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GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Intersessional Committee

SUMMARY RECORD OF THE MEETING

Held at the Palais des Nations, Geneva, on Tuesday,
15 January 1957 at 10.30 a.m.

Chairman: Mr. P.A. FORTHOMME (Belgium)

- Subjects discussed:
1. Request by Canada for Authority to renegotiate an Item in Schedule V.
 2. Modifications of Import Restrictions.
 3. Report by the Deputy Executive Secretary on Meeting held in Santiago, Chile.
 4. Future Meetings of the Committee.
 5. Brazilian Tariff Negotiations Committee.

1. Request by Canada for Authority to renegotiate an Item in Schedule V
(GATT/AIR/101).

The CHAIRMAN recalled that under the Declaration of 10 March 1955 most contracting parties had undertaken not to invoke the provisions of Article XXVIII for the modification of concessions prior to 1 January 1958, but that under paragraph 2(a) of the Declaration a signatory might plead "special circumstances" (in the sense of Article XXVIII: 4 (Revised)) in seeking authority to renegotiate particular items in its schedule. The Intersessional Committee had the power to grant this authority if it considered that the circumstances justified such action. This meeting had been convened to consider a request by the Government of Canada relating to an item in the Canadian schedule, the details of which were set out in GATT/AIR/101.

Mr. CLARK (Canada), referring to the item in question, tariff number 83(a) - potatoes in their natural state, pointed out that it covered only table potatoes as seed potatoes were classified under another item not bound in Schedule V. He explained that the special circumstances of the request were related to the history of the item. Prior to 1939 both Canada and the United States had levied identical tariffs on table

potatoes and Canada was established as a net exporter to the United States. Canadian growers, therefore, were relatively unconcerned with any measures for protection to this branch of agriculture. On 1 January 1939 a bilateral agreement was entered into with the United States which provided that imports of table potatoes would be admitted duty free into Canada except for the period from 15 June to 31 July when a duty of $37\frac{1}{2}$ cents per Cwt. would be levied. The United States reciprocated by reducing the duties which applied to an annual quota of one million bushels. As a result of tariff negotiations at Geneva in 1947 the Canadian rates were bound and the United States reduced its quota tariff to $37\frac{1}{2}$ cents per Cwt. with a duty of 75 cents per Cwt. on imports in excess of the quota.

This situation was equitable as long as the United States remained a substantial net importer of potatoes. However, circumstances have since changed; Canadian imports of potatoes from the United States have increased considerably in the past few years and during the period 1951-54 average annual imports exceeded 2,600,000 bushels. This trend has coincided with a reduction in Canadian per capita potato consumption and a substantial decline in Canadian cash income from potatoes, the impact being mainly concentrated in areas where there were limited possibilities of shifting from potatoes to other crops. The arrangement under which imports from the United States were admitted duty free for a period while duties were imposed on Canadian exports to the United States has therefore become intolerable to Canadian producers.

The Canadian Government had given serious consideration to renegotiating the item in June 1955 but had postponed this proposal in the hope of finding some other solution. The United States was requested to reduce its tariffs on potatoes during the 1956 Tariff Conference, but unfortunately, the United States had not found it possible to include potatoes among the items negotiated in 1956. Consequently, the only solution remaining was to adjust the Canadian tariff. The Canadian Government had already spent considerable time in exploring alternative sources and it had to seek authority now in order that the necessary changes could be made before the next period of free entry.

With respect to "principal supplying interest" in the item, Mr. Clark informed the Committee that since the General Agreement entered into force the United States had supplied over 99 per cent of Canadian imports of potatoes. Referring to the obligation under Article XXVIII to maintain a general level of reciprocal and mutually advantageous concessions, he pointed out that it was not the intention of his Government to increase the rate from $37\frac{1}{2}$ cents per Cwt.; it wished only to extend the period in the year in which the existing rate applied.

Mr. ROBINSON (United States) agreed that the situation seemed to justify a finding of special circumstances and his Government was therefore prepared to support the request.

The Committee agreed that special circumstances existed in the sense of Article XXVIII: 4(Revised) and decided to authorize the Government of Canada to renegotiate potatoes in the natural state - item 83(a) in Part I of its schedule.

The Committee instructed the Executive Secretary to inform contracting parties not represented at the meeting of the decision taken and to advise them that any claim of "principal supplying interest" or "substantial interest" should be addressed without delay to Canada. If Canada recognized the claim this would be deemed to be a determination of the Committee, and if no agreement could be reached the matter could be referred to the Committee.

2. Modifications of Imports Restrictions

The DEPUTY EXECUTIVE SECRETARY informed the meeting that according to information gathered from official and semi-official publications certain modifications have been introduced in the import control of certain Governments. The Executive Secretary had written to the contracting parties concerned, namely Finland, India and Pakistan on this point. As soon as an official communication is received from these Governments, the Executive Secretary will follow the inter-sessional procedure approved by the CONTRACTING PARTIES, and should the facts require it, the matter will be referred to the Intersessional Committee at a later meeting.

A discussion took place in which Mr. GARCIA OLDINI (Chile) expressed the view that the secretariat should wait until it had received an official communication from the Government concerned before bringing up matters of this nature at the Committee.

3. Report on the GATT Meeting held in Santiago, Chile, in November 1956.

The DEPUTY EXECUTIVE SECRETARY stated for the information of the members of the Committee that in November 1956 a meeting had been held in Santiago, Chile, in conjunction with the First Session of the Trade Committee of the Economic Commission for Latin America, for the purpose of informing the representatives of Latin American countries of the result of the Eleventh Session of the CONTRACTING PARTIES. The GATT secretariat was represented by the Deputy Executive Secretary. The meeting had afforded an opportunity for an exchange of views with representatives of countries in that region, including non-contracting

parties, on the current problems of the CONTRACTING PARTIES and the discussions had shown that the Latin American countries had a lively interest in many GATT matters. Certain representatives had expressed the desire that similar meetings should be held at the time of the next regular sessions of ECLA or of the Trade Committee. In view of the results of that meeting it was contemplated that a similar meeting of Asian countries should be held at Bangkok at the next session of the Economic Commission for Asia and the Far East.

4. Future Meetings of the Committee

The DEPUTY EXECUTIVE SECRETARY referred to the Executive Secretary's communication to Foreign Ministers of 17 December 1956 which informed contracting parties, inter alia, that a special session of the CONTRACTING PARTIES might be held early in March to consider the proposed treaty establishing a European Customs Union, and which proposed that the Intersessional Committee meet at the same time. However, advice has since been received from the Belgian Government that the signature of the treaty would not now take place on the date expected and it would be necessary, therefore, to delay the convening of the special session of the CONTRACTING PARTIES until the end of March or the early part of April. Accordingly, the next meeting of the Intersessional Committee might also have to be postponed in order to coincide with the date to be fixed for the special session of the CONTRACTING PARTIES in April.

After a discussion concerning the present status of the Treaty, in which Mr. CLARK (Canada) and Mr. GARCIA OLDINI (Chile) participated, the CHAIRMAN expressed the view that the special session should be held at the earliest possible date and that this Committee should hold its next meeting at the same time.

5. Brazilian Tariff Negotiations Committee

The DEPUTY EXECUTIVE SECRETARY reported that the Committee of Alternates could not meet in Rio de Janeiro in December and the constitution of the Committee had been postponed. The Brazilian Congress adjourned without considering the text of the new customs tariff but a special session has been convened for the end of February to consider the adoption of the new tariff.

The meeting adjourned at 12.30 p.m.