SUMMARY RECORD OF THE FIFTH MEETING

Held at the Palais des Nations, Geneva. on Thursday, 18 May, at 2.30 p.m.

Chairman: Mr. W.P.H. van Oorschot (Netherlands)

Subject discussed: Programme for the expansion of trade:

(a) Tariff negotiations, including
   (i) extension of the closing date for the completion of the Article XXVIII renegotiations
   (ii) request by Pakistan under paragraph 4 of Article XXVIII (L/1474 and SECRET/139)

(b) Third report of Committee II (L/1461 and Corr.1)

(c) Report of Committee III (L/1435 and Corr.1)

The Chairman recalled that, when the CONTRACTING PARTIES launched the Programme for Expansion of Trade at the thirteenth session, they decided they would themselves supervise and co-ordinate the work of the three committees. Accordingly, he suggested that the work in the three fields of tariff reduction, agricultural protectionism and obstacles to the trade of less-developed countries should be examined together. During the discussion, therefore, representatives were invited to include in one statement the remarks they wished to make under points (a), (b) and (c) of this item. The Chairman then invited the Chairman of the Tariff Negotiations Committee and Committees II and III to present their reports.

The EXECUTIVE SECRETARY, Chairman of the Tariff Negotiations Committee, said it had been the hope of the Committee, when it met in September last, that the negotiations under Article XXIV:6 would move forward rapidly and be concluded by the beginning of 1961, so as to permit an early start to be made to the Dillon round of negotiations. As serious difficulties had arisen in the course of the Article XXIV:6 negotiations, however, it had not been possible to adhere to this timetable. At the last meeting of the Tariff Negotiations Committee on 12 May, the representative of the Commission of the European Economic Community confirmed
to the Committee the decision of the EEC Council of Ministers that, as the possibility of further negotiations had been exhausted and as, in their view, they had fulfilled their obligations under the procedures of Article XXVIII, the Member States of the Community would now proceed to make the modifications and withdrawals from their Schedules necessitated by the need for the alignment of national tariffs with the common tariff. Giving a general indication of the results of the negotiations under Article XXIV:6, the Executive Secretary said that agreements had been signed by the EEC with five countries; in the case of six others there was agreement in principle to sign on the basis of compensation offers made by the Commission; eight others were expected to sign with some reservations. In the case of two further countries it was still not clear whether there would be an agreement. Four countries had failed to reach agreement with the EEC. Eight countries did not take part in the negotiations.

In the course of discussions in the Tariff Negotiations Committee, the Executive Secretary continued, the representative of the Commission of the EEC had indicated that, in two cases where there had been failure to reach agreement or where only a partial agreement had been reached, there were special circumstances and the Commission's general contention that it had offered full compensation did not apply. The Commission hoped to have bilateral consultations with the two countries concerned with the aim of reaching agreement. The Commission had also indicated its willingness to maintain offers made to contracting parties which had signed with reservations. However, as it considered the compensation it had offered to be fully adequate, and while willing to maintain these offers during the second stage of the tariff negotiations, the Commission indicated that it might have to reconsider the situation if the contracting parties concerned availed themselves of the right to withdraw concessions under Article XXVIII:3. The Tariff Negotiations Committee also took note of the problem which arose from the terms of Article XXVIII:3 providing that the time-limit within which dissatisfied contracting parties could make compensatory withdrawals was limited to six months. It was generally agreed that this period of six months would only begin from the date on which the Member States proceeded to take action to make modifications or withdrawals from their Schedules. Moreover, the Executive Secretary said, the representative of the Commission had subsequently told him that the Commission considered that the date would be the one on which the results of the Article XXIV:6 negotiations were ratified by the Community; this, of course, considerably reduced the possibility of the difficulty which had been foreseen arising. It was understood on both sides that, should it appear that the time-limit would be exceeded before the end of the Dillon round, the question would have to be taken up again in the Tariff Negotiations Committee.

The Executive Secretary said that an important question arose from the special nature of the bindings granted in the common tariff, from the fact that the actual rates bound in the common tariff would not generally be applied during the transitional period and that the alignment of the national tariffs might not always follow Article 25 of the Rome Treaty. The Tariff Negotiations Committee considered that this might best be settled when the Protocol covering
the results of the Tariff Conference was drafted. Pending the settlement of
the terms of the Protocol, the Member States of the EEC would adhere to the
agreement made to Committee I and recorded on pages 113 and 114 (paragraph 20)
of the Eighth Supplement of the Basic Instruments and Selected Documents. In
the light of the above, the Executive Secretary said he was glad to be able to
report that a basis had now been reached on which the Dillon round could be
initiated. The opening date of the negotiations would be 29 May. On that
date the Tariff Negotiations Committee would meet and its constitution would
be adapted to meet the new circumstances. The Committee would consist only
of those contracting parties which intended to participate in the Dillon round
and prepared to table consolidated offers. The governments negotiating for
accession would also become members of the Committee.

Mr. VAN TUINEN (Netherlands), Acting Chairman of Committee II, stated that,
since the last session of the CONTRACTING PARTIES, Committee II had devoted two
meetings to the completion of its third report (L/1461). This report set out
on a global basis the results of an analysis by the Committee of the effects of
individual agricultural policies and systems on international trade in each of
the groups of commodities examined by the Committee during the country consul­
tations. Having made this analysis, the Committee was in a position to set out
more precisely than in any previous reports the extent to which non-tariff
protective measures were applied. On the basis of this work the Committee was
also able to draw up general conclusions. It was regretted that, because of
the difficult and time-consuming nature of its task, the Committee had only
been able to issue its report during the previous week. Undoubtedly many
contracting parties would not have had sufficient time to give the report the
careful and deep consideration it required. Contracting parties might, therefore,
consider avoiding any substantive discussion of the report during the present
session.

As outlined in the cover page to the third report, the Committee had also
given preliminary consideration to the proposal submitted by the Government of
New Zealand regarding the future work of Committee II. The proposal had been
circulated to contracting parties in COM.II/122. The Committee had decided to
examine this proposal and other aspects of its future work programme, as set
out in its terms of reference, at its next meeting. On that occasion it was
hoped that consultations could be completed with the few contracting parties
which had not as yet consulted with the Committee on other agricultural policies.
The Committee would also examine the progress made by the Group of Experts that
had been appointed by the Committee to examine the possibility of measuring
the degree of agricultural protection.

Baron VON PLATEN (Sweden), Chairman of Committee III, explained that the
report (L/1435) submitted by the Committee following its meeting from 21 to
28 March was a technical report. He pointed out, however, that while the
Committee had decided to postpone the preparation of a more comprehensive report
until the meeting of the Committee in September, this did not mean that it had
not devoted a considerable degree of attention to the question of implementation.
The Committee found that the progress which had been achieved was very slight. Baron von Platen again stressed the urgent need for action on the various recommendations of Committee III; these could influence, not only the international economic and political climate as a whole, but also and especially the concept of the effectiveness of GATT as a universal forum for the solution of international problems.

The CHAIRMAN referred to the fact that the report by Committee II had only been distributed during the previous week and that the report of Committee III was in the nature of a progress report; Committee III would meet again in June and September to complete a more comprehensive report. Further, the work of Committees II and III would be reviewed and their reports examined by the Council in September in connexion with the preparations for the ministerial meeting. The Chairman also mentioned that he had been requested to permit representatives to address themselves at the same time to the two requests concerning renegotiations under Article XXVIII as these were related to point (a) on the agenda. He then invited discussion.

Mr. HADRABA (United States) with reference to sub-item (a)(i) of this item, explained that, over recent weeks, the United States had been able to make a good deal of progress in settling outstanding Article XXVIII negotiations; it had completed substantive negotiations with six countries and was actively negotiating with five others. It was apparent that none of these negotiations now under way could be concluded by 19 May, the deadline set by the Council in March. The United States realized that other countries had similar problems and had, therefore, taken the lead in proposing an extension of the deadline for completion of Article XXVIII negotiations until the end of the nineteenth session. Mr. Hadraba said his Government was in a position to expedite the conclusion of these negotiations and would make every effort to proceed as quickly as possible.

Turning to the Programme for the Expansion of Trade, Mr. Hadraba pointed out that the United States, like contracting parties generally, was in the middle of tariff negotiations; until the outcome of these negotiations was known, it was difficult to look forward to the ways and means of making further progress in this field. Committee II had only just completed its report and there had not yet been sufficient time for his Government to look at the report in detail. Assisting the less-developed countries to overcome their trade problems was, if anything, the most urgent part of the programme, although it was closely linked with the other two parts; in this connexion, the CONTRACTING PARTIES had taken, in some small measure, a step forward at the present session through their decision on technical assistance to newly-independent countries in the field of commercial policy. Mr. Hadraba said it was difficult for there to be much discussion at the present time. He expressed the hope that substantial progress would be made in the preparations for the ministerial meeting, so that fruitful discussions could take place at that time.
Mr. HAKIM (Indonesia) said there was a certain inconsistency between, on the one hand, the aim to increase production through economic co-operation in the EEC and, on the other hand, the application of unnecessarily high external tariffs on primary products. Firstly, it was obviously in the interests of producers to be able to obtain raw materials as cheaply as possible. Secondly, high external tariffs would artificially stimulate the production of primary products in the EEC. There would seem to be no reason why a strong group of countries should resort to protectionist and discriminatory practices. Mr. Hakim stressed that, in a world which had become increasingly inter-related, where new nations were coming into being, when the process of economic development was so important, the development of the economically less-developed countries was a problem of the first order. The general recognition of this fact was reflected in the international machinery which had been set up to give technical and financial assistance to developing countries. These countries depended on their export earnings and the instability of the market for primary products was well-known. If their exports were further impeded by artificial means, how could they develop? Was not the world hampering its own efforts to assist the developing countries by preventing the normal, natural flow of their exports? The future looked far from promising if, on top of their other difficulties, the flow of the exports of the less-developed countries to such an important area as Western Europe was to be artificially hampered. There was now the possibility that another highly industrialized country of Western Europe would join the EEC, thus enlarging its scope; it was to be hoped, Mr. Hakim said, that this country might exercise a restraining influence. His Government looked forward to the time when the EEC countries admitted the benefits that derived from abolishing tariffs on primary commodities as a logical means of strengthening the economic position of Europe by way of co-operation with the third countries concerned. Basically speaking, Mr Hakim continued, his Government held the view that the flow of primary products should be unhindered. Against this background, Mr. Hakim concluded, Indonesia was looking into the possibility of its participation in the second round of tariff negotiations.
Mr. RIZA (Pakistan), with reference to sub-item (a)(ii) of this item, said his delegation had circulated a supplementary list of twenty items for modification or withdrawal under Article XXVIII; earlier during the open season his delegation had circulated a list of twenty-eight items in the same connexion. The reason for the supplementary list was that, on further examination, it had been found that some of the items which should have been included in the first list were not included. Mr. Riza recalled that Pakistan had adopted the Brussels Nomenclature and that the duties on all items in Pakistan's customs tariff had been revised and rationalized on the basis of the existing economic and monetary conditions and those that were expected to prevail during the next few years. The old bound rates in some cases created a distortion in the pattern of the tariffs and needed revision. It had been further found in this interval that the Second Five-Year Plan which the Pakistan Government launched on 1 July 1960 was going to cost about $800 million more than had been anticipated earlier and the Government had, therefore, to look for additional resources to fill the gap. Mr. Riza then gave the countrywise break-up of the items both in the earlier list and in the supplementary list. Having explained the stage reached at present in the renegotiations on the earlier list, he went on to describe certain aspects of the renegotiations which had been experienced by his delegation. First, the approach of some of the contracting parties to the question of balancing concessions for the modification of the old bound rates was completely unrealistic and was theoretical in the context of the economic conditions of the less-developed countries. In the case of these countries, the volume of trade in an article would depend, not on the level of the tariff, but on the essentiality of the item and on the amount of foreign exchange available for its purchase. The volume of imports of any item would not increase or decrease merely because the rate of duty on that item was either low or high. For the above reasons, there could hardly be a case for asking for compensation for the modification or withdrawal of the old bindings, and the criterion of working out a balance-sheet of concessions for different items was not sound and was completely hypothetical. Pakistan, like many other less-developed countries, was likely, in view of all the development programmes and targets that had yet to be achieved, to continue to face balance-of-payments difficulties for many more years to come, and one could not, therefore, expect that, in the foreseeable future, there was going to be any difference in the volume of trade because of tariff rates. It should also be borne in mind that, if the tariff on any item was unduly high, thus restricting imports, and the item was not a luxury, the pressure of public opinion would itself move the Government to reconsider the tariff and reduce it. The modification of the old low rates should not, therefore, be looked at with apprehension as perpetuating any restriction of imports. A certain degree of inflationary condition generated, apart from other factors, by development activities themselves, compelled the Government to adopt measures to withdraw some of the surplus money through higher tariffs and taxes. Tariffs had always been recognized as one of the easiest means of collecting revenue. Mr. Riza said he would, therefore, earnestly request the contracting parties to give serious thought to these aspects and to introduce some re-orientation in the spirit and mechanism of Article XXVIII renegotiations, so that they might become more realistic and practical.
Continuing, Mr. Riza said that another aspect called for attention and serious consideration; this was the delay in finalizing these negotiations. Such delay defeated the very object of the provisions of Article XXVIII permitting a periodical review of concessions. The less-developed countries were anxious to raise their revenues and, if the negotiations were not completed for many months, the whole object of the notification of modifications or withdrawals was defeated. It was true that Article XXVIII provided for unilateral action on the part of the contracting parties, but Pakistan did not wish to embark on a process of tariff withdrawals and retaliations. He agreed that some of the countries concerned had their own problems and difficulties in moving fast, but he hoped it would be appreciated that this was at the expense and convenience of other contracting parties. If, as was scheduled, the renegotiations on the items circulated originally had been completed by 31 March, his Government would have been able to introduce the new rates of duties and collect more revenues. These revenues had been lost because the renegotiations in respect of the bulk of the items were still far from complete. Pakistan's next financial year began from 1 July and, Mr. Riza said, he would earnestly request the contracting parties concerned to move their Governments to give early consideration to the modifications and withdrawals notified by Pakistan, so that the renegotiations could be completed in June or, alternatively, that they convey their Governments' agreement to these modifications, so that the Pakistan Government would be in a position to introduce the new rates of duty from 1 July 1961. So far as Pakistan was concerned, it was prepared to start the renegotiations for the supplementary list circulated immediately after the conclusion of the current session and thus take advantage of the presence of the teams now in Geneva for the Tariff Conference.

Turning to Pakistan's Article XXIV:6 negotiations with the EEC, Mr. Riza said that there were prospects of finalizing these negotiations in a satisfactory manner early during the following week. That should remove one hurdle for the beginning of the Dillon round. As regards the Dillon round, Mr. Riza said he would like to mention that the old criterion of dealing only with the principal suppliers would not hold good so far as a less-developed country, like Pakistan, was concerned. As was known, most of the less-developed countries were principal suppliers of only the primary commodities and raw materials for industrial production; on these there was hardly ever any scope for the levying of tariffs by the developed countries. In the field of manufactured or semi-manufactured goods, however, a country like Pakistan was just emerging and, to safeguard its future interests, it was necessary for it to secure now tariff concessions which would be useful in expanding its developing trade in these items. If any of the developed countries examined figures of imports of these items in the past from Pakistan,
not much would be found. For example, where were the jute mills in Pakistan a few years ago that could provide the figures of imports from Pakistan of jute manufactures? The position regarding cotton textiles was similar. Even in the traditional items of cottage industries' products like sports goods, cutlery and surgical instruments, there were major development programmes which should enable Pakistan to be able to export in a large way competitively in the future. In small engineering items or simple consumer goods items also, Pakistan was making fast progress and was entering export markets. Pakistan would, therefore, need concessions not only on major commodities but also on the small ones. If concessions were going to be given to other contracting parties which were the principal suppliers in these items in which Pakistan was interested, it would be only too happy as it would get the benefit of the most-favoured-nation treatment. If, however, concessions on such small items were not being given to other countries, Pakistan would certainly like to initiate a request with a view to securing them. Mr. Riza said the question then arose: what was Pakistan going to give in return for such concessions? A rigid interpretation of the provisions of the GATT for securing return concessions was not likely to be fruitful. Tariffs were used in the less-developed countries more as a measure of raising revenue than as a measure for controlling imports. Imports, as he had said earlier, were, due to chronic balance-of-payments difficulties, always under the strict control of the Government, and the volume of imports of an item depended upon its essentiality, and not on the tariffs to which it was subjected. In view of the large development programmes, the bulk of imports was mostly capital goods items on which the rates of duties were in any case comparatively much lower than on other items. The question of securing return concessions by the developed countries would, therefore, have to be more of a theoretical or of a token nature, and if the developed countries were really interested in helping the less-developed countries to increase the volume of their trade fast enough, they would have to give concessions more or less on an unilateral basis and be content with the prospect of being able to export more of their manufactured capital and highly specialized goods with the improvement in the balance-of-payments position of the less-developed countries. That itself would be a solid enough return for any concessions given unilaterally.

In conclusion, Mr. Riza said that these were very important considerations and he hoped that, in the negotiations that would follow, they would be given due thought and consideration by the Governments of the respective contracting parties. Pakistan, for its part, was prepared to be realistic and rational, and was prepared to surrender many of the old concessions that were no longer of interest to it, thus relieving some of the contracting parties of their old obligations, and giving them a chance to negotiate afresh with those countries which would be interested in securing those concessions for themselves.
Mr. S\textsc{N}AK-NIELSEN (Denmark) stated that his country, like some other contracting parties, felt that the contribution of GATT towards the reduction of barriers to trade had entered a rather crucial stage in view of the apparent shortcomings of the first stage of the Tariff Conference. Commenting on Danish trade interests which had been at stake in the tariff negotiations, Mr. Skak-Nielsen explained that the EEC countries constituted a very important market for Danish exports, particularly agricultural exports. About 40 per cent of Denmark's agricultural exports, corresponding to about 20 per cent of total exports, went to the EEC countries in 1958. In the same year, practically all the main Danish export items had benefited within the EEC countries from tariff bindings. Of these agricultural exports to the Six, more than one half had been covered either by bindings initially negotiated with Denmark or by bindings conceded to other contracting parties, but for which Denmark was a principal supplier. These bindings had in most cases been at fairly low rates, thereby offering Denmark a sure and stable market for its exports. As a counterpart, the bindings of Danish tariff rates, in line with Denmark's traditional low tariff policy, had offered a large and stable market for exports, particularly of industrial goods, from the EEC countries; Denmark's imports from the EEC amounted in 1958 to $465 million, thereby exceeding its exports to the EEC by about $50 million. Denmark had expected, on the basis of the provisions of the General Agreement, that the Article XXIV:6 negotiations would provide concessions in the common tariff which would offer Denmark trading possibilities corresponding to those it had by way of contractual rights with the individual EEC Member countries. For its part, his Government had shown flexibility in its request for compensation. The negotiations, however, had ended in no agreement, as the offers made by the Commission were far from meeting Denmark's legitimate claims; the Commission had admitted that inadequate compensation had been offered. The negotiations had left the Danish Government with the impression that the Community did not wish to grant concessions that might offer reasonable prospects for maintaining or increasing Denmark's exports to the Community. In the light of these considerations, it was the view of the Danish Government that the Community had not fulfilled its obligations with respect to Denmark under Article XXIV:6. More specifically, the Community had in the negotiations with Denmark failed to comply with the provisions of Article XXVIII:2, according to which a contracting party engaged in renegotiations should endeavour to maintain a general level of reciprocal and mutually advantageous concessions not less favourable to trade than hitherto provided for. As long as this situation of non-compliance with Article XXVIII:2 persisted, the Member governments of the EEC would not, in the opinion of the Danish Government, be entitled to increase rates bound to Denmark, or rates bound to other contracting parties in respect of which Denmark had contractual rights.

Mr. Skak-Nielsen went on to say that, confronted with a situation which involved a considerable risk that an essential part of Danish exports might be cut out of the Common Market, the Danish Government felt an urgent need to have counteracting measures at its disposal. As Danish imports from EEC countries already considerably exceeded Danish exports to those countries, it would be understood that Denmark could not maintain the present level of imports from the EEC countries if its exports to these same countries were to be exposed to additional duties and charges. The Danish Government had, therefore, recently sought authority from Parliament to introduce the higher legal rates of duty on such items as medium-sized and smaller motor cars, motor cycles and parts thereof, tyres, valves and various liquors; these commodities accounted
for a substantial part of Danish imports from the EEC countries. The legal
rates were, however, only to be put into effect if and when his Government
considered such action called for. Mr. Skak-Nielsen said he was anxious to
emphasize that his Government was not at present contemplating putting the
legal rates into effect. It firmly believed that not all possibilities for a
mutually satisfactory agreement with the EEC had been fully explored; in this
connexion, his Government noted the willingness on the part of the Community to
take into new negotiations with Denmark. His Government sincerely hoped that
such negotiations, within the course of the present year, would lead to a
successful outcome, thereby contributing to the rôle of GATT in the maintenance
and expansion of trade between the Community and Denmark.

Turning to the report of Committee II, Mr. Skak-Nielsen said that the re­
port, which directly concerned the interests of his country, would be studied
attentively by his Government.

Mr. PRESS (New Zealand) said it was unfortunate that the third report of
Committee II had not been available in time to be discussed at the present
session. It was a good report which dealt fairly with the question that repre­
sented the real test for the General Agreement, namely, agricultural protection­
ism. During the present session and during the recent meeting of the Council
his delegation had to make statements on such matters as the marketing of butter
in the United Kingdom, and the intensification of New Zealand import restrictions
due to balance-of-payments difficulties; these difficulties might not have
arisen but for the widespread recourse in certain countries to measures of agri­
cultural protectionism. For many years New Zealand delegations had affirmed
that too many contracting parties acted as though there were an escape clause
in GATT relating to the importation of agricultural products. This situation
was brought out in the Haberler Report, in the report on subsidies and in the
present report of Committee II. However, Mr. Press said, the real test was
whether a good report was translated into action. In the opinion of his
Government, the matter was far too urgent to leave in abeyance. The report of
Committee II had been drawn up by a widely representative group of countries
and its contents warranted immediate action. His Government hoped that coun­
tries would be guided now in their trade policies by the recommendations con­
tained in the report, and that the report would not simply be regarded as
something which could be set aside until September or October.

Mr. DELL (Rhodesia and Nyasaland) stated that his Government was dis­
appointed at the apparent lack of progress to date on the part of industrialized
countries to implement the recommendations made thus far by Committee III. In
fact, as regards one commodity of particular importance to his country, some
measures which had been taken could only be regarded as retrogressive. In
drawing attention to the difficulties encountered by the less-developed coun­
tries which wished to participate in the Tariff Conference, Mr. Dell pointed
out that, in view of the limitation on the Federal Government's revenue-raising
powers resulting from the provisions of the Constitution of the Federation, the
customs tariff was a more important instrument of fiscal policy than it was
for most other countries. Therefore, his Government hoped that the industri­
alized countries would be prepared not to receive balanced compensation in the
course of the tariff negotiations.

Turning to sub-item (a)(i) under this item, Mr. Dell said that his dele­
gation were still engaged in negotiations with certain countries; they there­
fore supported the request of the United States for a limited extension of
the time-limit for the completion of negotiations. In conclusion, Mr. Dell said that the Federation was one of the countries which had reached agreement with the EEC in respect of the negotiations under Article XXIV:6.

Mr. WARREN (Canada) said that his delegation could support the request of the United States for an extension of the closing date for the completion of Article XXVIII renegotiations, although Canada itself would not need any extension. His delegation, likewise, had no objection to the request by Pakistan under sub-item (a)(ii).

Turning to the tariff negotiations, Mr. Warren said that the range of Canada's exports to Europe was narrow rather than broad. Like other contracting parties, therefore, Canada had not been able to accept the concept of compensation in terms of arithmetic averaging in sectors where there was little or no trade to offset the disadvantages that arose for products of real importance for Canadian trade. Mr. Warren said he hoped that discussions with the EEC concerning the most important agricultural product in Canada's trade with the EEC would soon be completed, so that Canada would be able to enter the next stage of the tariff negotiations with very few and limited reservations.

As regards the report of Committee II, Mr. Warren said that he, like other representatives, regretted that it had not been possible to have a substantive discussion on the report at the present session. It could be said, however, that the report brought out clearly the extent to which various measures of agricultural protectionism had frustrated the normal flow of agricultural trade and the conclusions in the report called for the most careful consideration by contracting parties; they should, in particular, already be seriously taken into account by countries, such as the EEC countries, considering adjustments in their agricultural policies. The facts and conclusions presented in the report should also certainly be brought to the attention of Ministers when they met later in the year.

Continuing, Mr. Warren said the work of Committee III confronted the GATT with one of its most pressing challenges. The situation was urgent and countries in a position to move towards the elimination of restrictions impeding the exports of the less-developed countries should not delay taking action. This was also a question which must figure prominently on the agenda for the ministers meeting. It was to be hoped that, at that meeting, or preferably before, the industrialized countries would be able to report real progress and to make constructive proposals concerning the elimination of the restrictions to which he had just referred.

Mr. TREU (Austria) said Austria could support the requests of the United States and Pakistan under sub-items (a)(i) and (a)(ii).

Turning to the question of the tariff negotiations, Mr. Treu explained that, although his delegation had not received definitive instructions in this regard, he could say, in connexion with the negotiations between Austria and the Commission of the EEC, that his Government, which considered that the overall offers received were not satisfactory, was examining a formula which would enable Austria to sign an agreement with appropriate reservations. Although, Mr. Treu continued, these reservations appeared perfectly reasonable to his Government, in the sense of the terms used by the representative of
the Commission, his Government considered it should not, for the following reasons, limit itself to any definite position: (1) Austria's trade with the six Member States of the EEC was proportionately greater than that of any other contracting party. In these circumstances, the necessary palliative which could really solve the problems arising from the establishment of the common tariff could not be found in the existing provisions of Article XXIV. The principle that tariff increases in one or the other constituent country of the EEC were compensated for by decreases in other constituent countries did not, for many reasons, have practical application in the case of Austria; (2) the extent to which the common tariff would necessarily provoke a modification in the structure of Austria's exports to the Common Market, tending to put a brake on exports of finished and even semi-manufactured products in favour of raw materials, should be underlined; (3) these effects were, in fact, already aggravating the deficit in Austria's trade and payments with Member States of the Community. This trend was causing serious concern to the Austrian Government, which did not wish to find itself obliged to take remedial measures, as these might assume a restrictive character; (4) it was, therefore, a fact that Austria's export opportunities were being noticeably affected adversely.

In the light of what he had said, Mr. Treu continued, Austria would wish to conclude the negotiations under Article XXIV:6, reserving the right to withdraw concessions in the event of the Dillon negotiations not giving the overall favourable results it was seeking. The Austrian Government, in fact, had in mind a number of tariff concessions bound to the individual Member States which could be the object of such withdrawal. Mr. Treu stressed, however, the sincere desire of his Government to reach an arrangement which reflected Austria's friendly and traditional relations with all the Member States of the Community; in fact it refused to believe that, given the usual good will and spirit of co-operation, it would not be possible to reach a solution which would permit Austria to enter into the Dillon-type negotiations with the Commission. As Austria's negotiations with the Commission under Article XXIV:6 had not given results satisfactory to Austria, Mr. Treu said his Government would wish to look for a formula which would permit, during the Dillon negotiations, the gap which now separated them to be closed. To this end, Austria would suggest two reservations: (1) although the level of the common tariff affected a wide range of Austria's export products, there was a limited number of these products which, despite the offers received, were particularly affected because of the social, economic and political implications surrounding their production; (2) although it refused to anticipate such an eventuality, the Austrian Government deemed it its duty, in order to safeguard contractual rights and Austrian interests, to envisage from now on the withdrawal of a limited number of concessions. At the same time, Mr. Treu emphasized that particularly the second of the above reservations was made in the firm hope that the development and outcome of the Dillon negotiations would permit, in the event, the abandonment of this reservation when it had been established that the overall result of direct as well as indirect reciprocal offers and concessions proved satisfactory.

The Austrian Government had taken note of the statement of the representative of the Commission that the Commission considered the negotiations under Article XXIV:6 as terminated. It would, however, seek with representatives of the Commission the detailed procedures which would enable Austria to enter into the Dillon negotiations with the Commission as quickly as possible. Mr. Treu appealed to the representatives of the six Member States of the Community to put the Commission in a position which would enable it to demonstrate the flexibility necessary to reach a settlement on the basis which he had defined.
Mr. SOMMERFELT (Norway) stated that Norway was one of those countries which had met with great difficulties in negotiating with the Commission under Article XXIV:6; as far as Norway was concerned, the negotiations had been discouraging. His delegation felt perhaps more strongly than most that there had been no negotiations in the usual sense of the word; the negotiating mandate given to the representatives of the Commission had been extremely restricted. Mr. Sommerfelt said that, from the outset, it was evident that the introduction of the common tariff would result in particular difficulties for Norwegian exports. Norway's bindings were generally at a low level, mainly with Benelux and the Federal Republic of Germany; Norway's exports to these countries accounted for more than seventy per cent of its total exports to the six Member States of the EEC. It would not have been unreasonable if Norway had asked to negotiate individually with the countries with which it had bindings, particularly as the EEC had not yet reached the supra-national stage where decisions could be taken by majority vote.

Another reason for Norway's difficulties arose from the fact that its exports covered a fairly limited sector being concentrated mainly on fish, metals and other products which figured on List G of the Rome Treaty; for these items, the Community had been very unwilling to concede any reductions in the common tariff. In view of the economic development within the Community since the Rome Treaty was signed, it had been hoped that the Commission would have been given a mandate to be more forthcoming as regards List G items; the Community had, for example, become highly competitive in the aluminium and alloy sectors. Having referred to the fact that Norwegian exports would be faced with a 90 per cent tariff increase, based on the 1959 figures, if the common tariff were introduced as it now stood, Mr. Sommerfelt explained that, towards the end of the negotiations, Norway had submitted a list covering fifteen hard-core items, mainly in the fish and metals sectors. If the Commission had accepted this list, the common tariff would still have represented a 70 per cent increase compared with the duties levied on Norwegian exports in 1959. The Commission would not consider the list however. Moreover at a very late stage in the negotiations, the Commission took the line that it would withdraw all the concessions it had so far indicated in the fish sector if Norway extended her fishery limits, this despite the fact that fishery limits were entirely irrelevant to negotiations under GATT. Furthermore, the Commission and the Governments of the Member States must have been aware that the Norwegian Parliament had already passed a law providing for extensions of the fishery limits.

Mr. Sommerfelt said that, in the circumstances that he had described, no basis for an agreement had thus far been found. His Government was aware that the Commission has declared itself willing to sign an agreement, with reservations that countries could unbind their bindings and increase their tariffs within certain limits without fear of reprisals from the Community. However, his Government questioned the wisdom of increasing any tariffs in the present stage of world economic development, particularly when it was desirable to facilitate imports from the less-developed countries. Mr. Sommerfelt went on to say that his Government had also gained the strong impression, during months of negotiation, that Norway's problems in relation to the introduction of the common tariff could not be solved entirely within the framework of ordinary GATT negotiations. It was not unlikely that the limited negotiating authority of the Commission which had been experienced during the negotiations would continue to apply during the next stage, particularly in respect of those products...
which constituted Norway's hard-core problem. However, in order to reaffirm the constructive attitude which his Government had always shown towards GATT, Norway would take part in the Dillon round and negotiate with all contracting parties, including the six Members of the Community. Such negotiations could naturally only have meaning for his Government if there were reasonable prospects that they would cover those products where a basis for agreement had not been found during this first stage of negotiations; the Norwegian Government hoped that the Community, during the forthcoming negotiations, would take due account of this. At the end of the negotiations, his Government would be able to decide whether there was in fact a basis for any agreement.

Mr. Camejo-Argudin (Cuba), in connexion with the negotiations under Article XXIV:6, referred to the statement of the Executive Secretary, as Chairman of the Tariff Negotiations Committee, that there were some contracting parties which had signed agreements with the EEC, others which wore likely to do so, others which had signed with reservations and yet others which had failed to reach agreement. There was one contracting party, Mr. Camejo-Argudin said, which did not know into which category it fell. This contracting party had made numerous efforts to take part in this first phase of the Tariff Conference and had prepared the necessary documentation for transmission to the representatives of the Commission of the EEC. The Commission, however, had taken a completely restrictive attitude towards the interpretation of Article XXIV:6. No agreement had been reached between the contracting party concerned and the Commission. Mr. Camejo-Argudin said he wished it to be recorded that the Government of Cuba was deeply disappointed that a restrictive interpretation of a paragraph of the General Agreement had prevented it from protecting its legitimate interests; in fact, the situation brought about by the establishment of the common tariff entailed the complete cessation of the export of essential Cuban products to the Member States of the Community. His Government likewise wished to express its growing concern in face of the particularly inflexible attitude of the Community towards Cuba.

Mr. Onyia (Nigeria) said that Nigeria was one of the countries which had not reached agreement with the EEC in connexion with the negotiations under Article XXIV:6. This was mainly due to the situation arising from the association of the overseas territories with the Community; there would be an opportunity to say more on this question later in the session.

As regards the work of Committee III Mr. Onyia recalled that, at the last session, his delegation pointed out that the time had come for attention to be focussed on finding out the extent to which contracting parties had complied with the recommendations of the Committee. Nigeria therefore welcomed the statement in paragraph 14 of the Committee's latest report (L/1435) and intended to avail itself of the opportunity provided by the Dillon round of negotiations to ask the industrialized countries to remove these barriers; his delegation would suggest that the CONTRACTING PARTIES should themselves direct the Tariff Negotiations Committee during the Dillon round. Mr. Onyia said that Nigeria had not lost sight of the progress which had been made by some individual contracting parties, as set out in document COM.III/40, although it was not clear to what extent this progress had, or had not, been achieved as a result of the views expressed in Committee III.
Mr. de HESCHE (Sweden) expressed the support of his delegation for the requests of the United States and Pakistan under sub-items (a)(i) and (a)(ii).

As regards the negotiations under Article XXIV:6 Mr. de Besche said that, after lengthy discussions, Sweden had reached what amounted to a broad measure of agreement with the Commission of the EEC. There were, however, some points of disagreement and Sweden had explained to the Commission that it would sign an agreement if its wishes could be met in regard to a short list of items. This request was justified in view of the importance of Sweden as a market for the Community's manufactured products; further, as a low tariff country, it was not unreasonable for Sweden to hope for a special effort on the part of the Community. Sweden had been very hopeful that an agreement with the EEC would be reached which, if not entirely satisfactory, could nevertheless have been accepted. However, the attitude now taken by the Commission had rather complicated matters by leaving it open, as an alternative, to sign an agreement while maintaining the right to withdraw concessions up to the end of the second phase of the tariff negotiations. His Government was studying this proposal and would hope to give its reactions within the near future. Finally, Mr. de Besche stressed the great importance which his Government attached to the tariff negotiations in the context of world trade as a whole; it was essential that there should be a substantial reduction of trade barriers.

As regards the report of Committee II, Mr. de Besche said that his delegation felt that the Committee's work had been useful and constructive, although there was still a long way to go. His Government would study the report very carefully.

Mr. MAKIEDO (Yugoslavia), commenting on the problems raised in the report of Committee II, stressed his Government's great interest in the question of the expansion of trade in agricultural products. There was insufficient time for a substantive discussion on the Committee's report at the present session and he agreed with those representatives who stressed the need for such a discussion at the time of the nineteenth session and during the meeting of Ministers. It was particularly important that Ministers should pay attention to this problem so as to enable the GATT to move forward in a sector which was important from the point of view of the equilibrium within the GATT. In conclusion, Mr. Makiedo made two points. Firstly, he said, the Yugoslav Government was fully aware of the difficulties and the complexity of the problems involved. Secondly, it held the view that it would be wrong, because of the many differences that there were, to put on the same footing the agricultural policies of the less-developed countries and those of the industrialized countries.

Mr. de SMET (Belgium), speaking on behalf of the Member States of the EEC, expressed the support of the Community for the requests of the United States and Pakistan under sub-items (a)(i) and (a)(ii).

As regards the tariff negotiations, Mr. de Smet said that the representative of the Commission of the EEC would be commenting on this question; the responsibility for the negotiations rested with the Commission. In reference to the report of Committee II, Mr. de Smet said that it was unfortunate that the report which was obviously of considerable interest and importance had not been distributed in time to enable discussion of it at the present session.
However, it was one of the questions which would be considered by Ministers.
Mr. de Smet added that, in the view of the Member States, New Zealand's proposal in document COM.II/122 should be considered by the Council.

Mr. de Smet commented that the work of Committee III would likewise be on the agenda for the ministerial meeting. He expressed support for the proposed work programme of the Committee.

Mr. CAMARA (Brazil) recalled that his Government had shown understanding from the time when the Treaty of Rome had first been considered by the CONTRACTING PARTIES, both as regards the objectives of the Treaty and the need for it to be brought into effect as soon as possible. At the same time, it had agreed to the pragmatic approach to the consideration of the Treaty by the CONTRACTING PARTIES, and the initiation of tariff negotiations before the CONTRACTING PARTIES had pronounced on the compatibility of the Treaty with the GATT. Brazil had entered into negotiations with the EEC under Article XXIV:6 with the same spirit of understanding for the Community's problems. Unfortunately, the Community had been unable to meet the preoccupations of Brazil which arose from the establishment of the common tariff. The attitude of the Commission was based on legal and formal considerations and Brazil had anticipated being unable to complete an agreement with the Community. However, Brazil, still motivated by the same spirit, wished to see situations avoided which, both for the GATT and for the EEC, might have unfortunate consequences. It had, therefore, accepted the suggestion of the Community that an agreement should be signed with reservations and that Brazil would accept the offers made, except in the case of certain of its most important commodities. In taking this initiative Brazil hoped that the difficulties of primary producing countries would be fully taken into account by the Community during the Dillon round of negotiations.

Turning to Committees II and III, Mr. Camara said that the work of these Committees was one of the most important questions to be discussed by Ministers at their meeting later in the year. The implementation of the recommendations of these Committees would be one of the most effective means of solving the problems adversely affecting the economies of the developing countries. The recommendations deserved the most serious attention by the contracting parties concerned.

Mr. MELEYRO (Argentina) explained that Argentina, which had only recently come within the GATT framework, had not yet participated in GATT tariff negotiations. He went on to comment on the very adverse effects of non-tariff measures on international trade in agricultural and livestock products. While Argentina itself did not follow a protectionist policy as regards these products, it was extremely disturbing to see from the report of Committee II the very high percentage of international trade in meat and wheat respectively which was subject to non-tariff measures. This situation should be of considerable concern, not only to the agricultural exporting countries, but also to the industrialized countries; the latter must have recognized that the possibility of their receiving worthwhile tariff concessions from countries exporting agricultural and livestock products was very limited.
Mr. Melero, having stressed the nullifying effects of non-tariff measures on trade in agricultural and livestock products and inter alia on the danger of countries being adversely affected having recourse to Article XXIII in the protection of their own interests, pointed out that the seriousness of the situation in this sector had been recognized by the CONTRACTING PARTIES when they established Committees II and III. The work of Committee II had been useful, but it was most important that what had been done so far should be recognized as representing only a point of departure. Efforts should be increased so as to permit the provisions of GATT to be applied to all exports of all contracting parties. Committee III likewise was still far from its objectives. Failure in these current efforts might bring into question the possibilities offered by the GATT for the solution of economic and commercial problems within its competence.

Mr. BENES (Czechoslovakia) said that the EEC Common Tariff had confirmed Czechoslovakia's misgivings about the adverse effects that would arise from the formation of the EEC. Czechoslovakia had, however, accepted the assurances of the Community of its intention to maintain the flow of trade. It also thought that, in the course of the negotiations under Article XXIV:6, the traditional and prospective channels of trade would be taken care of within the legal framework of the GATT. The negotiations had not justified this expectation, however, and there was now the threat of far-reaching repercussions on Czechoslovakia's trade. In these circumstances, Mr. Benes said, his delegation found serious difficulty in terminating the negotiations without having to accept an outcome which would involve the imminent disruption of the present flow of trade between Czechoslovakia and the Community. It was difficult to take a decision without seeing some prospect of faith being maintained.

Mr. LACARTE (Uruguay) expressed the support of his delegation for the requests made in sub-items (a)(i) and (a)(ii). As regards the tariff negotiations under Article XXIV:6, Mr. Lacarte referred to Uruguay's special position in this connexion: the Commission of the EEC had recognized that the offers made to Uruguay were inadequate. A formula was now being sought to enable Uruguay and the Commission to bring the negotiations to a successful conclusion although, in seeking this formula, Uruguay did not intend to abandon its own interests or the balance of rights and obligations in the GATT.

Commenting on the work of Committee II, Mr. Lacarte said that his delegation favoured a detailed discussion of this question by the Council in September and then at the nineteenth session. Pointing out that since the work of the Committee first started the positions of countries exporting primary products had continued to deteriorate, Mr. Lacarte stressed the importance of the CONTRACTING PARTIES facing up to the present situation which frustrated the satisfactory working of the General Agreement and the efforts to stimulate trade. The discussion in the Council and at the nineteenth session would show what were the real prospects of progress; insofar as progress was made, so would the GATT be strengthened.

In conclusion, Mr. Lacarte said that his Government entirely supported the comments that had been made about the importance of the work of Committee III.
Mr. RIZA (Pakistan) said that his Government had shown much interest in the work of Committee II and had recently had a consultation with the Committee. His Government valued the Committee's work in examining exhaustively the agricultural policies of contracting parties with a view to suggesting methods for alleviating the damage which international trade might suffer from certain national policies. He pointed out that, unless the present agricultural policies of some of the major agricultural countries which were also advanced industrially, were suitably modified, the economic problems of the less-developed countries would continue to increase, and impediments to the national, economic and social development of these countries would persist. Such a state of affairs was not conducive to the attainment of the broader objective of raising the living standards of the less-developed countries.

The third report of Committee II showed that there was a widespread application of quantitative restrictions, frequently of a discriminatory nature and sometimes amounting to complete embargoes, which together with other measures, had a considerable inhibiting effect on international trade. The Committee had reported that the extensive use of non-tariff devices had frustrated the advantages which many countries had expected from their membership of GATT. In the case of developing countries, the continuance of the present situation constituted a source of great concern, since impediments to the marketing of their products discouraged increased production, intensified balance-of-payments difficulties and delayed their process of economic development. These developments were of such a character that they either had weakened or threatened to weaken the operation of the General Agreement as an instrument for the promotion of mutually advantageous trade. The CONTRACTING PARTIES must decide whether they wished to tolerate the present state of affairs. The time seemed to have come when the GATT should become in reality an instrument for eliminating harmful practices of this nature, whether or not these were covered by waivers.

Commenting on the report of Committee III, Mr. Riza said that the progress achieved by individual contracting parties in carrying out the Committee's recommendations was very limited. The Committee had done good work in identifying the special difficulties and problems standing in the way of the expansion of the trade of less-developed countries; these had been listed in the note (W.17/141) submitted by the less-developed countries themselves to the seventeenth session. The Committee's useful work in securing practical and helpful information concerning particular products had been placed at the disposal of the less-developed countries, along with the studies which the Committee was undertaking on matters directly relevant to export industries and to export earnings.

Mr. Riza then referred to the suggestions that had been made and the advice proffered concerning the encouragement of the development of those manufactured or semi-manufactured goods for which the less-developed countries had a particular potential, their processing of mineral and primary products, and the adjustment and rationalization of the lines of production of industrialized countries so that they might concentrate their greater technical knowledge and capacities on the more complex, sophisticated and specialized goods which had become available as the result of scientific and technological progress.
He urged representatives to impress upon their governments the vital need to make an effort, exceeding even their GATT obligations, to remove the obstacles which had been specifically listed by the Committee even though this might be a little troublesome, and at first sight and in the short view, not to their immediate advantage.

Mr. OLDINI (Chile) said that his delegation had explained Chile's position regarding the tariff negotiations in the Tariff Negotiations Committee. As regards the work of Committee II, it had to be recognized, in view of the late distribution of the report, that it would be difficult to have any discussion in detail at the present session. Nevertheless, it should be emphasized that the difficulties affecting trade in agricultural products constituted one of the most topical and complex questions confronting the CONTRACTING PARTIES.

Turning to the work of Committee III, Mr. Oldini said that the work so far done by the Committee was of great importance. It was, nevertheless, a matter of concern for all contracting parties that, as revealed in document COM.III/40/Add.1, the implementation of the Committee's recommendations was extremely slow. Having referred to the crucially important period through which the world was passing, Mr. Oldini stressed the need for the major industrialized countries to act rapidly and effectively in giving assistance to the developing countries. The United States and other countries, as well as international organizations, were drawing up plans with a view to furthering this assistance. It was important that this international effort should be reflected in the field of trade; what the developing countries wanted was an opportunity to export their products so as to finance their own development. In conclusion, Mr. Oldini stressed the hopes that were placed in the forthcoming ministerial meeting. It would be most unfortunate if, at that meeting, insufficient attention was paid to the need for quick and effective action.

Mr. HIJZEN (Commission of the EEC) said that, if he failed to comment on some of the points that had been raised in the discussion, this did not necessarily mean that he agreed with those points. Continuing, Mr. Hijzen said the Commission had been accused of conducting its side of the negotiations in a manner which was too juridical and formalistic. This was surprising in view of the Commission's assertion, from the beginning, that it stood ready to fulfil its obligations under Article XXIV, but not more than that. Some of the questions which were put to the Commission, and some of the concessions asked for, fell well outside the framework of Article XXIV:6. Further, it was difficult to accept the assertion that, as agreement had not been reached by the Commission with some contracting parties, the provisions of the General Agreement had been violated, since the General Agreement itself had provisions which covered the possibility of non-agreement.

Commenting on the question of reservations, Mr. Hijzen said there seemed to be certain misunderstandings on this point. The possibility of recourse to reservations by some contracting parties and of a later withdrawal of concessions by those countries had been accepted as a conciliatory gesture on the part of the Commission which, like the contracting parties, was anxious to see the second phase of the tariff negotiations proceed. These
reservations did not, however, represent a debt of the Commission, which continued to regard itself as a creditor vis-à-vis the majority of contracting parties. It was necessary to be clear about the nature of these reservations. While the Commission, of course, recognized the right of contracting parties entering reservations to withdraw concessions, signature of an agreement with reservations was meaningless unless it was recognized that one could only withdraw concessions for the equivalent of the reservations.

In reference to the comments made by the representative of Norway on the question of fishery limits, Mr. Hijzen expressed his surprise that this question should be raised at this stage. He pointed out that the Commission had removed its reservation about two months ago.

In conclusion, Mr. Hijzen expressed the hope that the Dillon round of negotiations would be fruitful and that it would constitute a further step forward in the realization of the principal aims of GATT.

Mr. SOMMERFELT (Norway) said he was pleased to hear the statement of the representative of the Commission in connexion with the question of fishery limits and to know that the Commission's reservation had been removed.

Mr. PRIESTER (Dominican Republic) stressed the outstanding value of the third report of Committee II. He said some very important conclusions had been reached regarding the extent to which non-tariff devices were applied and their effect on international trade. Mr. Priester drew attention to some of these conclusions, in particular those contained in paragraph 15 and paragraph 8 of the report. He said that the Dominican Republic, which was one of the largest sugar exporters in the world, could testify to the situation described in the latter paragraph: the unfortunate effects of non-tariff devices on sugar trade had been the subject of much discussion in Committee II and were dealt with in the findings on sugar.

Continuing, Mr. Priester said his delegation wished, however, to draw attention to a new trend in international sugar policy, namely the use of discriminating non-tariff measures for diplomatic purposes, which would bring about the dislocation of established trade and would have a depressing effect on the terms of trade of the country affected; this was quite apart from the fact that those measures were impairing or nullifying tariff concessions and other benefits, which the affected contracting party had the right to expect to receive from its membership in the General Agreement. As spelled out in the statement of his delegation to Committee II, exports of sugar from the Dominican Republic had been subject to a special import fee, in addition to and above the bound tariff in the United States, notwithstanding the fact that it had received at Torquay a direct concession on sugar by that contracting party for which a proper compensation was asked and given. Lately, the import fee had been changed to a complete embargo on certain shipments of Dominican sugar to the United States which were allocated to the Dominican Republic under the terms of the United States sugar legislation. Mr. Priester said his delegation did not wish at the present stage to dwell on the details, which could be found in document COM.II/116, circulated in April among the members of Committee II. However, it wished to state on this occasion that
it considered this use of non-tariff devices as a dangerous precedent, because it disregarded basic principles embodied in GATT. This should be a matter of great concern to the CONTRACTING PARTIES. If this trend were not stopped soon, the whole fabric of international commodity trade would be endangered, because all the safeguards for non-discriminatory treatment in international commerce developed by GATT could easily be brushed aside. What happened today to sugar, could happen tomorrow to coffee, wheat, tea or any other primary or industrial commodity. The delegation of the Dominican Republic shared fully the opinion of a leading New York newspaper that "a commodity is an economic factor, it should not be a pawn in the game of diplomacy". This situation raised the question in the mind of countries whose economies were highly dependent on agricultural exports as to the extent to which GATT was an effective instrument for the protection of their constitutional rights under the General Agreement. It was not by chance that the Committee noted that little, if any, action had been taken by contracting parties to seek redress under Article XXIII for impairment or nullification resulting from the use of non-tariff measures. The explanation was that a small agricultural country was unable to make effective use of the right to retaliate against a highly industrialized country, especially if it was an important market for the various other export commodities of the contracting party which claimed impairment or nullification. Regarding its own case, however, the Dominican Republic was studying the problems involved and wished to state at the present time that it reserved all its rights under the General Agreement.

The CHAIRMAN said the CONTRACTING PARTIES would take note that the Dillon round of tariff negotiations would begin on 29 May. The work of Committee II would be discussed by the Council at its meeting in September in connexion with preparations for the ministerial meeting. Committee III would have further meetings in June and September and its work would likewise be discussed by the Council in September in connexion with preparations for the ministerial meeting.

As regards the United States proposal under sub-item (a)(i), the extension of the time-limit for the completion of the renegotiations under Article XXVIII:1 until the end of the nineteenth session was approved.

As regards the Pakistan request under sub-item (a)(ii), for authority under paragraph 4 of Article XXVIII to enter into renegotiation of certain items in Schedule XV, the CONTRACTING PARTIES found that there were "special circumstances" in the sense of paragraph 4 of Article XXVIII and agreed to grant the authority requested. The Chairman requested that any contracting party which considered that it had a "principal supplying interest" or a "substantial interest", as provided in paragraph 1 of Article XXVIII, should communicate such claim in writing and without delay to the Pakistan Government, and at the same time inform the Executive Secretary. Any such claim recognized by the Pakistan Government would be deemed to be a determination by the CONTRACTING PARTIES within the terms of paragraph 1 of Article XXVIII.

The Chairman pointed out that the representative of Pakistan, in presenting his request for authority to renegotiate concessions under Article XXVIII:4, had called attention to a problem which was becoming increasingly serious: he
had referred to the protracted nature of negotiations under Article XXVIII due to the slow response of interested contracting parties. The Chairman said he was sure all contracting parties would appreciate the very considerable burden such delays imposed especially on small countries. In order to carry out the renegotiation of a small number of items these countries often needed, on the one hand, to keep in abeyance the enactment of urgent modifications in their Schedules, and, on the other hand, were sometimes obliged to keep in Geneva for long periods officials whose services were needed at home. In this connexion, the Chairman recalled that, under Article XXVIII:4, an applicant contracting party might refer the matter to the CONTRACTING PARTIES if, after sixty days, agreement had not been reached. He would take this opportunity to remind all contracting parties of the importance they should attach to collaborating fully in these negotiations so as to ensure that they took no more time than was strictly necessary.

The meeting adjourned at 6.15 p.m.