

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
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## SUMMARY RECORD OF THE TWELFTH MEETING

Held at the Sankei Kaikan, Tokyo, on  
Monday, 9 November 1959, at 2.30 p.m.

Chairman: Mr. F. GARCIA OJDINI (Chile)

- Subjects discussed:
1. Article XXVIII:4 - request by Australia
  2. German import restrictions
  3. Peruvian import charges
  4. Rome Treaty - statement by representative of the  
European Economic Community
  5. Relations with Poland - report of Working Party

### 1. Article XXVIII:4 - request by Australia (SECRET/110)

The CHAIRMAN said that the request by the Government of Australia in SECRET/110 was for authority, under paragraph 4 of Article XXVIII, to enter into renegotiations for the modification or withdrawal of certain concessions in Schedule I. The details of the items affected, together with statistical data, were given in SECRET/110.

Mr. PHILLIPS (Australia) said that his Government was requesting authority to renegotiate, under Article XXVIII:4, concessions in Schedule I, Parts I and II tariff item 105(F)(2) - woollen piece goods. This followed an earlier request to renegotiate concessions under tariff item 105(F)(1) - woollen piece-goods, etc. for which authority was given by the Intersessional Committee on 11 February 1959. The request considered by the Intersessional Committee in February had been submitted by Australia following a recommendation of the Australian Tariff Board to the Government that tariff items 105(F)(1) and 105(F)(2) should be amalgamated so as to remove the difficulty which had been experienced in determining the tariff classification of certain piece-goods of wool or containing wool.

Difficulties had been experienced in this connexion by Australian importers. Australia had not immediately proceeded with the renegotiation of the concessions under item 105(F)(1), because it wished to examine the possibility of introducing duties which, while not identical to those recommended by the Tariff Board, would implement the intention of the Board regarding the level of protection necessary for the domestic industry concerned and, at the same time, reduce the extent of the modification of concessions at present granted under tariff items 105(F)(1) and 105(F)(2). The action now proposed by Australia would affect a substantially lower volume of trade and would involve a much less significant adjustment of Australia's schedule. As regards trade with most-favoured-nation countries, the overall effect would be to rationalize the duties under the present tariff items 105(F)(1) and 105(F)(2) in respect of the bulk of the imports concerned. The action proposed did, however, necessitate the renegotiation of concessions under item 105(F)(2) as well as under item 105(F)(1). The authority of the CONTRACTING PARTIES was therefore being sought on the grounds of rationalizing duties so as to effect a long-needed administrative adjustment. As his Government wished to implement the tariff proposals before 26 November 1959, when the Australian Parliament was expected to end its present session, the Australian delegation would like to begin negotiations with interested contracting parties as early as possible, with a view to finalizing the matter before the end of the present session.

The CHAIRMAN invited the CONTRACTING PARTIES to consider whether there were "special circumstances" in the sense of Article XXVIII:4 which would warrant the granting of the request for authority to enter into renegotiations.

Mr. BEALE (United States) said that, because the request had only been notified very recently, there had not been time for him to receive instructions on this subject from his Government.

As there were no further comments on the Australian request, the CHAIRMAN said it could be considered that the CONTRACTING PARTIES had agreed that there were "special circumstances" in the sense of Article XXVIII:4. He went on to say that any contracting party which considered that it had a "principal supplying interest" or a "substantial interest", as provided for in Article XXVIII:1, should communicate such claim in writing and without delay to the Australian Government, and at the same time inform the Executive Secretary. Any such claim recognized by the Australian Government would be deemed to be a determination by the CONTRACTING PARTIES within the terms of Article XXVIII:1.

This was agreed.

2. German Import Restrictions (L/1064)

The CHAIRMAN recalled that, under the terms of the Decision of 30 May 1959, the Government of the Federal Republic of Germany was required to consult with the CONTRACTING PARTIES annually, for the first time at the present session, regarding the application of the Decision and, in particular, to report on the progress achieved in the relaxation of the restrictions maintained on the products listed in Annexes A to E of the Decision. The first report of the Government of the Federal Republic had been circulated as document L/1064.

Mr. KLEIN (Federal Republic of Germany) said that the Decision of the CONTRACTING PARTIES of 30 May 1959 had been published by the Federal Government in the Bundesanzeiger of 11 July 1959, together with the annexed lists of products. Interested circles in the Federal Republic had thus been informed of the programme of liberalization. As mentioned in the report (L/1064), the measures of liberalization which it was envisaged would be taken by 1 July 1959, had in fact been implemented. In accordance with the Decision, the Federal Republic was making efforts to follow a liberal import policy in respect of the products made subject to restrictions. Quotas for agricultural products in Annex B had been considerably increased in many cases and world-wide tenders covering a considerable number of products had been allocated to interested countries. In view of the short time since the Decision was made, the Federal Government was not in a position to report on its future import policy regarding products subject to the Marketing Laws. Meanwhile, the Federal Republic had consulted with interested countries regarding the allocation of quotas. His delegation was prepared to have consultations at the present session with contracting parties which so requested and to provide any necessary information. As for the industrial products listed in section D of Annex A, consultations with Japan and India had already been initiated by the Federal Republic and would continue. With the intention of meeting the wishes of the interested countries, the Federal Republic was ready to increase now the import possibilities for all the products concerned.

Mr. HAGUIWARA (Japan) confirmed that Japan had entered into consultations with the Federal Republic of Germany and said that, although some progress had been made, there still remained unsettled problems. Japan expected that it would prove possible to find satisfactory solutions in accordance with the principles and spirit of the Decision. The German delegation was well aware of the importance which Japan attached to this question and he hoped that it would be possible to report to the CONTRACTING PARTIES at the sixteenth session.

Mr. SIMOVIC (Czechoslovakia) said that the development of the Federal Republic's import procedures and, in particular, the discriminatory application of its import restrictions, were of great interest to Czechoslovakia. In so far as discriminatory restrictions were concerned, no progress had been made since the Decision and Czechoslovakia reserved the right to take all appropriate steps to remedy this situation. His delegation hoped that a solution would be found as soon as possible, in accordance with the principles of the General Agreement.

Mr. PHILLIPS (Australia) referred to Australia's serious concern about the maintenance of restrictions and discrimination by the Federal Republic and to Australia's reluctance in accepting the Decision at the fourteenth session. Now that the Decision had been made his Government would be particularly interested in following the progress reported under the waiver. The Federal Republic would be showing real leadership if it could make substantial progress in freeing the market for agricultural products before the end of the three-year period of validity of the waiver. Several matters were not covered in the report now submitted by the Federal Republic and it was to be hoped that, in any working party which might be established, more information would be provided in the consultations which would take place. He stressed that he had used the word "consultations", because these were specifically provided for under paragraph 3 of the Decision. Mr. Phillips concluded by saying that Australia had had bilateral consultations with the Federal Republic but, because of the nature of the Federal Republic's import policies and despite the goodwill and co-operation shown by the Federal Government, it had not proved possible to give Australia full non-discriminatory treatment, mainly because of the Federal Republic's bilateral agreements with other countries. At the moment Australia was satisfied with the progress being made and welcomed the goodwill shown by the Federal Republic in the discussions it had had with Australia.

Mr. MORIARTY (New Zealand) suggested that, as this was the first report under the waiver submitted to the CONTRACTING PARTIES by the Federal Republic, it would be appropriate to establish a working party for further consultations. His delegation would comment fully at that stage.

Mr. WARREN (Canada) said that Canada, like other contracting parties, had much regretted that it had eventually been necessary to grant the Federal Republic a waiver covering such a wide range of imports. His delegation hoped that the brief report submitted by the Federal Republic would be elaborated in a working party. They would be interested to hear from the German delegation what measures had been taken to provide non-discriminatory access to the German market or which promised a greater share to contracting parties in the growth of that market. It was generally hoped that the Federal Republic, in the new circumstances of world trade and in view of the progress being made by other countries in the elimination of quantitative restrictions and discrimination, would not wish to avail itself of the full three-year period covered by the waiver. His delegation had had some preliminary discussions with the German delegation in Tokyo regarding access for Canada to the German market for some products still under restriction. He hoped that these discussions would lead to satisfactory results.

Mr. BEALE (United States) said that his delegation was gratified that the schedule for liberalization set out in the Decision was being adhered to and they looked forward to the implementation of the next stage on 1 January 1960. His Government would welcome an early successful conclusion to the consultations between the Federal Republic and Japan. It seemed to his delegation that the specific questions which they would wish to raise could appropriately be considered in a working party.

Mr. KASTOFT (Denmark) said that the Federal Republic was one of Denmark's main markets for Danish agricultural products. Denmark, therefore, had followed with very close interest developments since the Decision was made in May of this year. His Government had had no formal consultations with the Federal Government but, through the Danish Embassy in Bonn, contacts had been maintained with the Federal Government and Denmark had received full satisfaction. Denmark therefore had no complaint at the moment, but his delegation would follow with keen interest the consultations which would take place in any working party which it might be decided to establish.

Mr. HUGHES (United Kingdom) said that it would be recalled that at the fourteenth session the United Kingdom had welcomed the Decision which, once again, had demonstrated the understanding of the CONTRACTING PARTIES when faced with real problems and their ability to reach compromise solutions. His delegation would look forward to raising in the proposed working party some questions about progress in the dismantling of restrictions on certain items. In supporting the Decision at the fourteenth session, the United Kingdom representative had said that the United Kingdom would "look to the Federal Republic to redouble its efforts to develop policies in conformity with the objective of the expansion of multilateral trade embodied in the General Agreement". This still remained the United Kingdom view. His delegation welcomed the statement made by the representative of the Federal Republic regarding the increase in import possibilities for goods in section D of Annex A of the waiver and looked forward to early progress being made in the consultations on this subject between the Federal Republic and India and Japan.

Mr. JHA (India) said he regretted that the statement made by the representative of the Federal Republic did not give his delegation any cause for real satisfaction. A year ago he had voiced the misgivings which India had regarding the continued application of restrictions by the Federal Republic and it had been his hope then that the Federal Republic, which sympathized with India in so many spheres, would move forward and ease the restrictions. So far, there was no real indication of progress in the consultations between the Federal Republic and India, nor was the promise of progress immediately in sight. He hoped that the German delegation would convey to their Government India's grave concern. India was in the third year of her five-year development plan and the availability of resources was a key factor in pursuing plans for development. Time was of vital importance and the loss of time meant more to India than to many contracting parties. In the not distant future further consultations between the Federal Republic and India were due to take place and India hoped to see concrete results from these consultations and an indication that the Federal Republic was at last moving in the direction indicated by the Decision.

Mr. PHILIP (France) said that, except in the case of the representative of India who had put forward specific problems, he had been somewhat disturbed by the statements which he had heard. The Decision had only been made in May of this year. The first liberalization measures had been taken and there was no reason to believe that those scheduled for January 1960 would not also be implemented. Consultations under section D of Annex A had taken place and

Japan, for example, appeared to be satisfied with these consultations. Further, the Federal Republic had signed bilateral agreements covering agricultural products and providing for increased imports from countries such as Australia and Denmark; in this connexion it seemed to him that there was a certain contradiction between some of the views expressed by the Australian representative. As he had said, the liberalization schedule had been respected and consultations were under way. Although he would not, in principle, oppose the establishment of a working party he did wonder, in fact, what there would be for the working party to do. He was uneasy lest there should be the impression that what the Federal Republic did in the field of liberalization would not be due to its own initiative but to external pressures. The CONTRACTING PARTIES should congratulate the Federal Republic on the progress made so far and encourage it to accelerate the rate of progress if possible.

Mr. HAGUIWARA (Japan) wished to explain that he had not said that his Government was satisfied with the consultations with the Federal Republic but it did hope that a satisfactory solution would be achieved as a result of the consultations.

Mr. PARBONI (Italy) said that he had some misgivings about the establishment of a working party. From the report, which was understandably brief in view of the short time which had elapsed since the Decision was made, it could be seen that measures had been taken in accordance with the Decision; for certain products consultations were actually in progress. In the view of his delegation it would be premature to establish a working party.

Mr. van OORSCHOT (Netherlands) agreed with the comments made by the representative of France. While he had been impressed by the statement made by the representative of India, it was nevertheless necessary to give the Federal Republic sufficient time to implement the Decision.

Mr. KHAN (Pakistan) expressed his concern that restrictions were still imposed on Pakistan goods. If a working party were established his delegation would hope to be able to take up the situation in regard to certain individual products.

Mr. TREU (Austria) supported the statements made by the representatives of France and the Netherlands.

Mr. KLEIN (Federal Republic of Germany) said that he would not wish to oppose the establishment of a working party. His delegation was ready to answer all questions. Nevertheless, they had doubts as to whether they could say much more than was included in the report. He would wish the CONTRACTING PARTIES to bear in mind that, in the course of the execution of the Decision, his Government had undertaken a considerable programme of liberalization and further steps would be taken in this direction at the end of the year. His Government certainly intended to adhere to the principles and the letter of the Decision and would aim at further liberalization. They hoped that the consultations with India and Japan would make real progress. He wished to point out that some of the liberalization measures put into operation after the fourteenth session had not yet brought their effects

because of the shortness of time; an example of this was the progressive liberalization of jute products. As for agricultural products, the Federal Government had been obliged to resist considerable pressure from agricultural producers and other interested parties. A further point to remember, the whole question of the Federal Republic's agricultural policies was bound up with the policies being elaborated by the EEC.

Mr. PHILLIPS (Australia), in commenting on the remarks made by the representative of France that his earlier statement had been in a way contradictory, said that Australia in fact did have mixed feelings on this matter; while it appreciated the goodwill shown by representatives of the Federal Republic at earlier talks, the fact remained that the talks did not really produce very satisfactory results. The Decision provided for the first consultations to take place at the fifteenth session, and it seemed to his delegation that it would be more appropriate to establish a working party than to try and deal with the matter in plenary session.

Mr. BEALE (United States) said that he wished to explain why he had supported the establishment of a working party. The waiver covered a long list of products and its operation, affecting such a large amount of trade, was obviously of great interest to contracting parties. His Government was anxious that the restrictions should be administered in a way which gave full weight to the principle of non-discrimination. In this connexion, his delegation had a number of specific questions to ask. It was not their intention to ask these questions in a controversial way nor was it in his mind that a working party could be an instrument to bring undue pressure to bear. His delegation accepted the good intentions of the Federal Government, but they nevertheless considered it desirable that there should be a working party where the questions which needed to be raised could be put forward and answered.

The CHAIRMAN said that the decision provided for the first annual review to take place at the present session and it seemed to him, from the point of view of principle, that it would be normal to have a working party where the consultations could be conducted. He therefore proposed that a working party should be set up with the following terms of reference and composition:

Terms of Reference:

To examine the first annual report submitted by the Federal Republic of Germany under the Decision of 30 May 1959 and to report to the CONTRACTING PARTIES.

Composition:

Chairman: Mr. Weitnauer (Switzerland)

Australia	Czechoslovakia	Greece	Norway
Austria	Denmark	India	Pakistan
Brazil	France	Japan	Sweden
Canada	Federal Republic	Netherlands	United Kingdom
Chile	of Germany	New Zealand	United States

This was agreed.

3. Peruvian Import Charges (L/1066)

The CHAIRMAN explained that the Government of Peru was required to report each year on the action taken to reduce or eliminate the surcharges on products bound in Schedule XXXV which had been authorized under the Decision of 21 November 1958. The report had been distributed in document L/1066. Under the terms of the Decision, the Government of Peru was also required to enter into consultations with the CONTRACTING PARTIES at the last session of each year on the nature of its balance-of-payments difficulties, alternative corrective measures which might be available and the possible effect of the surcharges on the economies of other contracting parties. It was therefore the task of the CONTRACTING PARTIES (a) to conduct a consultation within the terms of paragraph 4 of the Decision, and (b) to examine the report of the Government of Peru. Paragraph 7 of the Decision required that the CONTRACTING PARTIES, when consulting with Peru, should consult fully with the International Monetary Fund to the extent provided in paragraph 2 of Article XV of the General Agreement. In accordance with the procedures followed in the past in similar circumstances, the Chairman called upon the representative of the Fund to give the CONTRACTING PARTIES the views of the Fund in this matter.

Mr. ANDERSON (International Monetary Fund) said that the International Monetary Fund had transmitted to the CONTRACTING PARTIES the results and background material from the last consultation with Peru under Article XIV of the Fund Agreement. That consultation had been concluded on 27 February 1959. In addition, the Fund had transmitted a brief supplementary paper dated 5 October 1959 on developments in the economy and exchange system of Peru which, together with the material from the last Fund consultation, had been distributed to the contracting parties. Supplementing this material, Mr. Anderson said that the Fund would like to draw the attention of the CONTRACTING PARTIES to the fact that Peru's net gold and foreign exchange reserve position had further deteriorated since the middle of 1958, when the Fund had indicated to the CONTRACTING PARTIES that the reserves were very low. The Government of Peru was making renewed efforts to stabilize its economy and to safeguard its foreign exchange resources. The Fund continued to be of the opinion that substantially increased revenues were essential to Peru's stabilization efforts and to the protection of the country's reserves and exchange rate. He said that in this connexion the Fund was satisfied that the revenues accruing from the measures which were the subject of the CONTRACTING PARTIES' Decision of 21 November 1958 were not more than was consistent with the success of Peru's stabilization efforts.

Mr. de la FUENTE LOCKER (Peru) commenting on the report said that his Government was convinced that the course which had been taken under national Law No. 12995 to stabilize the economy and to restore the balance-of-payments equilibrium had under the circumstances been the most realistic one and the least detrimental to all parties concerned. He pointed to the efforts which his Government had made since November 1958 in order to deal with this situation. Budgetary expenditures had, for example, been readjusted and various new taxes had been introduced while others had been increased. Despite all this, Peru's present situation was still as difficult or more difficult than a year ago. Foreign exchange reserves were extremely low, even though the Central Reserve Bank had used part of the stabilization loans by the International Monetary Fund, the United States Government and United States banks. On this matter Peru held regular consultations with the

International Monetary Fund. His Government remained aware of the importance of maintaining bindings of tariff rates negotiated under the General Agreement, and the provisional release from the obligation under Article I:2 and Article II:1 had only been applied for to deal with the serious nature of Peru's economic problems and because of his Government's intention not to resort to quantitative or qualitative restrictions to which it would have been entitled under Article XIII of the General Agreement. His Government was making intensive efforts to stabilize the economy and to encourage production and he expressed the hope that the CONTRACTING PARTIES would be able to lend their continued support to his Government's efforts in this regard.

Mr. da SILVA (Brazil) said the Decision of 21 November 1958 appeared to be well justified by the actual development of Peru's foreign reserve position. He had noticed with satisfaction that, although the restoration of healthy economic conditions in Peru had not yet been fully achieved, certain progress had nevertheless been made.

Mr. BEALE (United States) said his delegation shared with Peru the hope that the balance-of-payments situation would improve rapidly and would thus permit the elimination of these special surcharges as soon as this was possible without endangering reserves. His delegation felt that the report submitted by the Government of Peru was responsive to the terms of the waiver granted and should be accepted. He drew the attention of the CONTRACTING PARTIES to certain increases in duty on unbound items which were not included in the waiver. On a few of these items Peru had granted a preferential rate to Chile and in consequence there had been an increase in the margins of preference. He felt that, although most of these items were not of much practical importance to the trade of third countries, a regularization of the situation, as a matter of principle, seemed nevertheless desirable. He said that the United States was prepared to give sympathetic consideration to an effort at regularization.

Mr. HUGHES (United Kingdom) said that his delegation regretted that Peru's balance of payments remained such that the Peruvian Government had not yet been able to make any reduction in the general level of the surcharges maintained under Law No.12995, but had instead introduced new arrangements which had the effect of increasing the barriers to trade of other contracting parties. His delegation had welcomed, however, the more optimistic note in paragraph 6 of the report and he was looking forward to a rapid improvement in Peru's economic situation which would lead to the elimination of these barriers. He also welcomed the assurance in the report that the Government of Peru intended to undertake a policy of free trade and exchange. Mr. Hughes agreed with what the representative of the United States had said on the situation arising from the increase in preference on Chilean goods which resulted from the increased duties which had been introduced earlier this year. His Government had found it necessary to ask the Peruvian Government to review the surcharges on certain items which Peru had traditionally imported from the United Kingdom, in accordance with the undertaking by the Government of Peru, as outlined in paragraph 5 of the Decision of 21 November 1958, to give sympathetic consideration to any representation which might be made to them about the effect of the surcharges causing or threatening damage to trade. He expressed his hope that the Peruvian Government would find it possible to undertake the review in the near future and he asked the representative of Peru whether he could give any reassurance on this point.

Mr. MERINO (Chile) said that the increase in the margins of preference did not result in any distortion of trade. He appreciated, therefore, that the previous speakers had looked upon this only as a legal question; this approach should serve as a precedent for dealing with similar problems.

The CHAIRMAN said that all those who had spoken had indicated that they accepted the report submitted by Peru. He proposed that the discussion be considered to constitute a consultation of the CONTRACTING PARTIES with the Government of Peru, in accordance with the Decision of 21 November 1958.

This was agreed.

Mr. de la FUENTE LOCKER (Peru) expressed his appreciation for the effectiveness and the spirit of co-operation which the CONTRACTING PARTIES had shown in dealing with the measures which his Government had adopted to find adequate solutions to an adverse balance-of-payments situation. The comments made by the contracting parties would be brought to the attention of his Government. He concluded by saying that his Government was ready to discuss any special problem which affected the trade of any contracting party as a result of the tariff increases by Peru and also any problems which arose from the temporary increase in the margins of preference on the import of Chilean goods.

The CHAIRMAN asked the Executive Secretary to prepare and circulate a draft, later during the session, to take care of the problem raised by the increase in the margins of preference in the trade between Peru and Chile.

#### 4. The Rome Treaty

The CHAIRMAN said that the Rome Treaty had been placed on the agenda at the request of the Member States of the European Economic Community.

Mr. PARBONI (Italy)<sup>1</sup>, speaking on behalf of the Member States of the European Economic Community, said that, although the Community did not have anything to report pursuant to Article XXIV:7(a) of the General Agreement, they thought it would be useful to provide, on their own initiative, information on developments within the Community which would be of interest to contracting parties.

Mr. HIJZEN (Commission of the EEC)<sup>1</sup>, in a comprehensive statement, gave information about the developments which had occurred within the Community during the past year.

Mr. PHILLIPS (Australia) thanked the representative of the Member States and of the Commission of the European Economic Community for their very comprehensive statements. Such statements certainly contributed to an understanding of the developments that were taking place, and his delegation looked forward to similar statements at future sessions. He hoped it would be possible to circulate the statements in a document to contracting parties, in which case he would wish to make some comments at a later stage.

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<sup>1</sup> The full text of the statements by Mr. Parboni and Mr. Hijzen are reproduced in document L/1099.

The representatives of Japan and Cuba also requested that a document containing the statements should be circulated. They, likewise, would wish to study the statements and express their delegations' views at a later stage.

Mr. JHA (India) said his delegation was pleased to note that trade between the Community and third countries had increased. Contracting parties had always hoped that this would be so, and his delegation looked forward to seeing this trend accentuated. Reference had been made in the statements to expanding trade with the less-developed countries and he hoped that positive attempts would be made by the Community to move forward in the directions emphasized by Committee III. At the present session his delegation had been disturbed at the tendency to suggest that the export trade of the less-developed countries might represent a challenge and a problem for the industries of the more developed countries. This was difficult to understand. The Community, for example, had entered into association with their overseas territories; those territories would in due course wish to export industrial products to the Community. It seemed paradoxical that countries which proposed to live in conditions of free trade with certain less-developed countries should find it difficult to find, in their tariffs, satisfactory solutions to the problems of their domestic industries in trading with less-developed countries generally.

Mr. BEALE (United States) welcomed the statements which had been made on behalf of the Community. His delegation particularly welcomed the assurance in the statement that the Community did not intend to follow protectionist objectives. He hoped that the Community's decision to extend to third countries, on 1 January 1959, tariff reductions which the Member States had extended to each other, together with the Community's decision to participate in the 1960/61 Tariff Conference, meant that outward-looking policies would be followed by the Community. The issue of the Community's agricultural policy was a matter of considerable importance to the United States and his delegation therefore welcomed the reassurance that, in formulating its agricultural policy, the Commission would submit proposals to the EEC Council designed to maintain trade in agricultural products in a non-discriminatory manner and at the highest possible level. He also hoped that the Ad Hoc Committee set up to consider the problems of the under-developed countries would help to reassure those countries about the effects of the association of its overseas territories of the Six with the Community.

The CHAIRMAN said that, as requested, the statements made by the representative of Italy and the representative of the Commission of the European Economic Community would be circulated to contracting parties. Further discussion on this item would take place at a later meeting.

This was agreed.

##### 5. Relations with Poland - Report of the Working Party (L/1037/Rev.1)

The CHAIRMAN explained that, at the fourteenth session a working party had been appointed to consider arrangements for the closer association of Poland with the CONTRACTING PARTIES. The Working Party met in September and

submitted a report, together with recommendations, in document L/1037. In that report there had remained a few points on which full agreement within the Working Party had not been reached. During the present session members of the Working Party had exchanged views on these points; agreement had now been reached and a final text had been distributed in document L/1037/Rev.1. The Working Party recommended the adoption of the draft decision and approval of the text of a draft declaration both of which were attached to the report. These instruments aimed at achieving a closer relationship between Poland and the CONTRACTING PARTIES and an expansion of trade between Poland and individual contracting parties. If the CONTRACTING PARTIES decided to open the declaration for acceptance, its terms would apply to Poland and to those countries which accepted the declaration. Under the decision the CONTRACTING PARTIES would invite the Government of Poland to participate in the work of the CONTRACTING PARTIES when the declaration had entered into force.

Mr. SAVINI (Italy) said that, in the name of the Member States of the European Economic Community, he wished to support the adoption of the report by the CONTRACTING PARTIES. The association of Poland with the CONTRACTING PARTIES would extend the applicability of the General Agreement and prove that the Agreement could cover not only countries of differing levels of economic development but also those with differing economic systems.

Mr. HAGEN (Sweden) said that his country had close trading relations with Poland and it welcomed the establishment of a formal relationship between Poland and the CONTRACTING PARTIES. This development not only showed the increasing international role of the GATT but also indicated Poland's intention to make its import policies more elastic. His Government supported the draft declaration and decision.

Mr. KASTOFT (Denmark) associated himself with the remarks made by the representative of Sweden. Denmark welcomed the arrangements which had been made for a closer association between Poland and the CONTRACTING PARTIES.

Mr. SIMOVIC (Czechoslovakia) said that the question of Poland's accession was an issue of fundamental importance to the General Agreement. A solution to the question of Poland's accession, on the basis of equality and mutual advantage, would demonstrate whether the General Agreement was a satisfactory instrument for expanding trade between countries with differing economies. Czechoslovakia supported the draft declaration and decision which it considered as only a first provisional step leading to Poland's full accession.

Mr. TREU (Austria) hoped that the report would find general acceptance. Like Sweden, Austria wished to see closer collaboration between Poland and the CONTRACTING PARTIES; in this connexion he was fully aware that the formula drawn up by the Working Party represented only a modest beginning.

Mr. JHA (India) said that the work done by the Working Party would pave the way to a closer and more formal collaboration between Poland and the CONTRACTING PARTIES. The step which was now being taken was wise and timely, even though somewhat cautious.

Mr. WARREN (Canada) said his delegation supported the draft declaration and decision. The discussions which had taken place on this subject had brought out the complexity of the problems involved. Canada looked forward to working with Poland on the basis of the draft declaration and decision. In the reviews which were provided for, Canada hoped that it would be possible to make the association increasingly meaningful.

Mr. SMEDSLUND (Finland) said that, like Denmark and Sweden, Finland welcomed the arrangements that had been made.

Mr. PHILLIPS (Australia) said that Australia was anxious that Poland's association should be as meaningful as possible. Although the proposed arrangement fell somewhat short of what Australia would have wished to see, it was nevertheless prepared to accept it. Australia would hope that the declaration would not be considered as determining for an indefinite period the nature of the relationship between Poland and the CONTRACTING PARTIES.

Mr. POPOVIC (Yugoslavia) said it was necessary to broaden the trading relations between countries with differing economies. His Government supported the arrangements that had been made to bring Poland into closer association with the CONTRACTING PARTIES.

Mr. BEALE (United States) said that his delegation was pleased to see the establishment of a formal relationship between Poland and the CONTRACTING PARTIES. In their view, the draft decision and declaration accomplished this purpose and they regarded the arrangements proposed as entirely satisfactory.

Mr. HAGUIWARA (Japan) said that Japan, which had close commercial relationships with Poland, warmly supported the draft declaration and decision.

Mr. HUGHES (United Kingdom) in commenting on the declaration, said that conditions in the United Kingdom's trade with Poland differed from those existing in its trade with other countries. While supporting the draft decision and declaration, his delegation wished to refer to the provision in the drafts for an expansion of trade between Poland and the contracting parties on the basis of mutual advantage and reciprocity. For the United Kingdom this meant that there should be a balance between the opportunities open to United Kingdom goods in Poland and those open to Polish goods in the United Kingdom.

Mr. da SILVA (Brazil) also supported the draft decision and declaration. He said there had been a considerable increase in trade between Brazil and Poland during the last ten years and the differences in the economic structure of the two countries had not prevented solutions being found to problems when they arose.

The representatives of Chile, Norway, Pakistan, Uruguay and Turkey also supported the report and the draft decision and declaration.

Mr. MODRZEWSKI (Poland) said that Poland, which had been an observer for about two years, was fully prepared to accept the draft declaration and decision and would be happy to participate in the work of the CONTRACTING PARTIES. Poland hoped that the practical application of the principle of mutual advantage would lead to an expansion of trade between Poland and the contracting parties.

The CHAIRMAN then submitted the draft decision and declaration for the approval of the CONTRACTING PARTIES.

The draft decision and declaration were adopted by **thirty-five votes in favour.**

The CHAIRMAN pointed out that, in the normal course of business, the fact that it would not be possible, from a strictly legal point of view, to give full voting rights to Poland was not a matter of great importance as the CONTRACTING PARTIES did not usually proceed to a formal vote in reaching decisions. Generally the Chairman took the sense of the meeting and Poland would have the same opportunity as contracting parties to express its opinion.

The meeting adjourned at 5.30 p.m.