

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Intersessional Committee

SUMMARY RECORD

of the meetings held at the Palais des Nations, Geneva
from 19 to 23 September 1957

Chairmen: Sir Claude COREA (Ceylon)

- Subjects discussed:
1. Adoption of Agenda
 2. Provisional Agenda for the Twelfth Session
 3. Meeting of Trade Ministers
 4. Treaty Establishing the European Economic Community
 5. Restrictive Business Practices
 6. French Special Temporary Compensation Tax on Imports
 7. Greek Increase of Bound Duty
 8. Export of Subsidized Eggs from the United Kingdom
 9. Brazilian Tariff
 10. Consultations under Article XII:4(b)
 11. Next Meeting of the Committee

1. Adoption of Agenda

The Chairman introduced the Agenda as distributed in IC/W/63/Rev.1 for approval.

The Agenda was adopted.

2. Provisional Agenda for the Twelfth Session (L/680)

As relevant the Committee considered the items included in the Provisional Agenda with a view to clarifying and defining the issues involved and examining the adequacy of the documentation available. To assist the Committee in its task, the Executive Secretary had distributed Explanatory Notes to the Provisional Agenda in IC/W/65. Other than the items specifically referred to the Committee, which were dealt with separately on their Agenda, the following items were the subject of special comment:

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(a) Election of Officers

Under Rule 10 of the Rules of Procedure as amended at the Eleventh Session, the Chairman and Vice-Chairmen are to be elected not later than seven days after the opening of the Session. The Committee agreed to recommend to the CONTRACTING PARTIES that a meeting of Heads of Delegations should be held on the second day of the Session to consider this question.

(b) Disposal of Commodity Surpluses

Several members expressed the view that the discussion by the CONTRACTING PARTIES of their experiences under the Resolution of 4 March 1955 on the Liquidation of Agricultural Surpluses would be facilitated if further factual information on this subject could be provided to bring up to date that contained in "International Trade, 1956". The Committee therefore instructed the secretariat, in consultation with the countries concerned, to prepare supplementary data.

(c) Cuban Tariff Reform

The representative of Cuba stated that documentation on this item would be submitted and that copies of the new tariff would be distributed to contracting parties.

(d) Accession of Switzerland

The observer for Switzerland said that his Government was now prepared to enter into tariff negotiations in accordance with the procedures agreed upon at the Eleventh Session and that copies of the new customs tariff would be made available in the near future.

(e) European Coal and Steel Community

The CHAIRMAN announced that the Fifth Annual Report had been received and that the secretariat's Note was being prepared and should be ready by 7 October provided certain data that had been requested from the Member States was received in time.

(f) Expiration of Decision of 5 March 1955 ("hard-core" waiver)

The representative of Austria said that his Government had proposed this item on the Agenda as it envisaged that the expiration of this Decision would give rise to problems of both a legal and an economic character. The Austrian Government had no specific proposals to make, but was of the opinion that a general exchange of views at the Twelfth Session might lead to some solution of the problem compatible with the provisions of the General Agreement.

(g) Brazilian Internal Taxes

The representative of Brazil said that his Government would submit before the Session a statement describing the present situation.

(h) French Stamp Tax

The representative of France said his Government would submit a statement on this item before the Session.

(i) Greek discrimination in Credit Facilities for Imported Goods

The representative of Germany, whose Government had proposed this item, said that a statement explaining this complaint would be submitted in the near future.

(j) Accession of Japan

The Committee noted that the Government of Brazil had withdrawn its reservation under Article XXXV and that the Government of Australia had recently concluded a trade agreement with Japan which provided inter alia for the exchange of most-favoured-nation treatment. The representative of Japan stated that his Government continued to attach great importance to this item and desired that it be fully discussed at the Twelfth Session.

(k) Financial Statement and Budget

Under the revised rules of procedure agreed to at the Eleventh Session, the Committee was empowered to establish, in advance of the Session, a technical working party to begin work on questions relating to Trade and Customs Regulations and Schedules and a Budget working party. The Committee considered that the only working party that could commence its work before the Twelfth Session was the Budget Committee and accordingly it was agreed to set up a working party to be convened on 7 October with the following terms of reference and membership:

Terms of Reference:

To examine any questions arising in connexion with the audited accounts for 1956, the financing of the 1957 budget and the proposals for the budget for 1958, and to submit recommendations to the CONTRACTING PARTIES.

Chairman: Mr. Machado (Brazil)

<u>Members:</u>	Australia	France	Italy
	Canada	Germany	United Kingdom
	Chile	India	United States
	Czechoslovakia	Indonesia	

(1) Request by Ceylon for Releases under Article XVIII

The Executive Secretary informed the Committee that he had received a communication from the Government of Ceylon requesting that their application for releases under Article XVIII (L/652) be taken up early in the Session. In order that the request may be expeditiously dealt with the Committee agreed to recommend to the CONTRACTING PARTIES that the Panel technique be employed and that this Panel be established by the CONTRACTING PARTIES early in the Session.

(m) Trade and Customs Regulations and Anti-dumping Duties

The CHAIRMAN announced that contracting parties which are parties to the Agreement on Importation of Educational, Cultural and Scientific Materials had been invited by UNESCO to send customs experts to a meeting in Geneva from 21-30 October. Therefore the items on the Twelfth Session Agenda dealing with trade and customs regulations would not be taken up earlier than 31 October.

The representative of the United Kingdom proposed that the item "Nationality of imported goods" be removed from the Provisional Agenda, but it was agreed that this question be left for the CONTRACTING PARTIES to decide.

(n) Renegotiations under Article XXVIII

The representatives of Belgium and Germany said that their delegations were now in Geneva and were ready to enter into negotiations. The CHAIRMAN urged that as many negotiations as possible should be started in advance of 1 October which was the official date fixed. It was suggested that the countries participating in the negotiations should consider the desirability of establishing a steering group to facilitate and expedite the negotiations.

(o) Status of Agreement and Protocols

The Committee reviewed the Status of the Protocols as detailed in L/682 noting in particular that the Protocol amending the Preamble and Parts II and III of the Agreement would probably enter into force in the near future, needing only two more signatures. Further, the Committee recognized that the CONTRACTING PARTIES would have to consider at the Twelfth Session the extension of the closing date of 31 October 1957 for signature of the Amendment Protocols.

(p) Other Items

The Committee agreed to delete the item "Central American Free Trade Area" from the Provisional Agenda, since the agreement instituting the Free Trade Area had not yet entered into force. The Committee agreed to add the following items to the Provisional Agenda:

"Admission of Malaya as a contracting party, pursuant to Article XXVI:4(c)"

"Finnish Schedule - Adjustment of Specific Duties".

3. Meeting of Trade Ministers (GATT/AIR/118)

At its meeting in August the Committee invited contracting parties to inform the Executive Secretary whether it would be possible for them to participate in a meeting of Ministers during the Twelfth Session. Several contracting parties had advised by letter that their Ministers would be able to attend. These were: Austria, Ceylon, Czechoslovakia, Denmark, Finland, Japan, Norway, Sweden, South Africa and the United States. Canada had advised that a Minister would attend if at all possible. On the other hand, three contracting parties had indicated that they could not participate in such a meeting, namely Greece, New Zealand and the Federation of Rhodesia and Nyasaland.

The representatives of Belgium, Italy, France, the Netherlands and the United Kingdom stated that their Governments would be represented by Ministers. The observer for Ghana also advised that a Minister would attend upon Ghana's admission to the General Agreement. The representatives of Australia, Brazil, the Federal Republic of Germany, India, Indonesia and Pakistan said that their Governments had not yet taken a final decision on this matter. The representative for Turkey regretted that heavy commitments at the time scheduled for the meeting would prevent a Minister from attending.

The Committee decided that a meeting of Ministers be held in the week commencing 28 October and recommended the Agenda proposed by the Executive Secretary in GATT/AIR/118 as follows:

- (i) Progress in the Expansion of International Trade (Reference "International Trade, 1956").
- (ii) Prospects for achieving further Progress in the Expansion of Trade through International Cooperation, particularly through GATT.
- (iii) Consideration of the Principal Items on the Twelfth Session Agenda, such as the European Common Market, Trends in Commodity Trade and Machinery for International Trade Cooperation.

4. Examination of the Treaty establishing the European Economic Community pursuant to paragraph 7(a) of Article XXIV

To provide a basis for examination of the Treaty by the CONTRACTING PARTIES, the Committee prepared a report enumerating some of the issues involved. In approving this report several representatives stressed that nothing in it could be considered as prejudicing in any way any of the views which they might wish to express at the Twelfth Session.

In discussing the formulation of the item under which the problems relating to the European Economic Community would be considered at the Twelfth Session, Baron SNOY (Chairman of the Interim Committee for the Common Market and Euratom) stated that although the Treaty was wider in scope than a customs union, it was being submitted to the CONTRACTING PARTIES for examination pursuant to paragraph 7(a) Article XXIV. It was the intention of the Member States to institute a customs union between themselves and to associate certain overseas countries and territories to the Union in the form of a free-trade area. It was only those aspects of the Treaty relating to the formation of a customs union and free-trade area that were submitted to the CONTRACTING PARTIES for examination, and it would be up to any contracting party to prove that other provisions of the Treaty were also relevant to the General Agreement. As the experience in the formation of Benelux had shown, under contemporary economic conditions the institution of a customs union necessitated a complete harmonization of policies in the economic and social fields. The Treaty contained provisions to achieve such co-ordination in the future, but many of these provisions did not seem to lie within the ambit of the General Agreement. On the other hand, it had not been possible to set forth in the Treaty all the specific measures that would be taken by the Institutions of the Community to co-ordinate the policies of the Member States; some had of necessity been left for decision by these Institutions which would inevitably be subject to political considerations. That was the reason why, notwithstanding the willingness of the Interim Committee, many questions submitted by contracting parties had to be left without answers. However, the provisions of the Treaty and in particular Articles 228 to 232 indicated clearly that the policy of the Community would be to abide by the international commitments undertaken by the six Member States.

In response to a question Baron SNOY said it was the view of the six governments that Article 12 and following corresponded to the definition of a customs union as defined in Article XXIV, paragraph 8(a) of the General Agreement and, similarly, the Articles of Part IV of the Treaty, dealing with the association of overseas countries and territories, conformed to the concept of a free-trade area as set out in paragraph 8(b).

5. Restrictive Business Practices

The CHAIRMAN recalled that at the Eleventh Session, proposals submitted by the Governments of Norway (L/568) and Germany (L/551) relating to the question of restrictive business practices were referred to the Intersessional Committee for examination and report. In July 1957, however, the Norwegian Government had submitted a new proposal (L/653), constituting a draft agreement to supplement the GATT.

Mr. THAGAARD (Norway) described the new proposals submitted by his Government. He pointed out that the Draft Agreement contained therein should not be considered as a formal proposal, but rather as suggestions, being a contribution to the preparatory work to be done. He emphasized that the forthcoming establishment of the European Common Market, perhaps to be followed by the creation of a free-trade area, would increase the need for international control in this field. Mr. Thagaard proposed that the

CONTRACTING PARTIES at their Twelfth Session should establish a working party to carry out a comprehensive study of these problems and with instructions to submit recommendations to the CONTRACTING PARTIES as a basis for further work. He suggested that the working party should be left sufficient time to perform its task and that it would not be possible in any event for the CONTRACTING PARTIES to take up the question for general discussion before the Thirteenth Session.

The Norwegian proposal was supported by several members of the Committee.

The representative of Germany, on the other hand, suggested that the new Norwegian proposal, together with the document submitted by his Government in 1956, should be left over for consideration by the CONTRACTING PARTIES at their Thirteenth Session, so that the question of restrictive business practices could be examined in the narrower context of European integration before it was taken up by the CONTRACTING PARTIES in the broader GATT context.

Other representatives thought the Committee should not make any recommendation to the CONTRACTING PARTIES regarding the establishment of a working party at the Twelfth Session, but that this should be left as a matter for consideration by the CONTRACTING PARTIES at the Session.

6. French Special Temporary Compensation Tax on Imports (L/671)

The CHAIRMAN recalled that, in accordance with the Decision of 16 November 1956, the Government of France had submitted a report to the Committee (L/671) on developments in this matter, and the representative of France summarized the contents of the report. Since the compensation tax had been eliminated and replaced by a uniform levy of 20 per cent on certain imports, the chairman suggested that the question was thus settled and any problems in connexion with the new levy might appropriately be raised in the consultations under Article XII:4(b) with France which would take place during the Twelfth Session.

The Committee agreed to recommend that the CONTRACTING PARTIES could consider this matter as settled.

7. Greek Increase of Bound Duty

At the request of the Greek Government and with the concurrence of the representative of Germany the Committee deferred consideration of this item until the Twelfth Session.

8. Export of Subsidized Eggs from the United Kingdom

Mr. GUNDELACH (Denmark) said that bilateral discussions with the Government of the United Kingdom on the complaint examined by the Committee in April, had been successfully concluded and the Danish authorities were satisfied with the measures taken by the United Kingdom to prevent exports of subsidized eggs.

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Mr. SANDERS (United Kingdom) said that after discussions with the Danish and Netherlands Governments the United Kingdom Government had prohibited, with effect from 1 September, the export of shell eggs of domestic poultry, unless they were authorized by a Board of Trade licence. At the same time an Open Licence had been issued permitting the export of eggs to all countries other than those listed in the schedule to the Open Licence. The United Kingdom Government would licence exports of unsubsidized eggs to the countries set out in this schedule. These restrictions would not be relaxed or removed unless the United Kingdom was satisfied that the risk of serious damage from subsidized exports to Danish and Dutch interests had ceased. Further, there would be opportunity for full consultation with the Danish and Dutch Governments before making changes in the controls.

The representatives of Belgium and Sweden expressed their satisfaction with the results of the negotiations.

The Committee agreed that the complaint could be recorded as settled and that the item be withdrawn from the agenda.

9. Brazilian Tariff

The DEPUTY EXECUTIVE SECRETARY informed the Committee that a new Brazilian Tariff Law had been approved on 14 August 1957 and had entered into force immediately. The Law also provided for several changes in the exchange control system and the replacement of consular invoices by consular visas and contained a new method for calculating the value of goods and the rate of conversion together with provisions concerning valuation for customs purposes and the rate of conversion of foreign currencies as well as other points of trade interest. While he was in Rio the representatives of several governments on the Brazilian Tariff Negotiations Committee had transmitted to him a number of questions on points on which they desired clarification and he had consolidated these in a document submitted to the Brazilian authorities. The replies were forthcoming and would be circulated to members of the Tariff Negotiations Committee together with the records of the two meetings held in Rio. The Brazilian Government was forwarding the text of the Tariff Law (in Portuguese); English and French translations would soon be available as well as an English translation of the Tariff.

The representative of Brazil stated that his Government was prepared to enter into negotiations, pursuant to the Decision of 16 November 1956, and would like the negotiations to begin about 15 November. The Committee agreed to convene the Brazilian Tariff Negotiations Committee at 10 a.m. Monday, 7 October to consider this proposal.

10. Consultations under Article XII:4(b) (QRC/16)

The EXECUTIVE SECRETARY reported that some contracting parties had asked for changes in the provisional time-table of consultations to be held in October-November 1957 as set out in document QRC/16. With the agreement of the countries concerned and of the International Monetary Fund it had been decided to schedule the consultations with Finland and Turkey for 14-15 October respectively. All the other consultations would take place during the Twelfth Session, and it should be understood that the dates mentioned were merely tentative as the programme would have to be coordinated with the other work of the Session.

11. Next Meeting of the Committee

The Committee agreed to meet again at 2.30 p.m. Wednesday, 16 October, the day before the opening of the Twelfth Session.