

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Sixteenth Session

PARIS ECONOMIC MEETINGS

Note by the Chairman of the CONTRACTING PARTIES

I am transmitting herewith the text of a record of the meeting I had with the Chairman of the Conference on the reorganization of the OEEC (Annex I), together with a copy of a letter, dated 27 May 1960, I have received from Mr. Krag (Annex II), and the text of a resolution adopted by that Conference on 25 May 1960 (Annex III).

ANNEX I

Record of the meeting with the Chairman of the Conference on the reorganization of the OEEC (Paris - 24 May 1960)

The CONTRACTING PARTIES have been informed of the arrangements I made to have an opportunity of explaining to the Chairman of the Conference on the reorganization of the OEEC the views expressed by the delegations of the governments parties to the General Agreement.

I had an interview with Mr. Krag, Minister for Foreign Affairs of Denmark, who is Chairman of that Conference. The meeting took place at the Hotel Majestic on 24 May at 2.45 p.m. Mr. Krag was assisted by the secretary of the Conference and two other officials, and I was accompanied by the Deputy Executive Secretary of the GATT.

I indicated to Mr. Krag that the CONTRACTING PARTIES held a meeting on the preceding Friday, at which they took cognizance of the statement which the Executive Secretary had addressed, in a personal capacity, to the four experts who were appointed to examine the problem of the reorganization of the OEEC. In his report to the CONTRACTING PARTIES, the Executive Secretary pointed out that he had to speak in a personal capacity, but that he had tried to express what he believed to be the general consensus of the contracting parties. At the time when they discussed this question, the delegations had before them the text of the report of the four experts.

I gave an account to the Chairman of the Conference of the statements made in the course of the discussion and I handed him copies of the summary record of the relevant meeting of the CONTRACTING PARTIES with a request that these documents might be circulated to all the members of the Conference. I concluded that, in view of the short time at our disposal, I had decided to bring as speedily as possible to the notice of the members of the Conference the views expressed by our member governments. There was no intention on our part unduly to influence the discussions of another body, but I felt it my duty to see to it that the concern of a number of our members was brought to the notice of the Conference at a time when decisions of great importance were about to be taken.

Mr. Krag promised to report fully to the Conference on our conversation. He stated that the discussions which had taken place so far showed that there was no intention of infringing the rules of the GATT or of setting up an organization which would weaken the GATT or in any way disturb its activities. All those who spoke so far had stressed that the new organization should work in full collaboration with the GATT and that nothing should be done to weaken the obligations assumed under that Agreement.

According to Mr. Krag and his advisers, the intention of the Conference, with respect to commercial policy, was to provide for rules stricter than those of the GATT, and to see to it that they would be applied in a non-discriminatory manner. In this connexion, we thought it useful to point out that, at least for the countries which would not claim balance-of-payments difficulties, the provisions of the GATT go further than those of the present OEEC Code of Liberalization; the GATT provisions banned import restrictions altogether for these countries, while the OEEC Code still authorizes them to maintain controls on 10 per cent of their trade. The continued application of this Code by the European countries and its possible extension to the United States and Canada would seem to weaken rather than strengthen the protection now afforded by the GATT to the countries which, perchance, would not become members of the new regional organization.

I added that, in my capacity as Brazilian official, I had the opportunity of seeing how the prospect of the setting up of such an organization affected the thinking of a number of neighbouring countries which were not members of the GATT but which participated in the elaboration of the Latin American Free-Trade Association. Some of these countries were contemplating joining the GATT, but the developments in Paris made them wonder whether the GATT would afford the protection which they were seeking to obtain. They hesitated in abandoning their present policies and accepting a set of rules which would limit their freedom of action if that set of rules was not applicable to the same degree to all the members of the GATT. This concern might also lead to some reluctance, on the part of some present GATT members, to remain parties to the General Agreement. I also pointed out that, eventually, this might become a political issue if the European and North American countries tried to develop their policies in isolation.

I concluded by informing Mr. Krag that the CONTRACTING PARTIES intended to hold another meeting to resume this discussion and that the delegations at the Geneva session would no doubt report to their governments on future developments.

Finally, I handed to Mr. Krag a memorandum of conversation in which some of our considerations developed in the course of the conversation were briefly set out.

ANNEX II

Copenhagen, May 27, 1960

Dear Mr. Ambassador,

Referring to our meeting at Hotel Majestic in Paris on May 24 I wish to inform you that I gave the Conference on the reorganization of the OEEC a full account of what you presented to me on behalf of the Contracting Parties. The proceedings of the Conference confirmed the views which I personally expressed to you that there is no intention whatsoever on the part of the Governments represented at the Conference to adopt any course of action which would weaken the role of the GATT. There was unanimous agreement that any rules with regard to commercial policy transferred to or adopted by the new Organisation would have to be compatible with the rules of GATT.

At the close of its session the Conference adopted a resolution, of which a copy is enclosed, according to which a Working Party was set up with the task of drawing up before July 10 a Draft Convention remodelling the OEEC. The Working Party will also establish criteria and procedure for the review of the Acts of the OEEC and seek general agreement on those Acts which have a fundamental character. The resolution further recommended that a Ministerial Conference be convened in Paris before the end of July 1960 in order to consider the report by the Working Party and to decide upon further action.

It was recorded in the resolution adopted at the meeting that the Working Party during its work shall consult where appropriate with other international organizations.

Sincerely yours,

J.O. Krag

H.E.
Ambassador Barbosa da Silva
Chairman of the Contracting
Parties to the GATT,
Geneva.

ANNEX III

CONFERENCE ON THE REORGANIZATION OF THE CEEC

RESOLUTION
PERTAINING TO THE RECONSTITUTION OF THE OEEC

Adopted by the Conference on 25 May, 1960

Representatives of the Governments of Austria, Belgium, Canada, Denmark, the Federal Republic of Germany, France, Greece, Iceland, Ireland, Italy, Luxemburg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States of America, and the European Communities, meeting in Paris on 24 and 25 May 1960;

Having regard to the Resolution of 14 January 1960, on the reorganization of the OEEC;

Desirous of actively pursuing their efforts to reorganize the OEEC;

Having regard to the large measure of agreement expressed with the main ideas in the Report of April 1960 of the Group of Four set up by the said Resolution;

I. DECIDE:

1. To set up a Working Party of Representatives of the Twenty Governments and the European Communities;

2. To instruct the Working Party:

- (a) to draw up a Draft Convention remodelling the OEEC;
- (b) to base its work on the Report of the Group of Four, taking into account the proposals submitted by the Swiss delegation (OECD(60)3), as well as all other comments made during the meetings on 24 and 25 May or subsequently;
- (c) to draw up in co-operation with the Secretariat of the OEEC a list of the Acts of that Organisation in force on 1 June 1960;
- (d) to establish criteria and procedure for the review of the Acts of the OEEC, and to seek general agreement on those which have a fundamental character and, at the request of any Member of the Working Party, on any other Act of the OEEC;
- (e) to report before 10 July on the execution of the above mandates;
- (f) to consult, as appropriate, with the relevant international organizations.

II. RECOMMEND that a Ministerial Conference be convened in Paris before the end of July 1960, in order, subject to satisfactory progress in the Working Party, to deal with the following questions:

1. to consider the Report referred to at I. 2 (e) above;
2. to consider, with a view to approving provisionally, a Convention reconstituting the OEEC as the Organisation for Economic Co-operation and Development;
3. to name a Secretary-General-Designate of the OECD;
4. to establish a Preparatory Committee, chaired by the Secretary-General-Designate, to carry further the review of the Acts of the OEEC Council, as provided for under paragraph 2 (d) of Section I above, and to re-examine the draft Convention if necessary;
5. to set forth the future general functions and characteristics of the OECD in connexion with the development of less-developed areas, both in Member countries and elsewhere, and for the interim authorize the Secretary-General-Designate to establish appropriate liaison with the present Development Assistance Group;

with a view to convening a second Ministerial Conference in Paris before the end of 1960 to consider the work done by the Preparatory Committee and to sign the Convention of the Organisation for Economic Co-operation and Development.