

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE NINTH MEETING

Held at the Sankei Kaikan, Tokyo,
on Wednesday, 4 November, at 2.30 p.m.

Chairman: Mr. F. GARCIA OLDINI (Chile)

Subjects discussed:

1. Belgian import restrictions
2. Finnish tariff reform
3. Italian waiver for imports of Libyan products
4. Status of Tunisia

1. Belgian Import Restrictions - Annual Report under the Decision of 3 December 1955 (L/1057)

The CHAIRMAN drew attention to document L/1057 containing the Fourth Annual Report by the Government of Belgium; one copy of document MGT(59)155, which contained statistics of imports and exports of the products covered by the Decision, had been forwarded to each contracting party.

Mr. LONNOY (Belgium) said that the report dealt with the following points: (1) the progress, or more accurately, the lack of progress, in the removal of quantitative restrictions; (2) measures to ensure the final removal of quantitative restrictions; (3) reasons for the maintenance of quantitative restrictions; (4) the non-discriminatory application of the restrictions; and (5) fair and reasonable share of the Belgian market for exporting countries.

Having expressed the regret of his Government that it had been unable to make progress in liberalizing trade in agricultural products, Mr. Lonnoy said that this was due to the serious situation in agriculture which existed in Belgium and which had obliged his Government to take a number of non-quota measures to assist agriculture. It was only with considerable difficulty that his Government had resisted parliamentary pressure to impose new restrictive measures. He wished to draw the attention of the CONTRACTING PARTIES to the fact that a rather unfortunate impression could be gained from the report that lack of progress in the harmonization of the agricultural policies of Benelux was mainly responsible for the lack of a programme for future liberalization. As he had already said, it was the critical situation in agriculture in Belgium which was the primary reason for the lack of a programme for action to remove the restrictions in the future. It was also the reason why little progress had been made in harmonizing the agricultural policies of Benelux.

Mr. KASTOFF (Denmark) referred to the lack of balance in the General Agreement which worked to the disadvantage of agricultural producers; this situation was further aggravated by the number of exceptions and waivers which had been granted, most of which related to agricultural products. The Belgian report should be seen against this background. At previous sessions it had been the general opinion that the Belgian Government was making very slow progress in removing the restrictions concerned and it was very disturbing to note that no progress was shown by the present report and no plan for future action had been drawn up. It appeared that the Belgian Government was even contemplating the possibility of asking for an extension of the waiver. This situation had a damaging effect on the authority of the General Agreement. It was not quite clear whether or not the normal working party procedure would be the best way to proceed in the circumstances.

Mr. MORIARTY (New Zealand) said that the report submitted by Belgium in 1958 expressed the intention of the Belgian Government to comply fully with the terms of the waiver. The statement in this year's report that "the Belgian Government cannot give the assurance that it will be able to discharge its obligations and abolish all import restrictions by December 1962" was, therefore, a matter of considerable concern to the CONTRACTING PARTIES. The complete lack of progress would appear to be a breach of the terms of the waiver. It would be useful for the report to be considered by a working party, but particular note should be taken of the fact that the situation revealed by the report contrasted with the general trend of Ministers' statements during the present session.

Mr. PHILLIPS (Australia) referred to the concluding paragraph of the Working Party's report on the Third Annual Report submitted by Belgium in 1958, which read: "The Working Party recommends that, in taking note of the Third Annual Report of the Government of Belgium, the CONTRACTING PARTIES should express the expectation that future reports will show clear evidence of substantial progress towards fulfilment of the waiver and provide fuller information on the future programme of progressive relaxation." Despite this strong recommendation, which was adopted by the CONTRACTING PARTIES, the report now being discussed revealed no progress towards the removal of quantitative restrictions and no programme for progressive relaxation. The statement, contained in the report, that the Belgian Government could not give an assurance that it would abolish all import restrictions by 1962 and that it would probably seek an extension of the waiver, caused great concern to agricultural exporting countries. The situation was made more damaging by the fact that, in the case of certain of the products concerned, Belgium was a net exporter. His delegation seriously doubted whether it would be appropriate to examine the report in a working party.

Mr. WARREN (Canada) thought that contracting parties would be very discouraged by the terms of the report, which showed no progress or promise of progress. The situation raised important issues of principle and conduct. The hard-core waiver provided for progressive elimination of restrictions leading to final elimination. Other countries were approaching the time when they might have to ask for hard-core waivers. It was essential, therefore, that the procedures should not be brought into disrepute. Perhaps the CONTRACTING PARTIES might ask the Belgian Government to reconsider its attitude. He, like other speakers, had doubts about the value of establishing a working party to consider the report.

Mr. BEALE (United States) said that his delegation were disappointed with the report submitted by Belgium. They were particularly concerned about the doubts expressed by Belgium regarding the elimination of the restrictions in the period and in the manner prescribed by the waiver.

Mr. POPOVIC (Yugoslavia) said that Yugoslavia's trade had been affected by the restrictions maintained by Belgium. His delegation were disappointed to note that no progress had been made in the removal of the restrictions and that there was no programme for their future removal. While he was not certain which was the best way for the CONTRACTING PARTIES to deal with this matter, it was important in his opinion that the views of the CONTRACTING PARTIES should be made clear.

Mr. JARDINE (United Kingdom) said he supported the remarks made by other speakers concerning the unfortunate situation revealed in the report submitted by Belgium. Particularly serious was the weakening of the authority of the CONTRACTING PARTIES which resulted from Belgium's failure to carry out the conditions of the waiver.

The CHAIRMAN proposed that further consideration of this item should be deferred until a subsequent meeting of the CONTRACTING PARTIES.

This was agreed.

2. Finnish Tariff Reform (L/1045 and Add.1)

The CHAIRMAN stated that contracting parties had been informed in document L/1045 of the intention of the Government of Finland to adopt the Brussels tariff nomenclature and to amend its GATT schedule accordingly, and also to convert bound specific rates into ad valorem duties. Since then, contracting parties had been informed that the Government of Finland had decided not to carry out the conversion of specific duties. The only question before the CONTRACTING PARTIES was, therefore, that of the transposition of the Finnish schedule into the Brussels nomenclature. No action on this matter was, however, required by the CONTRACTING PARTIES at this stage, as it had been decided at the fifth session in 1950 that the normal rectification procedure would apply in such cases. This procedure had already been initiated by the Government of Finland with the distribution through the secretariat of the draft new schedule and of a cross reference between tariff item numbers in the existing Finnish schedules and the new draft consolidated schedule.

Mr. MUNKKI, (Finland) stated that the Finnish customs tariff now in force dated from 1938 and no longer met present needs. The intention was to bring the new tariff into force on 1 January 1960, provided the Government's proposals were approved by the Diet. The new tariff, for which the Brussels nomenclature had been adopted, was based on existing rates of duty and it was not the intention to increase the level of tariff protection or of fiscal duties. The reform was of a purely technical nature. As regards the tariff items bound in schedule XXIV, bindings had been respected and every effort had been made to ensure that the concessions made to various countries would not be impaired.

In the new tariff, ad valorem duties would be more generally applied than was previously the case, with the exception of agricultural items and certain duties of a fiscal nature. However, he wished to stress that the conversion of specific duties into ad valorem duties had not been extended to the specific duties for which concessions had been made to contracting parties. His Government would return to this question during the forthcoming tariff conference. In conclusion, Mr. Munkki requested the CONTRACTING PARTIES to approve the new consolidated schedule under the normal rectification procedures and proposed that it be included in the next protocol of rectifications and modifications.

The CHAIRMAN said that note should be taken of the statement made by the representative of Finland and invited all contracting parties to check the draft schedule as soon as possible. Any objections or requests for clarification should be addressed to the Government of Finland. When all objections had been settled, the new schedule would be incorporated in a protocol of rectifications and modifications.

3. Italian Waiver for Imports of Libyan Products (L/1056, L/1041 and Add.1)

Mr. PARBONI (Italy) said that, in accordance with the Decisions of 9 October 1952 and 20 November 1958, his Government had submitted its Seventh Annual Report (L/1056). As shown by the report, the overall value in 1958 of Italian imports from Libya under the special arrangement was about 3,000 million lire, which was slightly higher than in 1957 as a result of an increase in the importation of some agricultural products; this was due to a particularly heavy harvest in Libya during the past year. The level of imports of the other items provided for in the waiver showed little change from the previous year. He considered that it could be said that the special arrangement which had been authorized continued to contribute to Libya's economic growth.

Mr. MUSA (Libya), in presenting his Government's Seventh Annual Report, said that Libya's domestic exports showed a small decline in value in 1958 as compared with 1957. Olive oil normally constituted a major item in Libya's exports and, although there was a poorer olive crop in 1958, there were indications that the crop would be good in 1959/60. Italy remained the principal outlet for Libya's olive oil. The export of edible ground nuts had continued to expand and in the 1958/59 season reached a value of over £1,000,000. Measures had been taken to improve quality and yields, and export standards for edible peanuts had been introduced. Government legislation designed to assist local industry was encouraging industrialists to install new factories several of which had begun operating in 1958 and 1959. Nevertheless because of adverse climatic conditions, the development of Libya's economy would take a long time and would require continuous effort and assistance. However, because of the measures which had been taken by his Government, and because of help from international organizations and missions from friendly countries, Libya would in the near future be able to take a larger part in international trade on a normal competitive basis. The waiver granted by the CONTRACTING PARTIES continued to be a concession of great importance to Libya.

There being no discussion, the CHAIRMAN proposed that the CONTRACTING PARTIES should take note of the reports submitted by the Governments of Italy and Libya.

This was agreed.

4. Status of Tunisia

The CHAIRMAN recalled that under the Recommendation of 22 November 1957, as amended by the Decision of 25 May 1959, contracting parties had been invited to apply de facto the General Agreement in their relations with Tunisia, provided Tunisia continued to apply de facto the General Agreement to them. This arrangement was to continue until two weeks after the beginning of the fifteenth session.

Mr. TNANI (Tunisia),¹ having thanked the CONTRACTING PARTIES for adopting the Recommendation of 22 May 1957, expressed his Government's intention of seeking accession to the General Agreement under the provisions of Article XXXIII. Initially Tunisia wished to accede provisionally, pending the tariff conference in 1960/61 in which it was anxious to take part. A new Tunisian customs tariff came into force on 1 October 1959. Mr. Tnani pointed out that Tunisia, which had applied the provisions of the General Agreement to CONTRACTING PARTIES, followed a foreign trade policy which was in line with the principles of the General Agreement. At the beginning of 1959, the Tunisian currency was made externally convertible, and the benefits of trade liberalization, hitherto restricted to OEEC countries, had now been extended on a non-discriminatory basis to all countries with convertible currencies, including the dollar area. In conclusion Mr. Tnani said that the Franco-Tunisian customs union had been abrogated and replaced by a commercial convention dated 5 September 1959.

Mr. PHILIP (France) said that his Government warmly welcomed Tunisia's application. The decision which Tunisia had made was in line with the policies which it had followed since its independence; it was already a member of the International Monetary Fund. Having referred to the new commercial convention between France and Tunisia, which was based on the principle of mutual advantage and reciprocity, he stressed the need for Tunisia to be able to diversify its sources of imports and its market for exports as it could not, now that the customs union no longer existed, count almost exclusively on the French market. For this reason his Government hoped to see Tunisia become a full member of GATT, first of all on a provisional basis, and then on a definitive basis as quickly as possible.

Mr. PARBONI (Italy) expressed the pleasure of his Government and of the Member States of the European Economic Community at Tunisia's application, which they would strongly support.

¹ The full text of Mr. Tnani's statement is reproduced in document W.15/18.

Mr. PROPPS (United States) likewise welcomed the decision of Tunisia to accede to the General Agreement; this would benefit world trade, the General Agreement, Tunisia and the CONTRACTING PARTIES. He welcomed Tunisia's proposed participation in the 1960/61 tariff negotiations as a step to full accession. His Government would do everything possible to make Tunisia's participation meaningful. His delegation felt it would be appropriate to make arrangements initially for provisional accession similar to those made for Israel.

Mr. PHILLIPS (Australia) welcomed Tunisia's decision to establish its relations with the General Agreement on a definitive basis. As in all such requests for accession, there were certain points on which contracting parties might wish to have more information. It might therefore be appropriate to establish a working party for this purpose.

Mr. KAWASAKI (Japan), in strongly supporting Tunisia's application, pointed out that his country's trade with Tunisia was not large, but it was increasing. His Government hoped that Tunisia would soon enter into GATT trading relations with Japan.

Representatives of India, Austria, Turkey, Ghana, United Kingdom, Cuba, Brazil, Malaya, Canada, Burma, Yugoslavia, Sweden, Denmark, Chile, Peru, Pakistan and New Zealand also warmly welcomed Tunisia's application. There was general agreement that a working party should be established.

The CHAIRMAN said there was obviously unanimous support for the request submitted by Tunisia; those representatives who had refrained from speaking had no doubt done so in order to avoid prolonging the discussion. As suggested by many delegates, he proposed that a working party should be established with the following terms of reference and composition:

Terms of reference:

To examine the request of the Government of Tunisia to accede to the General Agreement pursuant to Article XXXVIII and to make recommendations to the CONTRACTING PARTIES.

Composition:

Chairman: Mr. A. Vargas Gomez (Cuba)

Australia	Cuba	Japan
Austria	France	Turkey
Burma	India	United Kingdom
Canada	Italy	United States

This was agreed.

The meeting adjourned at 4.10 p.m.