CONTRACTING PARTIES
Twenty-Fourth Session

SUMMARY RECORD OF FOURTH MEETING

Held at the Palais des Nations, Geneva,
on Saturday, 11 November at 10 a.m.

Chairman: Mr. K. B. LALL (India)

Subjects discussed:

1. Consular Formalities
2. Application of Article XXXV to Japan
3. Turkish Stamp Duty
4. Extension of Waivers
   (c) Italy/Libya
   (d) Italy/Somalia
5. Newly Independent States

1. Consular formalities (L/2855 and Addenda 1-4)

The CHAIRMAN noted in his introductory remarks that, as requested by the CONTRACTING PARTIES, the secretariat had invited those countries still maintaining consular formalities as a regular requirement to report on progress made in their elimination, as recommended by the CONTRACTING PARTIES some years previously. Some of the five countries which had made written response had indicated substantial progress in the desired direction. He called on the representatives of countries which had not replied in writing to give any report they might have.

Mr. RIVERO BARRETO (Peru) stated that a special commission was studying the question of consular formalities but had not yet completed its work. He hoped that by next year the work would be complete and that he would be able to report some progress of the kind envisaged by the CONTRACTING PARTIES.

Mr. SIQUEIRA FREIRE (Portugal) said that his Government's report indicated that there had been very substantial progress along the lines recommended. Consular invoices, which had caused traders certain difficulties, had been completely eliminated and there remained only the need to present a commercial invoice in certain cases, accompanied by a consular certificate of the origin of the goods. He noted that there were many exceptions even to this requirement, as
when goods were shipped directly to Portugal from the country of origin by a single means of transportation. The fees charged for this formality were in any case very low, so that in fact no real obstacle to trade remained. He hoped that the CONTRACTING PARTIES would bear in mind both the magnitude of the change, which was not without serious fiscal implications, and the relatively minor character of the remaining formalities.

Mr. MASS. (Spain) noted that although Spain had been removed from the list of countries to which the secretariat was directed to address requests for annual reports, his Government had again reported this year in deference to the desire of some countries to continue to be informed of progress by Spain in elimination of the few remaining formalities. In the document which had been submitted, Spain had reported the elimination of all consular formalities formerly applicable to foreign and national merchant vessels, in particular with reference to cargo manifests. A decree of 16 March 1967 had effected this change with the exception of manifests of ships of less than 150 tons and of those carrying cargoes of tobacco, the latter exception being only because of the monopoly régime applicable to that product. Also, the requirement for a visa on lists of passengers and crews had been eliminated so that practically all the consular formalities formerly applicable to shipping had now disappeared.

Mr. PRESS (New Zealand) referred to the report by Brazil in L/2855/Add.1 where it was stated that Brazil gave reciprocity in matters of consular formalities to countries requiring no such formalities of Brazilian commerce. Although New Zealand had no consular formality requirements, New Zealand was not included in the list.

Mr. HELLO FRANCO (Brazil) replied that the list in the document was not comprehensive and that as the phraseology of the law was general, New Zealand would benefit from the provision for exemption.

Mr. DUNNETT (United Kingdom) expressed the hope that all countries still maintaining consular formalities would simplify and, if possible, eliminate them. He welcomed the reports that had been received, though some were not as informative as might be desired.

Mr. von SYDOW (Sweden) referred to the great interest of Sweden in the removal of consular formalities, and to the interest, indeed, of all the Nordic countries, for whom he was authorized to speak. They were convinced that such requirements formed a cumbersome obstacle to world trade, contrary to the interests of consumers as well as of traders. It had been seen that economic development was promoted, not hampered, by the removal of such requirements and it was with some disappointment that the Nordic countries noted that only four of the reporting countries had achieved real progress in the last year, whilst only five had submitted written reports. They particularly welcomed the progress made by Brazil and Portugal and acknowledged
the report made by Spain notwithstanding the fact that there was no longer a formal requirement to report. It was noted too that, although no Nicaraguan report had been received, it was known in trade circles that Nicaragua had made considerable progress during the past year toward elimination of formalities and that the movement had even spread beyond the GATT Members, in that Guatemala had also taken heartening action on consular formalities. He hoped that constructive contributions might in future be reported from those pockets of resistance which remained, both among the reporting and the non-reporting countries. Since the subject could not yet be regarded as closed, he proposed that the review of this typical non-tariff barrier be retained on the agenda for next year. In view of a special problem which one Nordic country was having with one contracting party in regard to consular formalities, he also asked leave to revert to this item, if need be, later in the session.

Mr. LATIMER (Canada) expressed appreciation for the progress reported by some countries in elimination of consular formalities and joined in urging all the countries involved to make further progress. In the view of his Government, it was in the new and small firms which were particularly hampered by consular formalities, so that elimination of the formalities would be most welcome to a large number of traders.

Mr. van WIJK (Netherlands) joined in expressing appreciation for the progress made toward elimination of formalities and agreed that the requirements in question constituted a classic non-tariff barrier, though an already well identified one.

The CHAIRMAN concluded the debate noting the general appreciation which had been expressed for progress made and the equally general interest with which the CONTRACTING PARTIES would receive news of additional progress. Except for the possibility of a further statement by the Nordic countries, the debate could be closed with a request to the secretariat to solicit reports again next year so that the matter could be reviewed again at the twenty-fifth session.

2. Application of Article XXXV to Japan

Mr. AOKI (Japan) said that an account of the discussion of this item during the last Council meeting was recorded in the Report of the Council (L/2900). Although the position of his country regarding the application of Article XXXV had improved over the past year - a number of contracting parties having disinvoked the Article - the situation was abnormal as long as there still remained a large number of countries which continued to apply the Article against Japan. Maintenance of this invocation could stand in the way of Japan's wish to cement further close trade relations with these countries. He appealed to the good sense of the contracting parties concerned for early disinvocation.
Mr. BEECROFT (Nigeria) said that although his Government still applied Article XXXV to Japan, it had made known in private to the Japanese delegation its appreciation for the valuable concessions granted to Nigeria in the Kennedy Round; in particular the Japanese removal of duties on cocoa and on groundnuts for oil extraction, and their substantial increase in quotas for groundnuts for other uses. These two products accounted for the bulk of Nigeria's exports to Japan which, in the past three years, had grown by some 80 per cent. He explained that Nigeria did not apply the Article de facto and that its disinvocation de jure was a matter of time required to pass the necessary legislation. He hoped this would be done before the next session. In the past Nigeria's imbalance of trade with Japan had been a source of concern to his Government, but this was no longer the case. With the emergence of these new elements, his Government might find it convenient to disinvoke Article XXXV against Japan.

Mr. NARASIMHAN (India) recalled that his Government had disinvoked Article XXXV eight years previously. He hoped that all contracting parties would normalize their GATT relations with Japan in the near future.

The representatives of Canada, Denmark and United States supported the Japanese appeal for early disinvocation.

The CHAIRMAN noted the general support expressed for the Japanese request, but remarked that it was not clear whether those contracting parties which were still applying Article XXXV against Japan had special problems retarding disinvocation.

3. Turkish stamp duty (L/2824)

The CHAIRMAN said that a request by the Government of Turkey for authority to maintain at an increased rate the stamp duty which was covered by the waiver of 20 July 1963, had been examined by the Committee on Balance-of-Payments Import Restrictions which had recommended that the request be granted. This recommendation had been endorsed by the Council.

Mr. SOMMERFELT (Norway) said his Government considered that the authorized increase up to 15 per cent was very high; nevertheless it would support the waiver on the understanding that the Turkish Government would keep the stamp duty as low as possible.

Mr. NOGUEIRA FILHO (Brazil) expressed his Government's support for the request.

Mr. DUNnett (United Kingdom) supported the conclusions contained in the Committee's report (L/2824), but expressed the hope that the Turkish Government would give very careful consideration before increasing the stamp duty to the maximum 15 per cent allowed under the waiver.
Mr. AKINCI (Turkey) said the rate was still standing at 10 per cent and that it was his Government's intention to keep it at that level in so far as circumstances allowed it to do so.

Mr. CHRISTENSEN (Denmark) noted from the Committee's report that the main reason for the increase of the stamp duty had been to prevent a further deterioration of the balance-of-payments position, and that the imposition of the stamp duty had prevented the introduction of further quantitative restrictions. He also noted the confirmation by the Turkish representative, in the Committee and during the session, that his Government had no intention under the present circumstances to increase beyond 10 per cent the rate of the stamp duty.

Mr. von SYDOW (Sweden) noted the general consensus that the rate of the stamp duty should not be increased beyond the present 10 per cent unless there were most compelling circumstances.

The CHAIRMAN requested the secretariat to distribute ballot papers for a vote to be taken, under paragraph 5 of Article XXV, on the draft decision annexed to the Committee's report (L/2324).

The Decision was adopted by 51 votes in favour and none against.

4. Extension of waivers

(c) Italy/Libya (L/2894, L/2877)

(d) Italy/Somalia (L/2895)

The CHAIRMAN recalled that, at the meeting of the Council of Representatives earlier that week, the representative of Italy had stated that his Government had decided to request further extensions of the two waivers which authorized Italy to grant special customs treatment to imports of certain products from Libya and Somalia. Reports by the Government of Italy on the development of trade under these waivers had been distributed in documents L/2894 and L/2895. In addition a report by the Government of Libya had been distributed in document L/2877. The Council had suggested that these requests should be examined in a working party.

Mr. FRANCAVIGLIA (Italy) said that he had explained at the Council meeting his Government's reasons for requesting these extensions. The CONTRACTING PARTIES would now have seen his Government's reports and would examine the request, he hoped, with sympathetic consideration. As regards Libya, he felt that the extension would allow the Libyan Government to make the necessary adjustments to the problems it encountered in the agricultural sector. He was prepared to give all the necessary details in the working party.
The CHAIRMAN noted the general consensus to follow the Council's recommendation to appoint a working party; this body was established as follows:

**Terms of Reference**

"To examine the request by the Government of Italy for extensions of the waivers from the obligations of Article I, to grant special customs treatment to imports of certain Libyan and Somalian products and to collect a reduced consumption tax on bananas imported from Somalia, and to report to the CONTRACTING PARTIES."

**Membership**

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The Commission of the European Communities would participate in the Working Party.

Chairman: Mr. F. Petrie (Canada)

### 5. Newly-independent States (L/2757)

The CHAIRMAN drew attention to document L/2757 in which the Director-General had proposed for consideration the text of a new recommendation for the de facto application of the GATT between contracting parties and newly-independent States (to whose territories the GATT was previously applied) pending their decision on future relations with the GATT. The existing recommendations provided for reciprocal de facto application of the GATT for a period of two years, extended for a further year upon request. The CONTRACTING PARTIES had agreed annually to further extensions and, in some cases, the de facto status had been operative for as long as seven years.

The revised recommendation proposed by the Director-General would allow the de facto arrangement to run on for a longer period without annual renewal. Its operation in respect of any newly-independent State could be reviewed at any time and the Director-General would submit a report at the end of three years. The Director-General's proposal had been considered by the Council which recommended its adoption by the CONTRACTING PARTIES.

The Director-General's proposal in document L/2757 and the recommendation annexed to that document were adopted.

The CHAIRMAN said that the Council of Representatives had submitted a report (L/2900) on its work since the twenty-third session.

Section A of the report reviewed matters dealt with by the Council which were not on the agenda for this session. This section was submitted for the information of the CONTRACTING PARTIES and was, in effect, a summary of the Minutes of the Council meetings which had been distributed during the year.

The Chairman said that section B was a report on the preparatory work for this session which was undertaken by the Council at its meeting earlier that week. The Council had established working parties to deal with some items in order to expedite the work of the session. The reports from these working parties would be presented to the CONTRACTING PARTIES later in the session. On three of the items which appeared on the agenda for the session, the Council had taken note of statements received from the governments concerned. By adopting this report the three items enumerated on page 1, namely:

- Item 18 - Article XVIII;
- Item 23(b) Reports under Waivers - Ceylon/Duty Increases;
- Item 23(f) Reports under Waivers - United States/Automotive Products

would be disposed of.

MR. NARASINHAM (India) referred to paragraph 24 of the report, item 27, and stated that his Government withdrew the reservation it had made during the last Council meeting with regard to the report of the Committee on Budget, Finance and Administration.

The report was adopted.

The CHAIRMAN extended the thanks of the CONTRACTING PARTIES to Mr. Rothschild for his work as Chairman of the Council of Representatives.

The meeting adjourned at 12.30 p.m.