SUMMARY RECORD OF THE MEETINGS

Held at the Palais des Nations, Geneva
on Thursday, 4 September 1952 at 10 a.m. and 3 p.m.
and Friday, 5 September 1952 at 10.30 a.m. and 3 p.m.

Chairman: Mr. Johan MELANDER (Norway)

Subjects discussed: I. Agenda for the Seventh Session
II. Arrangements for the Seventh Session
III. Next Meeting of the Intersessional Committee

I. AGENDA FOR THE SEVENTH SESSION (G/14, IC/W/2 and 3 & Add.l)

The CHAIRMAN called attention to the purpose of the meeting, which was to consider the matters likely to arise at the Seventh Session to open on 2 October and to examine the adequacy of the documentation. In addition, the Committee might wish to recommend arrangements for the conduct of the business of the Session.

The Committee examined the items listed in the Advance Agenda (G/14) together with the Executive Secretary's explanatory notes (IC/W/3), and agreed to submit recommendations to the Contracting Parties as recorded below - the items without comment also to be included in the Provisional Agenda.

1. Adoption of Agenda

2. Election of Chairman and Vice-Chairman

3. Resolutions of the International Chamber of Commerce

(a) Draft Convention on Samples and Advertising Materials and Draft Recommendations on Documentary Requirements and Consular Formalities

Referring to the comments of governments distributed in L/11, M. LECUYER (France) said that his Government also wished to submit comments on the Draft Convention and Recommendations, and that these would be submitted before the opening of the Session.
Mr. KASTOFT (Denmark) thought it would be helpful to the Contracting Parties if the secretariat would prepare a document setting out the comments and amendments proposed by contracting parties, with reference to the various articles of the Draft Convention and Recommendations. In view of their technical nature these questions might with advantage be entrusted forthwith to a working party which could meet at the beginning of the Session.

In reply to the second point, the CHAIRMAN suggested that the establishment of working parties should be discussed when the Committee came to consider recommending arrangements for the conduct of the business of the Session.

The EXECUTIVE SECRETARY, referring to the first suggestion by the Danish representative, pointed out that, as had been indicated in his explanatory notes (IC/W/2), an analysis of the comments received from governments on the Draft Convention and Recommendations would be circulated, and this would substantially take the form suggested by the Danish representative.

(b) Resolutions on Valuation and Nationality of Manufactured Goods

Mr. KASTOFT (Denmark) enquired whether the Executive Secretary had had discussions with the International Chamber of Commerce, and if so whether the paper circulated by the secretariat reflected understandings reached between them.

The EXECUTIVE SECRETARY replied that he had been in close contact with the International Chamber of Commerce, but chiefly for the purpose of obtaining clarification on the meaning and the purpose of the various resolutions. The suggestions which he had made in G/22, on the whole, reflected such discussions. Whilst definite proposals had not been agreed upon with the ICC, and the Chamber was not committed to the suggestions in that document, he understood that if adopted they would substantially satisfy the desires of the Chamber.

Mr. VERNON (United States) did not have detailed instructions regarding these resolutions. Recalling the difficulties his Government had at the Sixth Session in discussing these questions, he was not sure that these difficulties would not remain at the time of the Seventh Session.

Mr. BURGESS (United Kingdom) stated that his delegation was in the same position as that of the United States, and he felt that it might prove unprofitable to discuss these questions at this time. Although he had no objection to including this item on the Provisional Agenda so as to give advance notice to the contracting parties in preparation for the Seventh Session, in fairness he would point out that the United Kingdom would probably not be in a position to participate in the discussion at the Seventh Session.

M. LECUYER (France) expressed the desire to have these questions discussed by the Contracting Parties. Although these were admittedly difficult and delicate questions, perhaps not susceptible of immediate solution, yet an exchange of views on the difficulties of particular governments could not but help advancing the possibility of their eventual solution.
Mr. COUILLARD (Canada), commenting on a suggestion that the question be put off until the later meeting of the Committee immediately prior to the Session, drew attention to the fact that the primary function of this Committee was to provide the Contracting Parties with adequate advance knowledge as to what items were to be discussed at a session. He thought that no harm would be done by including this item on the Agenda if due note were taken of the position of the United States and the United Kingdom.

Mr. VERNON (United States) agreed to the inclusion of this item having regard to the intrinsic importance of these questions, although his delegation found it desirable to reserve its position at this time.

Dr. Van BLANKENSTEIN (Netherlands) supported the views of the Canadian representative. These questions, although difficult and delicate, were generally agreed to be urgent ones requiring solution, and it would not be a credit to the Contracting Parties if they shun such real problems of importance to international trade.

The Committee, while taking note of the views expressed by the representatives of the United Kingdom and the United States, agreed to recommend that these resolutions be retained on the Agenda.

(c) Resolutions on Formalities connected with Quantitative Restrictions and Sanctity of Contracts

Dr. Van BLANKENSTEIN (Netherlands) and Dr. Von SCHWEINITZ (Germany) supported the suggestion in the explanatory notes that the ICC resolution on the "Sanctity of Contracts" should be considered in connection with the resolution on "Formalities connected with Quantitative Restrictions", which embodied comments on the Contracting Parties' Code of Standard Practices.

Mr. EISELBERG (Austria) thought that all the pending resolutions submitted by the ICC should be recommended by the Committee for consideration at the Seventh Session.

Mr. KASTOFIT (Denmark) stated that his Government had not yet given adequate consideration to the ICC proposal on the "Sanctity of Contracts" and would request that the question of including this item on the Agenda be deferred for consideration at the Committee's later meeting to be held immediately before the Seventh Session; if the Committee recommended its inclusion he would have to reserve his position.

The Committee, while noting this reservation by the Danish representative, agreed to recommend that the resolution on "Formalities" be retained on the Agenda; that the resolution submitted by the Chamber since the Sixth Session entitled "Sanctity of Contracts" be also included on the Provisional Agenda; and that these two resolutions be considered together.
Mr. BURGESS (United Kingdom) thought that two objections might be raised to inviting the International Chamber to participate in the discussion in the working party. First, even though the representation of ICC at the working party in this case was not likely to create great difficulty, the precedent might lead to other non-governmental organizations claiming representation at other working parties which might be dealing with more delicate questions, such as tariff negotiations. It had been a great advantage to the Contracting parties to be able to meet in closed sessions in which confidential views could be exchanged freely and frankly. Furthermore, the request for mere representation if not discouraged might be followed by pressures claiming for other privileges which the Contracting Parties might find difficult to resist. Secondly, when the various ICC proposals were discussed at the last session governments had not hesitated to give facts or state their difficulties in accepting them but the presence of a representative of the ICC might inhibit this kind of free discussion. The substance of this issue was not of grave interest to the United Kingdom, but his delegation hoped that the Committee would find a compromise solution such as allowing the ICC to present its views to the working party without participating in its discussion.

Mr. AZIZ AHMAD (Pakistan), supporting the views of the United Kingdom representative, expressed the opinion that an official invitation to the ICC might raise the further question whether the Chamber was truly representative of business interests. An official invitation should therefore be avoided although facilities might be provided for it to present its views to the working party.

Mr. VERNON (United States) said his Government, while agreeing with the United Kingdom representative on the desirability of not giving opportunity to articulate sections of the public to exert pressure and on the difficulty in choosing between different groups to accord privileges, considered it important that the Contracting Parties should take every opportunity to obtain the good will and understanding of the general public and the business community, an objective which would not be advanced if the Contracting Parties were, by keeping their activities behind a veil of secrecy, to deprive themselves of the opportunity of publicizing their achievements in freeing and promoting international trade. Furthermore, government officials were often removed from the reality of the problems facing the business community and would most likely benefit from acquainting themselves with the views of the latter. His delegation therefore also hoped that the Committee would find a middle-way solution.

M. LECUYER (France) agreed with the United Kingdom representative that authorizing the ICC to take part in the working party discussions would create a precedent for requests by other non-governmental organizations whose nature might be less precisely defined. On the other hand, as had been pointed out by the United States representative, there were definite advantages in associating with such organizations. A solution might be found in following the practices of the United Nations in which non-governmental
organizations are allowed to present short statements and circulate documents but permission to participate in the discussion is left to the discretion of the chairman of the meeting concerned. M. Lecuyer suggested that the chairman be authorized to invite by special ruling the representative of any non-governmental organization which he considered would be useful to the discussion. In cases of difficulty, the chairman could of course consult the Contracting Parties in session.

Mr. COUILLARD (Canada) thought the Committee should not discuss the question of representation of non-governmental organizations in general, but merely that of the ICC which had submitted the proposals under consideration. Whilst it was true that discussions at the Contracting Parties' meetings should not be inhibited by the presence of the public, it was equally true that they should not insulate themselves from a representative public body like the ICC. It had not been explained in what way the procedure followed at the Sixth Session had failed to meet the requirements both of the Contracting Parties and of the ICC, and he would suggest that that procedure be again followed at the Seventh Session.

Mr. KASTOFT (Denmark) stated that the question being discussed was still under consideration by his Government and no doubt the proposals put forward at this meeting would be of value to his Government in considering the matter; but his delegation would like to see that any final decision that the Committee might consider necessary to make be deferred until the later meeting of the Committee immediately before the opening of the Session.

Dr. BOTHA (South Africa) felt it would create not only difficulties but dangers to the Contracting Parties if the ICC were permitted freely to attend meetings of the working party. The ICC had already been given a great privilege in being allowed to speak before the working party. The objectives of amity and understanding were not likely to be achieved should ICC representatives, if invited to participate in discussions, see fit to take strong positions at variance with the working party or its individual members. In his opinion the procedure followed at the Sixth Session should be followed again.

Mr. VALES ROIG (Cuba) was confident that a solution could be found on the basis of the views of the United States and French representatives; it was evident that the ICC could make valuable contributions to the work of the Contracting Parties but full participation in discussions was not necessary. Mr. Valdés Roig thought it would be a good solution, as suggested by the French representative, to leave the Chairman to decide when the ICC should be invited to attend meetings.

The CHAIRMAN said that the consensus of opinion in the Committee seemed to be that the ICC need not enjoy full participation in discussions in the working party but that an opportunity should be given to them to explain their proposals; that the procedure adopted at the last session might be followed again but in addition the working party might authorize its chairman to invite the ICC representative to consult further.
Mr. AZIZ AHMAD (Pakistan) said that this solution would be acceptable to his delegation if it were made clear that the privilege was not confined to the ICC. His Government was anxious to see that the ICC was not accorded a special recognition as the sole representative body of trading interests.

The CHAIRMAN pointed out that it was only because the ICC had submitted proposals which would be discussed at the Seventh Session that the question of inviting it to present its views had arisen.

The Committee agreed to recommend that since the Contracting Parties would examine the Draft Convention on which the ICC had submitted comments and the resolutions on Valuation etc., which had been submitted by the Chamber, it would be appropriate that the working party dealing with those subjects should hear an explanation of them from the Chamber’s representatives and, further, that the working party should consult with the representatives of the Chamber as this would facilitate their discussions of the Chamber’s resolutions.

4. Belgian Restrictions on Dollar Goods

The CHAIRMAN recalled the decision of the Committee in February to convene the meeting of the Working Party after information had been made available by the Fund on its consultations with Belgium. This information had not yet been received by the Executive Secretary and the Working Party had not met.

Mr. ANDERSON (International Monetary Fund) explained that background information prepared in connection with the Fund consultations with Belgium had reached the secretariat that same day. The results of the consultations were not yet available but, if desired by the Contracting Parties, they could be communicated in the near future.

Mr. VERNON (United States) informed the Committee that his Government did not wish to ask for a meeting of the Working Party at present, but he asserted its intention to press for examination of the question at the Seventh Session and suggested that an early submission of the required documentation be requested from the Fund.

Mr. ANDERSON (International Monetary Fund) replied that he expected the documentation would be available to the Contracting Parties before the Seventh Session.

5. Special Exchange Agreements

The CHAIRMAN outlined the three points which were to be submitted for the consideration of the Contracting Parties:

(a) a report by the Chairman on the operation of the agreements;
(b) reports and consultations under Article XI of the agreements;
(c) implementation of Article XV:5.
Mr. Von SCHWEINITZ (Germany) called attention to the fact that the special exchange agreement signed by Germany had expired on 14 August 1952 when Germany became a member of the Fund. The examination of Germany's position would therefore be carried out in terms of the Articles of Agreement of the Fund.

6. **Protocols and Schedules**

The CHAIRMAN informed the Committee that a note on the subject giving up-to-date position would be circulated by the Executive Secretary for the Seventh Session. He invited governments which had not signed all protocols to do so without further delay.

7. **Italian Special Treatment for Libyan Products**

Mr. PARBONI (Italy) referred to the memorandum submitted by the Italian Government (G/21) in support of their request to be permitted to continue the special treatment to certain products of Libya and offered on the part of his Government, to provide, before the opening of the Seventh Session, any further information which they might require.

Mr. BURGESS (United Kingdom), while not doubting that the Libyan Government would welcome the proposal, suggested that it might be appropriate to give the latter an opportunity to state any views they might have on the subject.

Mr. ROYER (Deputy Executive Secretary) informed the Committee that the Executive Secretary had written to the Government of Libya to ask if they wished to take part in the discussion at the Seventh Session, in which case they should submit a formal request to the Contracting Parties.

Mr. PARBONI (Italy) said that his Government had been in contact with the Government of Libya who had not only expressed their agreement but also had suggested the addition of a further item to the list of products which were to benefit from the special treatment.

Mr. VERNON (United States) suggested that some interim arrangements be made to enable contracting parties to request any further information or elucidation from the Italian Government.

The CHAIRMAN suggested that any queries be addressed directly to the Italian Government and to the secretariat. In due course a secretariat memorandum could be prepared to fill any gaps found in the Italian memorandum.

Mr. BURGESS (United Kingdom) asked that the Italian Government make available to the secretariat a few copies of the various pre-war and post-war decrees referred to in the memorandum.

Mr. PARBONI (Italy) agreed to send these documents.
8. Nomination of a Person to serve as Chairman of the Interim Co-ordinating Committee for International Commodity Agreements (ICCICA)

The CHAIRMAN referred to the note by the Executive Secretary (G/17) which explained the position and the action to be taken by the Contracting Parties at the Seventh Session.

9. The Liberian Negotiations and Consultations with Benelux, France and the United States

Mr. Van BLANKENSTEIN (Netherlands), M. LECUYER (France) and Mr. VERNON (United States) informed the Committee that they had no information.

Mr. ROYER (Deputy Executive Secretary) said that the Executive Secretary had written to the Government of Liberia but that no reply had been received.

Mr. BURGESS (United Kingdom) suggested that the Executive Secretary write once more to the Liberian Government pointing out that the Committee had drawn attention to the lack of information. He suggested that a function of the Committee was to lend force to the Executive Secretary's action in his effort to obtain information.

The Committee decided to ask the Executive Secretary to write again to the Government of Liberia for a report on the progress of its consultations with Benelux, France and the United States, and agreed to recommend that in the event of no report being received by the opening of the Session this item should not be retained on the Agenda.

10. United Kingdom Purchase Tax

The Chairman called the Committee's attention to the memorandum by the United Kingdom reproduced in G/16.

11. Brazilian Internal Taxes

Mr. ROCQUE DA MOTA (Brazil) informed the Committee that the Brazilian Congress was considering a draft law to meet Brazil's obligations under the Agreement. The bill was at present at the committee stage and he hoped that further information would be available for the Seventh Session.

M. LECUYER (France) expressed gratification that there had been some progress.

12. Belgian "Allocations familiales"

Mr. BLONDEEL (Belgium) said studies by the Belgian administrative services were continuing and it was hoped that the results would be available by the time the Contracting Parties examined the question at the Seventh Session.

The CHAIRMAN asked the representative of Belgium to inform his Government that a communication was expected before the Seventh Session.
13. United States Import Restrictions on Dairy Products

Mr. VERNON (United States) informed the Committee that a report by the United States Government had been handed to the secretariat that same day.

The CHAIRMAN reported that there had been no request to convene the Working Party set up to examine this matter.

14. Article XXVIII Negotiations between Cuba and the United States

Mr. VERNON (United States) said that to the best of his information the negotiations had not yet been completed and probably would not be completed before the Seventh Session.

15. South Africa-Southern Rhodesia Customs Union

The CHAIRMAN said that the first progress report of the two Governments had been circulated (G/13) and that the Third Annual Report of the Southern Africa Customs Union Council had also been received and was being distributed. An analysis of these documents was being prepared by the secretariat.


The first annual report by the Government of Nicaragua had been distributed (G/19) and the secretariat would prepare a note.

17. Relations with the United Nations

It was noted that the results of the conversations between the Executive Secretary and the representatives of the Secretary-General of the United Nations had been circulated (G/16).

18. Publication of an Annual Report

The CHAIRMAN announced that the Executive Secretary would submit his proposal in the near future.

Mr. ROYER (Deputy Executive Secretary) said that they intended to circulate before the Seventh Session a table of contents and, in some cases, sections of a report in draft form. It was not intended that the report would be comparable to those of the Fund and other international organizations, but merely a complementary document of practical value for business men and officials. It was destined to take the place of the pamphlets which had been published by the secretariat, but was to contain more information of a general character.

Mr. COUILLARD (Canada) asked if the report would be in the form of a factual exposé on commercial policy and whether it should be issued by the secretariat on its own responsibility.

The DEPUTY EXECUTIVE SECRETARY replied that this was the case.
19. Rectification of Schedules

Mr. ROYER (Deputy Executive Secretary) referred to the change in the nomenclature of the tariff of the Belgian Congo (G/20). A few points still had to be cleared, but the Belgian Government hoped to settle them at the Seventh Session in order that a protocol could be prepared to modify the appropriate section of Schedule II.

20. Financial Statement for 1952 and Budget Estimates for 1953 (L/13)

Mr. ROYER (Deputy Executive Secretary) informed the Committee that the Report indicating the expenditure up to 31 August 1952 and including the audited accounts for 1951 would be circulated in a few days. The income budget for 1953 as well as proposals for the disposal of the 1952 cash surplus would be circulated before the opening of the Session.

21. Review of Intersessional Procedures

The CHAIRMAN informed the Committee that he and the Executive Secretary would submit a report to the Contracting Parties on the intersessional procedures.

22. Accession of Japan

Mr. BURGESS (United Kingdom) said he was not in favour of the proposal in IC/W/2 to recommend an invitation to the Japanese Government to send an observer to the Seventh Session. The correct course, in his view, was that the Committee should leave the Japanese request to be considered by the Contracting Parties.

Mr. VERNON (United States) supported the proposed recommendation. The decision taken would be watched very carefully by the Japanese Government, as vital problems depended on the decisions of the Contracting Parties at the Seventh Session.

Mr. COUILLARD (Canada) and Mr. AZIZ AHMAD (Pakistan) expressed the opinion that the Committee would not fulfill its function if it were to leave a question of this kind open.

Mr. VERNON (United States) thought that the only possible solution was to leave open to the Contracting Parties the decision as to the invitation of an observer from Japan, but to recommend such an invitation. This solution should satisfy everyone.

Mr. BURGESS (United Kingdom) said the general feeling of the Committee appeared to be that they should make the proposed recommendation, and if this were so he would not press his point. It was desirable, however, that undue significance be given to the Committee's decision taken at this meeting, which was simply a recommendation to the Contracting Parties, and there should therefore be no press release or other publicity on the Committee's action.
The EXECUTIVE SECRETARY said it would not in any event be appropriate to publicise the recommendation, which would remain confidential.

The Committee recommended that the Contracting Parties' accede to the request of the Government of Japan to be represented by observers at the Seventh Session.

23. **European Coal and Steel Community**

The CHAIRMAN recalled that at the Sixth Session a Working Party was created to deal with the problems arising from the realisation of the European Coal and Steel Community. This Working Party had not been convened, because the European Coal and Steel Community had been set up only recently, and therefore contracting parties might wish to address questions to the governments participating in the Community.

Dr. Van BLANKENSTEIN (Netherlands) drew attention to the written statement, IC/W/5, which have been submitted on behalf of the Benelux Governments in consultation with the other three members of the Community to set out the problems arising from the establishment of the Community which were relevant to the Contracting Parties. In particular he pointed out that the Schuman Plan was not intended to raise barriers to trade with non-members; on the contrary, it was hoped that the increased strength of the Community would enable them to trade even more freely with the rest of the world. He proposed that the High Authority be invited to send an observer to the Seventh Session, and suggested that the most appropriate and most effective way of obtaining more detailed information would be to establish a direct contact with the High Authority.

M. LECUYER (France) supported the proposals of the Netherlands representative concerning the admission of an observer and the direct contact with the High Authority. He remarked that the number of questions would certainly be very great, and that at least the most urgent points should be clarified as soon as possible. Since a great deal of specialised knowledge would be required to answer all questions, it would be best to prepare a note containing all points to be examined.

Dr. von SCHWEINITZ (Germany) and Mr. PARBONI (Italy) supported the statements of the Netherlands and French delegates.

Mr. VERNON (United States) congratulated the six countries on their success and said that the creation of such a supra-national body on such a large scale was without precedent, but concerning the influence of this body in future it should be understood that countries which do not take part in the Community are entitled to enquiries and criticisms. In particular he would like to draw attention to the following:
1. Do the countries comprising the Community propose to request a waiver of any of the obligations regarding exports to outside countries, particularly obligations under Article XIII and Article XX Part II (a) ?

2. Regarding Article XVII of the GATT:
   (a) Do the countries comprising the Community propose to obtain a waiver of any of the obligations under Article XVII?
   (b) Do they propose that enterprises which have special privileges granted by any of the six countries, but not by the Community itself, e.g., Charbonnage de France, should be regarded for purposes of Article XVII as a state-trading enterprise?

3. Noting the significant differences between the GATT escape clause, Article XIX, and the Treaty escape clause, Article 74, paragraph 5, how do the six countries propose that the differences should be reconciled?

4. If the GATT should decide to request the European Coal and Steel Community to assume certain obligations to the Contracting Parties in connection with the waiver, which institution of the Community would be in a position to accept such obligations in the name of the Community?

5. Could the representatives of the six countries and of the United Kingdom provide some specific information on the timing and content of the proposed negotiations among them, contemplated by the Treaty?

6. Since Algeria is subject to the rules of the GATT as part of Metropolitan France but not to the provisions of the Treaty, how would France propose to conduct its coal and steel trade with Algeria in a manner consistent with the Treaty and the GATT?

The Committee agreed to recommend that the contracting parties should, in the interval between now and the Seventh Session, consider the various points raised by the statement of the representative of the Netherlands, so that their delegations would be briefed to deal with these points. The Committee also agreed to recommend that other contracting parties having additional points to raise should communicate these to the Executive Secretary as soon as possible. Meanwhile, the Executive Secretary was instructed to enter into discussions with the High Authority with a view to providing full information and documentation for the Session. Further, the Committee recommended that the Contracting Parties invite the High Authority to be represented by an observer at the Seventh Session.

Mr. KASTOFT (Denmark) enquired whether the Working Party could be convened before the Session, but the Committee considered that that would not speed up its work, as adequate information for a study of the questions would certainly not be available before the memorandum for the Contracting Parties was prepared by the Executive Secretary.
24. **Reduction of Tariff Levels**

(a) **Report of the Sub-Group of the Intersessional Working Party**

The **EXECUTIVE SECRETARY** explained that in the Secretariat Note, IC/W/2, he had proposed that the Working Party be convened shortly before the Session but that on further reflection he doubted the usefulness of this proposal. He would now propose that the Working Party be convened early in the Session so that its report could be submitted to the Contracting Parties for consideration during the Session.

Dr. **BOTHA** (South Africa) agreed to the new proposal and M. **LECUYER** (France) said that although his delegation would wish the Working Party convened as early as possible, it would be agreeable, for the reasons given by the Executive Secretary, to the Working Party being convened early in the Session.

The **CHAIRMAN** suggested that the Committee should consider what problems would arise in connection with the French plan if it were to be applied to more countries than those represented on the Sub-Group.

Mr. **COUILLARD** (Canada) thought it would not be appropriate for this Committee to recommend the lines on which the Working Party on the Reduction of Tariff Levels should pursue its work.

The **CHAIRMAN** replied that it would be within the terms of reference of this Committee to recommend to the Contracting Parties that they direct the Working Party to concentrate its effort in a certain direction.

Dr. **BOTHA** (South Africa) pointed to the complicated nature of the plan referred to the Working Party; the Sub-Group had required three meetings to sort out the technical problems involved and to finish the exploratory work necessary for a study of the plan at the policy level. Any extension of the scope of application of the plan would require further technical study which might require a very long time for its completion. Dr. Botha therefore suggested that the Working Party should confine its attention to the Report of the Sub-Group, and that any proposals by the Working Party should relate to the application of the plan to European countries only.

M. **LECUYER** (France) said he was surprised to hear the proposal of the South African representative inasmuch as the technical study by the Sub-Group had not been conducted with a view to a limited application of the plan to European countries. The plan originally proposed by his delegation had been designed for application to all contracting parties. In his view it would be entirely outside the authority of this Committee to alter the terms of reference of the Working Party; the most it could do was to recommend any proposals to the Contracting Parties for their consideration.
Dr. BOTHA (South Africa) explained that, in making his earlier proposal, he had not intended that the Working Party's report should omit all reference to the practicability of applying the plan to Europe and to the whole world. There might be a difference of opinion between the members of the Sub-Group and the other members of the Working Party, and a report on this point should reflect the views of the Working Party as a whole. On the basis of such a report the Contracting Parties could themselves decide whether an attempt should be made to promote the universal application of the plan.

The EXECUTIVE SECRETARY said that the Sub-Group had been asked to clarify the technical implications and problems which would arise from applying the automatic scheme of tariff reductions, without reference to any particular group of countries or areas. But new problems could be raised when countries not belonging to the Sub-Group participated in the discussion. It would be desirable if the Working Party would concentrate on such new questions which had not been dealt with by the Sub-Group.

The Committee agreed to recommend that the Working Party be convened early in the Seventh Session so that a report could be tabled for discussion during the Session. The Committee considered that the main task of the Working Party should be to consider the technical questions which would arise from the possible application of the French plan to countries other than those participating in the Sub-Group; in this way it should be possible to avoid unduly prolonging the work of the Working Party by re-discussing technical points which had already been considered in detail by its Sub-Group.

(b) Council of Europe Plan

The CHAIRMAN reported that the Council of Europe had submitted to the Contracting Parties a tariff plan, entitled "Common Policy of Lowering Tariff Barriers in Europe", and had requested the Contracting Parties' opinion on the technical aspects of the plan. The questions before the Committee were whether the Council should be invited to send observers to the Seventh Session when consideration was given to their plan, whether the plan should be examined only from the technical standpoint and whether it should be considered separately or in connection with the French plan.

Mr. BURGESS (United Kingdom) thought that the technical study requested by the Council of Europe was to a large extent similar in nature to the work which had already been done by the Sub-Group of the Working Party on the Reduction of Tariff Levels, and that the best procedure for meeting the request would be to refer it to the existing Working Party, which could meet early in the Session, without extensive prior discussion by the Contracting Parties. As for any questions raised by the Council's request which could not be answered with the data contained in the report of the Sub-Group, the Working Party could carry its work further to a point where a report as requested by the Council could be produced.
Dr. Van BLANKENSTEIN (Netherlands) believed that the Sub-Group could provide the technical advice requested by the Council although its present report would not be suitable for that purpose. The work needed for this particular purpose could substantially be simplified if the secretariat would prepare, on the basis of the existing report of the Sub-Group, a draft report for adoption and transmission. The Netherlands delegation would have no objection to providing such assistance to the Council, but it would object to the Contracting Parties studying the Council's plan in connection with the French proposal. The Council's proposal should in no way take precedence over the French plan, and the Contracting Parties' attention should not, in acceding to the request of the Council, be diverted from their main pursuit.

Mr. VERNON (United States) and M. LECUYER (France) supported the views of the Netherlands representative.

Mr. BURGESS (United Kingdom) explained that he had not proposed that the report of the Sub-Group be transmitted to the Council of Europe to meet their request; his proposal had been that a memorandum should be prepared by the Contracting Parties utilising as much as possible the materials which were contained in that report.

Mr. COUILLARD (Canada) thought whatever document the Contracting Parties might supply to the Council of Europe, they should avoid giving the impression that the Contracting Parties were merely a body of experts competent only in the technical aspects of tariff questions; when transmitting the document the Executive Secretary should be instructed to emphasize in a suitable way that the Contracting Parties were the competent body in matters concerning international tariff and commercial policy and that they were themselves giving close attention to the tariff problems of the world.

The Committee agreed to recommend that this plan be dealt with separately and on a technical basis so as to prevent confusion with the examination of the substance of the French plan. The Committee instructed the Executive Secretary to prepare a draft report on its technical aspects. The Committee recommends that the Contracting Parties appoint a small working group to prepare a report on the basis of the secretariat's draft for submission to the Contracting Parties for approval and for transmission to the Council. The Committee also recommends that the Contracting Parties invite the Council of Europe to be represented by an observer at the Session when this matter is discussed.

25. Balance-of-Payments Import Restrictions

The CHAIRMAN recalled that, when consultations on import restrictions were undertaken at past sessions or when reports on such restrictions were drawn up under one or other provisions of the Agreement, the Contracting Parties had directed their attention particularly to the financial aspects of the measures, thus more or less duplicating the work done by the Fund. With a given balance-of-payments position and conditions of foreign exchange
reserves, the question whether import restrictions were justified in any particular case was often settled one by the time the measures came up for consideration by the Contracting Parties; but the question remained as to whether the restrictions were applied in a manner least damaging to the interests of other contracting parties, most conducive to the resumption of multilateral trade and best suited to the policy laid down in the Agreement, e.g. in Article XII:3 (e) and Article XIV:1 (e). He suggested that the Contracting Parties hereafter should concentrate on these trade aspects of import restrictions. There had been a tendency for all contracting parties in imposing import restrictions to put too much emphasis on the criterion of "essentiality" of goods to be imported, unilaterally conceived without due regard to the interests of others and it would be to the benefit of all contracting parties if they would take the opportunity of the forthcoming consultations and reporting to acquaint the importing countries with the views of the exporting countries on the most desirable manner of applying import restrictions. The Chairman suggested that this new approach should be adopted in the conduct of the consultations at the Seventh Session and in the preparation of the forthcoming third report on discrimination with reference to all the contracting parties applying import restrictions under Article XIV or Annex J. If the Committee agreed to recommend the adoption of this policy, such recommendations could be duly recorded in the minutes so that the representatives of all contracting parties would be prepared for it when they came for the Seventh Session. The Chairman hoped that by preparing the ground this year substantial achievements might be expected in the consultations and reporting in 1953. These suggestions would, in the opinion of the Chairman, apply equally to the consultations on intensification under Article XIV:4 (b).

Mr. VERNON (United States) gave full support to the Chairman's suggestions which, in his view, would be a significant step towards making the General Agreement a useful instrument. The United States Government had been thinking along the same lines and had hoped that the provisions of the Agreement on consultations could be made to serve useful purposes. In particular his Government believed that the consultations should touch upon specific measures applied to specific commodities and would be prepared before the Seventh Session to inform the countries concerned of the questions it would raise at the consultations. It was hoped that the consultations would be conducted in an atmosphere of mutual understanding and accommodation. The subject of discussion should be the types of practices which were generally agreed to be desirable or harmful having regard to the objectives of the General Agreement. In this way results of a general and constructive nature might be expected from the consultations.

M. LECUYER (France), supporting fully the suggestions of the Chairman and the United States representative, pointed out that it had always been the view of his Government that any disequilibrium in international balance of payments should be resolved by an expansion of international trade rather than by restriction. In applying restrictions his Government had always undertaken to engage in bilateral or multilateral talks with the affected countries so as to provide adequate safeguard to the interests of the exporter. The French Government would therefore welcome the new departure which the previous speakers had suggested for the consultations.
Dr. Van BLANKENSTEIN (Netherlands) said his delegation would support wholeheartedly the views expressed by the three previous speakers. The Netherlands Government considered it extremely important that in the course of these consultations a frank discussion should take place between the exporting and importing countries on all measures of import restriction, except those on which consultations covering the same ground had taken place elsewhere, such as in the OEEC. The world had just witnessed a wave of intensification of restrictions, which, if not checked, might lead to retaliations substantially lowering the level of international trade. The maintenance of peace in trade might depend on these consultations, which should be made to arrest the downward trend in trade or even to lead to an expansion. Special attention should therefore be paid in the consultations to the provisions of Article XII:3 (c)(iii) of the General Agreement.

Mr. BURGESS (United Kingdom) thought that the contracting parties should be grateful to the Chairman for providing this guidance in their discussions. The suggestions, if followed, would go far to correct the excessive emphasis on the exchange aspects of import restrictions which had hitherto been put by the Contracting Parties in their consultations and reports. It should be noted, however, that if the Contracting Parties should decide to adopt these suggestions they should in no way limit themselves exclusively to the discussion of these problems. The criteria of the General Agreement were not confined to those matter on which the Fund's authority was acknowledged in Article XV, and it was fitting that all matters affecting trade should be discussed at the consultations and in the reports of the Contracting Parties; the subject for such consultations and reporting should therefore be a combination of financial and trade problems. Whenever an action had been taken by the Contracting Parties in pursuance of a provision of the Agreement, it had been their tradition not to address themselves to the exact requirement of the Agreement but to try to make practical good sense of the provision requiring the action. It was hoped that this tradition would be maintained. As for the appropriate action which this Committee should take, Mr. Burgess thought that the adoption of a new departure in the whole approach to the question of balance-of-payments restrictions had wide implications and must be left for consideration by governments; there was scope for further careful thought and for debate at the Session. The Committee's recommendation should therefore be that the Contracting Parties give consideration to the proposed new approach at the Seventh Session rather than that this approach be adopted.

Mr. AZIZ AHMAD (Pakistan), while subscribing to the proposal of the Chairman, drew attention to the special position of the under-developed countries which relied for their income on exports of agricultural products and other raw materials. On the one hand, the prices of such products were subject to violent fluctuations and, on the other hand, the vital need for foodstuffs laid inflexible claims on their foreign reserves. These considerations made it impossible for them to undertake to import non-essential consumer goods at all times. The less industrialized countries therefore could not be expected to accept a general policy obliging them always to meet the interests of countries exporting consumer goods. Mr. Aziz Ahmad thought that before adopting the proposed new approach the Contracting Parties should discuss it fully at a plenary session.
Mr. ROCQUE DA MOTTA (Brazil) supported the views of the Pakistan representative, which were also relevant to his country. In spite of certain efforts at industrialization the Brazilian economy remained basically dependent upon the produce of the soil. Therefore his Government would also wish to see the suggestions made by the Chairman generally discussed by the Contracting Parties before being adopted.

Dr. Van BLANKENSTEIN (Netherlands) said that while well understanding the position of the Pakistan and the Brazilian representatives he would point out that no suggestion had been made that strict rules should be formulated and followed at the consultations which would oblige countries to import particular types of goods; it had been suggested merely that exporting countries should be given an opportunity to explain their difficulties and put forward points to which importing countries would be requested to give special consideration in the common interest.

The CHAIRMAN explained that the new approach he had suggested concerned the relative emphasis to be put on the trade and financial aspects of restrictive measures forming the subject of consultations and matters of basic principle applicable to all contracting parties. The special position of less industrially developed countries and primary producers would obviously have to be taken into account by the Contracting Parties in the consultations.

The Committee agreed that whatever decision the Contracting Parties might make regarding the scope and emphasis of the consultations they would no doubt give due regard to the special requirements of particular economies at different stages of industrial development.

The Committee then agreed upon the following recommendation to the Contracting Parties:

"that in carrying out the annual consultations under Article XIV:1 (g) and in preparing their annual reports on discrimination the Contracting Parties should consider whether it would not be desirable to take a somewhat different approach than that of the past, i.e., instead of concerning themselves so exclusively with the financial aspects of balance-of-payment import restrictions, to address themselves more particularly to the trade aspects. In any event, a number of contracting parties have indicated that, insofar as they participate in such consultations, they would be disposed to apply this new emphasis. It should be noted that the shift in emphasis, if pursued by the Contracting Parties, would be no less appropriate to the annual report under Article XIV:1 (g), covering all countries which employ discriminatory import restrictions, than to the consultations under Article XIV:1 (g), covering a limited group of countries. The Committee would in any case wish to suggest that these two operations should be dealt with in a single working party in a coordinated manner."

(a) Consultations under Article XIV:1 (g)
(b) Third Annual Report on Discrimination

The CHAIRMAN, referring to the list in document L/6 of countries which had initiated consultations under Article XIV:1 (g), announced that a telegram had just been received from the Government of India stating that it had found
no import restrictions falling under Article XIV:1 (c). The Government of
India would therefore not consult with the Contracting Parties at the
Seventh Session.

In reply to a question of Mr. Kastoft (Denmark), the EXECUTIVE SECRETARY
explained that the consultations would, as in previous years, be conducted
in an informal manner; a working party would be appointed to study the
information supplied by the consulting governments and to carry out talks
with the countries concerned, and then to report to the Contracting Parties.

Mr. ANDERSON (International Monetary Fund) stated that among the countries
in respect of which the Fund was expected to provide the results of its own
consultations and "background information", two countries, namely, Germany
(which only recently accepted the Fund Agreement) and New Zealand (which
was not a member of the Fund nor party to a special exchange agreement), were
in a slightly different position. Discussions with Germany on its exchange
restrictions, which were of a complicated nature, were in progress and would
be continued in September at the Fund's annual meeting. If it were the
desire of the Contracting Parties to proceed with their Article XIV consul­
tation with Germany the Fund would do its best to provide the required basic
information as well as the result of its own consultation, although it could
not undertake that such result would be available by the opening of the
session. In the case of New Zealand, which did not seem to have been covered
by the procedure adopted at the Sixth Session as set out in GATT/CP.6/52,
the Fund would, if so desired by the Contracting Parties, also endeavour
to provide background information, but in the absence of direct contact
between the Fund and the New Zealand Government any paper which the Fund
might produce would probably be of a less comprehensive nature compared with
those relating to the other countries.

The CHAIRMAN replied on behalf of the Contracting Parties that they
would be glad to have any background information which the Fund happened to
be in a position to provide on both New Zealand and Germany, and that in
the latter case such background information would be welcome even before
the Fund could make available the result of its consultation with that
Government.

(o) Procedures for Report and Consultations in 1953 under Article
XIV:1 (c)

The CHAIRMAN explained that the existing procedures for report and
consultations as set forth in GATT/CP.6/52 had been designed chiefly for the
reporting and consultations in 1952. Since such consultations, as well as
the reporting, would hereafter become an annual feature the Committee might
wish to recommend that the Contracting Parties devise some permanent
procedures applicable on future occasions.

The Committee agreed that this item be included in the Provisional
Agenda.
(d) Consultations under Article XII:4 (b) on Intensification of Restrictions

Referring to the recommendations previously formulated by the Committee regarding invitations to France and the United Kingdom, and possible invitations to Southern Rhodesia and Australia, to consult under Article XII:4 (b), the CHAIRMAN drew attention to the facts set out in the secretariat note IC/W/4, regarding the absence of notification from certain governments which had intensified their import restrictions.

The Committee noted with regret that, in spite of its recommendation on this subject at a previous meeting, a number of contracting parties which had modified their import restrictions had not furnished the information necessary to enable the Committee to determine whether prima facie cases existed for the issue of invitations to consult under Article XII:4 (b); the Committee, therefore, again draws the attention of the contracting parties to its recommendation and requests the governments concerned to furnish the Chairman and the Executive Secretary with the necessary information about the new measures adopted by them.

26. Additional Items proposed by Contracting Parties

The following items which had been proposed by contracting parties for inclusion in the Agenda in accordance with rule 2 of the Rules of Procedure, were presented for consideration by the Committee. The Committee requested the proposing countries, if they had not done so, to supply supporting documentation as soon as possible in advance of the opening of the Session:

(a) Imposition of Import Taxes on Items in Schedule XXV (Greece) (Proposed by France)

(b) Modification of Customs Tariffs of French West Africa (Proposed by France)

(c) Increase in the United States Duty on Dried Figs (Proposed by Greece)

(d) United States Subsidy on Exports of Sultanas (Proposed by Greece)

(e) Treatment of Imports of Norwegian Sardines by Germany (Proposed by Norway with supporting statement in L/16)

(f) Increase of Import Duties in Schedule XXV (Greece) (Proposed by the United Kingdom with supporting document in L/15)

(g) Granting Legal Status to the Consolidated Schedules (Proposed by Germany)

In discussing these items no objection to their inclusion on the Agenda was raised by any of the contracting parties whose measures were the subject matter of the proposals, except for item (a).
In regard to item (a), M. LECUYER (France) explained the nature of the proposal. The explanation would be incorporated in a written statement to be circulated.

Mr. HADJI-VASSILIOU (Greece) objected to the inclusion of the item, but the CHAIRMAN pointed out that under Article XXIII:2 the Contracting Parties were obliged to investigate promptly any matter which had been referred to them by a contracting party after it had failed to obtain satisfactory adjustment through direct approach to the other contracting party concerned.

II. ARRANGEMENTS FOR THE SEVENTH SESSION

The EXECUTIVE SECRETARY explained that this item had been placed on the agenda of the Committee primarily with a view to eliminating any possible difficulties which might arise at the Session of the Contracting Parties when some delegations might, as had happened on previous sessions, not be in a position to take up certain matters at a desired time because of the absence of the necessary experts. The Committee might wish to find out from the contracting parties whether their experts would be available as from the opening of the Session to enable all matters to be taken up without delay so as to cause no inconvenience to other delegations.

The CHAIRMAN expressed the hope that all delegations would be prepared to begin work immediately after the opening of the Session, especially as it was expected that preliminary discussions of all of the more important items would be concluded and working parties would be set up by the end of the first week.

Mr. KASTOFT (Denmark) thought that this was in full accord with the suggestion he had made earlier that working parties should be put to work at as early a time as possible. He enquired whether it would be possible for the Committee to recommend in advance the composition of the various working parties so as to facilitate the task of governments in making up their delegations.

The CHAIRMAN replied that the composition of working parties depended upon the interest shown by contracting parties in the preliminary discussions and could therefore not be decided upon before the Session. In considering the membership of a working party the Contracting Parties would no doubt take into account the availability of experts in the delegations.

III. NEXT MEETING OF THE INTERSESSIONAL COMMITTEE

The CHAIRMAN called attention to the intersessional procedure adopted at the Sixth Session under which the Committee would meet again immediately prior to the opening of the Seventh Session to make recommendations on the order in which the various items should be taken up by the Contracting Parties.

The Committee agreed to meet again on Wednesday, 1 October 1952 at 3 p.m.

The Committee rose at 6:45 p.m.