stressed that they were considering the United States' proposal in the terms described. The general opinion was that, against the background of GATT rules, an attempt should be made to find solutions of a constructive and expansionary character. It was to be hoped that the meeting would be followed by practical action and there must be the expectation that the solutions sought would be of a kind likely to involve commitments by importing and exporting countries. One representative, stressing the urgency of the matter and the possible unfortunate consequences of failure to find successful, constructive solutions, referred to the protectionist pressures which existed in North America. Other representatives stressed the desirability of the outcome of the meeting representing a move towards the closer enforcement of GATT rules and towards the harmonization in a liberal direction of the industrialized countries' import policies, particularly toward the less-developed countries. The problem of the invocation of Article XXV was also referred to. The hope was also expressed that the problems involved would be looked at in their broadest sense; the participants in the proposed meeting should not be looked upon exclusively as importers or exporters.

While the urgency of the matter was accepted, there was a recognition that adequate preparation for the meeting was necessary and that it might be inappropriate to fix a precise date for the meeting during the present discussion; it was suggested that the question of timing should be left to the Executive Secretary. The representative of the United States said his delegation could accept this suggestion, but he stressed his Government's hope that the meeting would take place at a very early date.

As regards participation in the meeting, there was the feeling that it would be preferable not to attempt to draw up a list of substantially interested countries at the present meeting of the Council. In this connexion, the need to take account of countries and territories which were not contracting parties was referred to. The view was also expressed that intergovernmental organizations particularly competent in this field should be invited to participate. It was explained that the participants in the discussions should be high-level officials concerned with commercial policy.

At the end of the discussion the Council approved the following communiqué which was also to be considered as the Council's conclusions on this item:-

"1. At the request of the United States Government the GATT Council of Representatives met at Geneva on Friday, 16 June 1961. The United States asked the Council 'to convene a meeting, to take place in the latter part of July, of high-level officials of countries substantially interested in the importation and exportation of cotton textile products, with a view to reaching agreement on arrangements for the orderly development of the trade in such products, so as progressively to increase the export possibilities of less-developed countries and territories and of Japan, while at the same time avoiding disruptive conditions in import markets'.

"2. After having considered the request by the United States Government, the Council came to the conclusion that this question required urgent action by the governments concerned on a multilateral basis. Noting that the CONTRACTING PARTIES had already examined various aspects of the problem of trade in textile products in Committee III and in the Committee on Market Disruption, the Council agreed that, in view of recent developments, the work entrusted to the GATT should be expedited. The most appropriate procedure appeared to be the convening of a meeting of representatives of substantially interested countries; this meeting would take place at the earliest possible moment, taking into account the need for adequate preparation. Accordingly, the Council instructed the Executive Secretary to convene such a meeting in Geneva, indicating the countries and interested intergovernmental organizations invited to participate."