GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONTRACTING PARTIES
Thirteenth Session

SUMMARY RECORD OF THE FIRST MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 16 October 1958, at 11 a.m.

Chairman: Mr. L.K. Jha (India)

Subjects discussed: 1. Opening address by Chairman
                      2. Adoption of agenda
                      3. Participation of Switzerland
                      4. Trends in International Trade
                         (Ministerial discussion)

1. Opening address by Chairman

    Mr. L.K. Jha, opening the Thirteenth Session of the CONTRACTING PARTIES,
    recalled the directives given by Ministers at their meeting at the Twelfth
    Session which led, inter alia, to the establishment of a Panel of Expert
    Economists to make an objective study of certain trends in international trade.
    It was a matter for satisfaction that there would again be a geographically
    representative attendance of Ministers during the opening days of the current
    Session to give guidance to the deliberations and directives in the formulation
    of new lines of policy.

    To provide a background for this discussion Mr. Jha referred to the pro-
gress achieved by the CONTRACTING PARTIES in the last decade in the field of
international trade co-operation as a result of having translated agreed
objectives into a set of rules to guide commercial policies. The objectives
of the General Agreement had been reaffirmed and the operation of its provisions
reviewed in 1954-55. However, the Organization for Trade Cooperation, which
had been drawn up to give permanency to, and to strengthen the administration
of GATT, had not yet been established; consideration might therefore be given
to improving the effectiveness and efficiency of the work of the CONTRACTING
PARTIES by such means as shorter sessions at shorter intervals, and a strength-
ening of the permanent representation.

    Since the Review Session, the CONTRACTING PARTIES had studied structural
problems arising from more recent developments in international trade. At the
Twelfth Session attention had been focussed on the Treaty establishing the
European Economic Community. The negotiation of this Treaty had led to a
similar movement towards the regional liberalization of trade in discussions among a wider group of European countries with a view to establishing a free-trade area. Similar movements were developing in other regions. These important regional movements would have to be accompanied by a vigorous pursuit of the efforts of GATT to harmonize them with the liberalization of trade in a broader framework.

Another important question raised at the Twelfth Session was a failure of the trade of the less developed countries to develop as rapidly as that of the more advanced nations. The success of the efforts of the less developed countries to promote economic development was dependent to a large degree on their ability to expand exports, to increase their earnings of foreign exchange needed to finance a growing volume of imports. The Experts' Report contained points relevant to this subject, including the efforts that could be made by the highly industrialized countries to alleviate the situation.

It was a matter of satisfaction that the downward trend in industrial activity in the United States had been arrested and reversed since, even if not accompanied by import restrictions, a decline in the business activity of any industrial country had serious repercussions on the outside world and reduced the export earnings of many countries, particularly primary producers. In such circumstances, the latter, in addition to restricting their imports, were driven to sustain exports through bilateral arrangements and other short-term measures of doubtful value. This question of the special problems of trade in primary products, particularly its instability, had been competently analysed in the Experts' Report.

In the Report, consideration was also given to the problem of trade in agriculture and food products and the CONTRACTING PARTIES should carefully examine the far-reaching implications of the report on this question. It was an undoubted fact that the trade rules as embodied in the General Agreement were widely disregarded when it came to agricultural questions, and unless a modus vivendi could be found, acceptable both to countries relying heavily on exports of agricultural products as well as to the industrialized nations, the prospect for maintaining a worldwide multilateral trading system would be doomed.

2. Adoption of agenda (L/854/Rev.2)

The CHAIRMAN introduced the provisional agenda containing items carried forward from the last Session and items proposed by contracting parties.

The agenda was adopted.

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1 The full text of Mr. Jha's statement is reproduced in Press Release GATT/395.
3. Participation of Switzerland (W.13/3)

The CHAIRMAN introduced a draft decision which the Intersessional Committee had recommended for adoption by the CONTRACTING PARTIES inviting the Government of Switzerland to take part in the work of the Thirteenth Session.

The CONTRACTING PARTIES approved the draft decision but in doing so, however, placed the following understandings on record:

(a) In view of the wording of the provisions of Articles XXV and XXXII, it is not possible, from a strictly legal point of view, to give full voting rights to Switzerland. However, in the normal course of business this is not very important since the CONTRACTING PARTIES do not usually proceed to a formal vote in reaching decisions; generally the Chairman takes the sense of the meeting and Switzerland would have the same opportunity as contracting parties to express its opinion.

(b) This decision does not involve any obligations on the part of either Switzerland or the contracting parties regarding their trading relations and does not affect the arrangements and procedures adopted by the CONTRACTING PARTIES on 17 November 1956 for the provisional accession of Switzerland.

Mr. HAIM (Switzerland), on behalf of his Government, expressed his gratitude to the CONTRACTING PARTIES for the decision they had taken enabling Switzerland to take part in their deliberations. His delegation would co-operate in the endeavours of the CONTRACTING PARTIES to find positive and constructive solutions to the problems with which they were confronted.

4. Trends in International Trade

In view of the fact that many contracting parties were represented at Ministerial level the CHAIRMAN proposed that the first days of the Session be devoted to a general discussion on trends and developments in international trade, with special reference to item 8(a) on the agenda, and on future activities of the CONTRACTING PARTIES directed towards the continued expansion of international trade. The Intersessional Committee had recommended the following agenda for Ministerial discussion:

The major problems dealt with in the Experts' Report, viz., the conditions of trade in agricultural products, commodity problems, and special problems affecting the trade of the less developed countries.

Action directed towards further tariff reduction.
Action directed towards the elimination of quantitative restrictions, and in particular, of the remaining elements of discrimination.

Other international measures directed towards the expansion of world trade, including the harmonization of regional and broader programmes.

Means of improving the effectiveness of the General Agreement in contributing towards its objectives.

The CONTRACTING PARTIES agreed to these procedures and the following statements were made:

The Rt. Hon. Sir David EGGLESTON (President of the Board of Trade, United Kingdom) (cf. Press Release GATT/396)

Dr. Heinrich LÜBKE (Federal Minister for Food, Agriculture and Forestry, Federal Republic of Germany) (cf. Press Release GATT/397)

The meeting adjourned at 12.30 p.m.