1. The Working Party was established by a Resolution of the Contracting Parties adopted on 2 April 1951 at their Special Session at Torquay. The Contracting Parties left it to the Executive Secretary to convene the first meeting of the Working Party and to the Working Party to elect their own Chairman. The Resolution also invited the Governments of Austria, the Belgo-Luxembourg Economic Union, Denmark, France, Germany, Italy, the Netherlands, Norway, Sweden and the United States "to submit to the Working Party considered proposals for multilateral or other procedures designed to achieve on a non-discriminatory basis a reduction of the disparities in the tariffs of the European countries concerned . . ."

2. As no proposals had been submitted by these countries, the Executive Secretary decided that no purpose would be served by convening a meeting in the period between the Special Session and the Sixth Session, but suggested that a meeting should be held early in the Sixth Session to formulate proposals for further action for submission to the Contracting Parties. Before this meeting was convened the French Delegation laid before the Contracting Parties a proposal aimed at a general lowering of customs tariffs (GATT/CP,6/23). This proposal was considered by the Contracting Parties at the meeting of the Sixth Session and the Working Party was authorized to take this proposal into consideration.

3. When the Working Party met for the first time on 4 October, 1951, Dr. Botha, Delegate of the Union of South Africa, was elected Chairman.

4. At the first meeting of the Working Party the delegate for Denmark, who had been Chairman of the informal discussions in Torquay on the subject of disparities in European tariff levels, gave an account of the further discussions which had taken place between some members of the group of 10 in the interval since the Special Session. The text of Mr. Sveinbjornsson’s statement is annexed to this Report. The representatives of the Benelux countries emphasized that the fact that the group of 10 had not as yet submitted considered proposals should not be construed as indicating any decrease of interest in the problem or as implying that it had become less urgent. They also disclosed that their Governments had circulated to the other members of the group of 10 proposals to serve as a basis for further discussion.

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5. The Working Party felt that the introduction of the French proposal raised fresh problems regarding the manner in which the Working Party should organize its work. In the first place, it was clear that the consideration of the French proposal would require an extension both of the life of the Working Party and of its terms of reference. Moreover, the French plan had been presented only in broad outline and although it appeared that one of its necessary consequences could be a contribution towards the problem of disparities in European tariff levels, it was of much wider scope since it contemplated action by the Contracting Parties as a whole. Some members of the Working Party also pointed out that, before an examination of the French plan could be undertaken even on a technical level and without any commitments as to principle, a number of important points would have to be clarified. Thereafter their Governments would require a reasonable interval for preparatory study before embarking upon such a discussion. Moreover, the United Kingdom representative pointed out that the examination of the French plan would mean heavy work for specialized and scarce staff under difficult conditions; in consequence it might not be possible for the technical examination of the French plan to proceed as speedily as could have been wished.

6. A great deal of thought had therefore to be given to the further programme of the Working Party and in particular to the relationship between the discussion of the French plan and plans of more limited scope directed exclusively to the question of disparities in the European tariffs. In order to meet the procedural difficulties which arose in this connection the Benelux delegations stated that they would be prepared to agree to the Working Party giving priority to consideration of the French plan. The Benelux delegations made it clear that this agreement on their part was given on the understanding that it would in no way prejudice the Torquay decisions, that machinery would be set up for an expeditious discussion of the French proposal and that, during the Working Party's discussion of the French plan, they would be free to make suggestions aimed at finding a solution to the European problem within the broader scheme outlined by the French representatives. If, however, they found that such a solution could not be arrived at within a reasonable time, they reserved the right to revert to the procedure agreed at Torquay for dealing with the problem of European tariff disparities. The French delegation indicated its agreement with those reservations, and stated that, if the plan proposed did not yield satisfactory results, the French Government was prepared to take part in discussions of the Benelux or other proposals prepared in response to the Torquay invitation.

7. Some members of the Working Party emphasized that, in their view, the first question to decide was the geographical scope of the French proposals, i.e., whether the plan was to be limited to the European countries together with the United States and Canada, or whether all the contracting parties were to take part. A decision on this point was, in their view, required before any decision could be taken as to the composition of the body which was to undertake the examination of the French plan. If the plan was in fact to apply to all the contracting parties then it was, they felt, inappropriate that it should, even in the first instance, be considered by countries belonging only to one geographical group, or by any body other than the Working Party itself. If, on the other hand, it was the more highly industrialized countries which were
likely to be those most directly affected by the French plan, then it could appropriately be considered in the first place by a sub-group composed only of those countries (e.g., the ten signatories of the Torquay Memorandum on European Tariff Disparities together with the United Kingdom and Canada) on the understanding that this sub-group would in due course report the results of its deliberations to the Working Party.

8. Quite apart from any question of the composition of the group to consider the French proposal, some members of the Working Party felt that they could not usefully begin to consider their own position in relation to the French proposal until its geographical scope had been defined. The United Kingdom representative, for example, pointed out that the attitude of his Government would necessarily depend to a considerable extent on whether all or only some of the other members of the preferential group of which the United Kingdom was a member were to be included in the scheme or not. Other members of the Working Party emphasised that under-developed countries would not be able to participate fully, if at all, in the scheme because of the importance to them of their tariffs as e.g., sources of revenue and as a means of protecting industries in the course of development. In their view, therefore, in extending the terms of reference of the Working Party to enable it to consider the French plan, the Contracting Parties should ask the Working Party to consider the plan in the light of the disparities between the economic and social conditions of different countries.

The French delegation stressed that its proposal is aimed at all the countries participating in the General Agreement but that it would provide for extensive waivers in favour of underdeveloped countries.

The conditions in which the French proposal could apply to such countries would have to be examined at a later stage by the intersessional Working Party in the light of the results achieved by the sub-group.

9. It was finally agreed that, whatever the eventual decision on the geographical scope of the French plan, the countries referred to above could undertake a preliminary and technical study of the plan from the point of view of its application to themselves, leaving it to the Working Party, after these countries had submitted a report to that body, to consider the French proposal in its more general aspect. It was also agreed that the objective of the Working Party should be to elaborate as far as possible the technical aspects of the French plan with a view to facilitating its more thorough consideration by the Contracting Parties at their Seventh Session.

10. It should be pointed out that three of the countries which had signed the Torquay Memorandum (Austria, Germany and Norway) are not members of the Working Party. It was agreed that this need cause no difficulty, since a subsidiary body of the Working Party could be authorised to co-opt other contracting parties having a substantial interest in the French proposal. It is, however, for consideration by the Contracting Parties whether, in view of her general economic importance, it would not be feasible that Germany should formally be made a member of the Working Party.
The Working Party therefore recommends:

(a) that its terms of reference be amended by the Contracting Parties and that the Contracting Parties adopt for this purpose the following resolution:

"The CONTRACTING PARTIES

"HAVING received from the French delegation a proposal relating to the automatic lowering of tariff levels;

"EXTEND the terms of reference of the Intersessional Working Party to include the examination of any proposal concerning procedures likely to result in non-discriminatory reductions of tariff levels, in particular the proposal submitted by the French delegation on 19 September, 1951;

"DECIDE that the Intersessional Working Party shall report on the progress of its work to the Seventh Session of the Contracting Parties."

(b) that the Contracting Parties approve of the programme of work outlined in paragraph 9;

(c) that Germany be invited to become a member of the Working Party.