MINUTES OF MEETING

Held at the Palais des Nations, Geneva, on 12 July 1965

Chairman: Mr. N.V. SKAK-NIELSEN (Denmark)

Subjects discussed:

1. United Kingdom temporary import charges
2. Indian import levy
3. Article XXIV:6 - Negotiations with Greece
4. Nomination of a member of the Advisory Committee to the UNCTAD Board, and to the Committee on Commodities
5. Appointment of committees and working parties
   (a) Committee on Budget, Finance and Administration
   (b) Working Party on Relations with Poland
   (c) Working Party on Arab Common Market
6. Administrative and financial questions
   (a) General service category salary scales
   (b) Reclassification of Geneva for purposes of post adjustment
7. Derestriction of documents
8. Programme of meetings

In connexion with the adoption of the agenda for the meeting, the Chairman referred to the item concerning South Africa/Rhodesia trade relations (L/2439) and said that a number of delegations were seeking certain clarifications from the Government of South Africa and that consultations were being currently pursued; accordingly, he proposed that this item be deferred for consideration at a later date.
1. United Kingdom temporary import charges (L/2446)

The Deputy Director-General, in his capacity as Chairman of the Working Party on the United Kingdom temporary import charges, stated that the Working Party had resumed its consultations with the United Kingdom on 16-19 June, and the report on this, its third meeting was contained in L/2446. He drew the attention of the Council to the concluding paragraph of the report in which it was stated that, while the main emphasis on the Working Party's discussion had again been on the need for the speedy removal of the charge, the Working Party had felt unable to draw any firm conclusions, at that stage of its consultations with the United Kingdom, as regards the effectiveness of the alternative corrective measures which had been taken by the United Kingdom. It had therefore decided to limit itself to reporting the views and concerns expressed and the explanations given by the United Kingdom representative. The less-developed countries had again expressed their disappointment that the United Kingdom had not been able to give special consideration to reducing the charge in respect of products of which they were the principal or substantial suppliers.

Representatives from less-developed countries reiterated their disappointment that the United Kingdom had not been able to accede to this request. They noted that figures for the first four months of 1965 showed that, whereas imports subject to charge into the United Kingdom from developed countries had not declined or had even increased, imports from developing countries had fallen. They were of the view, moreover, that this undesirable situation would be seen to have continued as later figures become available. The charge was having a more harmful effect on the weak economies than on the strong. They expressed the hope that the United Kingdom Government would reconsider its position concerning the maintenance of the charge in respect of products of which less-developed countries were the principal suppliers including items with social implications. The representative of India stated that the United Kingdom could, by taking such action, considerably alleviate the very difficult balance-of-payments position of India.

The representative of the United States noted that the figures for the first four months of 1965 could give only a preliminary indication of the effects of the charge. It remained the view of the United States Government that the charges should be removed or reduced as soon as possible on a non-discriminatory basis.

The representative of the United Kingdom, whilst noting that the charge had affected the trade of some countries more than that of others, pointed out that imports from developed countries might have been considerably higher had the charge not been applied. The United Kingdom Government had concluded that it could not accede to the request of the less-developed countries, because the measures they proposed would lead to an erosion of the whole system of charges and thus prolong their application.
Representatives of developing countries noted that the United Kingdom had been unwilling to accede to their request in order not to delay the removal of the charges and enquired as to the extent this removal would be accelerated by the continuance of the present system. It was suggested, in this connexion, that the trade figures showed that the impact of the present system was discriminatory; a situation which could only be remedied by the removal of the charge on products of interest to developing countries.

The representative of the United Kingdom stated that she could not give any indication as to when the charges would be removed or reduced but assured the Council that she would convey to her Government the comments and suggestions made.

The Council took note of the report of the Working Party (L/2446) and agreed that the Working Party continue its consultations with the United Kingdom.

2. Indian import levy (L/2447)

The Chairman recalled that a communication from the Indian Government on the imposition of the levy had been distributed to contracting parties in GATT/AIR/457, and the statement by the Indian Finance Minister to the Indian Parliament on 17 February 1965 had been reproduced in L/2447.

The representative of India informed the Council of the reasons underlying the imposition of the levy and of the other measures his Government had introduced at the same time. He expressed the willingness of his Government to consult with the Committee on Balance-of-Payments Restrictions in the autumn.

Representatives thanked the representative of India for his statement and expressed their sympathy with India in her present difficulties. The representative of the Commission of the European Economic Community expressed regret that the Indian Government had allowed a period of time to elapse between the imposition of the levy and the notification of this to the CONTRACTING PARTIES.

The Council took note of the statement by the representative of India and agreed to request the Committee on Balance-of-Payments Restrictions to examine the matter and draw up a report for the CONTRACTING PARTIES or the Council on the balance-of-payments aspect of the levy.

1 See item 3.

2 The text of the statement by the representative of India is reproduced in L/2458.
3. Article XXIV:6 - Negotiations with Greece (L/2454)

In accordance with the provisions of the Agreement creating an association between the European Economic Community and Greece, the Government of Greece proposed to proceed in November 1965 with the first step towards the alignment of its customs tariff with the common external tariff of the Community; as this would involve increases in certain duties bound in the Greek GATT schedule, the Government of Greece was prepared to renegotiate these concessions in accordance with the provisions of paragraph 6 of Article XXIV. A communication to this effect had been distributed in L/2454.

The representative of Greece stated that, although the alignment of the Greek tariff with the common external tariff would generally result in a reduction of duties on imports from third countries into Greece, there were certain items, bound under the GATT, in respect of which the new duties would be higher. His Government had suggested the date of 10 September for the commencement of renegotiations since the authorities concerned were presently conducting the technically difficult exercise of converting the Greek tariff to the Brussels nomenclature, and, at the same time, were converting specific duties to their ad valorem equivalents. It was hoped that this exercise would be completed by the end of August or early September.

The representative of the United States reserved the GATT rights of his Government until such time as it had had the opportunity of considering the new information to be presented by the Government of Greece.

The Council took note of the above statements.

4. Nomination of a member of the Advisory Committee to the UNCTAD Board and to the Committee on Commodities (L/2450)

The Director-General, before proceeding with the question of the membership of the Advisory Committee to the UNCTAD Board and Committee on Commodities, informed the Council that he had initiated discussions with the Secretary-General of the UNCTAD with a view to bringing about the type of collaboration between the GATT and the Conference envisaged in Article XXXVIII:2(b). He also informed the Council that it had been agreed in the Advisory Committee on Co-ordination that its Sub-Committee on Commodities should be re-activated to ensure an appropriate degree of liaison between the agencies concerned with problems arising in commodity trade; membership of this Committee, which met at head of secretariat level, comprised the GATT, the UNCTAD and the FAO, with the IMF and the ILO actively participating in its work.

On the question of the membership of the Advisory Committee to the UNCTAD Board and to the Committee on Commodities, the Director-General stated that the method of selecting the members of the Committee envisaged in the Resolution of the Board, i.e. three recommended by the Secretary-General of UNCTAD, one nominated by the FAO and one nominated by the CONTRACTING PARTIES, had caused him
considerable concern. The CONTRACTING PARTIES would be placed in a difficult position if, as might well happen, they were left with the responsibility for nominating the last member of the Committee; in that event their choice would be limited since the principle of balanced representation would have to be maintained. He had therefore held discussions with the Secretary-General of UNCTAD and the Director-General of the FAO who had agreed that it was important to ensure both a high calibre of membership and a balance of the various interests involved in commodity trade. Accordingly it had been agreed that the three heads of secretariat should collaborate in establishing a list of members which would reflect the intention of the Resolution. It was proposed that the Secretary-General would submit this list to the UNCTAD Board during its meeting beginning on 24 August, as his recommendation arrived at after consultation with the two Directors-General; thus no member of the Board would be specifically nominated by the CONTRACTING PARTIES.

The Director-General said that he could see no alternative and that, in view of the difficulties he had referred to, he would suggest, if the procedure proposed were not acceptable, that the CONTRACTING PARTIES should refrain from nominating a member to the Advisory Committee and invite the Secretary-General of the UNCTAD to undertake this nomination on the understanding that he could consult with the CONTRACTING PARTIES concerning qualified persons and the achievement of a balanced membership.

Members of the Council welcomed the initiatives taken by the Director-General and after some discussion it was agreed:

(a) that the Director-General should be authorized to enter into discussion with the Secretary-General of the UNCTAD and the Director-General of the FAO with a view to establishing a list of members;

(b) that as soon as practicable the contracting parties should be informed of the list so established;

(c) that this procedure would not necessarily set a precedent for the future selection of members of the Advisory Committee after the first three-year term of office; and

(d) that acceptance of this procedure was ad referendum, so that any contracting party might within ten days, request a meeting of Council to reconsider the matter, in which case this decision would not be valid and the Council would be reconvened.

5. Appointment of committees and working parties

(a) Committee on Budget, Finance and Administration

The Council agreed on the following terms of reference and composition:

"(1) To examine any questions arising in connexion with the audited accounts for 1964, the financing of the 1965 Budget, and proposals for the Budget for 1966."
“(ii) To study any financial and administrative questions which may be referred to it by the Council or submitted to it by the Director-General, and undertake such other duties as may be assigned to it by the Council.”

Chairman: Mr. A. Schnebli (Switzerland)

Membership

Australia          Germany          Peru
Belgium           Ghana           United Arab Republic
Brazil           Japan           United Kingdom
Canada           Nigeria          United States of America
France           Pakistan

(b) Working Party on Relations with Poland

The Council agreed on the following terms of reference and composition:

Terms of reference

"To conduct the fourth annual review under paragraphs A:4 and B:3 of the Declaration of 9 November 1959 on relations between contracting parties and Poland and to submit a report to the CONTRACTING PARTIES."

Chairman: Mr. J. Kaufmann (Netherlands)

Membership

Australia          Denmark          Nigeria
Austria           France           Sweden
Belgium           India           United Kingdom
Canada           Indonesia          United States of America
Czechoslovakia    Italy

(c) Working Party on Arab Common Market

The Council agreed on the following terms of reference:

"To examine, in the light of the relevant provisions of the General Agreement, the Agreement for Economic Unity among Arab League States, other relevant instruments, and the decisions and recommendations of the Council of Arab Economic Unity and to report to the CONTRACTING PARTIES at their twenty-third session."

The Council further agreed that contracting parties and associated governments wishing to participate as members of the Working Party should notify the Director-General by 1 September 1965 and that the Chairman of the Working Party should be appointed by the Chairman of the CONTRACTING PARTIES.
6. **Administrative and financial questions**

(a) **General service category salary scales (L/2451)**

The Council approved the proposal in paragraph 2 of L/2451.

(b) **Re-classification of Geneva for purposes of post adjustment (L/2452)**

The Council approved the proposal in paragraph 3 of L/2452.

7. **Derestriction of documents**

The Chairman informed the Council that the Secretary-General of UNCTAD had enquired whether certain documents of the Committee on Trade and Development could be made available to the UNCTAD Board, namely:

- **COM.TD/7 and Addenda** - Data on Commercial Policy Measures Applied by Industrialized GATT Countries on Products Notified by Less-Developed Countries as being of Special Export Interest to them

- **COM.TD/D/W/1** - Pilot Study on Trade Expansion Between Less-Developed Countries

- **COM.TD/A/W/3 and Addenda** - Survey of Trade Flows and Trade Measures in Respect of Products of Export Interest to Less-Developed Countries.

The Council agreed to the derestriction of these documents on the understanding that the purpose of derestriction was merely to show the type of information being collected and collated by the GATT secretariat and that the documents were not to form the basis for a discussion on the measures or policies maintained by governments, which were referred to in the documents.

8. **Programme of meetings (C/59)**

The Council agreed on the following programme:

**September**

13th

Working Party on Australian Request to Grant Preferences to Less-Developed Countries.

Working Party on Relations with Poland (the date in month of September to be fixed by Director-General in consultation with Government of Poland and members of the Working Party).
October

4-8  Working Party on Arab Common Market.

4-8  Committee on Budget, Finance and Administration.

Working Party on United Kingdom Temporary Import-Charges (the date in month of October to be fixed by the Chairman, as decided by the Working Party).

25-5 Nov.  Committee on Balance-of-Payments Restrictions.

November

8-9  COUNCIL

10-  Committee on Trade and Development (the meeting to begin on or about 10 November as may be found appropriate).


It was noted that meetings of the sub-groups of the Committee on Trade and Development would be convened by the Chairman of the Committee in consultation with the Director-General and the Chairmen of the groups.