SUMMARY RECORD OF THE THIRTY-THIRD MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 2 February 1955, at 3.00 p.m.

Chairman: H.E. Mr. L. Dana WILGRESS (Canada)

Subjects discussed:

1. United States Request for Waiver in connection with Section 22 of the Agricultural Adjustment Act.

2. United Kingdom Request for Amendment of Waiver from Article I.

1. United States Request for Waiver in connection with Section 22 of the Agricultural Adjustment Act (L/315)

Mr. BROWN (United States) referred to the document which had been circulated by the United States delegation (L/315), and wished to emphasize that in the past the United States Government had used its authority under Section 22 of the Agricultural Adjustment Act in a relatively limited manner. It was unlikely that any extensive use of the remedy provided in that Section would be made in the future. The United States was now requesting a general waiver with respect to the use of this Section because one of the main present objectives of his Government was to ensure that their participation and co-operation in the General Agreement and the new Organization be placed on the firmest basis possible. They intended to put the Organizational Agreement to Congress immediately following the Session, and to ask for legislative authority to participate in the new Organization. Entering into any international organization was always carefully examined by a legislature, and Congress had already concerned itself with the relationship between international agreements and Section 22 of the A.A.A., and had laid down certain rules that the Executive was obliged to follow. In order to ensure the full participation of the United States, it was therefore essential that any possible inconsistency between United States commitments under the GATT and Section 22 be removed.

During the hearings that were now going on for the renewal of the Trade Agreements Act, the Secretary of Agriculture had already been asked about the relation between it and Section 22. He had replied that he felt there might be one problem in connection with that particular legislation which could easily be solved and furthermore that the policies and programmes of the Agriculture Department were to take such basic measures as would reduce the need to resort to Section 22 of the A.A.A.
Mr. Brown hoped that the CONTRACTING PARTIES would understand the motive of the request of his Government, which was their wish to ensure the fullest possible participation by the United States in the new Organization.

Mr. Sanders (United Kingdom) said the waiver proposed by the United States had serious repercussions both for many contracting parties as importers or exporters of agricultural produce and also for the balance and effectiveness of the General Agreement itself. The United Kingdom believed that it was in the best interest of all contracting parties to hold to the existing rules of the Agreement and work for the abolition of quantitative restrictions as an instrument of protection. It had therefore been one of their first objectives in the Review to tighten existing rules for the use of quantitative restrictions and reinforce and strengthen the procedures for the administration and enforcement of these rules. Strong rules applied equally and alike to all countries would enable each country to overcome the domestic and political difficulties of removing quota restrictions and the United Kingdom policy continued to be to work for this objective.

Mr. Sanders said they had now to recognize that political circumstances made it necessary for the United States to seek a waiver to permit it to continue to apply or impose such restrictions as might be found necessary under the Agricultural Adjustment Act. The United Kingdom delegation appreciated the circumstances behind this request as explained by the United States delegate, and the objectives of the United States were ones in which the contracting parties severally and jointly had a great interest. Nevertheless, the existence of such a situation was unfortunate. It meant disappointment for contracting parties which had looked forward to a progressive development of agricultural exports in the United States market. It must inevitably make it more difficult for other countries with similar or comparable problems to conform to the strict provisions of the GATT against the use of protective quotas in so far as such provisions would no longer fully apply to the United States. Mr. Sanders thought it must therefore be the task of the CONTRACTING PARTIES to scrutinize closely the scope and the nature of the United States problem and endeavour to limit and condition the terms of the waiver so as to minimize the difficulties that it must inevitably cause the other contracting parties.

It should be borne in mind that other countries had already indicated that they too would require some form of waiver to make possible the continued use of protective quota restrictions in order to safeguard particularly sensitive industries over a difficult but limited period of transition. The waiver finally formulated for the United States would clearly bear directly upon the arrangements that the CONTRACTING PARTIES might make for those countries also. The United Kingdom would have wished to join with other contracting parties in ending quota restrictions as soon as the balance-of-payments difficulties which originally gave rise to them were satisfactorily resolved. The United Kingdom would not, however, be able to undertake such action in advance of the major trading countries. His Government regretted that the continued use of protective quota restrictions should still have to be authorized even for a transitional period, but must make it quite clear that, given the facts of
this position and the vital political bearing of these facts, the United Kingdom Government would not feel able to accept arrangements in relation to their own domestic difficulties which did not compare reasonably with the arrangements accorded to other countries in a similar position.

Mr. WHITE (New Zealand) said that his Government regarded the United States request for a waiver with serious concern. New Zealand had already unhappy experiences as a result of the imposition of the United States restrictions to which the proposed waiver referred. Exports of dairy products which had been expected to expand had been cut in the case of butter and dried milk to almost nothing, and in the case of cheese to about one-sixth of the 1950 level. This was a direct injury, and tariff concessions negotiated with the United States had been nullified thereby. Another consequence was that his country had been prevented from earning more dollars and, thus, from carrying out a wider relaxation of discriminatory import restrictions against the dollar area. Perhaps more important even than these effects was that the Agreement as a whole had been criticized in New Zealand, and there had been considerable pressure in favour of New Zealand’s withdrawal from a body which tolerated such a state of affairs. His country had not withdrawn nor had they taken the course of retaliation which had been opened to them. They had thought it better to hope for some progress in the United States in giving effect to its GATT obligations. Now the United States proposed that they be granted a waiver to regularize the situation. New Zealand found it difficult to judge whether the result would be to bring the United States closer to its obligations, or merely to provide an escape clause for the continuation of an inequitable situation.

The Memorandum circulated by the United States (L/315) did not give full information as to the extent of the United States restrictions under Section 22 nor their effects on trade. It endeavoured to show that the effect had not been very damaging in total and indeed, it cast some doubt on whether action under Section 22 might be in conflict with the Agreement at all. Mr. White wished to emphasize that his delegation had no doubt whatever that a substantial part of the United States action under Section 22 conflicted with the GATT.

Whether or not by receiving a waiver the United States would be in a better position to bring its action into conformity with the GATT in the future would depend on the terms of any proposed waiver. There might possibly be a case for a temporary dispensation in respect of action at present being taken and at present inconsistent with the Agreement, although New Zealand would be reluctant to support such a dispensation. A completely open waiver which enabled Section 22 to override GATT obligations for an unlimited period, and allowed the possibility of a movement of United States agricultural policies further away from GATT obligations might however force his Government to oppose it. In any case New Zealand was not prepared to consider the waiver separately from related matters presently under discussion such as subsidies and disposal of surpluses. His Government recognised that the United States had made an important change in its price policy and had expressed readiness to consult with other interested countries about export subsidies and disposals of surpluses. But its readiness to accept obligations within the GATT on these subjects fell far short of New Zealand’s expectations, and the proposed waiver merely confirmed their fear that the Agreement was weighted heavily against countries depending on the sale on a normal competitive basis of exports of agricultural products.
While appreciating the importance which the United States administration attached to Congressional support for the GATT, and understanding that the waiver was intended to overcome one of the obstacles in this connection, Mr. White hoped that if the United States felt that it must have a waiver they would be able to give a positive indication of a future relaxation in the protectionist policy for agricultural imports and would accept the provision to this effect in the waiver.

Mr. SHARP (Canada) said that two-thirds of Canada's foreign trade was with the United States, and the tariff negotiations between Canada and the United States had been the most extensive of all those under the General Agreement. Among the most important concessions for which Canada had paid were concessions on agricultural products covering a quarter of Canada's total agricultural exports. These were threatened by Section 22 and, in so far as a dispensation were granted to the United States for Section 22, Canada's tariff bargain with the United States would become unbalanced. Contracting parties would appreciate, therefore, how seriously the Canadian Government must regard this request. The possible conflict between the Agreement and operations under Section 22 had been known to countries for a considerable time. Since learning in May of last year that the Administration was making definite plans to put the organizational Agreement to Congress in 1955, the Canadian Government had had numerous discussions with the United States about this conflict and explored many possibilities and suggestions that were intended to be constructive, both from the point of view of Canada and of the Agreement. For instance if the United States must get some dispensation, could this not be limited to past and recognized conflicts between the Agreement and Section 22, and could not periodic reviews of the progress made by the United States out of their difficulties and restrictions be envisaged? While anxious not to broaden the grounds for agricultural restrictions, which would be used against Canada more than against any other country, Mr. Sharp said that his Government did agree that where particular price support programmes attracted substantial quantities of additional imports from abroad it was unreasonable to insist that they should be paid for by the United States taxpayer or that foreign suppliers should obtain more than a fair share of the American market.

Canada was clear from the start that they could accept no arrangement which, in effect, wrote Section 22 unqualified and unsupervised into the Agreement. Under these provisions, restrictions could be applied to cut imports by as much as 50 per cent, or a fee of as much as 50 per cent ad valorem in addition to customs duties might be imposed. These measures must be applied whenever it was found that any programme of the United States Department of Agriculture was being interfered with or likely to be interfered with. The Canadian authorities had insisted and continued to insist that this would be unacceptable and his delegation had instructions to vote against a waiver of such a character.

Mr. Sharp did not suggest that powers under Section 22 had been used irresponsibly or unreasonably in the past. Considering the sweeping extent of these powers, Canada had not been too severely damaged. However, in the past they had always been able to lean on the GATT rules, particularly the principle of fair shares as laid down in Article XI. If, through a waiver or by any other means, the United States was relieved of all responsibilities including the principle of fair shares, his Government could not feel assured that the same treatment would be accorded in the future as in the past.
The Canadian authorities had over the past months tried to approach this problem both sympathetically and constructively and had so far been unable to discover a solution which would meet both the request of the United States for formal freedom of action and the reasonable needs of Canada and other contracting parties to protect their legitimate political interests and established economic benefits within the Agreement.

Mr. RATTIGAN (Australia) said that his delegation, like others, had given considerable thought to this problem over the last months because of their direct interest in a freer access to the United States market, and also because they believed that any deviation from the principles of the Agreement on so important a matter inevitably raised the question of whether the Agreement could remain one to which all its members continued to subscribe. His delegation recognized the difficulties of the United States situation, and were prepared to look at the request sympathetically. They had reached this position reluctantly, and were much concerned about consequences other than import restrictions flowing from the system of high price supports, such as the actions by the United States Government in disposing of surpluses of agricultural products in export markets and the use of subsidies to assist commercial exports. He hoped that the United States would be able to subscribe to policies formulated at the Review on these matters which would provide his Government with assurances they could accept as satisfactory.

The Australian delegation supported the reference of the request for a waiver to a working party of the Ninth Session. The form of any waiver would require careful consideration, and his delegation would wish to ensure that it contained the maximum safeguards possible for the interests of other contracting parties, particularly in connection with tariff concessions that had been granted by the United States.

Mr. HAGEMANN (Germany) said that his delegation had always expressed the view that, in the application of the Agreement, the CONTRACTING PARTIES should take account of the economic conditions of each contracting party. They saw the Agreement as an instrument of compromise and co-operation and were, therefore, prepared to consider sympathetically the United States request. While agreeing that the question be treated by a special working party, the German delegation hoped that the United States request would also be considered in relation to other similar proposals presently being studied by Sub-Group I-C.

Mr. KOJEVE (France) said that the French Government viewed with great sympathy the request presented by the United States delegation, but this sympathy did not in any way depend on the fact that it was a question of legislation which was called "mandatory". In fact, the French Constitution contained an Article stating that national legislation must be subordinate to international commitments undertaken by France and thus, no national French legislation could legally be an obstacle to the application of international obligations. He mentioned this aspect only to show that the French Parliament, which was bound by this clause, might well be unimpressed by an argument based exclusively on the fact that another country's internal legislation, even of a mandatory character, was in conflict with certain provisions of an international agreement to which that country was ready to adhere. The French Government, therefore, viewed the United States request with sympathy not for
legal reasons, but for reasons of substance. This was a matter of the social policy of a government, the purpose of which was the support of certain agricultural prices with a view to maintaining a high standard of life for the rural population. The French Government itself practised a similar policy, which it considered socially equitable and politically justified. His delegation, therefore, found it impossible to oppose such a policy applied elsewhere, nor did it think it was for the CONTRACTING PARTIES to put difficulties in the way of the application of a policy relating to the standard of life in any contracting party.

The French delegation was, however, concerned with the question of procedure. They thought it undesirable, and in fact inconceivable, that similar or identical cases should be treated differently by the CONTRACTING PARTIES. Discriminatory treatment would be contrary to the principles of equity and democracy which were the basis of the GATT. They had, therefore, been concerned that the request of the United States was to be considered within the framework of current matters, while similar cases were being discussed within the framework of the Review of the Agreement. They would not oppose a discussion of the United States request at the ordinary session, since the United States delegation had so requested and the Chairman had not opposed it. However, Mr. Kojève suggested that this question be settled as quickly as possible, he would hope favourably, and that the decision be immediately communicated to the competent sub-group of the Review to permit that sub-group to take it into account in proposing solutions for all similar cases, whatever the country and whenever required. The French delegation considered that similar treatment for similar cases should be established, and that considerations of substance rather than the purely formal or juridical aspects of the problem should be taken into account. It was after all primarily a political and social problem.

Mr. SEIDENFADEL (Denmark) agreed with the statements of Australia, Canada and New Zealand. Denmark had been most directly hit by Section 22, and felt the damaging implications of the proposed waiver on future co-operation under the Agreement. His delegation had frequently stressed in the past the serious consequences of United States agricultural policy, and if it were now found that a waiver would be the most realistic solution to this problem it would be a very bitter solution for his country to accept. If this matter were to be considered by a working party, he hoped the Danish delegation would be a member.

Mr. CLULOW (Uruguay) said this request was closely related to the problems of subsidies and quantitative restrictions for which two working parties had already been established. The United States request should be considered by a joint meeting of these two, which should take into account particularly the fact that the amendment to the A.A.A. cited by the United States had been adopted after the United States had undertaken the obligations of the GATT. While recognizing the difficult situation of the United States, the Uruguayan delegation thought that if it were necessary to settle this matter some general provision applicable to all similar cases should be found.

Mr. ANZILOTTI (Italy) said the United States request, since it related to Article XI, concerned a most important principle of the Agreement. Furthermore, it belonged among the matters which should find a solution during the Review. The request was, however, presented as an existing matter to be settled...
before the revised Agreement entered into effect. Presumably this meant that only a limited duration was envisaged.

The Italian delegation was aware of the situation of certain producers in the United States as a result of the events of the last years, but could not deny its serious concern as to the results which might flow from accepting the United States request. A waiver of a general nature was being asked to cover existing restrictions or any which might be applied in the future. Apart from uncertainties to which it would give rise, so broad a dispensation threatened the foundations of the GATT. His delegation supported the study of this question by a working party in order that the CONTRACTING PARTIES might be able better to evaluate the duration of the waiver, the guarantees which could be given to countries which might be damaged (equitable quotas and consultations), the need for frequent reviews and the possibility of submitting any complaints about its application to the CONTRACTING PARTIES.

Mr. Hadji Vassiliou (Greece) said that the United States request raised two questions of principle. The first was the question of the overriding nature of international law as compared to national law. Certainly in Europe the conception of subordinating international law to internal legislation was becoming inadmissible. As a result, his Government was concerned at the statement that the A.A.A. had a mandatory character, particularly when such a statement came from a country undertaking the leadership of the free world. It raised apprehensions for the future of international relations, since an attitude such as that of the American Government appeared to be a retreat rather than an advance in this field. Since this was an internal matter however the Greek delegation would not pursue this aspect of the question. He was aware, moreover, of the characteristics of the United States Congress in concluding, and particularly in ratifying, international treaties, which should be taken into account by the CONTRACTING PARTIES. The second question of principle was the fact that this request was in complete contradiction to the spirit of the Agreement, whose rules would thereby be completely set aside.

Mr. Hadji Vassiliou said that, despite these two objections of principle, he would support the United States request. The Greek delegation had from the beginning of the Session insisted that the revised Agreement should no longer be a collection of special cases, but unfortunately it did not appear that such a result was to emerge from the Review. If the revised Agreement were to contain a reflection of each contracting party, the Greek delegation saw no reason why the special case of the United States should not be recognized. The document circulated by the United States delegation contained arguments supporting their request, such as the declaration that whenever the President took measures to carry out Section 22, the United States Government would consult with countries whose exports might be affected. The document particularly recalled that it was in the course of the second world war and the immediate postwar years, when there was a severe shortage of foodstuffs in the world, that the price support programme had served to encourage American agriculture to develop its production as much as possible, and that this development had been largely destined to meet the needs of other countries. This was a consideration that should weigh heavily with the CONTRACTING PARTIES. Certainly the Greek Government and people did not forget the debt they owed the United States for the assistance to Greece during and after the war. It was therefore natural that when the United States requested assistance in meeting this problem, the CONTRACTING PARTIES should endeavour to assist them as far as possible.
It was clear that the American request could not be acceptable on a purely legal plane. From a political point of view, the Greek delegation was prepared to support it. In this connection he would wish it understood that such a request, based upon internal reasons and in favour of one contracting party, having been met, other requests of the same nature in favour of other contracting parties should be examined in the same spirit, such as, for example, the special case of Greece. It should also be understood that the reservation formulated by the Greek delegation at the twenty-second meeting of this Session concerning the Greek–United States negotiation still continued.

Mr. Hadji Vassiliou would conclude by remarking once again that this request went beyond the usual technical nature of the debates of the CONTRACTING PARTIES, and, in a political spirit, his delegation would support the request of the United States delegation.

Dr. NAUDE (South Africa) said that while his country was not directly damaged by United States measures under Section 22 of the Agricultural Adjustment Act, they were nevertheless concerned with the principle involved, a principle which related to the imbalance between the dollar and non-dollar worlds, and to the possibility of introducing convertibility.

The CONTRACTING PARTIES were being told that it was the considered judgment of the United States Government that this waiver was necessary to enable them to submit the Organizational Agreement to Congress. All contracting parties must attach great importance to this consideration, but the repercussions of such a decision were far-reaching and important.

The South African Government was seriously trying to decide as to which way the balance of the GATT was going. The seriousness of this consideration was increased by their recognition of the fact that the origins of the problem lay in the last war and after, when the world was so dependent on the productivity of United States agriculture. Nevertheless, the world was now being asked to accept United States leadership, and it was one of the roles of the leader to set an example. Other countries also had parliaments which they must convince of the usefulness of the Agreement. His delegation had come to the Review Session hoping that it would lead to a better balance in the Agreement, that the principles would be strengthened and consolidated. The present United States proposal seemed to lead to further imbalance and weakening of these principles; the waiver requested involved so wide a field of escape from the obligations of the Agreement. The United States asked that other countries have faith that the waiver would not be used unreasonably but demands upon the faith of other governments should not become excessive. It would be extremely difficult and painful to agree to grant such a waiver, and if granted, equally difficult to accord to the GATT the full co-operation which South Africa had accorded in the past. If the waiver must be granted, there should at least be some sort of time limit and an annual review by the CONTRACTING PARTIES, and even if these—in the mind of his delegation—very slight concessions were granted, they would still have to bear in mind the concessions that the United States would be prepared to grant in other related fields.
BARON BENTINCK (The Netherlands) declared that his delegation's position was similar to that of Italy, Denmark and others. They were particularly interested in agricultural imports into the United States, and the CONTRACTING PARTIES had already recognized the importance of the Netherlands export interests in again authorizing a compensatory withdrawal under Article XXIII. It was difficult to foresee the use that would be made of the request for a waiver and how far the interests of third countries would be affected. He doubted whether a waiver was the proper way to deal with this problem, and if it were granted in order to make Article XI acceptable, would it not indeed result in an inequitable and unbalanced situation? Baron Bentinck was aware that other contracting parties could only follow the judgment of the United States Government as to the political necessity for this, and they were prepared to look at the solution proposed sympathetically. They would wish to scrutinize very carefully the terms of any waiver, and their final position would depend on whether their interests and those of the Organization were adequately safeguarded. He agreed that this matter should be studied by a working party.

Mr. DIAS CARNEIRO (Brazil) stated that the Brazilian delegation would vote against granting a waiver in any form whatever.

Mr. BELFRAGE (Sweden) stated that the United States request had wide implications and was of grave concern to all contracting parties. It would cause serious difficulties to members to live up to the principles of the Agreement, and he would have preferred that it be included in the agenda of the Review. Certainly it was important that the request be closely scrutinized, but the waiver would have an important bearing on the work of the Review and many contracting parties would have difficulty in persuading their parliaments to undertake obligations under the Agreement that were not applicable to another contracting party. It was of fundamental importance to maintain the balance between the various parts of the Agreement as well as between individual contracting parties, and the Swedish delegation shared the views on this subject that had been expressed by the United Kingdom.

Mr. GOERTZ (Austria) was prepared to consider the United States request in a co-operative spirit. He realized that the problem arose largely as a result of the war. He also appreciated the problem of many countries who were having difficulties with their exports to the United States. All these specific problems should be taken into account. Certainly the working party which dealt with this matter should keep in close contact with Review Working Party I-C.

Mr. HAYTA (Turkey) said that the statement by the United States delegate had removed some of the hesitations of his own delegation for the moment, and he was prepared to support a sympathetic but detailed examination of their request, preferably by a review working party. He hoped the United States would take careful account of the interests of other contracting parties.
Mr. BROWN (United States) appreciated the serious consideration that had been given to this matter and the frank expression of the views of the contracting parties. His Government was aware that this was a serious problem to all contracting parties and would certainly in its acts take full account of the interests of other countries.

The CHAIRMAN said that the debate had shown the concern of all contracting parties at the possible serious consequences of this request on the General Agreement. There was general support that the matter be carefully studied by a working party. Many members had suggested that the question be considered in connection with the Review. However, the United States was requesting a waiver from current obligations, of which it was already in breach, and was not proposing an amendment to the Agreement. The political considerations involved had been brought out both by the United States and by other countries.

It was agreed to establish a working party to consider the United States request, with the following membership and terms of reference:

**Membership:**

Chairman: Mr. Max Suetens (Belgium)

Australia  
Canada  
Cuba  
Denmark  
France  
Germany  
India  
Italy  
The Netherlands  
New Zealand

Pakistan  
Turkey  
Union of South Africa  
United Kingdom  
United States  
Uruguay

**Terms of Reference:**

To examine the request by the United States for a waiver of obligations under the General Agreement with respect to the use of Section 22 of the United States Agricultural Adjustment Act as amended and to report their recommendation thereon to the CONTRACTING PARTIES.

2. **United Kingdom Request for Amendment of Waiver from Article I (L/316)**

The CHAIRMAN said that the contracting parties should first address themselves to the question whether this subject should be added to the agenda of the Ninth Session.

Mr. SANDERS (United Kingdom) referred to the Memorandum circulated by his delegation which explained why they wished the problem settled now and what the nature of the problem was. The request was for an amendment to the waiver previously granted by the CONTRACTING PARTIES. If it were agreed to add the matter to the agenda, it would clearly have to be looked at in detail by a smaller body, and his delegation, although it proposed that this be added to the Ninth Session agenda, would not object to having the matter referred to Review Working Party II.
Mr. SEIDENFADEN (Denmark) said that this request gave his Government some difficulty and he asked for time to consider it. He would certainly not oppose the request to include the item on the agenda since his delegation believed this to be a right of all contracting parties. They did think it very late in the Session, however, and he enquired whether it was imperative that it be discussed now. Could it be deferred for consideration under the intersessional procedure, or to the Tenth Session?

Mr. SANDERS (United Kingdom) said that his delegation had hoped not to have to raise this matter at the Ninth Session, but since some of the provisions they had hoped would be included in Article XXVIII were apparently not going to be accepted, it was now necessary to do so. He did not think it would take a great deal of time, however.

Mr. ANZILOTTI (Italy) said that the question raised by the United Kingdom had already caused very long discussions at the Eighth Session and, when the first report on the waiver had been discussed earlier in the Session, the hope had been expressed that the least possible use would be made of it. An extension of the waiver was now being requested which must of course be examined. This was, however, a very important and complicated matter to take up at so late a stage in the Conference and he would hope that it could be postponed.

Mr. BITSIOS (Greece) shared the concern of the Italian and Danish delegations on the duration of the Session, and thought it might be useful to decide now in a general way that no new items could be added to the agenda.

The CHAIRMAN suggested that the United Kingdom request might be added to the agenda on the understanding that, if it were found that it required too protracted a study, the CONTRACTING PARTIES might decide to instruct the Intersessional Committee to deal with it.

Mr. SANDERS (United Kingdom) understood the concern of other delegations, but did think the matter would seem less difficult in a smaller group. He hoped that countries would co-operate in the examination of this problem and make every effort to conclude the examination at this Session. A decision on the matter was relevant to the United Kingdom's position on one of the major issues of the Review.

It was agreed that the United Kingdom request for an extension of the waiver be added to the Ninth Session agenda.

The meeting adjourned at 6.20 p.m.