COUNCIL

MINUTES OF MEETINGS

Held at the Palais des Nations, Geneva
from 8-12 May 1961

Chairman: Mr. J.H. Warren (Canada)

Subjects discussed:
1. Membership of Council
2. Adoption of agenda
3. Facilities for temporary importation
4. Accession of Switzerland
5. Marketing of butter in the United Kingdom
6. Uruguayan schedule
7. Commercial policy problems of newly independent States
8. New Zealand import restrictions
9. Ministerial meeting
10. Eighteenth session of CONTRACTING PARTIES - review of provisional agenda

1. Membership of Council (C/13)

The Chairman drew attention to document C/13, which set out the membership of the Council and the names of permanent representatives appointed by governments. Three representatives were unable to attend the present meeting and alternates had been appointed. Six governments which had not yet nominated their permanent representatives had appointed delegates to attend the meeting.

2. Adoption of agenda and order of business (C/12 and Add.1, L/1467, C/W/17)

The provisional agenda (C/12 and Add.1) was adopted. However, it was agreed that, as the necessary documentation was not yet available, the items on balance-of-payments import restrictions, Italian import restrictions and residual import restrictions should be deferred until the eighteenth session of the CONTRACTING PARTIES. The third annual review under paragraph 6 of Article XVIII was also deferred until that session as Ceylon was not represented at the present meeting of the Council. The item on subsidies and the consideration of reports under waivers were likewise deferred, as these items only required formal action by the
CONTRACTING PARTIES. Ceylon's request for an extension of the Decisions of 30 November 1955 and 18 November 1960 (ceramic ware) was removed from both the Council's agenda and from the agenda for the eighteenth session as Ceylon had withdrawn its request. The item on the Central American Free Trade Area was deferred until the September meeting of the Council as Nicaragua would not be represented either at the present meeting of the Council or at the eighteenth session.

An order of business for the Council (C/W/17) proposed by the Executive Secretary was approved.

3. Facilities for temporary importation (L/1460)

At the seventeenth session the CONTRACTING PARTIES appointed a Group of Experts which examined a Draft Convention on the Temporary Importation of Professional Equipment. The Customs Co-operation Council had now transmitted to the CONTRACTING PARTIES for comment the final text of the Draft Convention (L/1460). A Draft Customs Convention on the ATA Carnet for the Temporary Admission of Goods (L/1460) had also been transmitted and the CONTRACTING PARTIES were invited to comment on the text.

It was agreed that the two Draft Conventions should be referred to a group of experts and that the group should have the following composition and terms of reference:

**Chairman:** Mr. F. Manhart (Austria)

**Members:**
- Mr. M.J. Fields (United States)
- Mr. W. Metzen (Federal Republic of Germany)
- Mr. J. Gimon (France)
- Mr. K. Hanswirth (Switzerland)
- Mr. H. Myasaki (Japan)
- Mr. L. Howey (Canada)
- Mr. P.L. O'Keefe (United Kingdom)
- Mr. M. Malbrecq (Belgium)
- Mr. J. Somerville (Australia)

**Terms of reference**

To examine the Draft Convention on the Temporary Importation of Professional Equipment and the Draft Customs Convention on the ATA Carnet for the Temporary Admission of Goods, transmitted by the Customs Co-operation Council to the CONTRACTING PARTIES for comment, and to submit recommendations to the CONTRACTING PARTIES at the eighteenth session.

4. Accession of Switzerland

The consultation with Switzerland under the Declaration of 22 November 1955 on the Provisional Accession of Switzerland was initiated at the seventeenth session of the CONTRACTING PARTIES and continued by the Council during its meeting at the end of February (C/M/4). The Council appointed a Group which met on 6 and 7 April to continue the consultation with Switzerland.
The Executive Secretary, who presided over the meetings of the Group, said there had been a useful exchange of views with Swiss representatives concerning Switzerland's import system and trade policy. The Group's intention had been to resume their discussion after additional documentation had been made available, with the object of reporting either to the present meeting of the Council or to the eighteenth session of the CONTRACTING PARTIES. This had not been possible, however. The Executive Secretary proposed that the Group should now meet before the nineteenth session but sufficiently early to enable it to complete its task and report to the CONTRACTING PARTIES at that session. He pointed out that the question of timing was important as the Declaration of 22 November 1958 was due to expire at the end of 1961.

The representative of Switzerland concurred in the comments and suggestions of the Executive Secretary.

It was agreed that the Group should meet before the nineteenth session in sufficient time to enable it to submit a report to the CONTRACTING PARTIES at that session.

5. Marketing of butter in the United Kingdom (L/145J5 and Add.1)

At its meeting on 24 March, the Council was requested by the Government of New Zealand to arrange a multilateral consultation under paragraph 1 of Article XXV on the difficulties experienced by New Zealand in marketing butter in the United Kingdom. A consultation was held from 17-20 April in which nineteen contracting parties and associated governments participated; the report on the consultation was distributed in document L/1453. The Council agreed that substantive discussion on the report should be deferred until the eighteenth session.

The representative of New Zealand said he would not comment at length at this stage, but he wished to express his Government's appreciation of the extent to which interested countries had accepted the invitation to consult on this matter. In the opinion of his Government, the consultation had been valuable in that it provided an opportunity for a useful exchange of views on the reasons for the depressed state of the butter market. The report recognized the urgency of this question and contained certain recommendations which, New Zealand hoped, would result in some improvement in the situation. In reference to the second sentence of paragraph 9 of the report, the representative of New Zealand suggested that contracting parties should give careful consideration to means by which conditions in the butter market could be kept under review; his Government attached importance to the question of review and would make specific proposals in this regard at the eighteenth session.

The Council took note of the report on the consultation (L/1453) and transmitted it for consideration by the CONTRACTING PARTIES at their eighteenth session.
6. **Uruguayan Schedule** (L/1446, and Add.l, Corr.l)

The Government of Uruguay requested in document L/1446 the concurrence of the CONTRACTING PARTIES in adjusting, in accordance with paragraph 6(a) of Article II, the specific rates and "aforos" in its GATT Schedule to take into account a reduction in the value of the Uruguayan currency. In this connexion, the Executive Secretary invited the International Monetary Fund to furnish relevant information and the Fund's reply was distributed in document L/1446/Add.l and Corr.l.

The representative of Uruguay referred to document L/1446 which contained a detailed analysis of the circumstances surrounding Uruguay's request. He proposed, for the consideration of the Council, that a working party be established to consider the question, which was complex and technical in character.

It was agreed to establish a working party with the following composition and terms of reference:

**Chairman:** Mr. B. Swärd (Sweden)

**Members:**
- Brazil
- Kingdom of the Netherlands
- Canada
- United Kingdom
- Indonesia
- United States
- Federal Republic of Germany
- Uruguay

**Terms of reference**

To examine the request by the Government of Uruguay for authorization to adjust the specific rates and "aforos" in Schedule XXXI in accordance with the terms of paragraph 6(a) of Article II of the Agreement; and to report thereon to the eighteenth session of the CONTRACTING PARTIES.
7. Commercial policy problems of newly-independent states (L/1458)

Certain proposals put forward by the Executive Secretary concerning assistance to newly-independent states in dealing with commercial policy problems were discussed by the Council at its meeting at the end of February (C/M/4). In the light of the discussion at that time, the Council decided that it would request the Executive Secretary to submit elaborated proposals and that it would resume its consideration of this question at its present meeting. The Executive Secretary's elaborated proposals were distributed in document L/1458.

During the discussion in the Council there was general support in principle for the Executive Secretary's proposals (L/1458).

Considerable stress was laid by representatives on the need, in any arrangement agreed upon by the CONTRACTING PARTIES, for the initiative to rest with the country needing assistance. The request for assistance must come from that country and the decision on the type of assistance required, the selection of the expert or experts, the tasks to be assigned to these experts and the implementation of these tasks must all be carried out in accordance with the wishes of, and in the closest consultation with, the requesting country.

The point was made, with reference to paragraph 4 of document L/1458, that the Executive Secretary should not have to concern himself with other than the technical aspects of requests for assistance. Policy decisions should be made by governments. Likewise, the selection of experts and missions should be approved by the CONTRACTING PARTIES.

Many representatives emphasized the need for the closest collaboration with the United Nations Technical Assistance Authorities, with the regional commissions of the United Nations and with other agencies concerned with technical assistance which were outside the United Nations. Reference was made, for example, to the need for co-operation with the special Trade Committee of the Economic Commission for Africa and to the possibility of taking advantage of assistance in the field of customs that might be available from the Customs Co-operation Council. Stress was laid on the need for assistance from GATT to be confined to the field in which GATT was most competent and experienced. The point was also made however that, despite the number of other bodies engaged in technical assistance activities, it was reasonable to assume that GATT, with its specialized knowledge and experience, had much to offer.

Several representatives underlined the difficulties which were inherent in the proposal contained in paragraph 5 of document L/1458 that there should be a panel or roster of experts. It was, in their view, impossible to foresee what kind of requests would be made or what particular expertise would be required. The possible scope of the requests could be very wide. Further, government experts nominated to a panel might, because of transfers or for other reasons, cease to be available and there would be need to revise
frequently any list of names. It would be sufficient, and more satisfactory, if contracting parties would indicate their willingness to co-operate in the proposals and to undertake to do their best to furnish advice and assistance when requested to do so. The point was also made that the GATT secretariat itself would very often be the best qualified to give the specialized advice likely to be asked for, without calling on the assistance of outside experts.

The need for flexibility in the proposals was emphasized by some representatives. In their view it would be difficult to define in advance the exact nature and scope of the assistance which could be rendered by the CONTRACTING PARTIES. A start should be made on implementing the proposals; the necessary procedures could then be worked out in the light of experience.

The Executive Secretary, replying to the comments that had been made, said he fully agreed that an essential prerequisite was that the initiative must rest with the country requesting assistance. He also agreed that his own actions in this matter should be limited to the technical aspects of requests for assistance. As regards co-ordination with other bodies, it was certainly his view that attempts should also be made to enlist the help of agencies, such as the Customs Co-operation Council, which were outside the United Nations. He shared the doubts which had been expressed about the advisability of establishing a panel or roster of experts. There was wisdom in the alternative suggestion that contracting parties should be invited to indicate their willingness and ability to co-operate in the implementation of the proposals and he hoped that this indication would be forthcoming at the eighteenth session. There would also be need to establish necessary liaison arrangements between the contracting parties concerned and the secretariat. In conclusion, the Executive Secretary said that he also agreed with the need for flexibility. In the document which he had distributed (L/1458) he had not intended to give rigidity to his proposals but to allay the possible fears of contracting parties that what he had in mind was a large operation which might prove costly.

It was agreed to forward to the eighteenth session of the CONTRACTING PARTIES document L/1458 containing the Executive Secretary’s proposals and to draw the attention of the CONTRACTING PARTIES to the minutes of the present meeting of the Council. From these minutes the CONTRACTING PARTIES would see that there was in the Council a large measure of support in principle for the proposition that the CONTRACTING PARTIES should stand ready to provide technical assistance of the kind which GATT was best fitted to provide, on the understanding that such assistance would be at the request of the country which needed it. In this connexion the Council endorsed the statement by the Executive Secretary about collaboration with other inter-governmental organizations which are active in the field of technical assistance.

The Council expressed the hope that, at the eighteenth session, contracting parties would make known their willingness, in principle, to co-operate and that the CONTRACTING PARTIES would agree as a first step to indicate to the countries concerned their willingness to furnish advice and guidance on matters falling within the competence and jurisdiction of the GATT and to authorize the Executive Secretary in consultation with the Council, to take the necessary steps to respond to such requests as might come forward.
8. New Zealand import restrictions (L/1447)

Recent measures taken by the Government of New Zealand, which modify the import restrictions applied by New Zealand for balance-of-payments reasons, were reported in document L/1447.

In accordance with the procedures adopted by the CONTRACTING PARTIES, the Council was required to consider whether the intensification of restrictions, brought about by these measures, required a consultation with the CONTRACTING PARTIES under Article XII:4(a).

The representative of New Zealand explained that the form taken by the modifications announced on 13 April was not so much a reduction of existing import levels as a limitation on the provisions in New Zealand's import licensing system which provided for expanding imports of a wide range of goods. It was New Zealand's view that the action taken was probably not a "substantial intensification" within the meaning of Article XII:4(a) but rather than have any dispute on this issue, New Zealand would prefer that there should be a consultation.

The representative of New Zealand then described the deterioration in New Zealand's terms of trade, the very serious fall in external reserves and the worsening balance-of-payments situation, which had made remedial action by his Government essential. The intensification of import restrictions was a necessary element in this action, although it was not the only element; it had been supplemented inter alia by internal measures designed to reduce the level of demand and pressure on New Zealand's exchange reserves.

Certain representatives expressed the interest of their governments in participating in any consultation with New Zealand that might be arranged.

It was agreed that a consultation on the modifications in New Zealand's import restrictions should be conducted by the Committee on Balance-of-Payments Restrictions and that, pursuant to Article XV, the International Monetary Fund should be invited to consult with the CONTRACTING PARTIES in this connexion.

When this matter was first considered by the Council, it was decided that the Committee on Balance-of-Payment Restrictions should report to the eighteenth session of the CONTRACTING PARTIES. At a later meeting of the Council, however, the representative of New Zealand made a further statement concerning additional measures announced by his Government which, when implemented, would have the effect of further intensifying restrictions. In view of the fact that details of these measures were not yet available, and as it was considered that the consultation with New Zealand should preferably cover both these measures and those announced on 13 April, the Council agreed that the question of an appropriate date for the Committee on Balance-of-Payments Restrictions to meet should be left for decision by the CONTRACTING PARTIES at the eighteenth session.
9. Ministerial meeting

As was agreed by the Council when it met on 24 March (C/M/5) a recommendation concerning a meeting at Ministerial level in the autumn of 1961, at or about the time of the nineteenth session, was submitted to contracting parties by postal ballot. All of the twenty-seven governments which responded stated that they were in favour of such a meeting being convened. It was also agreed at the Council's meeting in March that the timing of a Ministerial meeting should be discussed again by the Council, so as to enable more precise recommendations to be submitted for consideration by the CONTRACTING PARTIES at their eighteenth session. Certain proposals concerning the timing and arrangements for a Ministerial meeting were put forward by the Executive Secretary (C/M/4, pages 21/22) when this question was first discussed by the Council at an earlier meeting in February.

At the present meeting of the Council the discussion focussed mainly on three questions: the timing of a Ministerial meeting, the substance of the matters to be submitted to Ministers for discussion and the question of preparatory work for the meeting.

All representatives who spoke favoured holding the Ministerial meeting at the time of the nineteenth session of the CONTRACTING PARTIES. Differing views were expressed, however, as to when, during the session, the meeting should be held. Several representatives suggested that it should take place in the second week of the session; others suggested the middle of the session as being an appropriate time. These representatives had in mind the desirability of the CONTRACTING PARTIES being able to meet both before the Ministerial meeting, so as to permit the finalizing of preparations for the Ministers' discussions, and after the meeting in order to put in train the necessary follow-up work. Some representatives expressed the view that Ministers should meet at the latest possible date during the session, inter alia, to permit the Dillon round of tariff negotiations to be as far advanced as possible, thus increasing the likelihood of it being possible to draw conclusions from the negotiations. It was stressed that the Ministerial meeting should be considered as being separate from the nineteenth session of the CONTRACTING PARTIES.

The Executive Secretary, at a later stage in the meeting, stressed the desirability of there being some precision about the date of the Ministerial meeting so that the date would be known to Ministers well in advance. This would increase the chances of there being a good and representative attendance of Ministers at the meeting.

There was wide support for the view that the agenda for the Ministerial meeting should be short and that it should essentially reflect the main problems identified by the CONTRACTING PARTIES in the course of the work done under the Programme for the Expansion of Trade, namely, tariff barriers to trade, trade in agricultural products, and obstacles to the trade of less-developed countries. There was discussion as to what questions would be covered by these broad headings and on whether it might be necessary to spell out certain specific problems. There was support for the view that the discussion of tariff barriers to trade should encompass both a review of the Dillon round
of tariff negotiations and a consideration of possible future action in the tariff field. It was also pointed out that there would be advantage in the proposed item on trade in agricultural products being drafted sufficiently broadly, so as to give an opportunity for fundamental problems of great concern to many contracting parties to be raised. In connexion with the question of obstacles to the trade of the less-developed countries, it was suggested that the Ministers' discussion on this subject should give scope for a review of the trading relations between the less-developed and the industrialized countries in the context of the difficulties of the less-developed countries in trying to increase their rate of development and their exports, the contribution which remedial measures could make towards resolving these difficulties and the possibility of taking such remedial measures. Other questions to which certain representatives felt Ministers might wish to address themselves included market disruption and the implications of regionalism for world trade. Stress was also put on the importance of non-tariff barriers to trade.

Several representatives pointed to the need for a certain amount of flexibility in any agenda proposed many months before the Ministerial meeting was due to take place. In their view it was desirable to be able to include in the agenda, if it were so wished, any major question affecting international trade that might arise in the interim period.

Representatives placed considerable emphasis on the need for careful preparatory work for the Ministerial meeting. It was essential for clearly defined issues to be placed before Ministers, so as to enable Ministers to be able to discuss and propose solutions to specific problems, and so that they could give guidance and direction to the CONTRACTING PARTIES in their future work.

In the light of this consideration, the Executive Secretary suggested that the Council might recommend to the CONTRACTING PARTIES that contracting parties be invited to submit suggestions regarding specific points that might be placed before Ministers under the broad agenda items referred to above and suggestions regarding possible solutions to the problems to which they had thus drawn attention.

There was discussion of the arrangements to be made for undertaking the preparatory work for the Ministerial meeting. The proposal which was generally supported was that the Council itself should undertake this task at its meeting in September and that it should submit the results of its work for consideration by the CONTRACTING PARTIES at the beginning of their nineteenth session. The suggestion was made that the Council should be empowered to carry this work very far, so that it would put to the CONTRACTING PARTIES a paper likely to need little refinement before being submitted to Ministers. There was some support for a proposal that the preparatory work should be undertaken initially by a small group.
It was agreed to recommend to the eighteenth session of the CONTRACTING PARTIES that there should be a meeting of Ministers at the time of the nineteenth session. As to the exact timing it was suggested that the meeting be held after the second week of the session; the session would be interrupted for the duration of the Ministerial meeting and would resume for the week after.

It was agreed to recommend that Ministers should be invited to address themselves to the main problems of international trade which had been identified by the CONTRACTING PARTIES in the course of their work under the Programme for the Expansion of Trade. The discussions would thus cover tariff barriers to trade (including a review of the results of the Dillon round of tariff negotiations and the consideration of possible future action in the tariff field), trade in agricultural products and obstacles to the trade of less-developed countries. During the discussion in the Council it was suggested that the questions of market disruption and the implications for international trade of the development of regionalism should be included, but it was the general feeling that these need not be spelt out as they could be considered as falling within the general compass of the items mentioned.

It was agreed that the attention of the CONTRACTING PARTIES should be drawn to the fact that, in the view of the Council, there should remain a degree of flexibility in any agenda established at the eighteenth session, so as not to preclude the discussion by Ministers of any major question of general significance for international trade which might arise in the intervening period.

The Council wished to stress the need for careful preparatory work for the Ministerial meeting. In the Council's view, Ministers should be able to address themselves to issues which had been clearly defined in order to give guidance and direction to the CONTRACTING PARTIES, so as to enable them to deal effectively with the difficulties which had been identified in the discussions and studies carried out under the Programme for Expansion of Trade. To contribute to this end, it was agreed to recommend that contracting parties be invited to submit, by 1 September, suggestions as to specific points which might be considered by Ministers, within the framework of the broad items mentioned above, together with proposals for action on the problems thus defined.

Further, it was agreed to recommend that the Council at its meeting in September, or a working party established by the Council, should examine the reports of the Committees set up under the Programme for the Expansion of Trade and the proposals for action submitted by individual contracting parties. The Council should then report to the CONTRACTING PARTIES on specific points and proposals to be placed before Ministers, in the form of a draft paper for Ministerial consideration.
10. Eighteenth session of CONTRACTING PARTIES - review of provisional agenda (L/1439/Rev.1, L/1467)

The Council reviewed the provisional agenda for the eighteenth session of the CONTRACTING PARTIES, taking account of the notes on the agenda items distributed by the Executive Secretary in document L/1467.

In reply to a question in connexion with the item relating to the European Economic Community, the spokesman for the Community pointed out that the agreement between the Community and Greece had so far only been initialled; it had not yet been signed.

The Council considered proposals for the programme of work for the eighteenth session and agreed on the recommendations that should be made to the CONTRACTING PARTIES in this connexion.

11. Future work of Council

It was suggested by the Chairman that, at its meeting in September, the Council might review the effectiveness of its work during the first year of its operation.

Further, Mr. Warren informed the Council that he would be returning to Canada at the end of July and he suggested that representatives should be giving some thought to the question of the future chairmanship of the Council.