

RESTRICTEDIC/SR.15
2 August 1954**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

Limited Distribution

Ad Hoc Committee on Agenda
and Intersessional BusinessSUMMARY RECORDof the Meetings held at the Palais des Nations, Geneva,
on Thursday, 29 July 1954

Chairman: Mr. L. Dana WILGESS (Canada)

- Subjects discussed:
1. Accession of Japan
 2. Requests for Authority to renegotiate
 - (a) Cuba
 - (b) United States
 - (c) New Zealand

1. ACCESSION OF JAPAN (L/205)

The CHAIRMAN referred to a communication (L/205) from the Japanese Minister in Berne dated 5 July in which was outlined the developments since the Japanese Government made the formal request on 18 July 1952 to accede to the Agreement. As noted in the communication, it now appeared to the Japanese Government that there were no obstacles to proceeding with tariff negotiations and the Japanese Government therefore requested the CONTRACTING PARTIES to make the necessary arrangements as soon as possible.

Mr. HAGIWARA (Japan) recalled that in February 1953 the Intersessional Committee had reported on the question of Japan's accession and had recommended certain safeguards. It had also recommended the convening of a special Session of the CONTRACTING PARTIES to fix the nature and date of tariff negotiations with Japan. But for reasons known to all members of the Committee neither the special Session nor the negotiations had taken place. The Eighth Session of the CONTRACTING PARTIES had, however, made provisional arrangements for the participation of Japan in the work of the CONTRACTING PARTIES and for the regulation of commercial relations between certain contracting parties and Japan. The question of accession had remained on the agenda. Japan had long expressed a desire to enter into tariff negotiations with the contracting parties. In 1952, a fairly large number of countries had expressed their readiness to negotiate with Japan, and there was no reason why such negotiations should be indefinitely postponed. Japan desired that such negotiations should begin as

early as possible, and hoped that it would be possible to arrange for them to take place early in February 1955, when the review of the Agreement would have been completed. In view of the involved procedures and the long period required for preparations in certain countries an early decision on the date of the negotiations must be made so that preparations could be started in time by all countries desiring to participate in the negotiations. In order that a formal decision could be taken by the CONTRACTING PARTIES, either at a special session before October or at the beginning of the Ninth Session, the Japanese Delegation would request that a definite recommendation be made by the Committee that tariff negotiations with Japan should be carried out beginning on 1 February 1955. Recent talks which Japan had had with various governments confirmed the fact that many of them were prepared to negotiate with Japan and it was to be hoped that those governments not so disposed would not oppose this proposal. The Japanese Delegation would, furthermore, suggest that opportunity should be taken of the present meeting of the Committee to ascertain which countries were interested in negotiating with Japan.

Mr. BROWN (United States), recalling the consistent support which his Government had given to the Japanese request for accession, supported the present Japanese proposal that the Committee should recommend to the CONTRACTING PARTIES that tariff negotiations to enable Japan formally to accede to the Agreement pursuant to Article XXXIII should be held from 1 February 1955. For internal legislative reasons, the United States regarded it essential that the negotiations in question should be completed early in May 1955. The rules adopted at Torquay could be used for the negotiations except that certain modifications might be necessary in order to reflect fully that these were no general multilateral negotiations but for the express purpose of enabling Japan's accession. The United States Government had always considered it both important and desirable that Japan should become a full-fledged contracting party, and had indicated informally that if in the forthcoming negotiations there should be any special cases in which the United States could make any contribution to overcoming difficulties which might arise in the negotiations between Japan and another country it would be prepared to do so. For example, the United States Government would be willing to compensate third countries for concessions which they might grant at the request of Japan but for which adequate compensation could not be provided by the latter, provided that the concessions were important for Japan and that they would improve the scope of the whole negotiations. In view of the short time available for preparation it was desirable that the Committee should recommend that contracting parties should indicate as early as possible, and in any case before 1 September, whether they wished to negotiate with Japan.

The United States had long felt that Japan's accession to the General Agreement was a very important matter and that Japan should become a contracting party. His Government had indicated that if the United States could make any special contribution to overcome difficulties which might arise in that connection,

it would be prepared to do so. But the United States would offer its good offices only if it was convinced that they would be helpful to all concerned. The timetable referred to above was a tight one and it was highly important to determine which countries were prepared to negotiate with Japan.

Mr. AZIZ AHMAD (Pakistan) said that Pakistan had consistently favoured Japan's accession to the Agreement and hoped that any doubt that certain governments might have entertained regarding Japanese trading practices would have been removed by now. Now that most of those obstacles had disappeared, no valid reason existed for further delaying the negotiations and his delegation hoped that the Committee would make the necessary recommendation at its present session.

Mr. PEREZ CISNEROS (Cuba) stated that although unable to negotiate with Japan within the framework of the Agreement the Cuban Government would support Japan's request. In the light of changing circumstances many countries which had previously found it difficult to negotiate with Japan were now ready to do so. If that really proved to be the case the Committee should make the necessary recommendation at its present session. The Cuban Government, however, would be unable to take part in the negotiations, because it believed it would be difficult to reach agreement within the framework of GATT; Cuba would hold bilateral negotiations with Japan and it would follow with interest the negotiations in order to assess the consequences for Cuba. If the results were found to affect unfavourably the equilibrium, Cuba would reserve its right to hold new negotiations to redress the situation.

Mr. SEIDENFADEN (Denmark) stated that his Government, while in favour of Japan's accession, felt that the timing of the negotiations merited close consideration. His Government considered that it would be desirable if they were postponed until after July when the CONTRACTING PARTIES would have completed their consideration of the related questions of the status of the present Schedules, the general negotiations for tariff reduction and the French Plan. Whatever its private wishes on the subject, Denmark would, however, not oppose any action which the Committee might decide to take in the matter.

Mr. REISMAN (Canada) recalled that the Japanese application for accession to GATT had now been before the CONTRACTING PARTIES for over two years. When this matter had been discussed on past occasions Canadian representatives had stated that in principle Canada was in favour of full Japanese membership in GATT. On the question of timing, the Canadian delegation had expressed the view that the effective absorption of Japan into the GATT trading community would be greatly facilitated if Japanese accession were to follow multilateral negotiations in which the important trading countries, particularly the United States, took an appropriate part. This remained the Canadian point of view. Because it had not been possible to hold negotiations of a general kind by the time of the Eighth Session, provisional arrangements were made which provided for fuller participation by Japan in the sessions of the CONTRACTING PARTIES,

and also for the application of the provisions of the Agreement between Japan and those countries which were in a position to do so. At that time, Canada voted in favour of the Decision for the full participation of Japan in meetings of the CONTRACTING PARTIES and stated that it would be in a better position to consider the application of GATT to Japan after the completion of bilateral trade negotiations which were then in progress between Canada and Japan.

The Canadian representative explained that these negotiations for a most-favoured-nation trade agreement had been successfully completed early in 1954, so that Canada now applied full most-favoured-nation treatment to Japan and had also accepted the Declaration for the application of the GATT to Japanese trade. A new phase had now been reached on the question of Japanese accession. The United States was now ready to negotiate with Japan directly and also to negotiate with third countries where this would seem to broaden the negotiations with Japan and facilitate the successful completion of such negotiations. To this end it was proposed that negotiations should commence early in February next year. Accordingly, Canada was prepared to co-operate in making arrangements for general tariff negotiations to be held early next year directed to the full accession of Japan. The Canadian delegation was not yet entirely clear on the scope of the negotiations envisaged, the nature of the negotiating procedures and the extent to which the United States would be prepared to negotiate with third countries. This matter would have to be examined further, but broadly speaking Canada was in favour of the broadest possible negotiations, both from the point of view of the number of countries negotiating directly with Japan and with third countries.

The question of Canadian participation in such negotiations had not yet been submitted to the Government for a decision. This would, of course, depend on the nature and scope of the negotiations, and the extent to which the United States and other countries would be prepared to participate. Canada regarded this as a most important matter, because it influenced very directly the question of whether it would prove possible to find a satisfactory basis for tariff negotiations between Canada and Japan. However, if satisfactory arrangements could be worked out for broad and general negotiations with Japan, the Canadian Delegation would be prepared to recommend to the Government that Canada should participate in such negotiations.

Mr. SINGH (India) announced that he had no definite instructions from his Government which had, however, always favoured Japan's accession to the Agreement. It might be taken for granted that India would be willing to participate in the negotiations for Japan's accession pursuant to Article XXXIII. Two matters were of primary importance: the timing and the procedure. He felt that it would be best if the negotiations with Japan were included in a general round of negotiations. The question of procedure, however, was somewhat more difficult because the Committee intended to embark on a general review of the Agreement and of the Schedules. All these closely-linked questions should be considered together so that all contracting parties should be given an opportunity

to consider what procedures should be adopted for the negotiations and accession. He suggested that the matter might be given priority at the Ninth Session; even though it would be desirable to complete the negotiations as early as possible, it would be inadvisable to go ahead without some important issues being clarified first.

Mr. SANDERS (United Kingdom) said the United Kingdom's position continued to be that stated by the President of the Board of Trade at the Eighth Session. The tariff negotiations required of an acceding government enabled the contracting parties to satisfy themselves as to the level of the applicant's tariff in relation to their own. In the present case even the special offer made by the United States regarding compensatory concessions might not easily be fulfilled, and it would be unrealistic not to recognize the difficulties. The United Kingdom Delegation considered that the most appropriate time for tariff negotiations with Japan would be when the contracting parties were ready to have a further round of negotiations. That did not mean that individual countries desiring to negotiate with Japan should be debarred from doing so. If it were the general view that arrangements should be made now for tariff negotiations for Japan's accession he wished to make it clear that the position of the United Kingdom Government would be reserved in all respects.

Mr. FINMARK (Sweden) said his Government had always supported the idea of Japan's accession and would be prepared to participate in general negotiations. The Swedish Government therefore supported Japan's application.

Mr. HAGEMANN (Federal Republic of Germany) recalled that his Government had accepted the provisional arrangements made at the Eighth Session and had signed the Declaration of 24 October 1953. The German Government was prepared to participate in any negotiations with Japan conducted on a multilateral basis within the general framework of the Agreement.

Mr. DONNE (France) pointed out that the French Delegation to the Eighth Session had voted in favour of the decision on Japan's participation in the work of the CONTRACTING PARTIES, but had been unable to sign the Declaration. The question now was of the accession of Japan to the Agreement as a full member which presupposed the holding of a multilateral tariff conference. In this regard the French Delegation had to reserve the position of the French Government. It might be thought that this attitude was negative, but it was unavoidable as the French Government was speaking on behalf of the French Union as a whole. He felt that the successful solution of the question could be achieved only when, thanks to an appropriate policy of the highly industrialized countries, the purchasing power of the contracting parties as a whole would have increased sufficiently to ensure that Japanese exports would no longer affect traditional commercial relations which sometimes were of vital economic importance for certain countries. The French Government, therefore, would be unable to take part in the proposed multilateral negotiations.

Mr. SUIJENS (Belgium) said that the Belgian Government was fully prepared to negotiate with Japan and that he had noted the United States' remarks with great interest. The Belgian Delegation felt, however, that all tariff questions were intimately connected and it was difficult to see how tariff negotiations with Japan could be started before the questions of the lowering of tariffs and the prolongation of the schedules had been settled. He, therefore, reserved his Government's position concerning the arrangements for the negotiations with Japan until the whole question of tariffs had been considered at the Ninth Session.

Mr. GOERITZ (Austria), speaking as an observer, said his Government supported the application of Japan. Although he feared there was not much scope for negotiations between Austria and Japan, they were prepared to negotiate at any time.

Mr. HADJI VASSILIOU (Greece) said that, as stated at the Eighth Session, the Greek Government favoured the accession of Japan to the General Agreement but for the time being did not see much possibility of fruitful negotiation. In fact negotiations started with that country at the last Session had given no result. Greece granted Japan most-favoured-nation treatment. Japan seemed satisfied with present arrangements and negotiations would certainly take place if there was any likelihood that they would prove advantageous.

Mr. NOTARANGELI (Italy) stated that the Italian Government would support the Japanese and do all it could to help its accession to the Agreement. As for tariff negotiations, the Italian Government would examine the technical aspects of the matter to see if mutually advantageous negotiations could take place between Japan and Italy.

Mr. PRENDERGAST (New Zealand) said that he was in general agreement with the views expressed by some delegates that it would be difficult or impracticable to negotiate with Japan within GATT if there was no provision for reviewing the concessions in existing schedules. The New Zealand Government did not wish to oppose in any way Japan's accession to the Agreement. However, New Zealand was experiencing great difficulty in dealing with her tariff and import problems due to the prolongation of the life of the existing schedules and he was unable to commit his Government to any particular course of action concerning the Japanese request.

Mr. DOMINGUEZ (Uruguay) said that his Government would support the Japanese request. An agreement, providing for most-favoured-nation treatment, was about to be concluded between Japan and Uruguay.

Mr. BUNTING (Australia) stated that the Australian position towards Japan had been explained at the Eighth Session and that position remained unchanged. In particular, his Government could take no decision regarding tariff negotiations until they saw the shape of the Agreement as it would emerge from the review. They did not, however, want in any way to hinder any other country from negotiating with Japan.

Mr. ORTIZ (Dominican Republic) announced his Government's support of the Japanese request and said his Government intended to enter into negotiations with Japan and to take part in any general negotiations which might take place.

Mr. GARCIA OLDINI (Chile) said that there had been no change in the favourable attitude of the Chilean Government towards Japan's accession to the General Agreement, as stated at the Eighth Session. The main problem was the date for opening negotiations. There appeared to be two views in this matter, one in favour of the accession of Japan through a general round of multilateral negotiations, and the other in favour of negotiations with Japan only. This led to the question whether and when a general round would take place. All these questions should be considered together and settled by the Intersessional Committee at its present session.

Mr. LINS DE BARROS (Brazil) thought that the question of tariff negotiations was directly dependent upon the rules which would emerge from the review of the General Agreement and that no new negotiations should be begun until the conclusion of that review.

Mr. KOHT (Norway) declared that the Norwegian Government had no objection to starting tariff negotiations with Japan at the beginning of February 1955.

The CHAIRMAN, summing up the debate, said that the Japanese proposal, supported by the United States, was that the Committee should recommend to the CONTRACTING PARTIES the opening of negotiations in Geneva on 1 February 1955 in accordance with the Ancey and Torquay procedures - the details to be worked out at the Ninth Session. Further, on the assumption that these proposals would be adopted, the countries prepared to negotiate with Japan should so notify the Executive Secretary by 1 September. During the Committee's discussion a number of countries had supported the proposal, some with certain reservations. Other countries had, however, questioned the proposed timing. The representatives of Belgium and Chile had proposed deferment until they had discussed the other related item on their agenda concerning procedures for tariff negotiations. He therefore proposed that the Committee should revert to this question after the consideration of the procedures for tariff negotiations; he would then submit a statement for approval.

The Committee agreed to this proposal.

2. REQUESTS FOR AUTHORITY TO RENEGOTIATE CERTAIN ITEMS

The CHAIRMAN announced that they had before them three requests for the renegotiation of items, presented by Cuba, New Zealand and the United States.

The Committee had been asked by the three Governments for authority to enter into negotiations with a view to modifying certain bound rates of duty. At the Eighth Session it had been agreed that the CONTRACTING PARTIES would, in special circumstances, give sympathetic consideration to such requests, and under the

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procedures then adopted the Committee was required to consider requests submitted by contracting parties, when the CONTRACTING PARTIES were not in Session, and to give its decision within thirty days of the receipt of the requests. Therefore, the Committee's decisions on these three requests had to be taken before the close of the current meeting.

The previous meeting of the Committee, in February, had been convened especially to consider a similar request from the Government of India. The Committee had decided to grant the requested authority, and if it was decided to accept the present requests he suggested that the conditions attached to the authorization granted to the Government of India should be adopted also in these cases. Those conditions were:

- (1) the authority to enter into negotiations would be granted on the understanding that the negotiations would be conducted with a view to maintaining a level of concessions no less favourable to the trade of other contracting parties than those at present contained in the schedules;
- (2) failure to reach agreement as to a claim of substantial interest or the adequacy of the compensation offered, and any objection raised by a contracting party to the results of a negotiation, would be referred to the Committee by the governments concerned.

As for the procedure to be followed in the negotiations, he suggested that the Committee adopt those applied on earlier occasions, i.e.:

- (1) the negotiations would be conducted at such times and places as might be agreed upon by the governments concerned;
- (2) in addition to the negotiation with the country to which the concession was initially granted, the government receiving the authorization would consult with countries claiming a substantial interest in the trade in the item concerned;
- (3) the countries substantially interested would be informed of the offers of compensation, and consultation might take place as to the adequacy of the compensation offered;
- (4) upon completion of a negotiation the participating governments would submit a joint report to the Executive Secretary who would announce the results to the contracting parties. If no objection should be lodged within thirty days the government which was authorized to enter into negotiations would be free to make effective the agreed changes in its schedules.

The Committee agreed, with a reservation of the Delegate of Cuba, that these conditions would apply if the renegotiations should be authorized.

(a) Cuban request for renegotiation of an item in Schedule IX

Mr. VARGAS GOMEZ (Cuba) said that the item they desired to renegotiate had been initially negotiated with the United States. Both the preferential and the most-favoured-nation rate of duty were very low. The Cuban Government had had bilateral consultations with the United States authorities, and it appeared that they were ready to renegotiate with Cuba. He did not think any other party would have much interest in the matter. When the subject came up for further discussion he would be ready to give the Committee any information it might desire.

Mr. BROWN (United States) confirmed the Cuban representative's statement that the United States was ready to negotiate this item with Cuba.

Mr. SINCLAIR (United Kingdom) expressed a desire to have some information on the exceptional circumstances which had induced the Cuban Government to make its request.

Mr. VARGAS GOMEZ (Cuba) replied that he would give the required information at a later stage.

(b) United States request to renegotiate an item in Schedule XX

Mr. BROWN (United States) said that the reasons for the United States' request were given in the airgram circulated to contracting parties (GATT/AIR/50 (SECRET)). Contracting parties were made aware in that document of the special circumstances which obliged the United States to take remedial action. Speaking generally he wished to add that he was in sympathy with the point raised by the United Kingdom representative and hoped that in all requests for renegotiation the exceptional circumstances in the case be clearly set out.

Baron BENTINCK (Netherlands), Mr. SINCLAIR (United Kingdom) and Mr. NOTARANGELI (Italy) indicated that their respective countries might be interested in the renegotiations in question and desired to take part in them.

Mr. SVEC (Czechoslovakia) said that although his country had negotiated the concession, Czechoslovakia was not using it and therefore could not abuse it. The concession had been suspended by a decision of the CONTRACTING PARTIES and he wished to have some time to consider the legal aspect of the matter.

The CHAIRMAN pointed out that the Committee was not establishing, at the present meeting, a list of countries interested in the item and all countries would be entitled to inform the United States whether they were interested or not.

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(c) New Zealand request to renegotiate an item in Schedule XIII, Parts I and II

Mr. PRENDERGAST (New Zealand) said that his Government's intention was to renegotiate the articles in question in the October-November period. No great changes were contemplated: this request arose out of the changes in the whole section of the tariff to which the two items in question belonged.

Mr. NOTARANGELI (Italy), Baron HEMTINGK (Netherlands), Mr. SINGH (India) and Mr. SINCLAIR (United Kingdom) declared that their respective countries might be interested in the renegotiation of the articles in question.

The CHAIRMAN announced that the whole question would be taken up at a later meeting when he hoped the contracting parties concerned would be able to supply full information.

The meeting rose at 5.30 p.m.