

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Intersessional Committee

SUMMARY RECORD

of the meetings held at the Palais des Nations, Geneva,
on Friday 28 June 1957 at 10.30 a.m. and 2.45 p.m.

Chairman: Mr. Garcia Oldini (Chile)

Subjects discussed: 1. Adoption of agenda
2. Request by Australia for authority to re-negotiate
3. Intensification of French import restrictions

In the absence of the Chairman and the Vice-Chairmen of the CONTRACTING PARTIES, Mr. Garcia Oldini (Chile) was invited to preside.

1. Adoption of Agenda

The Chairman said that the meeting had been convened to consider the request submitted by the Government of Australia as advised in GATT/AIR/114 but he suggested that the recent French intensification of import restrictions should also be considered on the basis of the communication of the French Government circulated in L/643.

This was agreed.

2. Request by Australia for authority to re-negotiate an item in Part I of Schedule I (GATT/AIR/114)

Mr. PHILLIPS (Australia) presented his Government's request, pursuant to paragraph 2(a) of the Declaration of 10 March 1955, for authority to enter into negotiations under the procedures of Article XXVIII:4 (revised) for the withdrawal of the concession on slide fastener tape. This concession was part of item 106 B which appeared in Part I of Schedule I and which had been initially negotiated with France. Separate statistics for slide fastener tape were not available but the best information indicated that imports in 1955-56 were of the order of EA 60,000, while imports under the whole tariff item were in excess of EA 1 million. The present application arose out of a recommendation of the Tariff Board that the preferential rate be raised. The implementation of this recommendation implied an increase in the most-favoured-nation rate and consequently, the re-negotiation of the latter. The recommendation was in part designed to correct the anomaly in the tariff structure which permitted slide fastener tape to be imported free

of duty from the United Kingdom while cotton yarn used to manufacture it was subject to a 22.5 per cent duty from the same sources. The rate of duty had remained unaltered since 1927 and recently local industry had developed new equipment for manufacturing that product. In the opinion of the Tariff Board this industry was efficient, had good prospects for further growth and could possibly enter the export market at a later stage. His Government was asking for early permission to re-negotiate as it needed to go through with the legislative procedures during the parliamentary session beginning in August 1957. If re-negotiation were deferred until the end of the year his Government would not be able to take action until April or May 1958.

Mr. PERDON (France) said that his Government was prepared to re-negotiate the concession with Australia.

The Committee, in accordance with the provisions of Article XXVIII:4, which stipulates that authority to re-negotiate can only be granted in special circumstances, examined the request of the Australian Government. In view of the small importance of the trade in slide fastener tape, of the fact that Australia was really asking for authority to do earlier what it would in any case have been entitled without authorization to do some months later, and after hearing the facts of the case as put forward by the representative of Australia, the Committee agreed that special circumstances in the sense of Article XXVIII:4 (revised) existed and decided to authorize the Government of Australia to re-negotiate item ex 106 B in Part I of Schedule I in respect of "slide fastener tape".

The Chairman then enquired whether any contracting parties represented at the meeting considered that they had a "principal supplying interest" or a "substantial interest" in the item.

Mr. GARRONE (Italy) wished to reserve the position of his Government on the question of whether it desired to claim an interest.

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 Australia. If Australia recognized the claim this would be deemed a determination by the Committee, and if no agreement could be reached, the matter could be referred to the Committee.

3. Intensification of French Import Restrictions (L/643)

The CHAIRMAN drew attention to document L/643 reproducing a letter dated 19 June in which the French Government had notified the CONTRACTING PARTIES that the trade liberalization vis-à-vis the OEEC Member countries, the United States and Canada had been suspended and had acknowledged that this action constituted a substantial intensification of the restrictions. Further, the French Government had declared its readiness to follow the procedures set out in Article XII:4(b) which require the CONTRACTING PARTIES to invite any contracting party substantially intensifying its import restrictions applied for balance-of-payments reasons to consult with them within thirty days.

Mr. FERDON (France) added that the letter from his Government requested the CONTRACTING PARTIES to defer the consultations with France on the intensification of its import restrictions until the second series of meetings to be held by the Consultations Committee in October. This request for postponement was warranted by the fact that at this stage the situation was too unsettled to draw up a comprehensive report on the balance-of-payments position and to set forth a definite plan of the internal and external measures to restore equilibrium so that early consultations with the CONTRACTING PARTIES would serve no useful purpose. He submitted that a consultation would be more useful in October when the economic situation would be more stable and prospects for the recovery of the balance of payments clearer. After certain discussion in the Consultations Committee it had already been arranged to defer the consultation with France under the first part of the first sentence of Article XII:4(b) until October and it would therefore be somewhat inconsistent not to postpone the consultation concerning intensification of restrictions since they dealt with closely related problems.

Mr. MACHADO (Brazil) proposed that the obligation of consultation within the thirty days time limit be waived and that the consultation on the intensification of the restrictions should be held in October.

Mr. PLUMPTRE (Canada) pointed out that the deferment of consultations conducted in accordance with the provisions of the first part of the first sentence of Article XII:4(b) was a different matter from a postponement of consultation under the second part of the same sentence. He read the sentence and said that it was clear that in the case of substantial intensification of the restrictions the CONTRACTING PARTIES were required to consult, while the other provision simply permitted the CONTRACTING PARTIES to invite any contracting party maintaining import restrictions for balance-of-payments reasons to enter into consultations. It would therefore not be inconsistent to postpone a consultation in one case and not in the other. In setting a thirty days limit for consultations in case of intensification of restrictions the drafters of Article XII had precisely in mind an emergency situation during which the CONTRACTING PARTIES were to exchange views, assess the situation and review the measures taken to deal with the balance-of-payments difficulties. The contracting parties which were Members or Associate Members of the OEEC would have an occasion to set forth their views at the informal and technical discussions at the OEEC in Paris, but if no consultation was held under the General Agreement within the near future the other contracting parties would have no such opportunity. If the French Government would have difficulty in sending experts to Geneva during the current emergency, the Committee might agree that the consultation takes place in Paris.

Mr. FRANK (United States) said that if the Committee decided to hold the consultation away from the headquarters of the CONTRACTING PARTIES it should be made clear that this decision should not be considered as setting a precedent. Miss SEAMAN (United Kingdom) and Mr. PLUMPTRE (Canada) shared the view of the representative of the United States.

After some discussion the Committee agreed to invite the Government of France to consult on the intensification of its restrictions, and approved the following text for incorporation in the records of the meeting:

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1. The Committee took note of the modifications introduced by the Government of France on 17 June in its régime of quantitative import restrictions, as notified in document L/643.
2. The Committee considered that these modifications constitute a substantial intensification of France's restrictions imposed for balance-of-payments reasons, and decided to invite the Government of France to enter into consultations in accordance with the second part of the first sentence of Article XII:4(b). The Committee agreed, with the concurrence of the French representative, that the consultation should take place as soon as possible and within the time-limit prescribed in those provisions.
3. The Committee decided to establish a working party to conduct the consultation, this working party to be composed of the members of the Consultations Committee, together with any contracting party which claims an interest in the consultation and expresses a wish to be represented on the working party.
4. The Committee gave the working party the following terms of reference:

to consult with the Government of France pursuant to the provisions of Article XII concerning the modification of import restrictions introduced on 17 June and to report thereon to the Intersessional Committee.
5. The Committee instructed the Executive Secretary to invite the International Monetary Fund to consult with the CONTRACTING PARTIES concerning the consultation with France pursuant to the provisions of Article XV.
6. In view of the difficulty of the French Government, mentioned by the representative of France, in sending a team of experts to Geneva during the present emergency, the Committee agreed that the working party should meet, exceptionally, in Paris. The fact that this meeting does not take place at the headquarters of the CONTRACTING PARTIES, should not be considered as setting a precedent.
7. The Committee decided that the working party should meet on 16 and 17 July.

Mr. MACHADO (Brazil) said that he could not approve point 6 of the text adopted by the Committee for there was no rule in the General Agreement obliging all meetings of the CONTRACTING PARTIES to take place in Geneva, and the Torquay and Annecy conferences, as well as the meeting of the alternates of the Negotiations Committee on the Brazilian tariff to be held in Rio de Janeiro, were evidence thereof. As a consequence there was no reason for specifying that the decision of the Committee to meet in Paris would not constitute a precedent.