

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Page 221

Tenth Session

SUMMARY RECORD OF THE TWENTIETH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 2 December 1955, at 10 a.m. and 4 p.m.

Chairman: Mr. L. Dana WILGRESS (Canada)

- Subjects discussed:
1. Nicaragua-El Salvador Free Trade Area
 2. ICCICA Chairman
 3. Schedules
 4. Intersessional administration
 5. Report of Working Party on European Coal and Steel Community
 6. Italian Cheese duties
 7. A permanent memorial to the late Mr. Suetens
 8. Report of Working Party on Balance-of-Payment Restrictions

1. Nicaragua-El Salvador Free Trade Area (L/437, L/456)

The CHAIRMAN said that the Government of Nicaragua had submitted its fourth Annual Report under the Decision of 25 October 1951. This Report included the additional statistical information for which the CONTRACTING PARTIES had asked at the last Session, on the figures of trade for items which were not covered by the Treaty. The Note by the secretariat drew attention to the fact that only 1 per cent of the exports to El Salvador were not covered by the Treaty, and that although some 15 per cent of the imports from El Salvador were not exempt from duty, most of this was only a transit trade, to which the free trade Treaty and the provisions of Article XXIV did not relate. The secretariat Note also drew attention to the fact that in each year since the Treaty entered into force there had been a prohibition on the trade in maize between the two countries during the principal trading season.

The CONTRACTING PARTIES took note of the fourth Annual Report (1954) by the Government of Nicaragua on the Free Trade Area between Nicaragua and El Salvador.

2. ICCICA - Chairman (MGT/140/55/Add.3 and 4)

The CHAIRMAN stated that Sir Claude Corea had been nominated for the Chairmanship of the Interim Coordinating Committee on International Commodity Arrangements and the names of Sir Edgar Cohen and of Mr. Machado had been withdrawn by the French and Brazilian delegations respectively.

The CONTRACTING PARTIES agreed to submit the name of Sir Claude Corea for the Chairmanship of the ICCICA for a term of one year as agreed at the sixteenth meeting.

The Chairman congratulated Sir Claude Corea.

Sir CLAUDE COREA (Ceylon) thanked the CONTRACTING PARTIES for the honour they had bestowed on him and his country. He was glad to accept the nomination because he had been interested for many years in international action in matters relating to commodity problems and would strive in his new office to fill the existing gap by trying to initiate measures to assist trade in primary commodities. In this he looked forward to the support of the Committee's secretariat, as well as the Committee itself.

Mr. PHILLIPS (United Kingdom) said that his Government had always attached great importance to the work of ICCICA and expressed his satisfaction that it had been possible to nominate by unanimity Sir Claude Corea with his experience in this field.

Mr. BARBOZA-CARNEIRO (Brazil) expressed his gratification at the nomination of Sir Claude Corea and that the post would now be held by a national of an under-developed country.

3. Schedules Working Party Report (L/463, MGT/156)

Mr. DUBOIS (Belgium) introduced the Report of the Working Party. It had first examined the requests for rectifications and drawn up a protocol. He drew attention to the recommendation of the Working Party regarding the schedules of Ceylon and Rhodesia and Nyasaland and its comments regarding the Finnish modifications. The Working Party had considered the complexity of the present schedules annexed to the Agreement, with modifications and rectifications scattered through some twenty instruments, a situation that was obviously going to be even further aggravated in the immediate future, and proposed a plan regarding consolidated schedules in order to meet this situation. The legal status of the consolidated schedules had also occupied the time of the Working Party, and a number of contracting parties hoped that a solution would at some time in the future be found to the ever-increasing difficulties in consulting the authentic texts. The Working Party also hoped that the secretariat would prepare an index of the changes in the schedules in order to facilitate the 1956 negotiations.

The CONTRACTING PARTIES approved the Report of the Working Party and adopted the plan contained therein for consolidated schedules, instructed the Executive Secretary to prepare an index of the changes in the schedules, and noted the views of the Working Party regarding the legal status of the consolidated schedules.

The Fifth Protocol of Rectifications and Modifications was approved, and the CHAIRMAN announced that it would be open for signature as from 3 December 1955.

4. Intersessional Administration (L/439, W/10, Spec/385)

The CONTRACTING PARTIES took note of the report of the Intersessional Committee on action between the Ninth and Tenth Sessions (L/439).

The CONTRACTING PARTIES approved the renewal of the intersessional arrangements as set out in the Intersessional Procedures, (Basic Instruments and Selected Documents, 3rd S. pp.9 et seq.).

An election by ballot was held for the Intersessional Committee. After the ballot papers had been examined and counted by the tellers, Dr. Martins (Austria) and Dr. Adil (Indonesia), the Chairman read their report on the results. The following seventeen contracting parties had received the highest number of votes cast and each of them received more than a simple majority of the contracting parties.

Australia	France	Norway
Austria	Federal Republic of Germany	Pakistan
Brazil	India	Union of South Africa
Canada	Indonesia	United Kingdom
Chile	Italy	United States
Cuba	Kingdom of the Netherlands	

The CONTRACTING PARTIES agreed that the Intersessional Committee thus composed met the criteria set forth in Basic Instruments and Selected Documents, Volume II, p.201, and it was declared elected.

5. European Coal and Steel Community Working Party Report (L/466)

Mr. HAGUIWARA (Japan), Chairman of the Working Party, introduced the report. He expressed the appreciation of the Working Party for the detailed information and great willingness of the High Authority and the Member States to give explanations of various matters under consideration which had greatly facilitated the Working Party's task. He called attention to various questions that the Working Party had examined with particular care, the scrap shortage, the Italian tariff, the results of the negotiations between Austria and the Community, particularly in relation to the 1956 tariff negotiations, the

export prices for third countries, in particular steel prices. On the question of coke prices sufficiently detailed information was not available to permit an adequate study of this problem, but if the Working Party's suggestions were agreed to this could be looked into at the next Session.

Mr. MACHADO (Brazil) thought that the report still clearly showed the difference between the duties of the Member States as contracting parties and the powers of the High Authority. This situation resulted in the continuance of a considerable degree of restriction and in rising prices for certain basic commodities. Moreover, export discrimination continued and the High Authority was powerless before this situation. However, it was not the powerlessness of the High Authority with respect to cartels that was of concern to the CONTRACTING PARTIES, but rather of the position of the Member States with respect to the other contracting parties. A clearer interpretation of the Decision was required. There was, for example, the question of coke, the prices of which were increasing and the exports of which were restricted. The fact that the High Authority could not change the situation did not remove the responsibility of the Member States before the GATT. The various restrictions leading to trade discrimination within the Community were contrary to the spirit of the Agreement.

Mr. KOHT (Norway) remarking on the importance of coal and steel prices to his country, said that he had noted the statement by the High Authority in the report to the effect that the High Authority continued to ensure that export prices charged by Community producers remained within equitable limits. However, he had also noted that the Working Party could not reach an agreed conclusion on this point. So long as an export cartel existed for some products and export agreements for other products covered by the Treaty, and so long as there was no international agreement on restrictive business practices, his Government felt that their best safeguard was the frank exchange of views which took place in connexion with the Community's annual reports to the CONTRACTING PARTIES. He supported the proposal that the CONTRACTING PARTIES recommend that the High Authority take careful note of the results and suggestions made during this Session as well as the proposals aimed at giving even better information about the price situation when the next report was up for discussion.

Mr. KASTOFT (Denmark) said that this report, like the last one, contained a paragraph regarding the circulation of the Member States' report and requests for information. His own delegation had requested in the manner suggested in last year's report, information regarding coke prices. Unfortunately, the High Authority's documentation on this subject was not sufficiently complete for the Working Party to draw a firm conclusion, and he hoped that at the next Session the High Authority would try to supply enough information to permit adequate study.

Mr. SWAMINATHAN (India) said that his delegation had been impressed by the readiness of the High Authority and Member States to supply information and to try to meet the difficulties of third countries. He paid tribute to the understanding shown by all members of the Working Party.

The report of the Working Party was adopted and the CONTRACTING PARTIES agreed to the recommendation that they should have more data at their next Session on the prices of coal and coke; they recommended to the High Authority that they note carefully the remarks and suggestions made by members of the Working Party and that the Community authorities consider whether practical measures could not be devised in order to give a clearer assurance to third countries that their consumers would benefit from improvements in the conditions of production of the Community; they recommended that the publication in the International Trade News Bulletin of official information regarding coal and steel prices be continued; that the report of the Member States and Note by the Executive Secretary be circulated at least three weeks before the opening of the Session, and that the Note of the Executive Secretary be prepared along the same lines as this year except that it should also include a section on coal and coke prices.

The CHAIRMAN expressed the indebtedness of the CONTRACTING PARTIES to the Community and the High Authority for their cooperation and the extensive information that had been supplied.

6. Italian Cheese Duties

Mr. KASTOFT (Denmark) stated that the Italian Government had informed the CONTRACTING PARTIES in May of their desire to renegotiate under Article XXVIII certain items which had been bound at Torquay, among which were certain types of cheese bound to Denmark. Talks took place which were not able to be finished, and it was agreed that the negotiation should continue in September. It was therefore a matter of concern to his Government that the Italian Government, in the middle of August, carried out the increases in the tariff rates about which they were still negotiating. This seemed a breach of the procedures laid down in Article XXVIII. The Italian Government declared at the same time that it was willing to continue the negotiation in order to seek agreement on compensation for the withdrawn concessions. Mr. Kastoft was glad to say that these negotiations had been successful and an agreement had been concluded in November providing for compensatory concessions granted by Italy. In connexion with this agreement, and as an integral part of it, a question regarding the importations into Italy of breeding cattle, for which duty-free entry was bound already in Torquay, was settled by means of an exchange of letters between the two delegations. He proposed, therefore, that the CONTRACTING PARTIES should consider this item as settled.

Mr. NOTARANGELI (Italy) thanked the Danish representative for his statement. It was true that the Italian Government had been obliged, for reasons of internal policy which did not permit delaying certain measures and to its great regret, to take certain customs action. It had also then declared itself ready to continue the negotiations and he was pleased and grateful to the Danish delegation at the satisfactory results that had been achieved.

The CONTRACTING PARTIES noted the settlement of this item.

7. Permanent Memorial to Mr. Max Suetens

The CHAIRMAN said that he had been discussing with the Executive Secretary the possibilities of a permanent memorial to Mr. Suetens, and they had concluded that the most suitable would be to commission a portrait to be hung at the headquarters of the CONTRACTING PARTIES. A Belgian artist was available to undertake this work and he asked the CONTRACTING PARTIES to authorize the Executive Secretary to spend an amount not over \$500 for the portrait.

The CONTRACTING PARTIES approved the commission of a painting of Mr. Suetens and authorized the expenditure of an amount not to exceed \$500.

Mr. STUYCK (Belgium), on behalf of his Government and delegation, thanked the CONTRACTING PARTIES for this tribute to the memory of Mr. Suetens.

8. Balance-of-Payments Working Party Report (L/465)

Dr. NAUDE (South Africa), Chairman of the Working Party, introduced the Report. He drew attention to the Working Party's view (paragraph 3) as to the value of the plan of consultations which had been used at this Session and said that future consultations would be facilitated by advance preparation and the use of such plans. He had been particularly struck by the usefulness of the consultations in general, and the wisdom of the Review Session where provisions for consultations had been written into many Articles where they previously did not exist. This was a device which would become more valuable as contracting parties gained experience and it was to be hoped that the progress towards improved procedures would continue in the future.

The CHAIRMAN expressed the indebtedness of the CONTRACTING PARTIES to the International Monetary Fund for its cooperation in drawing up this Report.

The CONTRACTING PARTIES approved the Report of the Working Party. They noted the conclusion of the consultations recorded therein and the view of the Working Party regarding the usefulness of a plan of consultation. They adopted the Sixth Annual Report on discrimination, approved the revised questionnaire for future annual reports under Article XIV:1(g), and noted

again the requirement that any contracting party modifying its import restrictions should furnish detailed information promptly to the Executive Secretary, They agreed that any government which wished to initiate a consultation under Article XIV:1(g) should notify the Executive Secretary in March 1956.

The meeting adjourned at 4.20 p.m.