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GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Seventeenth Session

SUMMARY RECORD OF THE TENTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 18 November 1960, at 2.30 p.m.

Chairman: Mr. BARBOSA DA SILVA (Brazil)

Subjects discussed:

1. (a) Financial, budgetary and administrative questions (L/1367)
   (b) Working languages - use of Spanish (L/1370)

Mr. Van ASCH VAN WIJK (Netherlands), Chairman of the Budget Working Party, introduced the report on the budget (L/1367) and the report on the use of Spanish as a working language (L/1370). He recalled that the question of the budget

appropriations for 1961 had been discussed at an earlier meeting of the CONTRACTING PARTIES (SR.17/2). The report now before the CONTRACTING PARTIES provided for a ten per cent reduction in the budget appropriations originally envisaged; it also dealt with the question of accommodation for the secretariat. The report on the use of Spanish proposed certain steps in this direction; these would not adversely affect the budget figures for 1961.

The CHAIRMAN proposed that the CONTRACTING PARTIES should first discuss the Working Party's report on the use of Spanish in document L/1370.

Mr. HEINEMANN (United Kingdom) said that his delegation were now able to remove the reservation which they had made when the question of the use of Spanish had been under discussion at an earlier meeting (SR.17/4).

Mr. MERINO (Chile) said that his delegation supported the recommendations in document L/1370 concerning the use of Spanish as a working language. It was their understanding, however, that the limited nature of the steps now being taken was due entirely to the impossibility of incurring additional expenditure in 1961 for this purpose.

Mr. LACARTE (Uruguay) said that, while he recognized the need to be reasonable in view of the already heavy budget appropriations for 1961, he was nevertheless disappointed that the Working Party had not found it possible to recommend a formula which would have permitted a wider use of Spanish than was now proposed. However, his delegation would not press for such a formula at this stage. They accepted the recommendation of the Working Party in paragraph 6(c) of document L/1370, on the clear understanding that the proposed reference to the Council had the object of enabling the Council to examine in what ways the use of Spanish could be widened and made more effective.

Mr. COLMEIRO (Spain), having referred to the fact that Spanish was a universal language and that it was one of the official languages of the United Nations, said that the use of Spanish would benefit the operation and activities of GATT. A more extensive use of the language than was now proposed would also greatly facilitate the task of the Spanish speaking delegations. He hoped the CONTRACTING PARTIES would take these considerations into account when the final decision was taken.

Mr. DE SMET (Belgium) said he could understand the disappointment of the representative of Uruguay. The important thing, however, was that a step forward had been taken and that the principle of the use of Spanish as a working language had been accepted. He felt sure that the Council would try to do its best to put Spanish on the same footing as English and French as a working language.

Paragraph 6(c) of the Working Party's report in document L/1370 was approved.

The report as a whole was approved.

The CHAIRMAN then referred the CONTRACTING PARTIES to the report of the Budget Working Party in document L/1367.

The various recommendations in document L/1367 were approved separately. The draft resolution on page 9 of document L/1367 was also approved.

The CHAIRMAN said it was recognized that acceptance of the Resolution by a contracting party was subject to the necessary Congressional or Parliamentary approval of the contribution required from that contracting party. In reply to a question the Chairman said that bearing in mind the convenience that would result therefrom for the contracting parties in view of the necessary parliamentary procedures that had to be followed for the approval of expenditure by national governments, consideration would be given to the possibility of the budget estimates being made available for consideration at an earlier date in future years.

The EXECUTIVE SECRETARY said that the reductions made in the budget appropriations for 1961 were regrettable and could not fail to have adverse effects on the administration of the General Agreement. The secretariat would, of course, do its best to limit these adverse effects.

The report as a whole in document L/1367 was approved.

The CHAIRMAN said that, should there be the possibility of a need for further expenditure, as a result of decisions taken by the CONTRACTING PARTIES during the present session, the financial implications would have to be carefully considered. In such a situation it might be necessary to reconvene the Budget Working Party.

2. Latin American Free Trade Area (L/1364 and Corr.1)

Mr. TREU (Austria), Chairman of the Working Party, having referred to the documentation (L/1157/Rev.1, L/1311 and Add.1) which the Working Party had at its disposal, said that there had been a broad exchange of views on the Montevideo Treaty during the Working Party's meetings at the present session. Having outlined the main features of the Working Party's report, Mr. Treu pointed out that the Montevideo Treaty had not yet been ratified and that all the institutions provided for were not yet in situ. It was therefore understandable that, at this stage, the Member States were unable to give precise details in reply to some of the questions asked. He wished, however, to stress the co-operative attitude of the Member States and, in particular their willingness to provide in due course all information relating to the evolution of their negotiations and the establishment of the Free Trade Area which might be useful to the CONTRACTING PARTIES.

Having referred to the conclusions in paragraph 33 of the Working Party's report, which dealt with the question of the compatibility of the Montevideo Treaty with Article XXIV of the GATT, and to the information which the Member States would provide, not only during any consultations which might take place under Article XXII but also in conformity with Article XXIV:7(a) of the GATT, Mr. Treu said he was sure that the Latin American countries would do their best to facilitate the more profound study of the Treaty of Montevideo which would be necessary when the effects of the Treaty became apparent.

Mr. VAN WIJK (Netherlands) said that the Member States of the EEC had already indicated their interest and sympathy for the efforts of the Latin American countries to establish a free-trade area. They had learned with satisfaction that the process of ratifying the Treaty of Montevideo was under way and that it was hoped that the Treaty would enter into force early in 1961. The Member States of the EEC supported the report of the Working Party and, in particular, the conclusions contained in Chapter III of the report.

Mr. ADAIR (United States) said that his delegation supported the adoption of the report of the Working Party and the approval of the conclusions contained therein. They believed that the Working Party had submitted a valuable report which recorded many noteworthy facts and observations. Mr. Adair said that, without citing them all, he would like to refer to a few examples. In respect to the trade coverage of the free-trade area, the Montevideo Treaty called for the gradual elimination of import duties, charges and restrictive regulations on "substantially all" intra-area trade in goods originating within the area. Member States had indicated that, although the Treaty did not provide for the elimination of export charges and restrictions, they would endeavour to avoid the application of such measures in such a way as to impair the operation of their liberalization programme. With respect to the removal of quantitative restrictions, Member States had given an assurance that, in this regard, each Member State would take into account its obligations arising out of international commitments. Member States had stated that agreements between them with respect to agricultural products would be consistent with their international obligations, and they had agreed to provide at an appropriate time all useful information to the CONTRACTING PARTIES.

Mr. Adair went on to say that, from the Treaty provisions and statements of intent, such as those just cited, it was evident that the Montevideo Treaty looked to the formation of a free-trade area in the sense of Article XXIV of the GATT. However, the considerable latitude of action embodied in the plan and schedule and in some of the other Treaty provisions, the reasons for which were not unappreciated, made it difficult at this stage to arrive at a final judgment as to the compatibility of the Montevideo Treaty with Article XXIV. For this reason his delegation welcomed the statements made to the Working Party by the representatives of the Member States. They had been most forthcoming in declaring their governments' intentions to observe their international commitments, including those under the GATT, and to provide the CONTRACTING PARTIES with all useful information. His delegation, therefore, congratulated

the spokesmen for the Latin American Free Trade Association on the presentation they had made to the Working Party and to the CONTRACTING PARTIES. His delegation looked forward with great interest to the establishment and development of the Latin American Free Trade Association. They hoped at future sessions of the CONTRACTING PARTIES to learn of the progressive achievement of a Latin American free trade-area which would promote the sound economic growth of countries within the area and contribute as well to the expansion of trade with third countries. They believed that the Latin American Free Trade Association, acting in conformity with GATT provisions and principles, held forth great promise for the expansion of trade and the advancement of the welfare of countries both within and without the Latin American Free Trade Area.

Mr. BANSAL (India) said that the detailed examination of the Treaty of Montevideo in the Working Party had enabled outside countries to have a better appreciation of the difficulties and problems facing the countries forming LAFTA, while the LAFTA countries, in turn, now had a better understanding of the concern of outside countries that the LAFTA should help rather than hinder the expansion of trade between the Latin American countries and other contracting parties. As the representative of India had said at the fifteenth session, it was very necessary for the LAFTA to be outward-looking and he felt sure that the Member States, in embarking on the implementation of the Treaty of Montevideo, would keep constantly in mind the spirit and principles of the GATT. In conclusion, Mr. Bansal expressed the appreciation of his delegation for the frank and forthright manner in which representatives of the Member States had answered the questions put to them.

Mr. WARREN (Canada) said his delegation considered that the conclusions reached by the Working Party were wise in the circumstances. There existed a certain element of uncertainty as to what would happen under the provisions of the Treaty of Montevideo and it was as well for the CONTRACTING PARTIES not to give a final judgment at the present time. However, his delegation attached importance to paragraph (d) of the conclusions in the report which he assumed, meant that it would be possible for the CONTRACTING PARTIES to return to the question of the compatibility of the Treaty of Montevideo with Article XXIV of the GATT, if this seemed desirable. Canada attached great importance to the success of the LAFTA and looked forward to participating with the Member States and other contracting parties to the GATT in examining future developments under the Montevideo Treaty.

Mr. RIZA (Pakistan), while expressing his delegation's sympathetic understanding for the aims of the LAFTA countries, said that nevertheless there might be some apprehension lest certain provisions of the Montevideo Treaty were not in conformity with the GATT; it was apparent from paragraph 30 of the Working Party's report, however, that the time was not yet opportune to make a judgment on this. The important thing, of course, was that the establishment of LAFTA should not result in difficulties for the trade of third countries.

Sir Edgar COHEN (United Kingdom) said that his delegation welcomed particularly the statement in paragraph 13 of the Working Party's report that none of the Member States of LAFTA contemplated adopting measures which would lead to a reduction of trade with third countries but that, on the contrary, they intended to take the necessary measures to stimulate their global trade as far as possible. This was the spirit which encouraged all countries forming part of free-trade areas to believe that such arrangements represented one of the most effective media for promoting the GATT objectives.

The conclusions contained in Section III of the Working Party's report in document L/1364 and Corr.1 were approved.

The report as a whole was approved.

Mr. CABRAL DE MELLO (Brazil) said his delegation had been honoured in being asked to speak on behalf of the Member States of LAFTA. He then stressed certain important aspects of the question which had been under discussion and which had been the subject of detailed examination in the Working Party. When the Montevideo Treaty was being formulated, Mr. de Mello said, the Member States had two objectives in mind, one being the need to deal with the specific economic and commercial problems of the area and the other the need to take full account of international obligations. It was, therefore, gratifying that no objections had so far been raised regarding the compatibility of the Montevideo Treaty with Article XXIV of the GATT, although he recognized that the CONTRACTING PARTIES had not yet made a final judgment on this; in this connexion he would hope that the CONTRACTING PARTIES' final confirmation of this compatibility would not be long delayed. Secondly, Mr. de Mello said, he wished to express the appreciation of the LAFTA countries for the sympathetic attitude of the CONTRACTING PARTIES which had created a climate which promised a fruitful co-operation in the future between LAFTA and the GATT. In conclusion, Mr. de Mello said the Member States of the LAFTA were fully prepared to provide information in conformity with Article XXIV:7(a), as well as under any consultations that might take place under Article XXII; in addition they were prepared to supply information regarding the various aspects of the Montevideo Treaty to any contracting party which requested such information.

3. Application of Article XXXV to Japan

The CHAIRMAN said that this item had been included on the agenda at the request of the Government of Japan.

Mr. HAGUIWARA (Japan) made a statement in which he expressed his Government's serious concern about the invocation of Article XXXV against Japan by many contracting parties and in which, inter alia, he submitted a request by his Government that the CONTRACTING PARTIES should review the operation of Article XXXV under paragraph 2 of that Article. The full text of Mr. Haguiwara's statement has been distributed in document L/1391.

The CHAIRMAN put forward the proposal that, if it were agreed that the review of the operation of Article XXXV should be undertaken, the task of deciding on the scope and timing of the review should be entrusted to the Council which would submit recommendations to the CONTRACTING PARTIES.

Mr. GRANDY (Canada) said that the widespread resort to Article XXXV against Japan had adverse effects, not only on Japan, but on other contracting parties as well; it also put a strain on the GATT. It was surprising that new countries acceding to the GATT and able to resort to the provisions of Article XVIII were invoking Article XXXV against Japan. His delegation would support the request put forward by the representative of Japan for a review by the CONTRACTING PARTIES of the operation of Article XXXV.

Mr. DARAMOLA (Nigeria) said that, as his country was one of those mentioned by the representative of Japan, he would like to reply. The question was almost academic in Nigeria's case because, in practice, Japanese exports to Nigeria were granted m.f.n. treatment on entry. Mr. Daramola pointed to the very liberal character of Nigeria's import policy; there were no preferences, no quotas and a single-line tariff. Nigeria had a considerable trade deficit with Japan and had impressed on Japan the need for the balance to be redressed. Progress had been slow, however, and his delegation had been instructed to reserve their position on the question under discussion.

Mr. ADAIR (United States) said his Government regretted that a considerable number of contracting parties continued to apply Article XXXV to Japan; this action represented a curtailment of the benefits which Japan could expect to get from membership of GATT. His government, therefore, urged the contracting parties concerned to remove their invocation of Article XXXV against Japan. In conclusion, Mr. Adair said his delegation considered that the Chairman's suggestion that the Council should examine the question of the scope and timing of the proposed review of Article XXXV was a good one.

Mr. DE BESCHE (Sweden) likewise welcomed the Chairman's suggestion. The present position was causing Sweden concern and it was to be hoped that an early solution to the problem could be found.

Mr. GARCIA OLDINI (Chile) said that certain aspects of the application of Article XXXV to Japan were debatable. His delegation therefore supported the request of the representative of Japan that there should be a review.

Mr. RIZA (Pakistan) said that, since the tenth session, his delegation had expressed their concern about the widespread invocation of Article XXXV against Japan. They, therefore, supported the suggestion that the Council should take cognizance of this matter with a view to expediting a solution to the problem.

Mr. ARKAAH (Ghana) said that discussions on this question had been going on between Ghana and Japan since the fifteenth session. The two countries were now in the final stages of concluding a trade agreement and, among the provisions of that agreement, would be one which would bring a solution to this important problem insofar as relations between Ghana and Japan were concerned.

Mr. DE LA FUENTE LOCKER (Peru) supported the views expressed by the representatives of the United States and Chile and urged the contracting parties concerned to withdraw their invocation of Article XXXV against Japan.

Mr. SWAMINATHAN (India) said that the invocation of Article XXXV against Japan by newly acceding countries must be a considerable disappointment to Japan. His delegation would again urge all contracting parties invoking Article XXXV to remove their invocation. They would also support the request of the representative of Japan for a review by the CONTRACTING PARTIES of the operation of Article XXXV.

Mr. SKAK-NIELSEN (Denmark) said that, in the past, his delegation had always expressed the hope that contracting parties invoking Article XXXV against Japan would find it possible to reconsider their attitude. His delegation supported the proposal that Article XXXV should be reviewed and also the suggestion that the Council should consider the question of the scope and timing of the review.

Mr. KOCH SAN (Cambodia) said that while, theoretically, Cambodia continued to invoke Article XXXV against Japan, in practice this application had been suspended since 15 February 1960, when the commercial agreement between Cambodia and Japan entered into force. Since that date, and for the duration of the agreement, Japanese goods were liable to the minimum tariff rates on entry into Cambodia. His Government had also undertaken to examine the question of its invocation of Article XXXV in the light of experience under the commercial agreement.

Mr. HARTOGH (Netherlands) recalled the announcement made by his delegation at the fifteenth session that the Benelux countries were prepared to enter into negotiations with Japan in connexion with their invocation of Article XXXV. Trade negotiations were held in Tokyo from 23 May to 16 July and culminated in a commercial agreement, under the terms of which the parties concerned now gave most-favoured-nation treatment and applied a non-discriminatory policy analagous to the relevant provisions of GATT. There was an escape clause to cover possible cases of market disruption. During the validity of the agreement the parties to it would not make use of Article XXXV, while the Benelux countries had undertaken to keep under constant review the possibility of withdrawing their invocation of Article XXXV in the light of experience under the commercial agreement with Japan. Mr. Hartogh said that the Benelux countries could accept the Chairman's suggestion that the Council should examine the scope and timing of the proposed review of the operation of Article XXXV.

Mr. VALLADAO (Brazil) said his delegation agreed it would be opportune to review the operation of Article XXXV. It seemed inequitable that a country should have entered the GATT through the normal process of tariff negotiations only to be deprived of the full benefits of GATT membership. His delegation urged the contracting parties concerned to withdraw the invocation of Article XXXV against Japan.

Mr. BRUNET (France) said that, while legally France continued to invoke Article XXXV against Japan, the situation had undergone a considerable change from the practical point of view. Because of the increase in quotas under the Franco-Japanese commercial agreement, Japanese exports to France had doubled between the first half of 1959 and the first half of 1960. This liberalization would be carried a step further at the beginning of 1961; France hoped that this process of liberalization in favour of Japanese goods would be reflected in similar reciprocal action on the part of Japan. Continuing, Mr. Brunet said that, from the substantive point of view, it was difficult to separate this problem from that of market disruption which was under consideration in a working party. Nevertheless, his delegation could support the request of Japan for a review of the operation of Article XXXV and the suggestion that this matter should be referred to the Council in the first instance.

Mr. SLAWAT (Indonesia) said that his delegation supported the views put forward by the representative of India.

Mr. CASTLE (New Zealand) said that, while New Zealand invoked Article XXXV against Japan, the bilateral agreement between the two countries provided for New Zealand to accord Japanese goods m.f.n. treatment; in fact New Zealand did not discriminate against Japanese goods at all. His delegation considered, therefore, that in any review of Article XXXV the practical effects of the invocation of that Article should be examined. Mr. Castle then referred to the close relationship between this problem and the question of market disruption. He said that it had been the hope of his delegation that sufficient progress would have been made on the question of market disruption to enable a multilateral solution to emerge, thus making the problem of Article XXXV easier to manage.

Mr. KLEIN (Federal Republic of Germany) said that his Government had succeeded in resolving the question of its commercial relations with Japan without having resort to Article XXXV. He expressed the hope that an increasing number of contracting parties would be able to find a similar solution.

Mr. PHILLIPS (Australia) said that the negotiations between Australia and Japan which had been mentioned by the Australian representative at the fifteenth session did not, in fact, start until the beginning of October 1960; the negotiations were adjourned at the end of October until early in 1961. In reference to the bilateral agreement between Australia and Japan which had been in operation since July 1957, Mr. Phillips said that this embodied procedures designed to avoid the problems of market disruption and at the same time to

make a practical contribution to an expansion of trade. This practical contribution was demonstrated by the fact that, although Japan had exercised voluntary restraint when the need arose, Japanese exports to Australia, which were at the rate of £12 million when the agreement was signed, had in recent months been running at the rate of £75 million a year. If Japan's trade with Hong Kong were excluded, since much of it was entrepot trade, it would be found that, on recent figures, Australia was second only to the United States as Japan's most important market. On a purely per capita basis, Australia was by far Japan's most important market. This fact clearly demonstrated that, although Australia had invoked Article XXXV against Japan, the safeguards against the possibility of market disruption contained in the bilateral agreement between the two countries had certainly not prevented a marked trade expansion.

Mr. TNANI (Tunisia) said that it was hoped that, before Tunisia's full accession, a solution to this problem between Japan and Tunisia would have been found. Both countries wished to develop their trade exchanges and their economic and technical co-operation.

The CHAIRMAN, at the close of the discussion, proposed that, in view of the favourable reception his suggestion had received, the review of Article XXXV under paragraph 2 of that Article requested by the Government of Japan should be referred to the Council, with the request that the Council make recommendations to the CONTRACTING PARTIES regarding the scope and timing of such a review.

4. Restrictive business practices (W.17/23, W.17/37)

The CHAIRMAN called on Mr. de la Fuente Locker, Chairman of the Working Party, to report on the discussions held during the present session.

Mr. DE LA FUENTE LOCKER (Peru) said that, at the end of the two meetings of the Working Party during the present session, opinion was about equally divided between those who supported the majority proposals of the group of experts and those who supported the minority proposals. There was general agreement that the practice of consultations should be encouraged but there was a sharp divergence of view regarding the machinery which should be established and the procedure which should be followed. As would be seen from document W.17/37, however, it had now been possible to reach a compromise solution. This reflected the general desire to take at least a first step forward. The proposal now made aimed at encouraging consultation between governments on this subject without, however, involving the CONTRACTING PARTIES in the conduct of the consultations or in any judgments on the outcome.

Mr. THAGAARD (Norway) pointed out that if the various proposals, including the one put forward by Norway, had been discussed in plenary and voted on, it was not possible to say what the outcome would have been. However, it would not have been desirable for the CONTRACTING PARTIES to take action in connexion

with restrictive business practices on the basis of a decision which was likely only to obtain a small majority. His delegation, therefore, had agreed to support the draft decision now put forward, in document W.17/37, on the grounds that this compromise proposal was at least a step forward. It would be noted that the proposal did not go beyond recommending consultations between the contracting parties concerned. Mr. Thagaard went on to say that should the CONTRACTING PARTIES need in the future an advisory body to make recommendations regarding new procedures his delegation would favour the appointment of a working party representative of the contracting parties generally and not an expert group consisting of representatives from industrialized countries only. Moreover, it would not be desirable to preclude the possibility of the CONTRACTING PARTIES taking up the question of elaborating new procedures before the end of a three-year period; new circumstances might arise which could secure a sufficiently broad support for new procedures. In conclusion, Mr. Thagaard stressed that his delegation were only agreeing to the draft proposal in document W.17/37; they were not accepting the views put forward by the majority of the group of experts. Norway's views continued to be as explained in document L/1287 and Add.1.

Mr. PHILIP (France), in reference to the undeniably harmful effects of restrictive business practices, said that the GATT, which was concerned with international trade, was necessarily competent in this field. On the other hand, it had to be admitted that GATT's ability to act in this matter did not equal the extent of its competence. For this reason, his delegation held the view that, at the present time, realistic action could best be taken within a regional framework; in this connexion Mr. Philip made reference to Articles 85 and 86 of the Treaty of Rome. A comparable provision, although not going quite so far as in the Treaty of Rome, would be found in Article 15 of the Stockholm Convention. In view of the proposals for more positive action within these regional arrangements, his delegation considered that the CONTRACTING PARTIES were wise to envisage only a first step in the form of bilateral consultations and the collection of information which would be brought to the attention of the contracting parties.

Mr. ADAIR (United States) pointed out that, for many years, the United States had been concerned about the possible adverse effects of restrictive business practices in international trade. The United States anti-trust laws were in force against the participation of United States companies in international cartels and an important aspect of United States foreign economic policy related to the implementation of programmes in this field. Mr. Adair then referred to the views expressed by the United States representative in the Working Party. In view of the fact that members of the Working Party had found it impossible to agree on a more elaborate proposal, his delegation felt that the proposed decision contained in document W.17/37 was an acceptable and significant step forward; it encouraged consultation between governments without involving the CONTRACTING PARTIES in the conduct of these consultations or requiring the CONTRACTING PARTIES to take action with respect to them. It was his delegation's understanding that the provisions for reporting the results of the consultation to the CONTRACTING PARTIES did not require or imply action by the CONTRACTING PARTIES and constitute a reference to the CONTRACTING PARTIES within the meaning of Article XXIII:2; on this understanding his

delegation supported the adoption of the decision in document W.17/37. The encouragement of consultations should, in the view of the United States delegation, have long range, beneficial results. Consultation on problems arising from restrictive business practices in international trade would help to minimize friction between contracting parties and would lead to a better mutual understanding, not only of these problems themselves, but also of the attitude of the various governments toward them and of the means that could be used to counteract their harmful effects.

Mr. RIZA (Pakistan), having referred to previous international efforts in this field, said it was difficult to see what real progress the proposal in document W.17/37 represented. He wished to stress that his delegation, like many others, were seriously concerned with the harmful effects of restrictive business practices. Further, the establishment of the EEC and the EFTA could result in the creation of additional cartels and trusts by facilitating the concentration of capital and by the removal of tariffs and restrictions among the countries concerned; such cartels would definitely affect the interests of outside countries. In view of the importance of the subject, Mr. Riza said, his delegation would propose that the matter be referred to the Council with the request that some positive proposals should be elaborated. He would also support the proposal of the representative of Norway regarding the appointment of a working party with a membership reflecting the geographical location and the different levels of economic development of contracting parties generally.

Mr. KLEIN (Federal Republic of Germany) said that, since the Review Session, his delegation had expressed the view that the CONTRACTING PARTIES should deal with the problem of restrictive business practices. However, given the complicated nature of the problem, it was reasonable only to expect slow progress. His delegation supported the proposal made in document W.17/37 which represented a step forward. It was their view that it would not serve a useful purpose to have this item on the agenda for the next meeting of the Council or of the next session of the CONTRACTING PARTIES.

Mr. MEHTA (India) said that his delegation supported the proposal in document W.17/37. This represented a first step forward which, it was hoped, would provide the CONTRACTING PARTIES with more information and experience and enable them to play a more effective role in this field in due course.

Mr. GARCIA OLDINI (Chile) said that in the Working Party discussions, his delegation had supported the minority proposals of the group of experts; these, unfortunately, had not been accepted. Mr. Oldini said that, as had been indicated by earlier speakers, the proposal contained in document W.17/37 should be considered as essentially transitional in character and only a first step forward. He would like recognition of this fact to be recorded in the record of the meeting and for this to be considered, as it were, as forming part of at least the spirit of the proposed decision. This would make it clear that the CONTRACTING PARTIES intended to revert to this question when circumstances were more favourable.

Mr. DE BESCHE (Sweden) said that his delegation had supported the minority proposals. He had listened with interest to the statement of the representative of France regarding the potential effectiveness of action in this field on a regional basis. His delegation, nevertheless, still felt that the CONTRACTING PARTIES should actively concern themselves with this question. In view of the difficulties which certain contracting parties had in accepting the minority proposals, his delegation were prepared to accept the proposal in document W.17/37.

Mr. MENASE (Yugoslavia) said that his delegation agreed with the view that restrictive business practices had harmful effects on international trade and that the CONTRACTING PARTIES were competent to take action in this field. His delegation had hoped that the minority proposals would be accepted, but in view of the difficulties which had arisen, his delegation were prepared to accept the compromise proposal in document W.17/37 in the hope that, at a later stage, the CONTRACTING PARTIES would be able to agree on more effective action. In conclusion, Mr. Menase said that his Government, although only an associate member of GATT, would hope that it would be possible for it to join in consultations envisaged in the draft decision.

Mr. CUHRUK (Turkey) said that his delegation had always stressed the competence of GATT in this field. They were prepared to support the compromise proposal in document W.17/37 as a first step.

Mr. GRANDY (Canada) said that his delegation could accept the draft decision in document W.17/37 on the same understanding as that of the representative of the United States. His Government agreed with the representative of the Federal Republic of Germany that this item should not be retained on the agenda.

Mr. IRVINE (Rhodesia and Nyasaland) said that his delegation, likewise, supported the draft decision in document W.17/37 on the same understanding as that of the representatives of the United States and Canada.

Mr. VALLADAO (Brazil) said that his delegation were prepared to accept the compromise proposal in document W.17/37 as a first step forward.

Mr. KYDIS (Greece) said that his delegation had supported the Norwegian proposal. As this was not generally acceptable, they would support the proposal in document W.17/37 on the same understanding as the delegation of Chile.

Mr. MIYASAKI (Japan) said that his delegation supported the proposal in document W.17/37 which they considered to be the best solution at the present time.

Mr. SNAK-NIELSEN (Denmark) said that his delegation were in favour of the Norwegian proposal but, in the circumstances, they were prepared to support the compromise proposal in document W.17/37.

Mr. DE LA FUENTE LOCKER (Peru), Chairman of the Working Party, in reference to the observation made by the representative of Chile, pointed out that, in his earlier statement introducing the proposal, he had made the point that the proposal would represent a first step forward.

The draft decision in document W.17/37 was adopted by thirty-four votes in favour and none against. The Chairman said that the CONTRACTING PARTIES were to be congratulated on having made an arrangement whereby these important questions could be taken up under the aegis of the GATT.

5. Accession of Ireland (L/1369)

Mr. SAVINI (Italy), Chairman of the Working Party, in presenting the Working Party's report on the accession of Ireland, said that, following an examination of Ireland's commercial policy and bilateral commitments, the Working Party had unanimously recommended that Ireland be invited to participate in the 1961 tariff negotiations with a view to accession. This would enable detailed consideration to be given to certain aspects of Ireland's commercial policy, such as its preferential arrangements and quantitative restrictions maintained for other than balance-of-payments reasons.

Mr. HARTOGH (Netherlands) said that his delegation supported the Working Party's recommendation and particularly the proposal that the question of Ireland's preferential arrangements with the United Kingdom should be further considered. This problem was of primary importance and his delegation would have thought that it would have been useful, while the CONTRACTING PARTIES were in session, to have had some indication of the direction in which a solution to this problem was likely to be found. There appeared to be three aspects to the problem. In the first place, Ireland could not be expected to accept a commitment to abstain from future tariff increases, although a partial solution might be found in this direction during the Tariff Conference as a result of bindings on Irish tariff items following negotiations between Ireland and contracting parties. Secondly, although the majority of contracting parties would not benefit from new preferences granted to the United Kingdom by Ireland, they might nevertheless be prepared to grant Ireland a dispensation in view of the exceptional nature of the trade relations between Ireland and the United Kingdom; this, however, would create a new precedent in the GATT. Thirdly, the United Kingdom might be able to contribute to a solution. Mr. Hartogh expressed the hope of his delegation that these three aspects of the question would be carefully considered during the proposed further examination of Ireland's request.

Mr. ADAIR (United States) said his delegation welcomed Ireland's interest in acceding to the GATT, and it was their hope and expectation that Ireland would become a contracting party in due course. His delegation supported the adoption of the Working Party's report.

Mr. GARCIA OLDINI (Chile), having referred to the important question of new preferences that was involved in the case of Ireland, said it was not clear from the Working Party's report in what way, and by which subsidiary body of the CONTRACTING PARTIES, the further examination of this and other relevant questions would be conducted.

The EXECUTIVE SECRETARY said that he interpreted the last paragraph of the Working Party's report as indicating that the further examination of the questions which arose in connexion with Ireland's request for accession would be conducted by the Tariff Negotiations Committee. The Committee was essentially concerned with negotiations for accession and the formulation of terms for such accession under Article XXXIII.

The recommendation in paragraph 3 of the Working Party's report (L/1369) was approved.

The report as a whole was adopted.

6. Accession - recommendation of the Council (C/M/1, page 12)

The CHAIRMAN said that the Council at its first meeting in September examined requests for accession by Ireland and Argentina and appointed Working Parties with instructions to report to the present session. The Council requested the CONTRACTING PARTIES to confirm that the task of processing such applications received when the CONTRACTING PARTIES were not in session was entrusted to the Council.

The CONTRACTING PARTIES agreed that, when they were not in session, the Council should process applications for accession.

7. Temporary importation of professional equipment (L/1366)

Mr. MANHART (Austria), Chairman of the Group of Experts, in presenting the Group's report (L/1366), said that he was sure that the observations made in the Group, particularly by experts from countries not members of the Customs Co-operation Council, would be given full weight by the Council. Mr. Manhart then stressed certain points which seemed to be of special importance. First, it was hoped that the draft convention would be approved in its revised form and opened for signature by the Customs Co-operation Council in 1961 on a worldwide basis. It would therefore be open for acceptance by all contracting parties to GATT. Each country would be free to accept only such annexes which it considered appropriate. Secondly, the convention established the principle of temporary importation for professional equipment. Thus, countries which wished to accept the convention and did not at present have a system of temporary importation, would be required to establish such a system. The convention would have its maximum effect in those countries which accepted the Carnet-Convention referred to in Article 3 of the draft and based on the proposals made by the International Chamber of Commerce. Thirdly, Mr. Manhart said, more hesitation was expressed regarding the extension of facilities to the equipment included in annex C than to that in annexes A and B. Annex C, however, in the view of many experts, was of special importance for countries in process of development, since it took into account the needs which arose out of any programme of industrialization. Indeed, the acceptance of this annex would strengthen the co-operation between industrialized countries and the countries in process of development. Finally, Mr. Manhart said that it was clear that any international convention should not only take into account regulations already in force in the various countries but should also contribute to further progress in this field. Countries should, therefore, not hesitate to accept the new convention and to make any necessary amendments to their domestic legislation or regulations in order to achieve more uniformity and standardization in regard to customs regulations. It should be noted that the convention set out minimum facilities only and did not prevent the provision of greater facilities which certain countries granted or might grant in the future.

The report of the Group of Experts, including the proposed draft letter to be addressed to the Customs Co-operation Council, was adopted.

8. European Free Trade Association (W.17/28 and Corr.1)

The CHAIRMAN recalled that, at the sixteenth session, the CONTRACTING PARTIES did not reach conclusions about the Stockholm Convention and it had been agreed that the governments should consider the Working Party report during the interval between the sixteenth and seventeenth sessions. In the light of informal discussions held with interested delegations, it had become clear that there were some legal and practical issues which could not be fruitfully discussed further at this stage, but it was imperative that some interim action should be taken now, were it only to safeguard the rights of the CONTRACTING PARTIES under the provisions of paragraph 7 of Article XXIV which might lapse if action by the CONTRACTING PARTIES were unduly delayed.

In the circumstances, the Chairman said, he felt that it would expedite the debate of the CONTRACTING PARTIES if he were to submit a proposal as a basis for discussion. In submitting this proposal he wished to stress that the suggested conclusions differed on a number of points from the conclusions which the CONTRACTING PARTIES had accepted with respect to the Rome Treaty or which had just now been accepted in the case of the Montevideo Treaty. It was clear of course that each scheme for regional integration had to be considered on its merits and that no standard formula should be applied to such schemes. It was clear also that the conclusions which the CONTRACTING PARTIES might wish to approve in the case of the EFTA would in no way create a precedent for future action by the CONTRACTING PARTIES; they would be entirely free to examine other proposals independently of whatever action had been taken previously and to arrive at conclusions based exclusively on the relevant provisions of the General Agreement. The Chairman then invited discussion on the proposals, which were contained in document W.17/28 and Corr.1.

Mr. ADAIR (United States) recalled that, at the sixteenth session, it had been agreed that consideration of the Stockholm Convention should be continued at the present session so that, in the interim, governments could reflect on the information developed by the Working Party. His Government had taken advantage of the intersessional period to study carefully the comprehensive report of the Working Party and to consider the broad question of the relationship of the Stockholm Convention with the General Agreement. His Government did so in the framework of the United States general endorsement of the EFTA. It also did so in the belief that the seven Member States earnestly desired to give substance to that part of the Convention objectives which called for the Association to contribute to the harmonious development and expansion of world trade and to the progressive removal of barriers to that goal. Mr. Adair said he might just note at this point that when the United States delegation at the sixteenth session commended the EFTA to the sympathetic and serious consideration of contracting parties, it did so with the reasoned conviction that the new trading group would play a constructive rôle in the important realm of international commerce. His delegation wanted to continue to encourage the EFTA Member States in their endeavours to expand international trade. And, his delegation hoped, they had dispelled the myth of United States opposition to the EFTA.

His delegation, therefore, had come to the present session with no diminution of their belief that the Convention as a whole was in harmony with the spirit of the GATT. Certain aspects of the Convention, of course, needed further study; for example, more light should be thrown on the relationship between the bilateral agricultural agreements concluded under the Convention and the provisions of the GATT. In addition, the United States' study of the Working Party report and the discussion following its presentation at the sixteenth session indicated that the CONTRACTING PARTIES could not, at the present time, come to a conclusion on the interpretation of Article XXIV or readily obtain further clarifications of certain of the Convention provisions. It therefore seemed to his delegation, Mr. Adair said, that it would not be wise or judicious for the CONTRACTING PARTIES to attempt to resolve the remaining legal and practical issues relating to the EFTA at the present session. Rather, the United States delegation favoured the adoption of the proposal submitted by the Chairman. This would permit a more deliberate pace in determining what, if any, action the GATT might eventually take with respect to the Stockholm Convention. The contracting parties could thus obtain a more thorough understanding and clarification of the Convention, while of course reserving their rights under the General Agreement. In this connexion, Mr. Adair added, his delegation were certain the CONTRACTING PARTIES would find great value in a commentary, or review, from time to time, by the Member States on the manner in which their Association was evolving and on other aspects of the arrangement of interest to the world trading community. If the EFTA Member States were to indicate a willingness to provide the CONTRACTING PARTIES with information of this nature in the same forthcoming spirit which had marked their previous expositions on the Convention, his delegation believed that the actual operations of the EFTA and its relationship to the General Agreement could be evaluated in a practical fashion. The CONTRACTING PARTIES could thus continue to deal in a constructive manner with an issue of exceptional significance to all contracting parties.

Sir Edgar COHEN (United Kingdom), speaking on behalf of the Member States of EFTA, said that he would like to reaffirm the Member States' full acceptance of the obligation to furnish further information pursuant to paragraph 7(a) of Article XXIV as the evolution of the EFTA proceeded. It would, of course, be for the Member countries themselves to determine whether there was additional information of this kind which should be made available under this provision; it being open to any contracting party which felt that the Member States were not complying with their obligations on this point to raise the matter with the CONTRACTING PARTIES. Furthermore, the Member States would also be prepared to furnish in Article XXII consultations other information as to measures arising out of the application of the Convention. Sir Edgar Cohen said that this defined, as he understood it, the Member States' legal commitments regarding the furnishing of information.

Independently of these obligations, Sir Edgar Cohen continued, the Member States would be prepared to supply information on the various aspects of the working of the EFTA to any contracting party that so requested. Again on a voluntary basis, they would also be prepared to follow the practice adopted by the European Economic Community of giving reports to the CONTRACTING PARTIES from time to time at their regular sessions containing information which it was thought would be of general interest to contracting parties.

Mr. HARTOGH (Netherlands) said that the Member States of the EEC supported the draft conclusions in document W.17/28. They welcomed the EFTA countries' willingness to provide the CONTRACTING PARTIES with information, including the supplementary information referred to in paragraph (e) of the draft conclusions.

Mr. GRANDY (Canada) said that the Canadian Government's sympathy with the objectives of the EFTA had been very clearly stated at the sixteenth session. Like the United States delegation, his delegation believed that the Convention as a whole was in harmony with the spirit of the GATT. They had had differences of view with the EFTA countries as to the conformity of some of the agricultural arrangements with the relevant provisions of the GATT and about the legal interpretation of Article XXIV in respect of quantitative import restrictions. These and other matters needed to be reviewed in the light of experience and his delegation considered that the best practical way of proceeding was along the lines of the draft conclusions prepared by the Chairman. As his delegation had indicated in the earlier discussion on the LAFTA, they accepted those conclusions on the clear understanding that the compatibility of any aspect of the Convention could, if necessary, be re-examined should circumstances require; this was the important significance of paragraph (b) of the proposed conclusions.

Mr. Grandy went on to say that his delegation very much welcomed the assurance given by the United Kingdom representative on behalf of the EFTA countries that they would furnish contracting parties with information, not only in conformity with their legal obligations under paragraph 7(a) of Article XXIV but in addition to follow, on a voluntary basis, the practice the EEC had adopted of providing information which they were not legally required to provide. His delegation believed that with this kind of forthcoming approach on their part and with the sympathetic attitude they could expect from the contracting parties, the future relationship between the EFTA countries and other contracting parties regarding the operation of the EFTA would be constructive and helpful to all parties concerned.

Mr. MIYAZAKI (Japan) said he wished to reiterate the hopes already expressed that the establishment of the EFTA would not result in new barriers against the trade of other contracting parties. His delegation welcomed the intention of the EFTA countries to provide the contracting parties with full information concerning developments under the Stockholm Convention. They would support the draft conclusions in document W.17/28.

Mr. MATHUR (India) said that the draft conclusions in document W.17/28 offered the possibility of continuing consultations between the EFTA countries and other contracting parties without prejudice to the rights of contracting parties under Article XXIV. His delegation supported the draft conclusions. They also welcomed the assurance of the United Kingdom representative that contracting parties would be provided with full information regarding future developments within the EFTA.

Mr. MERINO (Chile) said his delegation fully supported the draft conclusions in document W.17/28.

Mr. RIZA (Pakistan) referred to Pakistan's loss of preferences, which arose out of the establishment of the EFTA; Pakistan had not opposed the United Kingdom's participation in the EFTA on the understanding that this matter would be the subject of negotiations between the United Kingdom and Pakistan. In view of the disadvantages for Pakistan which resulted from the United Kingdom's participation in the EFTA, it seemed reasonable that Pakistan should expect more liberal rules of origin for the EFTA than was envisaged at the present time. In conclusion, Mr. Riza said that his delegation supported the proposals in document W.17/28.

Mr. RISTIC (Yugoslavia) said that the concern expressed by his delegation at the sixteenth session related particularly to the EFTA countries' bilateral agreements on agricultural products. He would like to restate that concern. Nevertheless, his delegation could support the draft conclusions contained in document W.17/28, in the hope that the EFTA countries would conform with the rules of GATT and in this way remove the concern which his delegation had at the present time.

The conclusions contained in document W.17/28 and Corr.1 were approved.

9. Article XVIII- extension of release granted to Ceylon (W.17/30)

The CHAIRMAN said that it was agreed at an earlier meeting (SR.17/2) to grant to the Government of Ceylon an extension of the release under paragraph 7 of Article XVIII in the Decision of 30 November 1955, concerning two items of ceramic ware. The Executive Secretary had submitted a draft decision in document W.17/30.

The draft decision was adopted.

10. Consular formalities (L/1362)

The CHAIRMAN said that under the Recommendation of 30 November 1957 on the abolition of consular formalities, contracting parties were invited to report annually on progress made in complying with this Recommendation. A special request for reports had been made on this occasion, so that the matter could be reviewed at the present session. The reports received were noted in document L/1362.

The Chairman went on to say that a number of delegations, whose governments maintained consular formalities, had indicated that they would be submitting reports as requested in the near future. The Chairman suggested that, in these circumstances, it would seem desirable that the review of the action taken under the Recommendation of 30 November 1957 should be deferred until the reports in question had been received. He accordingly proposed that the matter be referred to the Council.

This was agreed.

Mr. GARCIA OLDINI (Chile) informed the CONTRACTING PARTIES that consular formalities would be suppressed by his Government on 1 January 1961.

11. Chilean import charges (W.17/35)

The CHAIRMAN recalled that it was agreed at an earlier meeting (SR.17/4) to grant the request of the Government of Chile for an extension of the time-limit in the Decision of 27 May 1959. A draft decision had been distributed in document W.17/35.

The CONTRACTING PARTIES, acting under Article XXV:5, adopted the draft decision by thirty-three votes in favour and none against.

12. New Zealand schedule (W.17/22)

The CHAIRMAN recalled that it was agreed at a previous meeting (SR.17/3) to grant the request of the Government of New Zealand for an extension of the time-limit in the Decision of 4 June 1960. A draft decision had been distributed in document W.17/22.

The CONTRACTING PARTIES, acting under Article XXV:5, adopted the draft decision by thirty-four votes in favour and none against.

13. Action under Article XXVI:5(c) (W.17/10)

The CHAIRMAN said that a note by the Executive Secretary concerning the procedures for the admission of newly-independent territories had been distributed in document W.17/10. In reference to section A of that document the Chairman said the CONTRACTING PARTIES would recall that the Federation of Nigeria was deemed to be a contracting party under the provisions of Article XXVI:5(c) as of 1 October 1960 and its admission to the GATT had been welcomed at the first meeting of the session. Therefore, the adoption of the declaration in Annex I of document W.17/10 was merely a formality to record the legal effects of the action taken by the United Kingdom and by Nigeria under the established procedures.

The declaration in Annex I of document W.17/10 was adopted.

The Chairman then said that sections C and D of document W.17/10 listed fourteen territories which had become independent since the beginning of the year. The Executive Secretary proposed the adoption of a recommendation covering the application of the GATT to these territories, on a de facto reciprocal basis, for a period of two years from the date of independence. He proposed further that this recommendation should be applied automatically to territories which acquired autonomy in the future. The Chairman added that Cyprus and several States in Africa had informed the Executive Secretary that they would welcome such an arrangement and were ready to apply the GATT to their trade with contracting parties on a reciprocal basis.

The draft recommendation in Annex II of document W.17/10 was adopted.

14. Status of protocols (W.17/18)

The draft decision contained in document W.17/18 extending the closing date for signature of certain amendment Protocols until the eighteenth session was adopted.

15. Article XIX - United States action (W.17/13)

The CHAIRMAN said that document W.17/13 contained a request by the delegation of Japan for an extension of the time-limit in paragraph 3(a) of Article XIX in respect of the action by the United States Government under Article XIX in increasing the import duties on an item bound in the United States schedule. The document contained the draft of a decision for consideration by the CONTRACTING PARTIES.

Mr. BUTLER (United States) said that the proposed decision was acceptable to his delegation.

The draft decision was adopted.

16. Article XXVIII renegotiations - extension of closing date for notifications (W.17/27)

The CHAIRMAN recalled that this question had been considered at previous meetings (SR.17/3 and 4) and that the CONTRACTING PARTIES had agreed to grant to several governments an extension of the time-limit, until 30 November, for notifications of intention to enter into renegotiations under paragraph 1 of Article XXVIII for the modification or withdrawal of scheduled concessions. Requests had now been received for a similar extension from the Governments of the Dominican Republic and the Netherlands (W.17/27).

Mr. LACARTE (Uruguay) said that his Government wished to be included in this request.

The CONTRACTING PARTIES agreed to grant to the Governments of the Dominican Republic, the Netherlands and Uruguay an extension of time, up to 30 November 1960, to notify items for renegotiation under Article XXVIII during the current Tariff Conference.

17. Indonesian tariff reform (L/1361)

The CHAIRMAN referred to document L/1361, in which Indonesia was requesting a waiver in respect of certain measures taken by the Indonesian Government in August 1960.

Mr. SLAWAT (Indonesia) referred to certain tariff reforms which had taken place in his country since 25 August 1960. He expressed the regret of his Government that it had been unable to enter into negotiations with contracting parties before these reforms took place; the crucial economic and financial situation in Indonesia had necessitated urgent action.

Mr. Slawat went on to say that the new tariff regulations provided for four lists of goods, dutiable as follows:

1. List A consisting of food, clothing and development goods, which were free of duty.
2. List B consisting of food, clothing and development goods, on which customs duty was 20 per cent.
3. List C, called the "free list", consisting of goods on which customs duty was 30 per cent.
4. List D consisting of goods, the importation of which was restricted and for which, because of their luxurious or simple nature, no foreign exchange was, in principle, made available, and which were subject to a customs duty of 100 per cent.

These lists would be communicated to the contracting parties as soon as possible. Mr. Slawat said that the classification of goods which had now been made did not correspond to what was provided for under the former tariff regulations; his Government was making a great effort to bring the new tariff in line with the Brussels Nomenclature. A further point to bear in mind was that the assessment of duties under the new tariff was calculated on the basis of a

rate of exchange of 45 rupiah to one United States dollar, whereas under the old tariff régime duties were assessed on the basis of the c.i.f. value, including the import surcharges; as a result, the new method of calculation could be looked upon as compensating for, to a certain extent, the increase in duty rates. Mr. Slawat then referred to another important consideration, namely that his Government had largely abolished the monetary system of multiple exchange rates; as a result, there was now only one basic rate for the rupiah, in other words 45 rupiah to one United States dollar. Other payments for foreign currency not using the basic rate, such as price adjustments, import certificates etc. were of a temporary nature and, from his Government's point of view, did not derogate from the principle he had just mentioned.

In conclusion, Mr. Slawat said that, as regards the concessions granted by Indonesia and listed in Schedule XXI, his Government was prepared to enter into negotiations with interested contracting parties as soon as practicable. He hoped that, as had been done in similar circumstances in the case of other contracting parties, the waiver now being requested by his Government would be granted by the CONTRACTING PARTIES.

The CHAIRMAN, following the statement made by the representative of Indonesia, said that the document containing the Indonesian request and explanatory remarks had been in the hands of contracting parties for a few days. He therefore took it that representatives had a general idea of the nature of the problem. The Chairman went on to say that it had unfortunately not been possible for the secretariat to circulate the further detailed documentation submitted by the Indonesian delegation with their request. At this late stage of the session it was, therefore, not possible for the CONTRACTING PARTIES to examine the Indonesian request. Accordingly, the Chairman said, he would propose that the CONTRACTING PARTIES take note of the statement of the representative of Indonesia and of document L/1361, and agree to refer the examination of the Indonesian request to the next meeting of the Council, with instructions that the Council make recommendations to the CONTRACTING PARTIES either at the eighteenth session, or submit, if it was considered appropriate, a draft decision to the CONTRACTING PARTIES for a vote by postal ballot. The Chairman's proposal was agreed.

The Chairman added that he anticipated that no contracting party would wish to take action in this matter under the provisions of the General Agreement pending examination by the Council.

18. Rhodesia and Nyasaland tariff (L/1289, L/1274, L/1290, W.17/42, W.17/43)

The CHAIRMAN said that proposals by the Governments of the Federation of Rhodesia and Nyasaland and the Union of South Africa and Australia concerning new base dates governing the permissible margins of preference which these Governments accorded to one another were contained in documents L/1289, L/1274 and L/1290.

Mr. TOWNLEY (Rhodesia and Nyasaland) said that it would be recalled that, during the sixteenth session, the Federal delegation had indicated its willingness that steps should then be taken in agreement with the CONTRACTING PARTIES to fix the Federation's new base date. However, at the request of other delegations, it was agreed that the matter should be postponed until the present session and that his Government should submit written proposals sixty days before the opening of the session. This had been done and the proposals submitted on 29 August were distributed as document L/1289. Contracting parties had, therefore, had an opportunity of examining the proposals. In addition the Federal delegation had, since its arrival in Geneva, had discussions with those delegations which had approached them. As a result of these discussions, certain alternative proposals had been put forward, after full consultation, by the United States delegation. These were reflected in documents W.17/42 and W.17/43. The United States delegation had also submitted an explanatory statement in document Spec(60)387. As regards the major part of the problem, dealing with the base date as such, the new proposal had the advantage of being somewhat simpler than the Federation's original one and amounted in brief to a mere consolidation in one decision of actions already authorized by the CONTRACTING PARTIES. As regards the ancilliary problem of the treatment of certain products of colonial origin, the new waiver proposal was considerably more restrictive than the original one put forward by the Federation; the Federal delegation could, nevertheless, accept this proposal as well, although with some reluctance. Since in fact the United States proposals together represented a more limited settlement than those originally put forward by the Federation, in respect of which the Federal delegation had received no other representations in the seven or eight weeks since they had been distributed, his delegation assumed that the proposals would be acceptable to the CONTRACTING PARTIES.

Mr. KRUGER (South Africa) said that, as was stated in document L/1274, the Government of South Africa had proposed 30 June 1960 as a new base date for permissible margins of preference. It was, however, clear to his delegation, and this had been confirmed in discussions with certain interested delegations in Geneva, that the Decision of 3 December 1955, insofar as it related to South Africa, affected only the base date for preferences accorded by South Africa to the Federation of Rhodesia and Nyasaland. The proposed new base date of 30 June 1960 would accordingly relate only to margins of preference accorded to the Federation.

Mr. HOLLIS (United States) said that the Federation of Rhodesia and Nyasaland had, as requested by the CONTRACTING PARTIES, submitted a proposal for a new base date for margins of preference with respect to imports of products of all countries to which it was entitled to accord tariff preferences, and Australia and the Union of South Africa had submitted proposals with respect to new base dates for their preferences with respect to products of the Federation. The current proposals by the Federation, as explained in detail in document L/1289, appeared to be unfortunately complicated in comparison with the simple base dates of other contracting parties under paragraph 4 of Article I and Annex G. The two proposed decisions in documents W.17/42 and W.17/43 had been prepared in close consultation with the delegation of the Federation. Their purpose was to simplify the new base date to be established, without substantially departing from the proposal put forward by the Federation. The base date of 3 December 1955, the date of the original Decision of the CONTRACTING PARTIES on the matter, had been substituted for the date of 1 January 1960, proposed in L/1289. This had been done in order to establish a date prior to the preference modifications in relation to newly independent countries, referred to as the first requirement in the Federation's discussion of its proposal. This modification would remove one of the justifications for the complicated reference to dependent territories in the first proviso to the Federation's proposal. The proposed decision on the base dates would treat the problem of the 1960 adjustments under the 1955 Decision, with respect to the five products dealt with in the second proviso to the Federation proposal, in much the same way as was suggested by the Federation. Such adjustments would be deemed, for purposes of the base date, to have been in effect on that date. However, the United States proposal, for the reasons already explained, suggested as a base date the date of the 1955 Decision, rather than the later date suggested by the Federation. Since several other adjustments authorized by that Decision had been carried out between this proposed base date and that proposed by the Federation, the draft decision deemed not only the 1960 adjustments under the 1955 Decision, but all the adjustments made thereunder, to have been in effect on the proposed earlier base date. This took care of the third requirement in the explanation by the Federation of its proposal, as well as of a consequential effect of the solution we proposed for the first requirement.

Mr. Hollis went on to say that the second question in the explanation by the Federation of its proposal had given the Government of the United States considerably more concern. It was understood that it was intended to permit the Federation to increase margins of preference with respect to thirteen rather broad categories of products, when originating in dependent territories of the United Kingdom, as to which higher preferential rates were established than would have been established were it not for a desire to protect domestic production within the Federation. His delegation understood the Federation did not intend to utilize such permission very frequently, and then only with regard to relatively narrow categories of products in cases in which such action was requested to assist in the economic development of countries which were treated by the Federation, for tariff purposes, as dependent territories of the United Kingdom. To the United States delegation, this appeared to be a

situation which might justify a carefully guarded waiver for new preferences for economic development, as in the case of the Papua-New Guinea waiver, rather than justifying a complicated proviso to the new base date. Consequently, the second draft decision, in W.17/42, was such a waiver, with the usual safeguards. If this second problem in the Federation's explanation should be dealt with in this way, and if the first requirement in such explanation is taken care of by taking 3 December 1955 as the base date, it would be possible to eliminate completely the vague and complicated first proviso to the Federation proposal. It would then permit the CONTRACTING PARTIES to set a base date subject only to one simply-worded qualification that certain adjustments should be deemed to have been in effect on that date. It was understood that, if the draft base date decision in W.17/43 should be adopted, the Government of the Federation would be prepared to submit to the CONTRACTING PARTIES a document showing the tariff preference margins which, although not in effect on the new base date, would, by the decision, be deemed to have been then in effect.

In conclusion, Mr. Hollis said that the Australian base date proposal in document L/1290 had presented no problem in the drafting of the proposed decision. The problem of the new base date for the Union of South Africa in relation to the Federation, discussed in document L/1274, was relatively simple but had resulted in a clause to the effect that the final adjustment by South Africa under the 1955 waiver, which became effective subsequent to the base date selected by the Union, should be deemed to have been in effect on that date.

The CHAIRMAN, in the absence of further discussion, proposed that the two draft decisions in documents W.17/42 and W.17/43 should be submitted for adoption by the CONTRACTING PARTIES at a later meeting.

This was agreed.

19. Article XXIV:5(c) - examination of EEC common tariff (L/1377)

Mr. DARAMOLA (Nigeria) said, in connexion with the 1960/61 Tariff Conference, that his delegation continued to have difficulty in ascertaining precisely when the first phase of the conference would end and the second begin. It appeared doubtful whether the renegotiations with the EEC would finish by 31 December 1960. Mr. Daramola mentioned certain factors which helped to justify this view. What the delegation of Nigeria were seeking, Mr. Daramola continued, was clarification regarding the timing of the move from the first phase of the conference to the second. They were, therefore, disturbed to see the proposals in document L/1377 which failed to take account of Nigeria's principal concern. There was reason to fear that the Article XXIV:5(a) operation might be overtaken by events and that, in fact, it might not take place at all. In the view of his delegation, Mr. Daramola said, there should be no problem concerning the timing of the examination of the EEC common tariff and it was difficult to see why the initiation of this examination needed to be related to the progress made in the Article XXIV:6 negotiations; these negotiations could not result in an increase

in the level of tariffs and it followed, therefore, that the general incidence of the common tariff could not, as a result of the negotiations, be higher than it was at the start of the negotiations. His delegation would therefore propose that the EEC should be invited to submit now a document to the CONTRACTING PARTIES justifying the claim they had made in regard to Article XXIV:5(a). There would be no objection to this claim being referred to the Tariff Negotiations Committee subsequently although, Mr. Daramola said, such a reference would not be likely to produce satisfactory results in the absence of a precise directive from the CONTRACTING PARTIES. What his delegation were asking therefore, Mr. Daramola concluded, was that the CONTRACTING PARTIES should give such a directive.

The CHAIRMAN proposed that further discussion of this item should be deferred until the following day.

This was agreed.

The meeting adjourned at 7.45 p.m.