SUMMARY RECORD OF THE ELEVENTH MEETING

Held at the Palais des Nations, Geneva,
On Thursday, 2 March 1950 at 2.30 p.m.

Chairman: Hon. L. D. WILGRESS (Canada)

Subjects discussed:

1. Continuation of discussion on Item 14 - Quantitative restrictions.

2. Item 13 - Arrangements for reporting in accordance with Article XVI.

3. Item 3 (ii) - Communication from Czechoslovakia on the participation of "western" Germany in the Tariff Negotiations.

4. Item 5 (i) - Schedule VI - Ceylon - Results of Negotiations (document GATT/CP.4/12).

1. Continuation of discussion on Item 14 - Quantitative Restrictions.

Mr. SVEINBJORNSSON (Denmark), referring to his remarks at the previous meeting, repeated that the restrictions, while regrettable, were necessary in order to be able to import essential goods. It was clear that there were two schools of thought; the liberal school in favour of free, multilateral trade and convertibility, and ready to run the risks that this policy entailed, and the other school which was in favour of security, particularly against unemployment, even at the risk of lower and less efficient production. Both points of view were provided for in the Charter and each must try to understand the other.

Mr. CASSIERS (Belgium) said that he had been glad to hear of the similarity of conclusions reached in the discussion of the previous meeting and most clearly expressed by the Australian and Canadian delegates. There seemed to be agreement that, without going beyond the scope of the General Agreement, it would be useful to examine this problem and to consider to what extent there was any departure from the aims of the General Agreement.
in the current application of quantitative restrictions. He supported this view. He wished, however, to say that in the discussions on this item, and those on connected agenda items, as also at earlier meetings on similar questions, there seemed to be a tendency to postpone a thorough examination or any decision until later sessions. He felt that he should point out the reaction of his own Government to this attitude and the meaning that the General Agreement had in other negotiations or in bodies other than the Contracting Parties, particularly as these questions of restrictions were more and more being examined elsewhere. The school of those who would by-pass the GATT because it seemed ineffectual and its rules unrespected was gaining ground. It seemed to him that the Contracting Parties must decide now whether they wished to continue to take part in the regulation of international commerce, and the only way in which their contribution would be respected was to face the fundamental problems now. The Working Party should clarify as far as possible the province of the General Agreement and, when this was done, enter into the concrete details of its application.

He referred to the Chairman's speech at the end of the 3rd Session and hoped that his words on the need for diminishing the emphasis on purely national interests would be heeded, and the wider effects of policies given more consideration.

Mr. CASSIER suggested that the Secretariat make a table of the authorisations given by the Agreement and the manner in which they could be used.

He referred to the remarks of M. Philip and of other delegates on the balance of dollars, full employment, need for development of national industries, etc; the Agreement had foreseen all of these problems and contained
provisions which stated that, if these things were found to exist, certain measures could be taken and certain measures could not. He did not think that questioning the rules of the Agreement on these matters was in order at this stage. The Working Party should confine itself to clarifying what the rules of the Agreement were and on deciding whether or not they were being applied. If a country should claim that it was unable to apply the rules of the Agreement, that would raise an entirely different question of a possible revision of some of the rules and should be dealt with in a different manner.

Mr. LECUYER (France) wished to clarify the remarks made by M. Philip. The latter had not proposed that the Working Party re-open the whole problem of the balance of payments. He had, however, stated that the Agreement had been founded on the hypothesis of a temporary disequilibrium and, since it was beginning to be apparent that this disequilibrium was permanent, reliance on the terms of the Agreement alone was insufficient to cope with the problem of restoring the multilateral pattern of trade. He had not suggested a manner of dealing with the problem but he felt that it was a problem which must be carefully investigated as a whole and not only in its technical aspects.

U. SAW OHN TIN (Burma), hoped that the special conditions existing in the different countries would be taken into account in the examination of quantitative restrictions imposed for other than balance-of-payments reasons.
The CHAIRMAN said that the comprehensive discussion in the Plenary Session, there had been 26 speeches, should assist the Working Party in deciding quickly on the lines along which it would proceed in its consideration of this question. The terms of reference as set out in document GATT/CP.4/17 had been agreed upon before the item was placed on the Agenda. There had been many references in the meeting to the importance of keeping within the framework of the Agreement and he felt that the terms of reference fulfilled this condition. In this connection he referred to Articles XII (4)(b), XII (5), and XXV, and to the objectives of the Agreement as set forth in the Preamble.

The terms of reference were agreed.

The CHAIRMAN suggested the following countries for membership of the Working Party: Belgium, Brazil, Canada, Ceylon, France, India, New Zealand, Netherlands, South Africa, United Kingdom, United States, with Dr. Walker, Australia, as Chairman in his personal capacity.

This membership was approved.

2. Item 13 - Arrangements for reporting in accordance with Article XVI (GATT/CP.4/27).

Mr. COUILLARD (Canada) explained the draft decision circulated by his delegation. This paper did not cover the case of countries which were not yet contracting parties but he thought that once the procedure with respect to Article XVI had been put on an operative basis new contracting parties would accept it.

Mr. EVANS (United States) explained that the United States hoped to be in a position to produce the notification required during the course of this Session. He supported the proposal of the delegation of Canada including the date of 1st August, 1950, on the understanding, however, that any contracting parties able to do so would submit their notifications earlier.

The draft decision was approved (GATT/CP.4/20).
Mr. BENES (Czechoslovakia) said that he wished to make the following statement. Firstly, the Czechoslovak Government had expressed its opinion on the inclusion of Western Germany at the London Meeting of the Working Party on future tariff negotiations. This was contained in document GATT/CP/36. Secondly, his Government had communicated its attitude towards the creation of the Federal German Republic in a note of 6th October 1949, forwarded to the Secretariat on the 26th October. He stated that the creation of the Federal Republic had made economic and political control by all four occupation powers impossible and prevented Western Germany from fulfilling its obligations. His Government considered that Germany was still occupied territory and did not possess the full autonomy in the conduct of its external commercial relations required under Article XXXIII of the General Agreement. This conclusion was based on the declaration of the Allied High Commission of 10 November 1949, in which the Commission reserved its right to limit decisions on questions of customs, tariffs and quantitative restrictions, and on the fact that foreign trade was subject to control by the Allied High Commission and mentioned some examples. Furthermore, Western Germany had not notified its intention to participate by the date provided for, nor had it circulated the necessary statistical and tariff material. His delegation consequently proposed that the Western German application be rejected.

Mr. EVANS (United States) considered that the arguments made by the Czechoslovak delegation had almost all been originally made in London and considered then very carefully by the Working Party. The Working Party had nevertheless recommended the inclusion of the Federal Republic. The only new point raised by the Czechoslovak delegation was the failure to notify in time its intention to participate. There was some reason to doubt that it had been the intention of the Contracting Parties to foreclose any possibility of participation by countries which notified after November 15th. Even if that
had been their intention, it was within the power of the Contracting Parties to alter such a decision, and there were examples of such procedure. He did not wish to imply that the United States was in favour of a continual extension of dates, and particularly emphasized that dates set forth in the basic instruments of the Contracting Parties, particularly in the Agreement itself, should be strictly adhered to. However, dates which were the result of a decision by the Contracting Parties should be considered more in the light of convenience. There was no evidence that any Contracting Party was seriously inconvenienced by the delay in the acceptance of the Federal Republic and as to the delay in receiving the tariff and statistical material, that was an inconvenience that occurred with regard to several countries. It seemed to him that the majority of the contracting parties would prefer to carry on these negotiations with Germany even if all the information was not available as early as wished.

Mr. IMHOFF (German Federal Republic) referred to the fact that the terms of the Memorandum on Tariff Negotiations had not been fully complied with, and explained that at the end of 1949 both the Allied High Commission and the Federal Government had still been in the organisational stage and it had not been possible to send the material then. Since that time both statistical material and request lists had been despatched.

Mr. SHACKLE (United Kingdom) and Mr. LECUYER (France) supported the United States point of view.

Upon the request of Dr. Benes, a vote was taken on his proposal that the application of Germany be rejected. The result was one in favour and 17 against.

4. **Item V (i) - Schedule VI - Ceylon - results of negotiations** *(document GATT/CP.4/12)*

Mr. JAYASURIYA (Ceylon) referred to the report on the
results of the negotiations and said that it would be seen that the negotiations had been conducted within the time limit set by the Contracting Parties at their 3rd Session and had resulted in full agreement. Only one item was not covered by the release - "cotton verties" - and it had been agreed to recommend to the Contracting Parties that a release be granted on this item as well. A joint letter would be addressed to the Chairman suggesting the manner in which the release should be granted.

Mr. EVANS (United States) wished to take the opportunity of expressing his satisfaction that the work begun by the Working Party at Annecy had been concluded and that the full releases requested by Ceylon with the exception of this item had now been finalized.

The CHAIRMAN proposed that the first part of the Report - paragraphs 1 and 2 (a) to (f) be sent to the Working Party on Rectifications and that this Working Party report back to the Contracting Parties if it considered that any action was necessary. With regard to paragraph 3, this might be referred to a Working Party on Article XVIII which could report back to the Contracting Parties and, if necessary, the matter could then be referred to the Working Party on Rectifications. The letter referred to by the delegate of Ceylon could be circulated when it was received and could also be taken into account by the Working Parties if necessary.

This procedure was agreed.

The CHAIRMAN drew attention to the period of 30 days referred to on page 2, paragraph 1, which would be allowed for the lodging of objections. He interpreted this to mean that this period of 30 days would begin from the present day - the day on which the report was circulated - and that if no objections were received the release would become effective on April 2nd.

The CHAIRMAN congratulated the parties concerned on the satisfactory result of the negotiations.

The meeting was adjourned at 4.35 p.m.