SUMMARY RECORD OF THE SEVENTH MEETING

Held at the Palais des Nations, Geneva, on Friday, 1 April 1966, at 2.30 p.m.

Chairman: Mr. J.A. IACARTE (Uruguay)

Subjects discussed:

1. Latin American Free Trade Association (L/2619)

Mr. DO LAGO (Brazil), speaking on behalf of contracting parties members of the Latin American Free Trade Association, presented a report by these contracting parties on developments in LAFTA in the last year (L/2619). The report showed that trade among member States had progressively increased since the entry into force of the Treaty of Montevideo. Whereas, in 1961, trade among member States represented only 6 per cent of their total trade, by 1964, this percentage had increased to 10 per cent; in other words, the expansion of intra-LAFTA trade had accounted for almost 60 per cent of the overall increase in trade of member States in the four-year period. 1965 had been an important year for LAFTA. In September, the Ministers of Foreign Affairs of member States had unequivocally affirmed their will to strengthen the Association. A decision had been taken to create a Council of Foreign Ministers of LAFTA to provide for the necessary degree of political co-ordination and support. Means for resolving differences between member States
had also been agreed and a Technical Commission had been created with a view to speeding up the process of economic integration. The member States had held their Fifth Annual Conference and approved a resolution aiming at the accession of Venezuela. These developments demonstrated the confidence placed in LAFTA by the peoples of Latin America.

Discussion on this item was deferred until a later meeting.

2. Article XVIII: annual review under paragraph 6 (L/2615)

The CHAIRMAN recalled that, in terms of paragraph 6 of Article XVIII, the CONTRACTING PARTIES were required to review annually the measures applied under Sections C and D of the Article. The only measures currently applied were those by the Government of Ceylon under Section C. The Government of Ceylon had furnished information on these measures and these had been incorporated in a note distributed by the secretariat (L/2615).

Mr. DE FONSEKA (Ceylon) said that it was expected that protection, by means of measures applied under Section C of Article XVIII, would be removed in 1968 when the current release expired.

Mr. SWARUP (India) said that his country sympathized with Ceylon's efforts to develop its economy, which underlay the recourse to the measures covered by the release. He hoped, however, that the protection maintained under Article XVIII:C would not be required after the expiry of the release.

The CHAIRMAN suggested that the CONTRACTING PARTIES might consider the discussion that had taken place as constituting the review required by paragraph 6 of Article XVIII.

This was agreed.

3. Consular formalities (L/2563 and Addenda 1-3)

The CHAIRMAN recalled that, in the Recommendation adopted by the CONTRACTING PARTIES on the Abolition of Consular Formalities, the contracting parties maintaining such formalities were invited to submit annual reports on their reasons for maintaining them and on their future policy in this regard. Reports by Argentina, Peru, Spain, Turkey and Uruguay had been distributed in documents L/2563 and Addenda 1-3.

Mr. DO IAGO (Brazil) said that the CONTRACTING PARTIES had already been informed of the trade liberalization policy being pursued by the Brazilian Government; it was in this context that the question of consular formalities would be dealt with. He hoped that the decisions of the Brazilian Government on the progressive elimination of those consular formalities and practices still maintained, which might be found to be inconsistent with the provisions of the General Agreement, would be made known in the near future.
Mr. FREIRE (Portugal) regretted that he was not yet in a position to provide information concerning the work of the Committee of the Portuguese Government which was undertaking a study of the different aspects of the problem of consular formalities. He had every reason to hope, however, that this work would soon be concluded and that it would be possible to advise contracting parties of the contents of new legislation, in the preparation of which particular attention would be paid to the GATT Recommendation.

Mr. WINTERMANS (Netherlands) announced that the requirement of consular formalities on the trade between the European Economic Community and San Marino and the Vatican had been abolished.

The CHAIRMAN noted that the Dominican Republic, Haiti and Nicaragua, countries listed as maintaining consular formalities, in document L/2653, were not represented. He drew the attention of the CONTRACTING PARTIES to the reports of Argentina (L/2563/Add.1) and Spain (L/2563/Add.2) which indicated that, in the opinion of the Governments concerned, the formalities which they maintained were of a very minor character and did not constitute a barrier to trade. He suggested that the CONTRACTING PARTIES might wish to consider whether Argentina and Spain should be removed from the list of countries expected to submit annual reports.

It was agreed that Argentina and Spain should be removed from the list of countries expected to submit annual reports.

Mr. MARIATEGUI ARELLANO (Peru) said that, in conformity with the Recommendation of the CONTRACTING PARTIES, the Peruvian authorities were currently formulating a new procedural code covering the simplification of documentation and the removal of consular formalities, in particular consular authentication of bills of lading...

Mr. RYDFORS (Sweden) said that his Government considered that consular formalities constituted a cumbersome obstacle to world trade, and that it would be in the interest of the final consumer if they could be eliminated. For this reason Sweden had sponsored the Recommendation adopted by the CONTRACTING PARTIES. Sweden had noted with satisfaction the efforts being made by the Governments of Argentina, Chile, Peru and Turkey. It seemed that the countries which had removed or had liberalized their consular formalities had not experienced great difficulties as a result, and that their economic development had, if anything, been promoted by such action. In cases where countries found it difficult to comply fully with the Recommendation, it would be helpful if they could at least make some move in that direction.
It was to be regretted that one country had introduced new regulations in terms of which legalization fees now seemed to amount to 15 per cent of the f.o.b. value of goods imported. A number of countries still maintained the requirement of presentation of documents long before the departure of a vessel, and others the requirement of certificates of origin. Although Argentina and Spain would, in the light of the decision just taken by the CONTRACTING PARTIES, no longer be required to report annually on consular formalities maintained, he hoped that they would nevertheless provide information on progress made in the elimination of their remaining formalities. Sweden would wish that this item be maintained on the agenda for the twenty-fourth session, and he would suggest that countries maintaining formalities should report on their reasons for doing so. Sweden hoped that the whole question of consular formalities would soon be one of purely historical interest.

Mr. BOSCH (Uruguay) recalled that his delegation had, in the past, reported on the efforts his Government had made to remove or simplify consular formalities, including the elimination of the requirement of certificates of origin and consular invoices for certain shipments. Although he had no specific information at this time, the Uruguayan Government continued to study the possibilities of further simplification and removal of formalities. As indicated in L/2563, Uruguay had recently raised consular fees in terms of local currency to take account of the devaluation of the peso. The removal of these fees would, at present, entail budgetary problems. However, the Government of Uruguay would take into account the Recommendation of the CONTRACTING PARTIES so that, perhaps in the near future, it would be able to take further steps in conformity with it.

Mr. MOYA (Spain) thanked the CONTRACTING PARTIES for exempting Spain from the requirement of an annual report on formalities maintained. In amplification of L/2563/Add.2, he indicated the manner in which goods could be cleared through the Spanish customs. Products sufficiently described on their labels, or in accompanying catalogues and shipping documents did not require a certificate of origin. In cases where authentication of origin was necessary, this could be provided by the customs authorities or chamber of commerce of the country of origin. In no case was authentication of origin required before presentation of goods to the Spanish customs. Whilst Spain continued to hold the view that her remaining formalities were not an obstacle to international trade, she would nevertheless consider their complete removal.

Miss LOVAT-WILLIAMS (United Kingdom) and Mr. LYRTOFT-PETERSEN (Denmark) associated their delegations with the statement of the representative of Sweden and, in particular, urged that remaining consular formality requirements be removed as quickly as possible. Miss Lovat-Williams hoped that the decision to exempt Argentina and Spain from the submission of annual reports on consular formalities would not cause them to cease in their efforts to remove the remaining requirements.
Mr. PHILLIPS (Australia) welcomed the measures taken, and being taken, to abolish or reduce consular formalities. Australia had voiced its opposition to consular formalities on previous occasions and, in particular, had referred to the imposition of consular fees on a percentage basis. Consular formalities were a real burden for Australian exporters who complained about the scale of charges and the cost and inconvenience associated with the completion of the necessary forms. They also complained about the unreasonably onerous fines imposed for breaches of documentation. He urged those countries, maintaining consular formalities, to remove them as soon as possible and, pending such removal, to apply them consistently with Article VIII. Finally, he suggested that the item be retained on the agenda of the CONTRACTING PARTIES.

Mr. LERENA (Argentina) thanked the CONTRACTING PARTIES for exempting Argentina from the requirement to report annually on consular formality requirements. Despite this decision, and despite the fact that Argentina did not regard her remaining formalities as an obstacle to international trade, the Argentine Government would continue to provide information on her consular formalities.

Mr. BARTH (Norway), Mr. BRODIE (United States) and Mr. WIHTOL (Finland) appealed to those countries maintaining consular formalities to take at least initial action towards their removal and simplification, and requested that the item remain on the agenda for the twenty-fourth session. Mr. Brodie also hoped that those countries maintaining consular requirements, but which had not reported, would do so in future.

Mr. SCHWARZMANN (Canada), in urging progress in the simplification and removal of consular formalities, pointed out that they had a particularly inhibiting effect on new and small firms wishing to enter into the export markets, which was often out of all proportion to their substance. Their removal was an important element in the liberalization of world trade.

4. United Kingdom temporary import charges (L/2540)

The CHAIRMAN recalled that the Working Party, appointed by the Council to consult with the United Kingdom in connexion with the special charge on imports imposed in October 1964, had held a third meeting in June 1965. In July the Council had taken note of the report and had agreed that the Working Party should continue its consultation with the United Kingdom. A fourth meeting had been held in October and the secretariat note on the consultation had been distributed in document L/2540. The Working Party would be reconvened in the near future to resume the consultation, the date to be fixed by the Chairman of the Working Party in consultation with delegations.
Mr. COLGATE (United Kingdom) said that, although an improvement in the United Kingdom's balance-of-payments position had occurred over the last twelve months, difficulties had not been completely overcome. He had no doubt that the charges would be taken into account in the Budget to be presented shortly by the new government. He would suppose that, in the light of the decisions announced, a useful discussion could then take place in the Working Party.

Mr. IAIL (India) said that he noted the hopeful developments that had taken place in the balance-of-payments situation in Britain. It had also to be borne in mind that the maintenance of the charges had had undesirable consequences for the balance of payments of India. In view of the views generally expressed by contracting parties and, in particular, the recommendation of the Council in connexion with the imposition of the charge on products of interest to less-developed countries, he would like the CONTRACTING PARTIES to request the United Kingdom delegation to bring to the notice of the United Kingdom Government their concern at the situation both generally and particularly in relation to the trade of developing countries, so that this concern could be taken into account by the United Kingdom Government in taking further decisions on this matter.

Mr. OHTAKA (Japan) expressed the hope of his Government that the United Kingdom would find it possible to remove the import charges at an early date. It was assumed that it was the intention of the United Kingdom Government to do away with this emergency measure before long and the Japanese delegation looked forward to the day when the announcement would be made.

The CONTRACTING PARTIES took note of the statements made and of the intention to reconvene the Working Party to resume the consultation in the near future.

5. **Italian customs treatment for imports of Somalian products (L/2620)**

The CHAIRMAN reminded the CONTRACTING PARTIES that the waiver granted to Italy in December 1960, authorizing Italy to accord special customs treatment to imports of certain products from Somalia, had been extended, on the recommendation of the Council, until the close of the twenty-third session. The Government of Italy had requested a further extension and amendment of the waiver and the Council had appointed a Working Party to examine this request and to submit recommendations to the session. The report of the Working Party had been distributed in document L/2620.

Mr. RYDFORS (Sweden), presenting the report of the Working Party, pointed out that it had recommended to the CONTRACTING PARTIES that the Italian Government be authorized, until 31 December 1967, "to continue to grant special treatment to imports of three Somalian products into Italy, and to collect a lower rate of consumption tax on the importation of bananas of Somali origin than is collected
on the importation of bananas from third countries". The Working Party had appreciated the fact that the Italian Government had reduced, from nine to three, the number of products covered by the waiver, and had sympathized with the objectives of Italy to assist the development of Somalia and to liberalize the Italian market for bananas. A draft decision was attached to the report.

Mr. LALL (India) and Mr. M.RSH (Jamaica) said they could approve the text of the waiver but hoped that there would be no need to maintain the measures covered by it after 1967.

Mr. BRODIE (United States) welcomed the fact that the new waiver covered fewer items than the old and urged the Italian and Somali Governments to seek means of improving efficiency in the production of the three items concerned so that there would be no need for a further extension of the waiver.

Mr. HASSAN (Somalia) said that his country's economy was very dependent upon its export of bananas. In the past, Somali bananas had benefited from the monopoly system in Italy, but this had been replaced by the special customs and consumption tax treatment covered by the waiver. In 1964, out of a total value for exports of 276 million shillings, bananas contributed 113 million shillings with Italy accounting for 74 million. The Somali Government had made strenuous efforts to ensure a more efficient and cheaper production of bananas and would take all appropriate measures to adjust the price of its products to world market prices as well as to ensure the maintenance of high quality. Somalia had also embarked on a programme of agricultural diversification which, it was hoped, would increase its foreign exchange earnings. In the meantime, however, the Somali Government had felt compelled to seek special customs treatment to enable the marketing of a product which provided a living for more than 40,000 families. The extension of the waiver by the CONTRACTING PARTIES would make a real contribution to the economic development of Somalia.

Mr. PARBONI (Italy) thanked the Chairman and members of the Working Party which had dealt with the Italian request for the waiver. He also thanked those contracting parties which had indicated their support for the waiver. He confirmed that the Italian Government had no intention of seeking a further extension of the waiver. The Italian Government would continue its economic aid to Somalia in order to help that country to diversify its economy.

Mr. DO LAGO (Brazil) said that the application of a consumption tax in favour of a single country could not be approved by Brazil. It was particularly regrettable that, when the new Part IV of the General Agreement had been applied de facto for little more than a year, the CONTRACTING PARTIES should be faced with a request, which was specifically contrary to the provisions of Article XXXVII:1(c)(1). For these reasons, Brazil could not support the granting of a waiver.

The report of the Working Party was adopted. The decision (attached to L/2620) was adopted by forty-seven votes in favour and two against.
6. Ceylon duty increases (L/2609)

The CHAIRMAN recalled that, at the meeting on 28 March (SR.23/2), the representative of Ceylon had presented his Government's report (L/2609) under the waiver which permitted Ceylon to maintain temporary increases in customs duties on bound items as an emergency measure to meet its balance-of-payments difficulties. He had mentioned that certain duties on bound items had been increased beyond the rates authorized by the waiver.

Mr. DE PONSEKA (Ceylon) said his delegation would be grateful if the CONTRACTING PARTIES could grant a waiver to cover the increases until the date when the matter was referred to the CONTRACTING PARTIES, after an examination of its balance-of-payments aspects, or until the end of 1966, whichever date was the earlier.

Mr. LALL (India) said his Government had followed with interest the efforts of Ceylon to restore equilibrium in its balance of payments. It noted that these efforts had resulted in a reduction in consumption and investment. As in other cases, the pressure of development needs had necessitated increased duties and he would support the granting of a waiver.

Mr. VALENZUELA (Chile) said that the experience of Ceylon was common to that of a number of developing countries. The conclusions of the report indicated the efforts being made by Ceylon to comply with its commitments under the General Agreement. Chile would be happy to support the granting of a waiver.

The CHAIRMAN said, that as with the existing waiver, Ceylon's request should be examined in the light of Ceylon's balance-of-payments situation and, therefore, should be referred to the Committee on Balance-of-Payments Restrictions. It was expected that the Committee would, in any case, consult with Ceylon in the autumn and it could, at the same time, examine the balance-of-payments aspect of the duty increases involved in the request. He would suggest that the Committee be requested to report to the Council and that, in the meantime, the CONTRACTING PARTIES might wish to grant to Ceylon a temporary waiver pending action by the CONTRACTING PARTIES on any recommendation made by the Council.

This was agreed and the secretariat was requested to prepare a text for consideration at a later meeting.

7. Turkish Schedule - renegotiation (W.23/4)

The CHAIRMAN pointed out that the Government of Turkey had requested a further extension of the waiver authorizing the renegotiation of concessions in the Turkish Schedule. The Council had considered this request and had recommended an extension of the waiver until the end of September 1966. The secretariat had, as requested by the Council, prepared a draft decision which had been circulated in document W.23/4.
Mr. HARM (Israel), supporting the granting of an extension of a waiver, said that his was one of the countries currently conducting renegotiations with Turkey on that country's new Schedule. He hoped that the extension provided by the waiver would enable the satisfactory conclusion of these renegotiations.

The Decision (W.23/4) was adopted by fifty votes in favour and none against.

Mr. EMRE (Turkey) thanked the CONTRACTING PARTIES for granting the extension of the waiver. His delegation intended to pursue the renegotiations actively so that, on their conclusion, Turkey could participate in the later stages of the Kennedy Round. He hoped that Co-operation would be displayed by Turkey's major trading partners to this end.

8. Peru Schedule - renegotiation (W.23/3)

The CHAIRMAN recalled that the Government of Peru had requested an extension of the waiver, authorizing the maintenance of increased rates of duty on items in the Schedule, pending the completion of renegotiations under Article XXVIII. The Council had considered this request and had recommended an extension of the waiver until the end of 1966. In accordance with the request by the Council, the secretariat had prepared a draft decision which had been circulated in document W.23/3.

Mr. BRODIE (United States) supported the recommendation of the Council for an extension of the waiver. He noted, however, that the new Peruvian tariff had been in effect since August 1964, but it was only in February 1966 that Peru had been prepared to commence formal renegotiations. Some progress had been made in recent weeks in technical exploration but a satisfactory settlement had not, as far as the United States was concerned, begun to take shape. Thus, in supporting the granting of a waiver, he hoped that the Peruvian Government would endeavour to maintain the progress of recent weeks and that the renegotiations would be completed at an early date.

Mr. LALL (India), Mr. DO LAGO (Brazil), Mr. DE FONSEKA (Ceylon), Mr. VALENZUELA (Chile) and Mr. BOSCH (Uruguay) expressed the hope that all parties concerned in the renegotiation of the Peruvian Schedule would take into consideration the provisions of, and the spirit underlying, the new Part IV of the General Agreement.

Mr. OHTAKA (Japan), in supporting the extension of the waiver, noted that his was one of the countries currently conducting renegotiations. His delegation would certainly take into consideration the objectives of Part IV during renegotiations, and he hoped that these would lead speedily to a mutually satisfactory solution.
Mr. SCHLOSSER (Commission of the European Economic Community) said that the Community was also renegotiating with Peru and the discussion so far held, had been constructive. The Community would support the extension of the waiver to enable a successful conclusion of the renegotiation.

The Decision (W.23/3) was adopted by forty-nine votes in favour and none against.

Mr. ENCINAS (Peru) thanked the CONTRACTING PARTIES for granting the extension of the waiver. The discussions held so far had provided proof of Peru's willingness to conclude the renegotiation as soon as possible. The Government of Peru was not yet in a position to confirm the results of the discussions so far held, since the proposals made had to be evaluated in the light of the objectives of the Peruvian tariff to promote the development of the country; more time was needed for this analysis. Production and income in Peru had been rising at an unprecedented rate in recent years, with the result that imports had grown. This increase in imports was accompanied by changes in their structure, with a growing proportion of capital goods. Exports, however, had failed to increase for reasons beyond Peru's control. Consequently a balance-of-payments problem had emerged. His delegation felt it was important to mention these circumstances since they provided the background to the renegotiations. The Peruvian Government was making strenuous efforts to defend monetary stability; it followed a policy of free trade and convertibility and did not maintain quantitative restrictions.

9. Accession of Switzerland (L/2606 and Corr.1)

The CHAIRMAN reminded the CONTRACTING PARTIES that, at its meeting on 14 March, the Council had considered a proposal that steps be taken to enable Switzerland to accede to the General Agreement under Article XXXIII in the near future and had requested the Director-General to circulate proposals including a draft decision and draft protocol. The drafts had been distributed in document L/2606 and Corr.1.

The DIRECTOR-GENERAL observed that, during the discussion on the Kennedy Round (SR.23/3), many representatives had drawn attention to the tendency for all trade problems to be brought into its ambit. The full accession of Switzerland was a case in point, since it had been hoped that the trade negotiations would enable the elaboration of solutions to those problems which had, hitherto, prevented Switzerland's full accession. Unfortunately, progress in the Kennedy Round had not been as fast as had been anticipated and, therefore, it had seemed appropriate to seek other means of normalizing Switzerland's status in the GATT at an early date. For these reasons, and after discussions with a number of delegations, including those which had, in the past, shown their particular interest in the matter, he had raised the matter in the Council. The Council had noted that Switzerland was participating
actively in the Kennedy Round and, in particular, in those negotiations aimed at providing for "acceptable conditions of access to world markets for agricultural products" so as to expand world trade in those products. Switzerland had indicated its preparedness to co-operate in the creation of such conditions. The Swiss Government had, moreover, indicated that, in case the current trade negotiations did not lead to agreements of the kind envisaged by Ministers in their Resolution of 21 May 1963, it would be prepared to consider the then existing situation with the CONTRACTING PARTIES with a view to ascertaining that, notwithstanding its reservation on Article XI, Switzerland was providing "acceptable conditions of access for agricultural products", as stated in the Ministerial Resolution. These facts, together with the general trends in Switzerland's commercial policy, had led the Swiss Government to consider that the pre-conditions existed for full accession and that there was no need to wait for the completion of the Kennedy Round.

In these circumstances, a draft decision and protocol had been prepared and circulated. In terms of the protocol, Switzerland would assume all the obligations of the Agreement on terms similar to those incorporated in other protocols of accession. The reservation regarding Article XV employed the same wording as appeared in waivers granted to contracting parties which were not members of the International Monetary Fund and which could not accept a special exchange arrangement in terms of Article XV:6. The wording employed in the reservation on Article XI was broadly analogous to that used in waivers granted to some contracting parties which were unable to apply Article XI fully because of legislation in force in connexion with agriculture. This reservation was thus subject to the conditions and procedures generally similar to those incorporated in those waivers.

Previous requests for accession under Article XXXIII had been dealt with initially in a working party and it might be asked why this procedure was not being followed in this case. The answer was that for a number of years, consultations had been held with Switzerland on problems arising from Switzerland's request for accession. In November 1956 a Working Party had examined the request and, in 1961, a Special Group, established by the Council, had looked closely at the problems arising, for certain contracting parties, from full accession for Switzerland. The report of the Special Group had been examined and adopted by the CONTRACTING PARTIES at the nineteenth session. It was thus his opinion that all normal procedures had been followed and that the CONTRACTING PARTIES were now in a position to take a decision on the matter.

The CHAIRMAN said that some delegations had asked for clarifications on certain points in the draft protocol to which he would reply as follows:
"The reservations referred to in paragraphs 4 and 5 of the protocol can be considered analogous to waivers granted under Article XXV, paragraph 5, in that such waivers normally contain a clause to the effect that the decision does not preclude the right of affected countries to have recourse to all the provisions of Article XXIII. Furthermore, the use of procedures under paragraph 2 of Article XXIII is not limited to circumstances in which only measures inconsistent with the General Agreement are applied. For these reasons, and taking account of paragraph 6 of the protocol, there can be no doubt that in case measures of the Swiss Government, falling under the reservations of paragraphs 4 and 5 of the protocol, nullify or impair benefits accruing directly or indirectly under the General Agreement to other contracting parties, it will be open to such contracting parties to seek redress through the procedures of both paragraphs 1 and 2 of Article XXIII.

"The draft protocol contains a partial reservation with regard to the application of the provisions of Article XI of the General Agreement. The proposed reservation is analogous to the reservation incorporated in the arrangement for the provisional accession of Switzerland agreed to under the Declaration of 22 November 1958. Nothing in the proposed draft decision and protocol affects the general applicability of the provisions of the General Agreement to the agricultural sector."

Mr. PROPPS (United States) said that, following the clarifications provided by the Chairman in respect of the draft protocol and decision, his delegation could support the accession of Switzerland on the terms set forth in these instruments and would warmly welcome Switzerland as a full contracting party. Whilst the United States would have preferred the non-inclusion of reservations in the protocol of accession, it noted that the other terms of the protocol were specially adapted to take into account this exceptional feature of the terms of accession. He was confident, therefore, that Switzerland's accession on these terms would be mutually beneficial.

His delegation considered that, despite Switzerland's reservation regarding Article XI, external suppliers of agricultural products to Switzerland should have a fair opportunity to compete in the growth of the Swiss market for agricultural products. Thus, Switzerland should not apply quantitative restrictions in such a way as to reduce below existing levels the percentage share of imports into Switzerland in relation to domestic production, on a product basis.

His delegation wished the record to show that, should the United States at some time wish to have recourse to Article XXIII, as provided for in paragraph 6 of the draft protocol, the United States might well want to use the market-share concept, among other criteria, for evaluating the effect of Swiss import restrictions applied to imports of agricultural products consistently with Switzerland's reservation under paragraph 4 of the protocol.
Mr. SCHWARZMANN (Canada) said that, despite the many unusual features of the case, his Government could support the full accession of Switzerland. Switzerland had been a provisional member of the General Agreement for a number of years and there had been ample opportunity for detailed consultation which had permitted an assessment of the impact of Swiss legislation on imports of agricultural products. Canada had taken note of the commitment in the protocol to improve further the terms of access for imports of agricultural products, either through the Kennedy Round or in separate consultations. His delegation had also taken note of the explanation by the Chairman that the full force of Article XXIII would apply between Switzerland and other contracting parties and that the validity of Article XI itself would in no way be prejudiced or impaired by the reservation in the draft protocol. He hoped that, despite the terms of the protocol, the Swiss authorities would, in a spirit of co-operation, keep their agricultural legislation and restrictions under continuous review with the object of further liberalizing access to the Swiss market for agricultural products.

Mr. SKAK-NIELSEN (Denmark) observed that his was a country heavily dependent upon agricultural exports; the full accession of Switzerland therefore gave rise to the most serious deliberations. However, in view of the fact that the provisions of the General Agreement were, as far as agriculture was concerned, respected only to a limited extent and, even then, only in the letter rather than the spirit of the Agreement, and taking into account the special circumstances of Switzerland, the Danish Government had considered that it would be unreasonable and unfair to oppose the accession of Switzerland which had made such a valuable contribution to the work of the CONTRACTING PARTIES. Denmark would, therefore, heartily welcome Switzerland's accession as a contracting party.

Mr. WIHTOL (Finland) said that it had always seemed anomalous to his delegation that one of the most important trading nations in Europe, which had had a liberal trade policy and had adhered to the general philosophy of the General Agreement, should have remained a provisional member of the GATT for so long. Finland was aware of the constitutional difficulties confronting Switzerland, but had no doubt that Switzerland would fulfil its obligations in accordance with the operative paragraphs of the draft protocol. Finland would, therefore, support the accession of Switzerland on the conditions proposed.

Mr. ROTHSCHILD (Belgium), speaking on behalf of the Community, said that during discussions on the text of the draft protocol, the Community had alluded to the problems arising for it from the apparent lack of balance between the position of Switzerland and other contracting parties in the application of Article XXIII. The Community had, therefore, noted with satisfaction the interpretative statement by the Chairman, concerning the exemptive character of paragraphs 4 and 5 of the protocol, which had served to dispel uncertainty in this connexion. The Community
was satisfied that it would, at last, be possible to end the anomaly whereby Switzerland was not a contracting party. As regards the negotiations and consultations mentioned in the protocol, the Community hoped that Switzerland would be able to support proposals to bring about a normalization of markets for agricultural products.

Mr. VON SYDOW (Sweden) remarked that Switzerland had participated actively for a number of years in the work of the General Agreement. Sweden would welcome Switzerland's accession on the basis of the draft protocol. It was particularly appropriate that Switzerland should accede fully since she was an important trading nation whose hospitality the GATT had enjoyed.

Mr. AWUY (Indonesia) said that his Government welcomed the full accession of Switzerland since it had always been in favour of enlarging the membership of the GATT so as to include all countries willing to contribute to the expansion of world trade in general and that of developing countries in particular. The Indonesian Government felt that the collaboration and co-operation among all countries was needed to ensure a balanced division of labour and allocation of resources so as to eliminate the unequal and unjustified distribution of wealth. Since its provisional accession, Switzerland had taken an active part in the work of the GATT in seeking ways of overcoming the problems of international trade, particularly those concerning developing countries. Swiss imports of raw materials had been increasing and duties applied to tropical products were low. Indonesia hoped that Switzerland would further assist developing countries by lowering even further, or by eliminating, the duties on tropical products and other products of interest to the developing countries.

Mr. HARAN (Israel) welcomed the accession of Switzerland on the basis of the draft protocol. The protocol entailed additional commitments for Switzerland and regularized her position in the GATT.

Dr. MARTINS (Austria) said that, in view of the documentation available, his delegation considered that a decision could now be taken. Switzerland played an important rôle in international trade and, on the basis of her traditional policy, had rapidly increased her trade and imports. The drafts before the contracting parties conformed with this traditional policy. Austria would, consequently, welcome Switzerland as a full contracting party. For reasons arising from its constitution, Parliamentary approval would be required before Austria could accept, definitively, the Protocol of Accession.
Mr. LALL (India) said that his delegation welcomed the prospect of Switzerland's acceding fully to the General Agreement. India was dependent, to a large extent, on imports from Switzerland and he hoped that Switzerland would find itself in a position to import more Indian products. He was sure that Switzerland would carry out its obligations under Part IV, particularly in giving high priority to the reduction or elimination of barriers on products of interest to developing countries and in observance of the principle of non-reciprocity.

Mr. PRESS (New Zealand) noted that his country had not accepted the Declaration on the Provisional Accession of Switzerland because, as an agricultural exporting country, it had felt unable to agree to the accession to the General Agreement of a country which applied import restrictions on agricultural products inconsistently with the provisions of Article XI. It was, however, a cause of satisfaction that Switzerland had been quite open about these restrictions, which it would apply even on accession, in terms of the reservation to Article XI.

Whilst he welcomed the interpretation given by the Chairman concerning rights under Article XXIII, New Zealand had never been over-impressed by these rights which, if used to any extent, would be more destructive than constructive. In changing its mind concerning the full accession of Switzerland, New Zealand had been particularly influenced by the validity of the arguments propounded by the Swiss representative, and to which reference was made in the draft protocol, as regards Switzerland's intentions to liberalize import procedures so that the problem for agricultural imports would be eliminated. It was the conviction of New Zealand that the Swiss Government was, in fact, moving in this direction, that would enable her to vote for and welcome Switzerland's full accession.

Sir EUGENE MELVILLE (United Kingdom) said his Government fully supported the accession of Switzerland on the terms of the draft decision and protocol, read in conjunction with the clarifying statement of the Chairman. Switzerland was the home of the GATT and the EFTA and co-operated closely with other countries in reducing barriers to trade. The United Kingdom had long felt that the status of Switzerland in the GATT was not commensurate with her status in the international trading community, nor did it reflect the rôle Switzerland had played in expanding trade through GATT tariff negotiations.

Mr. OHTAKA (Japan), Mr. FREIRE (Portugal), Mr. BARTH (Norway), Mr. AYUB (Pakistan), Mr. DO LAGO (Brazil), Mr. MILANOVIC (Yugoslavia), Mr. IBATT (Sierra Leone), Mr. BOSCH (Uruguay), Mr. OBIGRAH (Nigeria), Mr. EMRE (Turkey), Mr. ENCINAS (Peru) and Mr. DE FONSEKA (Ceylon) said that their Governments would welcome the accession of Switzerland on the terms set out in the draft decision and protocol and in the light of the explanation given by the Chairman.
Mr. VALenzuela (Chile) hoped that Switzerland would contribute to the expansion of world trade and fulfil the expectations of developing countries as regards their own trade. Chile supported the full accession of Switzerland.

Mr. LEREnA (Argentina) said that in the absence of instructions from his Government, he would have to reserve his position. It was a cause of concern to his Government that accession would be accompanied by reservations on important provisions of the General Agreement, especially at a time when attempts were being made to eliminate existing restrictions, whether or not consistent with the General Agreement, in particular those relating to agricultural products. Moreover, it had to be noted that Article XXIII had not proved entirely satisfactory as far as less-developed countries were concerned. However, in the light of the clarification of the Chairman, and taking into consideration the manner in which Switzerland had already fulfilled the spirit and letter of the Agreement, and the positive attitude it had taken in trade negotiations, his Government would, he felt, welcome Switzerland's full accession. He would express the hope, however, that the reservation as regards Article XI would not be used in a restrictive manner and that Switzerland would liberalize its trade in agricultural products.

Mr. PHiLLIPS (Australia) said that the Australian Government felt that, in view of her position in world trade, it would be appropriate for Switzerland to accede fully to the General Agreement. However, Switzerland would, in terms of the draft protocol, enjoy a unique dispensation from one of the fundamental obligations of the General Agreement. This posed problems for Australia, particularly as the dispensation related to agricultural products. The views of the Australian Government, made known on previous occasions, had not changed on this question of principle but, recognizing the importance attached by Switzerland to her full accession, and that it was the general will of the CONTRACTING PARTIES that Switzerland should be a full contracting party, Australia no longer wished to press these difficulties as a reason why Switzerland should not accede fully.

Presumably, for the same reasons which had led the Swiss Government to seek the reservation in paragraph 4 of the draft protocol, the Swiss Schedule to the General Agreement contained no concessions on agricultural products of practical value to Australia, and none of the concessions resulted from the negotiations with Australia. In the light of the reservation, it was uncertain whether Australia would, in future, be able to obtain concessions of practical trade interest from Switzerland. On the other hand, there were already in the Australian Schedule a number of concessions on items for which Switzerland was a principle or substantial supplier, and others where she might become one in the future. In the absence of matching concessions from Switzerland, Australia would not be in a position to claim compensation from Switzerland for concessions withdrawn by that country, and it would be inequitable if Australia were expected to provide compensation to Switzerland, should she resort to Article XXVIII to modify or withdraw concessions of interest to Switzerland in the Australian Schedule. There had
been discussions with the Swiss authorities on this matter and he was reasonably optimistic that it would be possible to reach an early and mutually acceptable solution.¹ Australia believed that Switzerland could make a positive contribution to the work of the GATT and to the expansion of world trade, and would welcome her as a full contracting party.

The Decision contained in document L/2606 was adopted by fifty votes in favour and none against. The text of the Protocol for the Accession of Switzerland (L/2606 and Corr.1) was approved, Switzerland to become a contracting party thirty days after signing the Protocol.

Mr. WEITNAUER (Switzerland) thanked the representatives who had supported Switzerland’s full accession. Switzerland had always sympathized with the objectives of the GATT, which were the same as those of his country, that was, the creation of conditions favourable to the rapid expansion of world trade. Consequently, Switzerland was proud of the fact that the GATT had established its headquarters in Geneva. The fact that, hitherto, Switzerland, had only been a provisional Member of the GATT would add to Switzerland’s pleasure on becoming a full Member. Switzerland was aware that it had not been easy for certain contracting parties to support her accession and was grateful that they had been able to overcome their misgivings; it was his conviction that they would not be disappointed by Switzerland’s future action. A new page had been turned in Switzerland’s relations with the GATT and he would take the opportunity of extending to the CONTRACTING PARTIES Switzerland’s best wishes in their future endeavours.

10. Trade Information and Trade Promotion Advisory Services (L/2574)

The CHAIRMAN recalled that the Group of Experts, in accordance with the recommendation of the CONTRACTING PARTIES at their twenty-second session, had held a meeting in March to review the work of the International Trade Centre. The Group had examined, in the light of experience gained and suggestions made by governments, the manner in which the Centre’s services could be tailored to the needs of exporters in developing countries. The Group’s report had been distributed in document L/2574. The recommendations by the Group for the future development of the Centre, had been examined by the Committee on Budget, Finance and Administration, whose recommendations would come up for consideration by the CONTRACTING PARTIES later in the session.

Mr. DO LAGO (Brazil) stressed the importance his Government attached to the International Trade Centre. The Brazilian member of the Group had made several proposals for the improvement of existing services and the creation of new ones. Brazil had warmly supported the creation of the Trade Centre and was ready to meet its share of the cost of the proposed new service and of the expansion of the existing ones.

¹See L/2632.
Dr. STEDTELD (Federal Republic of Germany) said that his Government was well satisfied with the work of the Centre, which it considered would play an even more important rôle in future with the expansion of the services offered. His Government was prepared to meet its share of the extra cost involved. The German Government would also be enlarging and strengthening its liaison office in Cologne so as to improve its collaboration with the Centre.

Mr. RYDFORS (Sweden) congratulated the Director and staff of the Centre on their work. Recently there had been a growing recognition of the contribution of the Centre in promoting exports of developing countries. The CONTRACTING PARTIES, in establishing the Centre, had wisely adopted a step-by-step approach, with overall guidance from a Group of Experts. At the last meeting of the Group it had been decided to recommend an extension of the Centre and the establishment, in it, of a Trade Promotion Advisory Service, which his Government supported whole-heartedly. He regretted that, because of staff difficulties, the Centre might not be able to commence this new activity in 1966 and he appealed to contracting parties to help the Centre to overcome these difficulties.

Mr. ASTRAWINATA (Indonesia) congratulated the Group of Experts and their Chairman for their report and thanked the Deputy Director-General for the assistance he had rendered to the Group. There were few documents that gave more satisfaction to the developing countries than the report of the Group of Experts, and his delegation supported its recommendations.

Mr. HABAN (Israel) considered that the report was proof of the efficacy of the pragmatic approach which had characterized the establishment and evolution of the Centre. He believed that this pragmatic approach was the correct one. The Centre had clearly fulfilled a need, as far as Israel was concerned, and, in this connexion, he cited the Centre's reports on citrus juices and veneer and plywood products. Israel had contributed to the work of the Centre by nominating experts to the Group and would shortly be receiving trainees from Latin America who would be examining Israel's export promotion services. Israel supported the recommendations in the report. To be successful, the Centre required the full support and co-operation of contracting parties. The export promotion services of developed countries could play their part by undertaking to promote the imports of less-developed countries. Such a step would in fact represent long-term export promotion. Israel was willing to bear its share of the extra costs involved and called upon those who bore the greater burden of cost to recognize the importance of adequate budgetary provisions for the future activities of the Centre.

Mr. PHILLIPS (Australia) said that his Government attached great importance to the work being carried out by the Centre. Australia had contributed an export to the Group. The closest possible liaison existed between the Centre and the Australian Government. He welcomed the fact that the Centre was, so soon after its inception, giving valuable assistance to developing countries, whether
contracting parties or not. Australia supported the proposals for increasing the activities of the Centre and for the establishment of a Trade Promotion Advisory Service, and accepted the financial implications of these proposals. It was appropriate that such expenditure should come from the ordinary budget of GATT. In view of the significance of the budgetary proposals involved, it would be wise to regard the Centre as now entering into a period of consolidation during which it could build upon its solid achievements to date. A step-by-step approach was fundamental in GATT's work in the field of trade information and trade promotion.

Mr. DE FONSEKA (Ceylon) congratulated the Director and staff of the Centre and the Group of Experts for their excellent work. He would welcome the inclusion in future reports of actual details of trade introductions made and, if possible, of the actual results of these introductions. The creation of a Trade Promotion and Advisory Service was an excellent idea, but he would appeal to all developed countries to give assistance by setting up offices to study the means of promoting imports of developing countries, either in collaboration with the Centre or independently. If this co-operation were not forthcoming, the Centre itself would have to establish offices in various capitals of developed countries in order to obtain the information required. He would welcome guidance, from the Director of the Centre, as to how he envisaged the activities of the service would evolve in future. He wished to thank those European countries which had loaned experts to the Centre. Ceylon supported the report.

Mr. BRODIE (United States) expressed the satisfaction of his delegation with the work of the Trade Centre. The Director and staff had done an extremely useful job with rather limited resources. He hoped that, under the guidance of the Expert Group, the Trade Information and Promotion Advisory Services, with the support of the CONTRACTING PARTIES, would become an increasingly effective instrument for meeting the needs of developing countries.

Mr. WINTERMANS (Netherlands) expressed the admiration of his delegation for the work done by the Director and staff of the Centre. In order to carry out liaison with the Centre, the Netherlands Government had opened a special bureau charged with the promotion of imports into the Netherlands of products of developing countries. It would be most useful if other developed countries took similar action, otherwise the danger existed that the Netherlands would run into legal and institutional difficulties referred to in paragraph 38 of the report of the Group of Experts. The Netherlands agreed with the conclusions of the report and was willing to bear the extra costs involved.

Mr. LALL (India) was heartened that the CONTRACTING PARTIES, in the creation of the Centre, had gone beyond the letter of the General Agreement in providing positive assistance to the developing countries. The Centre was evidence of the willingness of developed countries to provide assistance and experience to compensate for the deficiencies of developing contracting parties. Referring to
paragraphs 38 and 40 of the report, and to the statement by the representative of the Netherlands, Mr. Lall alluded to the inter-dependence between import promotion and export promotion and the fact that short-term measures of import promotion were a part of long-term measures of export promotion. His delegation was satisfied with the work carried out by the staff of the Centre. Many developing countries, including India, had not, so far, made their due contribution to the work of the Centre, but he hoped that it would soon be possible for them to produce some helpful ideas. In this connexion, he invited attention to the suggestions in paragraph 53 of the report of the Trade and Development Committee (L/2614), which he recommended for reflection and implementation in due course. India would accept the financial implications of the proposals contained in the report of the Group of Experts.

Mr. OBORAH (Nigeria) referred to the value of training in the expansion of exports of developing countries. Whatever success was achieved in the removal of various trade barriers, the problem of selling the goods would remain, and expert knowledge, acquired through training, would be needed to sell goods in the markets of developed countries. The Nigerian delegation was grateful to note the contribution the developed countries had made, or had undertaken to make, in ensuring the success of the Centre. Although developed countries produced different types of goods, the training they could provide for officers from developing countries was relevant to the sales efforts of the latter. It would be regrettable if the work of the Centre should be curtailed through financial stringency and he was sure that developed countries, which had contributed generously in the past, would continue to help the Centre. Nigeria would willingly bear its share of the additional costs since it was from the Trade Centre that his country derived the greatest advantage from its membership in the GATT.

Mr. BOSCH (Uruguay), Mr. ENCINAS (Peru), Sir EUGENE MELVILLE (United Kingdom), Mr. CHAUMET (France) and Mr. SAKELLAROPOULO (Canada) expressed their satisfaction with the work being undertaken by the Centre. They supported the proposals in the report of the Group of Experts.

Mr. PRATT (Sierra Leone) thanked the Centre and the United Kingdom Government for the training he had undergone in the United Kingdom.

The DIRECTOR-GENERAL underlined the importance of the co-operation of contracting parties in the work of the Centre. Contracting parties could contribute not only financially but also to the operations of the Centre. When the creation of the Centre had first been mooted, many had felt that it was too large an undertaking and would overstrain the resources of the secretariat. He had disagreed with this sentiment because he had always envisaged the Centre as a joint operation with the governments of contracting parties, and that its rôle would be mainly that of a catalyst to set in train activities in which it would not be
directly involved. This hope had been borne out in practice. He was grateful for the support of contracting parties, not least as regards meeting the costs of the Centre. Whilst it remained the policy to stabilize the budget of the GATT, it was not unnatural that an exception should be made for this new and dynamic venture. He assured contracting parties, however, that the budgetary requirements of the Centre would be kept within reasonable bounds.

The report of the Expert Group (L/2574) was adopted.

The meeting adjourned at 5.45 p.m.