Tariff Negotiations

TARIFF NEGOTIATIONS COMMITTEE

Summary Record of the Third Meeting

Held at Hotel Verdun, Annecy, on Tuesday
May 3, 1949, at 2.30 p.m.

Chairman: Mr. W. Muller (Chile)

Subjects discussed:

1. Reports of Contracting Parties' Working Party on Accession,
   (a) Publication and putting into force of Annecy concessions.
   (b) The period of duration of schedules embodying the results of the Annecy negotiations.
   (c) Procedure for joint consideration of questions relating to accession.

2. UNESCO item. - (Continuation of discussion)

1.(a) Interim Report No. 1 of Contracting Parties' Working Party on Accession, on Publication and putting into force of Annecy Concessions (Document Gatt/CP.3/14)

Mr. SHACKLE (United Kingdom), Chairman of the Working Party on Accession, summarized the report. He understood the Australian delegate had reported to his Government on the discussions in the Working Party and in the meeting of CONTRACTING PARTIES and had asked for instructions, and at the same time had expressed the willingness of his delegation to begin negotiations pending a reply.

The CHAIRMAN invited the representatives of acceding countries to make known their views.

Mr. KUMLIN (Sweden) said his delegation did not feel particularly drawn to any one of the suggested alternatives. While
realizing that it might be inconvenient to publish the results of the negotiations before they became effective, he said the law in his country required that such proposals be submitted to Parliament for approval and this necessitated publication. On the other hand, he thought an interval of four or five weeks should be allowed between the end of the session and publication, in order to give delegates time to report to their Governments.

Mr. POLITIS (Greece) said that his Government would have no objection to the results of the Annecy negotiations being published soon after the end of the session. He would take the matter up with his Government, but thought solution No. 2 was impracticable. In making concessions, account would be taken of the overall situation and if a part of the results of the negotiations were to be kept secret, it would be impossible for delegates to present a complete picture to their Governments.

Mr. di NOLA (Italy) said it would cause difficulty for his Government if the results of the Annecy negotiations were published before the new tariff and the question of the adhesion of Italy to the General Agreement were presented to Parliament for approval. His Government intended to present both to Parliament at an early date and the best solution for Italy would be that publication should be made at that time.

Mr. COOPER (Liberia) said that, while sympathizing with the legislative difficulties of the Australian Government, his delegation shared the majority view of the Working Party that publication should take place as soon as possible after the conclusion of the session, and the concessions should be put into force within a reasonable period by both Contracting Parties and Acceding Governments. In Liberia, the results of the negotiations could be made effective by an executive order in 90 days. His delegation felt that to defer the putting into effect of the results
until the middle of 1950 would not only serve no useful purpose but would defeat the aim of making the Annecy schedules effective over a reasonably long period.

Dr. CINA (Uruguay) said that his delegation considered publication should be made by the Secretariat soon after the session. He could not say when it would be possible to put the results into force in his country since the approval of Parliament was required.

Mr. WILLOUGHBY (United States) said that in principle his Government favoured publication as soon as practicable after the conclusion of the negotiations. It would be very difficult to maintain secrecy for any length of time and it would be undesirable that there should be a period of rumours about what had been arranged. He asked the Italian delegate if he could indicate how long a period would be necessary to meet the legislative requirements in his country and to allow for consideration of the new tariff.

Mr. di NOLA (Italy) said that although his Government intended to submit the matter to Parliament at an early date, he did not think a decision had yet been reached as to whether they would ask for full powers to put into effect the new tariff and the provisions of GATT or whether they would ask Parliament to discuss both matters. The second procedure would take time as it involved the discussion of the whole tariff.

The CHAIRMAN, summing up, said that both in the meeting of the Contracting Parties and in the present meeting, the general opinion had been in favour of publication after a short interval. He thought that, leaving aside the question of the Australian and Italian positions to be discussed at a later date, the Committee might decide that the Secretariat should not publish the results of the negotiations before one month after
the end of the session in order to allow delegates time to return home and report to their Governments.

In the absence of objections, the Chairman's proposal was adopted.

The CHAIRMAN requested the Australian and Italian delegates to communicate to their Governments the views of the other delegations and proposed that in the meantime negotiations with those two delegations should proceed, the question of the date of publication being reserved.

Mr. CLARK (Australia) said he had already reported the views of the Contracting Parties to his Government. It might be a few weeks before they reconsidered their position on the matter. In the meantime his delegation accepted the Chairman's suggestion that negotiations should be carried on.

Mr. di NOLA (Italy) said he would not fail to inform his Government of the difficulty that would arise if the approval of Parliament were delayed.

1. (b) Interim Report No. 2 of Contracting Parties' Working Party on Accession, on the period of duration of schedules embodying the results of the Annecy negotiations (Documents GATT/CP.3/15 and GATT/TN.1/13)

Mr. SHACKLE (United Kingdom), Chairman of the Working Party, presenting the report, explained the alternatives considered and the objections that had presented themselves in each case. He stressed the fact that the words in the report "uniform date for the duration of all the schedules" did not mean that a termination date had to be decided upon, but a date when the schedules would become open for review and amendment, in accordance with Article XXVIII, if the countries concerned considered it necessary. He summarized the discussion by the Contracting Parties on which he had reported in more detail in document GATT/TN.1/13.

The CHAIRMAN invited the representatives of the acceding countries to make known their views.
Mr. POLITIS (Greece) felt strongly that the proposal of different dates ought not to be considered at all as it involved discrimination against the acceding countries. The acceding governments were negotiating on an overall basis, and, if their schedules were to run for three years from the date of coming into force, while the Geneva schedules were open for revision in January 1953, there might at that time be changes in a considerable number of items against which the acceding governments could do nothing but protest. They could not ask for consolidation, as suggested in the Working Party report, because they did not know which items the Contracting Parties might modify in 1951.

If there should be a partial revision of the Geneva lists in 1951 and any Contracting Party sought a change in any item, it should be possible for any interested acceding country to ask for re-negotiation; otherwise the acceding countries would not be on an equal footing with the Contracting Parties, which was a situation he felt sure none of them could accept and which no doubt was not the desire of the Contracting Parties.

Mr. di NOLA (Italy) also stressed that the only possible solution was to have the same date for both sets of schedules in order to avoid differentiation between the terms for negotiations at Annecy and at Geneva. The suggestion that, if a later date were fixed for the acceding parties' schedules, they could ask for compensation under Article XXVIII was not acceptable. From the moment acceding countries became Contracting Parties, they had the same rights as the original Contracting Parties and therefore enjoyed, on the same footing, the benefits of Article XXVIII. Furthermore, before asking for compensation the acceding governments must demonstrate that their interests were substantially affected. The second solution, whereby if an acceding party had a substantial interest in a product it could ask for consolidation during the present negotiations was not satisfactory either. Mr. di Nola thought the multilateral nature
of the negotiations must have been overlooked when this was proposed.

Mr. DUNAWAY (Liberia) thought that there might be some difficulty in having two different dates, but that would only be the case if there were in fact a wholesale modification of the schedules and, even then, not if the Contracting Parties carried out their obligations under Article XXVIII. His Government, however, was looking to the cumulative, long-term effects of the negotiations on world economy and particularly the general elimination of trade barriers and would not favour a procedure which delayed the putting into force of the concessions and which provided two dates for revision.

Mr. KUIHLIN (Sweden) said that, in his opinion, nothing in the report of the Working Party nor in the discussion in the CONTRACTING Parties pointed to any intention to discriminate against the acceding countries. The problem was a very difficult technical one and the best way to find a solution was to regard it in that light. His Government was prepared to accept a duration of two, three or even four years. While he felt reasons might arise for the revision of certain items, he did not foresee a demand for wholesale revision of the schedules. Looking at the problem in a detached way, he did not consider it would make much difference materially which solution was adopted. However, even if the delegates, who were familiar with the technical aspects of such problems, came to the same conclusion, they would have difficulty in explaining to their Governments, and their Governments to Parliaments, what appeared to be undesirable discrimination. For that reason the solution providing for two different dates would not be acceptable to his delegation.
Dr. CINA (Uruguay) agreed with the remarks of the delegates for Greece, Italy and Sweden. There should be only one date for revision of the schedules since there was only one General Agreement and all parties, whether Contracting Parties or Acceding Governments, should be treated on a basis of equality. The Acceding Governments were conducting the present negotiations on the basis of the concessions contained in the General Agreement; if in January 1951 that basis should be modified or suppressed, one of the fundamental bases of the present negotiations would be changed. He therefore advocated a single date which should be January 1, 1951.

Mr. WILLOUGHBY (United States) wished to make it clear that in suggesting there should be two dates, his delegation had had no desire to establish discrimination between the Contracting Parties and the Acceding Governments, but only to seek a solution which would promote international trade and facilitate the removal of barriers as far as practicable. The United States delegation would defer to the judgment of the majority. As regards the date itself, it would prefer January 1, 1951, for the reasons of legislative procedure which he had previously explained.

The CHAIRMAN, summing up, said there seemed to be a consensus of opinion, both among Contracting Parties and Acceding Governments, that there should be a single date, and that that date, for technical and legislative reasons, should be January 1, 1951. Speaking personally, he suggested that consideration might be given later to the possibility of arranging for the Annecy schedules to have a longer period of validity by advancing the date of their coming into force from July 1 to the end of April 1950. It might be considered whether, without impinging on the rights of any parties, it would be possible to hold a general session of all Contracting Parties in April 1951 so that the new schedules might not undergo any revision for a year.
In the absence of further observations, January 1, 1951, was adopted as the date from which the Annecy schedules would be open for revision.

1.(c) Interim Report No. 3 of the Contracting Parties' Working Party on Accession on procedure for joint consideration of questions relating to accession (Document GATT/CP.3/16)

The CHAIRMAN, saying that the report was self-explanatory, asked whether any delegates wished to make comments thereon.

In the absence of comments, the proposal to set up a Joint Working Party of Contracting Parties and Acceding Governments was adopted.

The CHAIRMAN suggested the establishment of a Joint Working Party comprising an equal number of representatives of Contracting Parties and Acceding Governments, including a certain number of the members of Working Party No. 1 on Accession. He proposed the following membership:

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<th>Contracting Parties</th>
<th>Acceding Governments</th>
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<td>Pakistan</td>
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<td>United Kingdom</td>
<td>Sweden</td>
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<td>United States</td>
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A discussion followed concerning the desirability of having two working parties with a different composition studying questions of accession, and on the proportionate representation of Contracting Parties and Acceding Governments. The delegates for Australia, Chile, Cuba, Greece, the Netherlands, the United Kingdom, the United States and Uruguay took part in the discussion.

It was finally agreed to set up a Joint Working Party composed of all the members of the Contracting Parties' Working Party on Accession, and of an equal number of representatives of the Acceding governments.
It was decided that the composition of the Joint Working Party on Accession should be as follows:

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<th>Contracting Parties</th>
<th>Accessing Governments</th>
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<td>Australia</td>
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<td>Cuba</td>
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At the request of the CHAIRMAN, Mr. SHACKLE (United Kingdom) agreed to act as Chairman of the Joint Working Party.

2. Continuation of discussion of UNESCO Item (Documents GATT/CP.12 and addenda)

The CHAIRMAN asked whether the members of the Committee were prepared to approve the draft terms of reference of the proposed Working Party on the UNESCO communication without discussion.

Mr. POLITIS (Greece) considered the draft terms of reference entirely satisfactory.

The CHAIRMAN, at the request of Mr. SHACKLE (United Kingdom), ruled that the question should come up for further discussion at the next meeting.

The meeting adjourned at 5.45 p.m.