

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.15/18

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CONTRACTING PARTIES  
Fifteenth Session

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## SUMMARY RECORD OF THE EIGHTEENTH MEETING

Held at the Sankei Kaikan, Tokyo, on  
Friday, 20 November 1959, at 10 a.m.

Chairman: Mr. F. GARCIA OLDINI (Chile)

### Subjects discussed:

1. Rhodesia and Nyasaland import restrictions
2. German import restrictions - report of Working Party
3. Article XVIII - report of Panel
4. Nicaraguan import duties - report of Working Party
5. Cuban tariff reform
6. Rhodesia and Nyasaland/South Africa Trade Agreement - report of Working Party
7. Article XXVIII negotiations commenced in 1957 - extension of time-limit
8. United States import restrictions on lead and zinc
9. Financial and budgetary questions - report of Working Party
10. Questions of organization - arrangements for further study
11. Greek import restrictions
12. Closing address by the Chairman

### 1. Rhodesia and Nyasaland Import Restrictions

Mr. MACFARLANE (Federation of Rhodesia and Nyasaland) said that the Federal Minister of Commerce and Industry had announced in Parliament on 18 November that, with effect from 27 November, all balance-of-payments controls on imports from the

dollar area would be removed except in the case of eleven items. Furthermore, licences would be freely issued to manufacturers in respect of cotton piece-goods still under restriction. The residual controls were being examined with a view to further action early in 1960. Mr. Macfarlane went on to say that this very substantial removal of restrictions on imports from the dollar area was the fourth such action undertaken by the Federation during 1959 and the second since convertibility. It must be appreciated that these sweeping changes within a period of less than twelve months would necessitate a somewhat careful approach to the remaining items. His Government might have to deal with the transition problem by instituting import quotas on some of these items. Nevertheless his delegation were sure that the Federal Government's action would be appreciated and that contracting parties would view with sympathy any less spectacular action when further derestrictions or changes in the system were made early in 1960.

2. German Import Restrictions - Report of the Working Party (L/1112)

In the absence of the Chairman of the Working Party, Mr. Weitnauer, who would have presented the report, the CHAIRMAN invited discussion.

Mr. JHA (India) said that he would stress what he had said at an earlier meeting during the session (SR.15/12), namely that there were no real indications of progress in India's consultations with the Federal Republic. His delegation hoped that the Federal Republic would do its utmost to complete the consultations before the sixteenth session and that contracting parties would be informed of a programme of liberalization.

Mr. JARDINE (United Kingdom) said that his delegation regretted that the Federal Republic had been unable to report regarding consultations on items in Section D of Annex A of the waiver in terms satisfactory to other contracting parties. The provision in the Decision for a special report on Section D to be made at the present session was a clear indication of the importance attached to the removal of the restrictions on these items. His delegation welcomed the Federal Government's assurance (paragraph 10 of document L/1112) that a report on action taken under Section D would be submitted to the CONTRACTING PARTIES at the sixteenth session.

Mr. KAWASAKI (Japan) said that his delegation also welcomed the Federal Government's assurance that it would report regarding Section D of Annex A at the sixteenth session; they hoped that a complete programme of liberalization would be submitted at that session.

Mr. BEALE (United States) said that his delegation hoped that the consultations with India, Pakistan and Japan would be satisfactorily concluded at an early date. They also hoped that the Federal Republic would be able to accelerate the rate of liberalization.

Mr. KHAN (Pakistan) pointed out that consultations between Pakistan and the Federal Republic had not yet started, but the German delegation had given an assurance that consultations would begin soon.

Mr. WARREN (Canada) said that his delegation, in accepting the report, hoped that the Federal Republic would find it possible to move more quickly towards fuller liberalization. They hoped that more details would be given at the sixteenth session, particularly in connexion with the allocation of country quotas.

Mr. KLEIN (Federal Republic of Germany) drew attention to the corrigenda contained in document L/1112/Corr.1. He also pointed to a slight misunderstanding in paragraph 6 of document L/1112; the wording in this paragraph should be replaced by the following:

"In answer to a question, the representative of the Federal Republic stated that the date of 31 December 1960 at the beginning of the list in Section C indicated the last date by which these products would be liberalized and it did not preclude the possibility of some products being liberalized at an earlier date."

The report of the working party, with paragraph 6 amended as proposed by the representative of the Federal Republic, was adopted.

### 3. Article XVIII - Report of the Panel (L/1113)

The CHAIRMAN recalled that the Panel on Article XVIII had been instructed (a) to examine certain notifications by Ceylon under Article XVIII; (b) to effect the annual review under paragraph 6 of Article XVIII; and (c) to examine a notification by Cuba under Article XVIII. He called on the Chairman of the Panel, Mr. Steyn, to present the report.

Mr. STEYN (Union of South Africa) said that the Panel had carefully and sympathetically considered Ceylon's notifications. However, with respect to most of the products covered by the notification, the Panel had found itself unable to make a favourable recommendation to the CONTRACTING PARTIES. It was the Panel's understanding that there might be other considerations and supplementary information which might have a direct bearing on the problems with which the Ceylon industries were confronted in addition to that on which the Panel had reached its conclusions. In these circumstances the Panel suggested that the CONTRACTING PARTIES at this session should only take note of Part I of the report which set out the Panel's conclusions. He also suggested that the CONTRACTING PARTIES might then, if they so deemed fit, leave it open to the Government of Ceylon to submit such additional information and supplementary data as it might wish to put forward in support of the notifications on which the Panel had not found it possible to make favourable recommendations so that the matter could be considered further at the sixteenth session. If this procedure recommended itself to contracting parties, they might then proceed to examine and possibly approve the balance of the report, namely Parts II and III as well as the draft decision annexed to the report which embodied the Panel's recommendation in favour of the releases which the Panel was able to recommend.

Mr. WIRASINHA (Ceylon) supported the proposal made by Mr. Steyn. He said that his delegation found the draft decision acceptable. Naturally his delegation were not happy about the conclusions to which the Panel had come in regard to the application not covered by the decision. In reference to Mr. Steyn's indication that the Ceylon Government had pointed out to the Panel that there might be supplementary information and arguments which might be produced in support of these applications, he stated that his delegation had submitted information and arguments which seemed to them to be sufficient to enable the Panel to come to a favourable conclusion. However, his delegation did not for a moment question the right or the appropriateness for the Panel to desire further information which it might need to satisfy itself on the applications.

Mr. PORCEL (Cuba) thanked the Panel for the recommendation in respect to Cuba's request. He added that his delegation would have preferred to obtain at this stage a favourable and definite decision along the lines of the two previous ones but it was understood that the time available to deal with this question at the present session was very short. He hoped, however, that when this matter came up again at the sixteenth session the Cuban request would find the same understanding and sympathy afforded it previously by the CONTRACTING PARTIES.

Mr. JHA (India) supported Mr. Steyn's proposal and expressed his appreciation for the way in which the Panel had handled the problem.

The CHAIRMAN proposed that the CONTRACTING PARTIES follow the suggestion made by Mr. Steyn and:

- (1) take note of Part I of the report dealing with the notifications by Ceylon and consider the outstanding matters again at the sixteenth session;

This was agreed.

- (2) approve the draft decision proposed in the annex to the report;
- (3) ~~approve Part II of the report, covering the review under Article XVIII:6; and~~
- (4) approve Part III of the report dealing with the Cuban notification.

This was approved.

#### 4. Nicaraguan Import Duties - Report of Working Party (L/1108)

The CHAIRMAN recalled that a Working Party had been set up to examine a request by the Government of Nicaragua for a waiver of its obligations under Article II in respect of certain bound items (SR.15/11). The Working Party had completed its work and presented a report, circulated in document L/1108.

Mr. ELSON (Federal Republic of Germany), Chairman of the Working Party, said that, after an examination of the request of the Government of Nicaragua, the Working Party recommended that the CONTRACTING PARTIES waive the provisions

of paragraph 1 of Article II to the extent necessary to allow the Government of Nicaragua to apply the proposed temporary increase in customs duties to those items included in Schedule XXIX which were specified in the table annexed to the draft decision (L/1108). The temporary increase in customs duties was considered to be an emergency measure designed to overcome the existing threats to Nicaragua's monetary reserves and to ensure the success of the stabilization programme. He referred to the statement of the representative of the International Monetary Fund that Nicaragua's international reserves had been reduced to, and had continued to be at, a very low level and that the likely fiscal and monetary effects of the various measures being undertaken, including the increase in import duties, were not more than consistent with the success of Nicaragua's programme designed to restore internal equilibrium and to strengthen that country's balance-of-payments position. In the opinion of members of the Working Party, these exceptional circumstances justified the application of paragraph 5 of Article XXV for granting a temporary waiver to Nicaragua. A draft decision was annexed to the Working Party's report. It would be noted that the decision was to be reviewed if the Government of Nicaragua should resort to quantitative restrictions on imports under the relevant provisions of the General Agreement.

He explained that the question of increases in Nicaraguan consular fees had been discussed. In view of the fact that the Nicaraguan Government did not ask for a waiver in this connexion, the Working Party had agreed that consideration of the consular fees fell outside its terms of reference. The position was noted in paragraph 2 of the report.

The draft decision was adopted by thirty-one votes in favour and none against.

The report (L/1108) was approved.

5. Cuban Tariff Reform

The CHAIRMAN said that, as contracting parties were aware, the Cuban Government was carrying out a reform of its tariff which involved the adoption of the Brussels Nomenclature, the modification of concessions listed in Schedule IX and consequent negotiations and consultations.

Mr. VARGAS GOMEZ (Cuba) said that his Government wished to inform the CONTRACTING PARTIES of the events and developments which had taken place since the approval of the Decision of November 1957. In that Decision the CONTRACTING PARTIES had established the legal basis which would facilitate the implementation of Cuba's tariff reform and the carrying out of the necessary negotiations with interested contracting parties under the provisions of Articles XV and XVIII of the General Agreement. Under the Decision, Cuba was also authorized to apply quantitative restrictions to prevent excessive imports of products listed in Schedule IX and affected by the negotiations, designed to forestall the effects of the increased rates of duty provided for in the revised Cuban tariff. Since the approval of the Decision, the Cuban Government had taken steps to expedite the renegotiations; it had sent to the contracting parties with which concessions were initially negotiated - and to the GATT secretariat, for circulation to all contracting parties that might be interested in the negotiations - a notification of the list of items under Parts I and II of Schedule IX which the Cuban Government intended to modify or withdraw. His Government had also sent to those contracting parties and to the GATT secretariat the table of co-relation between the old and the new tariff and the trade statistics which gave the pertinent information on the commercial importance of the proposed modifications and withdrawals. In view of the fact that Cuba granted preferential treatment to a wide range of United States products, his Government had considered it appropriate to start the renegotiations with the United States and, in addition to the documentation which had been submitted, top level discussions had already taken place between representatives of the two Governments. In the light of the views exchanged in these discussions, Cuba sincerely hoped that the renegotiations with the United States would be initiated and concluded within a short period of time in order that the present difficult situation could be overcome as soon as possible.

Although the present situation made the application of the new tariff a matter of even greater urgency than before, the Cuban Government, in its desire to act in conformity with the provisions of the General Agreement, would continue to adhere to the procedures laid down in Article XXVIII, in the hope that a satisfactory understanding could be reached - and he would again emphasize this - in a reasonably short period of time. Mr. Vargas Gomez then referred briefly to the present unsatisfactory situation. As the CONTRACTING PARTIES had been previously informed (by Decree No. 227 of 28 January 1958) the new customs tariff had come partially into force and the new rates had only been applied with effect from 17 March to countries with which Cuba had no bilateral or multilateral commercial arrangements. In other words, the new rates in force affected exclusively an insignificant percentage of Cuba's foreign trade, since most of Cuba's international trade was carried out under conventional or preferential arrangements. In view of

these circumstances, the rates in force under the 1927 tariff continued to be in effect for most countries, including, of course, the bound rates under Parts I and II of Schedule IX. As explained in document L/737 of 8 November 1958, Cuba's economy had been suffering for a very long time the evil effects of an obsolete and colonial tariff. Nevertheless, the year 1959 found Cuba still struggling with two tariff systems, the old 1927 customs tariff as far as rates were concerned, and the 1958 tariff in regard to the nomenclature and the general rules of application.

The Cuban Revolutionary Government had under consideration many plans to develop the Cuban economy. To achieve success in any economic reform, however, the application of a modern customs tariff was essential. Cuba's economic situation was extremely difficult as the result of more than three years of civil war and the mismanagement of public affairs under the past administration. The new Revolutionary Government had been forced to face - in addition to the economic and financial maladjustments - a very intense social problem which had given rise to heavy pressures in all fields of Cuba's political and economic life. It was imperative for Cuba to accelerate plans for economic development and to reach that objective one of the main instruments should be the introduction of a new tariff. He appealed to contracting parties to co-operate fully to enable Cuba's renegotiations to be completed in a very short period of time. In conclusion, Mr. Vargas Gomez pointed out that the Cuban Government had not applied any restrictions under the provisions of the Decision of November 1957 since, as was expected, the simple fact that the Government was able to control excessive imports had prevented the increase of imports over the levels of 1955, 1956 and 1957.

The CH. IRMAN proposed that the CONTRACTING PARTIES should take note of the statement made by the representative of Cuba.

This was agreed.

6. Rhodesia and Nyasaland/South Africa Trade Agreement -  
Report of the Working Party (L/1110)

Mr. SAVINI (Italy), Chairman of the Working Party, said that the Working Party had been asked to examine the question of the special commercial relationships between South Africa and the Federation of Rhodesia and Nyasaland. In particular they had taken account of the following two principles: (a) duty-free admission, or admission at special preferential rates of duty, of a number of the Federation's products into the Union of South Africa; (b) reciprocal exemption of each other's imports from balance-of-payments import restrictions.

The report of the Working Party was contained in document L/1110.

Mr. BEALE (United States) said that his Government appreciated the co-operative spirit shown by the Federation and South Africa in coming to the CONTRACTING PARTIES in advance of the renegotiation of their trade agreement so as to discuss the points of principle involved. His delegation were, however, unable to take a final position on this matter until the new trade agreement was before the CONTRACTING PARTIES. They supported the report of the Working Party.

Mr. STEYN (Union of South Africa) said that this question was one of great importance to South Africa and to the Federation. South Africa was fully aware of the principles and other issues involved for certain other contracting parties. His delegation had taken note of the Working Party's conclusions and would report these to their Government.

Mr. MACFARLANE (Federation of Rhodesia and Nyasaland) said that the Working Party's report still had to be considered by his Government and he could not say what the reaction of his Government would be. The position reached was in fact somewhat more restrictive than his delegation had hoped for, particularly in view of the emphasis put on helping under-developed countries during the Ministerial meeting. His delegation were aware of the questions of principle involved, but they had hoped that the difficulties of a small land-locked country might have brought a more sympathetic attitude. In conclusion, Mr. Macfarlane said that his delegation would appreciate it if the restricted classification on document L/1110 could be maintained until the Federal Government agreed to its derestriction.

The report of the Working Party was adopted.

7. Article XXVIII Negotiations commenced in 1957 - extension of time-limit (W.15/42)

The CHAIRMAN drew attention to document W.15/42 containing a note by the Executive Secretary advising that certain delegations had requested a further extension, until the end of the sixteenth session, of the **time-limit** for the completion of negotiations for the modification or withdrawal of concessions under Article XXVIII.

The further extension of the time-limit until the end of the sixteenth session was agreed.

8. United States Import Restrictions on Lead and Zinc - (W.15/38)

The CHAIRMAN drew attention to the note by the Executive Secretary in W.15/38 advising that a further extension of the time-limit under paragraph 3(a) of Article XIX had been requested. He asked whether the draft decision proposed in the same document met with approval.

Mr. WARREN (Canada) said that in September 1958 the Government of the United States had imposed restrictions on two important raw materials - lead and zinc. These restrictions had substantially affected the trade of other countries. Although discussions had been held with the United States to urge the early removal of these restrictions, they were still being maintained. While in the circumstances it seemed desirable to request a decision further extending the time-limit in paragraph 3(a) of Article XIX, it was hoped that this problem would be resolved not by full resort to these procedures but by the actual removal of the restrictions.



Mr. PHILLIPS (Australia) associated his delegation with the remarks of the Canadian delegation. He said that his Government attached great importance to finding a solution to this problem. It appreciated the difficulties faced by domestic industry in the United States but it was a cause of concern to his Government that these difficulties were merely being transferred to trading partners of the United States. It was hoped, therefore, that the United States would remove these restrictions at an early date. In the interim he supported the request for an extension as put forward in document W.15/38.

The CONTRACTING PARTIES approved the draft decision.

9. Financial and Budgetary Questions - Report of Working Party (L/1111)

Mr. STONE (Canada), Chairman of the Working Party, said that the Working Party, whose report was contained in document L/1111, had reviewed the financial affairs of the CONTRACTING PARTIES and the estimated expenditure for the year 1960. The increased expenditure estimated for 1960 reflected the increased work and expanding activities of the CONTRACTING PARTIES; there was no margin for any unscheduled activities in 1960. Mr. Stone referred to paragraphs 15, 16 and 17 of the report which related to proposals which the Executive Secretary had put forward in document W.15/3.

The CHAIRMAN then put separately the following paragraphs of the report for adoption by the CONTRACTING PARTIES: paragraphs 3, 5, 7, 8, 9, 12, 14, 17, 18, 19, 21 (including the Resolution).

Each paragraph was separately adopted.

The report as a whole was adopted.

The EXECUTIVE SECRETARY thanked the Working Party and the CONTRACTING PARTIES for their sympathetic approach to his suggestions and for the way in which they had responded to the difficult problems involved in financing the programme of work for the coming year.

10. Questions of Organization - Arrangements for Further Study (W.15/40)

The CHAIRMAN said that the questions concerning the organization of the future work of the CONTRACTING PARTIES which were raised at an earlier meeting (SR.15/7) had been discussed by the Heads of delegations. Following unanimous agreement among the Heads of delegations, it was proposed that a small group, consisting of the Chairman and two Vice-Chairmen, the outgoing officers and the Executive Secretary, be set up to enquire into the working methods and organizational structure of the CONTRACTING PARTIES; the group would be asked to present suggestions and proposals for consideration at the sixteenth session. These proposals had been circulated in document W.15/40.

The proposals in document W.15/40 were approved.

11. Greek Import Restrictions (L/1114)

The CHAIRMAN recalled that, at the fourteenth session, the Greek delegation had stated that it would furnish the CONTRACTING PARTIES with a statement about modifications to import restrictions introduced in April 1959. The representative of Greece had now submitted a statement, which had been circulated in document L/1114. The Chairman proposed that account should be taken of this information when consultations with Greece took place in May 1960.

This was agreed.

12. Closing Address by the Chairman

Mr. GARCIA OLDINI (Chile), in his closing address, referred to the significance of the CONTRACTING PARTIES' first meeting in Asia. He thanked the Japanese administration, and in particular the Japanese Liaison Office, for the excellent technical arrangements which had been made for the conference. Mr. Garcia Oldini went on to give a brief outline of the major subjects dealt with at the session and indicated some of the problems which the CONTRACTING PARTIES would examine in the near future.<sup>1</sup>

At the end of his address, Mr. Garcia Oldini invited Mr. Barbosa da Silva, the incoming Chairman for the ensuing year, to take the Chair.

Presentation to Mr. F. Garcia Oldini

Mr. BARBOSA DA SILVA after expressing his deepest appreciation for the unanimous support given to his nomination as Chairman, said that he had been asked by his fellow delegates to make a small presentation to the outgoing Chairman, Mr. Garcia Oldini, who had made such a great contribution to the work of the CONTRACTING PARTIES during his period of office.

Many delegates joined in paying tribute to the services rendered by Mr. Garcia Oldini and in welcoming Mr. Barbosa da Silva as the new Chairman of the CONTRACTING PARTIES.

The CHAIRMAN declared the fifteenth session closed at 12.40 p.m.

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<sup>1</sup> The full text of Mr. Garcia Oldini's statement is reproduced in Press Release GATT/471.