SUMMARY RECORD OF THE SIXTH MEETING

Held at the Palais des Nations, Geneva, on Monday, 20 October 1958, at 2.30 p.m.

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

Subjects discussed:

1. Trends in International Trade (continued)
2. Meetings of the CONTRACTING PARTIES
3. Balance-of-payments import restrictions
4. Consular formalities
5. Marks of origin
6. Nationality of imported goods
7. Facilities for the temporary admission of professional equipment and packing materials

1. Trends in International Trade (continued)

H.E. Mr. Fernando GARCIA-OLDINI (Ambassador to Switzerland for Chile) made a statement which is reproduced in Press Release GATT/416.

2. Meetings of the CONTRACTING PARTIES (L/868)

In introducing the proposals which he had distributed to the contracting parties, the EXECUTIVE SECRETARY said that in the last few years it had been found increasingly difficult to handle even the normal agenda of the CONTRACTING PARTIES during an annual meeting of reasonable duration. The annual meetings lasted from five to six weeks, and even then business was dealt with in conditions which not only placed considerable strain upon the delegations but also led to work being done in great haste and with less care than the difficult tasks required. A tentative approach towards establishing an executive organ in the form of an executive committee to meet between sessions had not proved particularly fruitful. Contracting parties had always been reluctant to envisage an executive committee in the proper sense of the word, i.e., a body upon which would devolve substantial functions with the power of decision. Instead, there had been a tendency to temporize on this question, beginning very modestly with the Ad Hoc Committee on Agenda and Intersessional Business, which at the Review Session had been replaced by an Intersessional Committee with somewhat broader functions but still lacking any power of decision. Moreover, even in the case of this Committee, no provision had been made for regular meetings and it had therefore
been difficult for governments to assure the representation which would have been necessary to make the committee effective. At the Review Session it had been pointed out that no intersessional committee could really be effective unless governments situated at some distance from the headquarters were to put themselves in a position to play a really effective rôle in its business. Admittedly the establishment, either at or near the headquarters, of permanent representation qualified to deal with the commercial policy questions within the field of the Agreement presented serious problems for overseas countries. The fundamental question, however, was the lack of power of decision, for whenever a subsidiary body is denied such power, except on minor matters, it almost inevitably tends to treat its business somewhat superficially and to defer serious consideration of issues of substance for a meeting of the CONTRACTING PARTIES. This experience pointed to the need of tackling the problems of continuing administration of the Agreement. However, the important and significant developments which had taken place in the field of international trade were reasons of equal or even greater cogency for taking action in this field. If the CONTRACTING PARTIES were to carry out the functions devolving upon them by the Agreement, they should place themselves in a position to deal at almost any time with important matters of trade policy. This need, already in existence for some time, had become far more acute with recent developments which had expressed themselves in the creation of other international institutions of great importance and effectiveness which were well equipped to carry out their functions.

The Executive Secretary considered that if the CONTRACTING PARTIES would wish to defer action on these questions - a course which would in effect amount to an abdication of the rôle which the Agreement required them to play - they should take a formal decision to that effect. On the other hand, the CONTRACTING PARTIES might consider that the time had now come to enable their organization to play the rôle which it should and could play. A positive decision would be welcomed by the other institutions to which he had referred and which had shown that they did not regard themselves as acting in isolation or outside the scope and direction of the objectives of the General Agreement. Permanent liaison with these institutions and the harmonization of programmes could not be achieved when on every occasion when important questions arose and decisions of the CONTRACTING PARTIES were called for, the matter had to be postponed until the annual session.

In concluding his statement, the Executive Secretary emphasized that the proposals he had outlined were in the nature of general suggestions, and that there might be other solutions which might commend themselves to the CONTRACTING PARTIES. He did not consider that the arrangements proposed would result in a net increase in the amount of meeting time. In 1957 and 1958, sixty and seventy-one calendar days respectively had been devoted to meetings of the CONTRACTING PARTIES and of the Intersessional Committee. In fact, with two sessions of two weeks and one of three weeks, without any lengthy meeting of an Intersessional Committee, the meeting time would be reduced to forty-nine calendar days.

In response to an enquiry by Mr. KAWASAKI (Japan), the Executive Secretary further explained that within the framework of his proposals one of the sessions would be an annual general meeting and that the more important issues should be grouped for consideration at that meeting. However, he would not suggest that the general meeting should necessarily take place at one particular time of the year; on the contrary the CONTRACTING PARTIES should allow themselves a certain flexibility in this regard. For administrative reasons,
to which he did not attach very great importance, he would prefer that sessions be numbered consecutively except for the fact that one particular session every year would be designated as the "general" session.

Mr. RATIGAN (Australia) said that his delegation had not had an opportunity to obtain instructions from his Government and, in view of the importance of the issues involved, proposed that the question be referred to a working party.

Mr. STEYN (Union of South Africa), while fully appreciating the considerations which underlay the proposals of the Executive Secretary, stated that their implementation would raise problems for his Government particularly with respect to staff. He endorsed the proposals to refer the matter to a working party. While, in general, delegations would agree on the advantages to be gained from reducing the length of the annual session, as it would induce governments to send representatives at a higher level, there was a major problem which the proposed arrangements would not solve, viz. that of ensuring continuous administration of the Agreement, so as to permit the CONTRACTING PARTIES to deal promptly with developments whenever they occurred.

Mr. KLEIN (Federal Republic of Germany), speaking on behalf of the Member States of the European Economic Community, shared the view that the annual sessions of the CONTRACTING PARTIES were becoming increasingly difficult to conduct. In the view of the Six governments, it would be advisable to hold, at the end of the year, one main session of an approximate duration of three weeks at which the more important questions could be considered, and to deal with other tasks at another session which might appropriately take place in the summer or spring. Two sessions each year should suffice. In addition, a number of routine questions such as reports under waivers and trade and customs regulations could be taken up by an intersessional committee, composed of all contracting parties, on which governments might be represented by permanent representatives. This committee might deal with less important questions and make proposals to be submitted to the CONTRACTING PARTIES at one of their two sessions.

Mr. VALLADAO (Brazil) shared the view that the time had come for the CONTRACTING PARTIES to envisage new arrangements for the continuing administration of the Agreement and was in favour of referring the matter to a working party which could examine the proposals carefully. In such an examination attention should be paid to the budgetary implications of any new arrangements. Referring to the suggestions made by the German representative, he thought that meetings of an intersessional committee, composed of all the contracting parties, should in fact be little different from plenary meetings of the CONTRACTING PARTIES.

Mr. SMITH (United States) said that his delegation would welcome consideration of certain changes in the arrangements for meetings. Questions of action and continuity in the administration of the Agreement were of primary concern to his delegation. One aspect of the proposals related to a determination to be made by each contracting party concerning permanent representation in or near Geneva, and it was doubtful whether all the
objectives outlined by the Executive Secretary could be fully achieved if there were no support for action in this field. Other aspects of the proposal should be considered in a working party.

Mr. SWAMINATHAN (India) agreed with other speakers who had indicated that there might be some difficulty in managing two or three sessions in the course of a year, particularly because of problems of personnel. That was perhaps a difficulty more of nomenclature than of substance. Indeed, since the Twelfth Session the Intersessional Committee, which was this year composed of all contracting parties, had held at least two important meetings for which contracting parties had found the necessary personnel. The proposals outlined were new, and his delegation felt that it would be appropriate to consider them in a working party. He agreed that the problems now before the contracting parties were of such importance and urgency that some change in the machinery to administer the Agreement was called for.

Mr. BAIG (Pakistan) said he would not elaborate on the difficulties which the implementation of the proposal would create for his Government, for these difficulties were well known to the Executive Secretary. He supported the proposal to refer the question to a working party.

Mr. JARDINE (United Kingdom) appreciated the difficulties which the proposals might create for distant countries. The suggestions put forward by the Executive Secretary were constructive proposals for dealing with a real difficulty confronting the successful execution of the work of the CONTRACTING PARTIES. If the proposed arrangements did not fully solve the problems which might arise when important developments occurred at a time the CONTRACTING PARTIES were not in session, they would nevertheless go a long way towards solving them. His delegation agreed that the matter should be given further consideration in a working party.

Mr. HAGEN (Sweden) said that his delegation was prepared to consider the proposals of the Executive Secretary. He pointed out that the separation of the activities of the CONTRACTING PARTIES in two sessions would modify the present method of dealing with the tasks. At present many tasks were referred to working parties where delegations themselves carried out a large part of the work. If two short sessions were held, the contracting parties would have to depend even more upon the secretariat. In any examination of new arrangements account should be taken of the budgetary implications.

Mr. SCHWARZMAN (Canada) welcomed the proposals of the Executive Secretary and recalled that his Government had always been in favour of strengthening the intersessional machinery of the Agreement. He agreed on the need for a careful examination of this matter. In addition to budgetary considerations, the Working Party should also consider questions of accommodation and conference facilities.

The CHAIRMAN, in summing up the discussion, said that most delegations had received the proposals of the Executive Secretary with sympathy but had expressed concern on various practical implications which would require careful study. Accordingly, he proposed to refer the matter to a working party.
The CONTRACTING PARTIES approved the establishment of a Working Party on Organization with the following membership and terms of reference:

**Chairman:** Mr. I. Kawasaki (Japan)

**Members:**
- Australia
- Belgium
- Brazil
- Canada
- Chile
- France
- Germany
- India
- Norway
- Pakistan
- Peru
- Turkey
- United Kingdom
- United States
- Chile
- Pakistan

**Terms of reference:**

To consider arrangements for the future organization of the work of the CONTRACTING PARTIES in the light of the Executive Secretary's proposals (L/868) and the discussion thereon at the plenary meeting on 20 October and in the light of views expressed by Ministers during the Ministerial discussions.

3. **Balance-of-payments import restrictions**

   (a) **Review of Restrictions under Articles XII and XVIII: B (W.13/1)**

   The CHAIRMAN recalled that at their Twelfth Session the CONTRACTING PARTIES had agreed that the review of import restrictions applied for balance-of-payments reasons (provided for in paragraph 4(b) of Article XII and paragraph 12(b) of Article XVIII) should be effected in 1958 and completed at the present Session. The secretariat, which had been instructed to prepare documentation for this review, had distributed a document containing draft notes on the restrictions maintained by the various contracting parties (W.13/1). The Chairman invited the delegations of the countries concerned to examine the sections of this draft describing the restrictions maintained by their Governments and inform the secretariat as early as possible of any alterations which they might wish to suggest.

   The principal part of the report on this review would, however, consist of a description of the changes having recently taken place in the balance-of-payments position of contracting parties and the resulting modifications in the pattern and administration of import restrictions and discrimination, and such general observations or conclusions as the CONTRACTING PARTIES might formulate. The secretariat was preparing a draft of this part and intended to circulate it shortly.

   The CHAIRMAN suggested that a working party be established to take charge of this review and to prepare a report for consideration and approval by the CONTRACTING PARTIES. This working party could also take up other matters concerning balance-of-payments restrictions.

   (b) **Plan for Consultations under Article XII:4(b) in 1959**

   The CHAIRMAN referred to Article XII:4(b) which requires contracting parties applying import restrictions for balance-of-payments reasons to enter into annual consultations with the CONTRACTING PARTIES; the first such consultations were to be held one year after the review mentioned above,
i.e. in 1959. He suggested that the question of arrangements and procedures for these consultations be referred to the same working party. Practical suggestions by the secretariat would be submitted direct to the working party.

This was agreed.

(c) Consultations and Report under Article XIV:1(g)

The CHAIRMAN then drew attention to paragraph 1(g) of Article XIV which provides that contracting parties applying balance-of-payments import restrictions in a discriminatory manner under certain provisions must consult annually with the CONTRACTING PARTIES. Seven contracting parties had initiated consultations this year under these provisions. Among these, however, the consultation with New Zealand had already taken place (pursuant to a decision of the Intersessional Committee) in conjunction with a consultation under Article XII:4(a). The report on this consultation would be submitted to the CONTRACTING PARTIES for approval at a later stage. In the case of the consultation with the United Kingdom, the Intersessional Committee had recommended that substantive discussions be taken up early in 1959 in conjunction with the consultation with the United Kingdom under Article XII:4(b). There remained, therefore, only five consultations to be carried out at this Session, namely, with Australia, Ceylon, Ghana, Malaya, Rhodesia and Nyasaland. The Chairman suggested that these consultations be conducted by the same working party.

The CONTRACTING PARTIES approved this suggestion.

The CHAIRMAN mentioned that paragraph 1(g) of Article XIV also required the CONTRACTING PARTIES to report annually on the discriminatory restrictions maintained by contracting parties under that Article. This year the review referred to under (a) above would also cover the discriminatory aspects of the restrictions. The Chairman therefore proposed that the report to be approved by the CONTRACTING PARTIES be deemed as incorporating the Ninth Annual Review under Article XIV:1(g).

It was so agreed.

The CHAIRMAN then reported that pursuant to Article XV the CONTRACTING PARTIES had invited the Fund to consult with them in connexion with the individual consultations to be carried out this year. The Fund had accepted the invitation, and documents supplied by the Fund for this purpose were being circulated to the contracting parties. The Fund delegation would participate in the discussions not only in connexion with the consultations but with all matters on which, according to provisions of Article XV, the Fund must be consulted.
The CONTRACTING PARTIES agreed to the appointment of a Working Party on Balance-of-Payments Import Restrictions with the following terms of reference and membership:

Terms of reference

1. To conduct the consultations under Article XIV:1(g) for 1958 which have been initiated by Australia, Ceylon, Ghana, Malaya, and the Federation of Rhodesia and Nyasaland, and to commence the consultation initiated by the United Kingdom under the same provision.

2. To proceed with the review of import restrictions provided for in paragraph 4(b) of Article XII and paragraph 12(b) of Article XVIII, and to submit to the CONTRACTING PARTIES a draft report incorporating the Ninth Annual Report on Discriminatory Import Restrictions required by paragraph 1(g) of Article XIV.

3. To recommend arrangements and procedures for the carrying out of the annual and bi-annual consultations on import restrictions applied under Articles XII and XVIII, particularly those to be carried out under paragraph 4(b) of Article XII in 1959.

Chairman: Mr. T. Hagen (Sweden)

Members: Australia Cuba Japan
Belgium Denmark Norway
Brazil France South Africa
Canada Germany United Kingdom
Ceylon India United States

4. Consular formalities

The CHAIRMAN recalled that as long ago as 1952 the CONTRACTING PARTIES had recommended that governments which maintain consular formalities should abolish them as rapidly as possible. Progress towards the achievement of this objective had been examined by working parties and reports had been submitted to the CONTRACTING PARTIES. At the Twelfth Session the recommendation of 1952 had been revised. Contracting parties still applying consular formalities had again been asked to submit a report on any action they may have taken. The Government of Turkey had since announced that consular fees would be abolished in the near future.

The CONTRACTING PARTIES instructed the Executive Secretary to contact the delegations of contracting parties still applying consular formalities to enquire what further progress in this matter had been achieved.
5. Marks of origin (L/871)

The CHAIRMAN recalled that at the Twelfth Session the secretariat had been instructed to prepare a draft recommendation on the basis of the report by the working party which had examined this matter at the Eleventh Session and in the light of suggestions received from governments. A draft recommendation by the secretariat had been distributed in document L/871.

Mr. MATHUR (India) stated that his Government had not had time to consider the draft Recommendation. He enquired whether the question of the adoption of the draft Recommendation could be deferred until the following Session.

Mr. RATTIGAN (Australia) was in favour of postponing consideration of the draft Recommendation because his Government had had no opportunity to study the document.

Mr. SMITH (United States) for similar reasons, supported the proposal to defer the matter but hoped that it could be taken up later in the Session.

Miss LOUGH (United Kingdom) was inclined to agree with the representative of India that since there had not been time to study the draft it would be preferable to defer consideration of the Recommendation. Her delegation would, however, be prepared to consider the draft Recommendation at this Session if there were a general desire to do so.

Mr. TENNEKOON (Ceylon) supported the proposal to defer the matter until the following Session when governments would have had an opportunity to examine the draft Recommendation carefully.

The CHAIRMAN suggested to defer consideration of this item until later in the Session when delegations would have had an opportunity to study the draft Recommendation and be in a position to indicate whether they were prepared to discuss it or preferred that the item be postponed.

The CONTRACTING PARTIES agreed to this suggestion.

6. Nationality of imported goods

The CHAIRMAN stated that this item had been on the agenda for several sessions at the request of the Government of the Federal Republic of Germany and with the support of several other delegations.

Mr. GERIGK (Federal Republic of Germany), said that his delegation was in favour of deferring consideration of this item as it seemed difficult to achieve progress at this stage.

The CONTRACTING PARTIES agreed to postpone consideration of this item until the Fourteenth Session.
8. **Facilities for the temporary admission of professional equipment and packing materials (L/860)**

The CHAIRMAN explained that the proposal before the CONTRACTING PARTIES for consideration had been submitted by the International Chamber of Commerce. The Chamber was proposing that an international convention should be elaborated to establish the principle of temporary duty-free admission of certain materials.

At the request of several delegations and in view of the number of important matters on the agenda the CONTRACTING PARTIES decided to defer consideration of this item until the next Session.

The meeting adjourned at 4.30 p.m.