GENERAL AGREEMENT ON TARIFFS AND TRADE
Contracting Parties
Second Session

SUMMARY RECORD OF THE TWELFTH MEETING
Held at the Palais des Nations, Geneva,
on August 25, 1948, at 10.00 a.m.

CHAIRMAN: Hon. L.D. WIlGRESS (Canada)

BRAZILIAN REQUEST FOR WITHDRAWAL OF CONCESSIONS. SCHEDULE III.

Mr. Gutierrez (Cuba)* indicated that his intervention in this discussion was not due to any direct interest in the Brazilian proposals, but that he was prompted to express his deep interest in the procedure followed, according to which a contracting party could withdraw concessions in a manner not contemplated in the Agreement. He thought the application of Article XXV very questionable. Any decision of the Contracting Parties would establish a precedent whatever might be said to the contrary. He also formally announced that if the difficulties his government was encountering in relation to silk hosiery, rubber tires and tubes and ribbons and trinnings, could not be solved in this session his government would follow the precedent established by the Brazilian case or avail itself of the right granted by Article XIX of the Agreement.

* The text of Dr. Gutierrez's statement has been circulated as GATT/CP.2/19.
Mr. VINCENT (United Kingdom) thought there were various procedures for dealing with the case of Brazil, which was exceptional. The matter had been dealt with sympathetically in the Working Party and he thought it would be possible to find a procedure to deal with the Cuban requirements.

Mr. RODRIGUES (Brazil) said he had only one point to raise and that was that Dr. Guiterroz had only looked at one part of the paper. The concessions the Brazilian Government was making were to be regarded as temporary as appeared in the document under discussion, but there was no intention to withdraw them unless it became imperative to do so on very few items. The Brazilian Government was undertaking to enter into negotiations with the United States and the United Kingdom with a view to making certain of these tariff concessions binding. He felt sure that another government would act similarly if confronted with a similar situation and Brazil was granting additional concessions which would vastly compensate for those to be withdrawn.

The CHAIRMAN said that it appeared that the view of the meeting was for a sympathetic consideration of the proposal of Brazil and that in his opinion it was best to leave the matter to be discussed in an informal Working Party between Brazil, the United Kingdom and the United States who should in the course of their discussions bear in mind the requirement that no undesirable precedent should be established.

The debate was then adjourned.
APPLICATION OF THE AGREEMENT TO AREAS UNDER MILITARY OCCUPATION

GATT/CP.2/W5

Mr. TONKIN (Australia) said he had not yet received instruction from his government, pending which he opposed the proposal to extend most-favoured-nation treatment to militarily occupied areas. He said the general policy of his government in such matters was that they should be dealt with through the already existing machinery for consultation. The avowed intention of the United States government to bring up at a later date a similar proposal in relation to Japan was the point that caused embarrassment to the Australian government.

Mr. STINEBOWER (United States) wished to ask Mr. Tonkin what he meant by "existing machinery" and Mr. TONKIN replied that as far as Japan was concerned he was thinking of the Far Eastern Commission in Washington and for Germany he meant normal governmental channels.

Sir Oliver GOONETILEECKE (Ceylon) said his country gave most-favoured-nation treatment to all occupied territories and was always interested in removing obstacles to international trade. He therefore did not agree with Mr. Tonkin.

Mr. MOBARAK (Lebanon) said that the question was one of considerable complexity; for the United States it amounted to a budgetary question and he thought it advisable to adjourn discussion to the next session of the Contracting Parties when it might be possible that the Political authorities had further advanced toward the conclusion of agreements on the status of these areas.
Mr. NICOL (New Zealand) found himself in exactly the same position as Mr. Tonkin whom he wished to support, but if there were no other machinery to deal with the question then there would be no option for the Contracting Parties but to consider it. He had heard that various countries (apart from those applying most-favoured-nation treatment) had signed bi-lateral instruments through diplomatic channels.

Mr. WUNFSZ KING (China) said that he had not yet received instructions from his government but the matter had already been discussed in Genova and in Havana. The proposal before the meeting caused him anxiety and alarm because the United States delegates had let it be known that they had in mind to present at a later stage a similar proposal relating to Japan. From a legal point of view he saw considerable force in the argument of one delegation that the Agreement, as it was, could only be applied between the Contracting Parties. He also asked the Chairman whether the American proposal was to be considered an amendment or an addition to the text to the Agreement according to Article XXX, or whether it was to be a separate instrument.

Mr. STINEBOWER (United States) said that his delegation had refrained from giving the document a precise form in order that the Contracting Parties might find a satisfactory conclusion more easily. In his view the draft proposal could become a separate agreement.

Mr. SHACKLE (United Kingdom) said that regarding Germany the United Kingdom had already exchanged notes with the United States on this point but that the Exchange
of Notes was an independent bilateral agreement with no reference to the GATT. Although it was practically identical with the present United States draft the difference was that one was multi-lateral and the other bilateral and further that the Exchange of Notes related to the Bizone, whereas the United States draft related to all three zones of Western Germany. He did not raise objections to the United States draft but did not think it convenient to sign a document at present which would say the same things again. As to Japan the United Kingdom had not signed and did not at present propose to sign any instrument in relation to Japan analogous to the Exchange of Notes already mentioned regarding Germany.

Mr. PHILIP (France) said his country was in a similar position to the United Kingdom, they had also exchanged notes with the United States. His delegation was prepared to consider the proposal in a Working Party and would examine it with an open mind reserving all its rights as to the final decision.

Mr. LAMSVELT (Netherlands) said his country was in the position of the United Kingdom and France; they had no objection to the proposal of the United States. He said that in his opinion it was not necessary to discuss Japan, but Germany was a neighbour of Benelux which had a great interest in its economic recovery. He did not agree that other countries should necessarily have to come into the Agreement before most-favoured-nation is applied to this occupied territory.

Mr. CASSIERS (Belgium) said he had not much to add after what had been said by the representative of the
Netherlands. Some objections had been raised but referring to those contracting parties who had not signed bilateral agreements he thought an instrument could be deposited for acceptance by those countries whose governments thought fit to do so. There was therefore no reason why delegates should wait for instructions from their governments and he supported the United States proposal.

Dr. AUGENTHALER (Czechoslovakia) thought the discussion was politically unwise and wondered whether it was economically necessary or useful. Bilateral agreements had been signed voluntarily and in view of that fact he did not see why the matter should be brought before the Contracting Parties unless it was intended to make an agreement signed here obligatory upon the Contracting Parties. Unless he received instructions to the contrary he could not sign at this session any document establishing any relation between Germany and the GATT coming out of this session of Contracting Parties.

Mr. NORVAL (South Africa) said he too had not yet received instructions from his government but he was sure the question was being given full consideration.

Mr. COUILLARD (Canada) said that the question was being given sympathetic consideration by his government which was bearing in mind the interests of Canada in the trade of Western Germany, the importance attached to it by the United States and the relations of such an instrument to the GATT.

The CHAIRMAN said the full discussion of the matter was not easily summed up except that a number of countries
appeared to oppose the suggestion that an agreement of the type suggested be arrived at in connection with Japan. Some support for the proposal relating to Western Germany had been forthcoming but there was a marked reluctance on the part of representatives to express themselves clearly until they had received instructions from their governments. He had not however seen an unwillingness to examine the question further and suggested setting up a working party with the following terms of reference:

a) To consider the appropriateness of the procedure suggested by the United States having regard to the Final Note in Annex I to the General Agreement on Tariffs and Trade and to the arguments advanced in the course of the discussion at this session.

b) Having regard to (a) above, to consider the draft agreement submitted by the United States representative and to make recommendations thereon to the Contracting Parties.

The proposal to set up a Working Party with the above terms of reference was approved. The Working Party to be called Working Party No. 6 and to be composed of the following delegations: Australia, Canada, China, Cuba, France, Netherlands, Pakistan, United Kingdom, United States; Dr. Gutierrez (Cuba) to be the Chairman.

The meeting rose at 1 p.m.