1960-61 TARIFF CONFERENCE

Tariff Negotiations Committee

PROCEEDINGS OF THE EIGHTH MEETING

Held at the Palais des Nations, Geneva; on Friday, 17 February 1961, at 10 a.m.

Chairman: Mr. E. WYNDHAM WHITE

Subjects discussed: 1. Secrecy of deliberations of the Tariff Negotiations Committee
2. Date of beginning of "Dillon" round of negotiations (TN.60/SR.7 and TN.60/W.12)

1. Secrecy of deliberations of the Tariff Negotiations Committee

The Chairman called the attention of the Committee to an article published by an important Swiss daily newspaper which gave a summary of the proceedings of the last meeting of the Tariff Negotiations Committee. He said that he had satisfied himself that no information had been given to the Press by members of the secretariat and asked delegations to bear in mind the importance of maintaining secrecy with regard to discussions in the tariff negotiations and in the Tariff Negotiations Committee. No doubt a government was entitled to make its own views known to the Press, but a participating government could not divulge views put forward at the Conference by other governments. The Chairman said that the Information Officer had been clearly instructed to make no statements regarding the negotiations. Some statement might be necessary as matters developed; but any such statement would be submitted to the Tariff Negotiations Committee before it was made public. He urged delegations to give the appropriate instructions so that a similar occurrence would not be repeated. If it were, he would feel reluctant to convene the Committee again.

The representative of Switzerland assured the Committee that, while his Government felt free to keep Swiss opinion informed of its own policies, it was not the source of the article in question. He confirmed his Government's agreement with the secrecy rules of the Conference.

Several other speakers stated their agreement with the Chairman's remarks. The representative of the European Economic Community added that he was under strict instructions not to participate in any further meetings if it should again happen that the Press was informed of the discussions. On a proposal of the representative of Canada, it was agreed that the next meeting would be held in Executive Session.
2. Date of beginning of "Dillon" round of negotiations (TN.60/SR.7 and TN.60/N.12)

The representative of the Commission of the EEC said that at the last meeting he had reported having entered into negotiations with twenty-three countries: to those should now be added Chile and Uruguay. A certain number of contracting parties had not sent representatives to the Conference. He took it that these contracting parties were satisfied with the changes in bindings which the Community was carrying out.

At the last meeting of the Tariff Negotiations Committee several delegations indicated that the original offers made by the Commission were unsatisfactory and asked the Community to improve them not only by means of new bindings but also by means of reductions of duties in the Common Tariff. On that occasion Mr. Donne had recalled the general position of the Community with regard to the negotiations under Article XXIV:6. This position, Mr. Donne once more recalled, had been expressed by Minister Rey at the opening meeting of the Conference in the following terms:

"The renegotiations to be conducted under Article XXIV are only aimed at maintaining the stability of tariff concessions accorded under the General Agreement and thereby to safeguard the contractual benefits to which individual contracting parties are entitled. The renegotiations are solely intended to transpose at an equivalent level into the common tariff concessions previously granted within the framework of the four national tariffs. During this phase of the conference, the European Economic Community cannot be called upon to grant counterparts which were more important that those required by withdrawals or modifications of concessions as a result of the establishment of the common tariff. Therefore it is essential that the contracting parties should refrain from extending the scope of these negotiations beyond the limits stipulated by GATT."

It seemed however that certain contracting parties had lost sight of the object of the renegotiations under Article XXIV:6. This paragraph provides, on the one hand, that in determining compensation due account should be taken of the compensation already afforded by the reductions brought about in the tariffs of other members of the customs union. On the other hand it refers to Article XXVIII according to which modifications or withdrawals of concessions should be subject to negotiations with contracting parties having initially negotiated the concessions or with the principal suppliers of the products concerned. But paragraph 2 also lays down the scope and the aim of the renegotiation which may include provision for compensatory adjustment with respect to other products. Further, negotiations should aim at maintaining the concessions granted on the basis of reciprocity or of mutual advantage at a level not less favourable to trade than that provided for prior to such renegotiations. The General Agreement therefore clearly sets out, as appears from the text quoted, the limits within which renegotiations are to take place.
Having recalled the general position of the Community and the principles on which that position was based, he informed the Committee that he had reported to Brussels the statements made at the previous meeting. While maintaining its attitude of principle as to the value of its initial offers and while considering that the demands submitted were not always justified, the Council of Ministers nevertheless authorized the delegation of the Commission to make further offers involving not only bindings but also reductions of Common Tariff duties. These offers were submitted to the various delegations in the preceding few days and at the same time the Commission indicated the countries to which each offer was being made. While delegations were examining this new situation he hoped that the Community's effort would be appreciated as it deserved. The final phase of the renegotiations had started and he hoped that agreement would be rapidly concluded so as to start as soon as possible the "Dillon" negotiations to which the Community attached special importance. Although the Community did not feel obliged by the terms of the General Agreement to make the extra effort, this was done in a spirit of conciliation and to show a desire for co-operation and support for the authority of GATT.

He agreed that it was for third countries to estimate the value of the offers made to them; he asked them however to evaluate the offers in a spirit of equity and not to lose sight of the fact that these offers were valid for the whole territory of the Community and not, as was the case with the original concessions of Member States, only for the Member State concerned. He also wished to recall that the bindings offered were often at such a low level that they considered themselves entitled to resort to rule IV(c) of the Rules and Procedures for the Tariff Conference, which reads as follows:

"The binding against increase of low duties or of duty-free treatment shall, in principle, be recognized as a concession equivalent in value to the reduction of high duties".

The Community had also made an effort to meet the concern of exporters of cereals and had made proposals which would safeguard these countries' interests without hindering the implementation of the common agricultural policy of Member States provided for in the Rome Treaty. Furthermore, certain improvements had been proposed for other sectors of agriculture. The Community was therefore conscious of having fulfilled its obligations and even of having gone beyond them. It could not therefore be held responsible for any failure of negotiations, a failure which they, for their part, would certainly wish to avoid and which they refused to contemplate. Such an eventuality, as was well known, would involve the risk of an unravelling of the concessions exchanged between contracting parties in earlier tariff conferences.

Certain problems had been raised in the course of the negotiations under Article XXIV:6 but, in the view of the Commission, could not be solved within that framework. They could, on the other hand, be taken up in the second phase of the Conference and, he hoped, be solved in a mutually satisfactory
He was thinking in particular of the tariff problems concerning less-developed countries. For this reason he once more wished to insist that these countries participate in the "Dillon" round. The Community understood perfectly the difficulties these countries found in reaching a balanced exchange of tariff concessions but he wished to point out that the offer of a 20 per cent reduction of duties decided by the Council of Ministers last May did not involve reciprocity on the part of less-developed countries. He also added that in the course of the multilateral negotiations the Community would endeavour to exchange with the other industrialized countries tariff concessions on products which are of particular interest to less-developed countries.

The representative of the United States agreed that the negotiations must be effectively pursued so as to start the "Dillon" round as soon as possible. The United States could confirm that the Community's offers had been improved and that new offers, including reductions of the Common Tariff rate, had been made. While this was important and was much appreciated, there remained, in the opinion of his delegation, a gap between what they were being offered and what they considered they had a right to demand. Certain products - agricultural and industrial - still required considerable discussion. He was not however pessimistic: in view of their excellent relations with the delegation of the Commission he was hopeful of a satisfactory outcome. In the circumstances he thought it would be difficult to have any confidence in any date which the Committee might decide to fix now for the opening of the "Dillon" round.

The representative of Switzerland said that the negotiations were long and laborious; in fact it might be asked whether they were not more of a computing exercise in which there was not always agreement on the data. He understood the view of the Commission which was based on their interpretation of the General Agreement but he had to make it clear that he did not agree with this interpretation. It seemed evident to him that when the Agreement was drafted the provisions of Article XXVIII were not meant to cover an operation of the size of that in which the Six were involved. The Common Market meant the separation of a good part of the continent from the remaining European States. While he welcomed the initiative taken by the Six there was no doubt that the consequences of the separation - which he hoped would be temporary - could not be alleviated by measures based on simple arithmetical calculations. The Community would have to show a full comprehension of the real difficulties caused by the breaking up of strong traditional currents of trade. An acute sense of equity towards third countries was necessary.

Turning to the particular aspect of their own negotiations with the Community he had to express their disappointment with the results that had been achieved up to now. Agreement on a certain number of items had been reached but the Commission had refused to take into account the demands
relating to products which were of the greatest importance for Switzerland. On two essential and traditional exports of Switzerland, to mention only two of many possible examples, the offers of the Community were totally inadequate. At the end of this second phase of their discussions with the Commission the Swiss Government could only note that their efforts to reach agreement had been unsuccessful.

He gathered that the competent authorities of the six countries would meet again in the near future to discuss the negotiations. He felt that in the present context the Community had arrived at a decisive point of its existence. In fact, while he had spoken of the end of the second phase of the negotiations, it was clear that there could not be endless supplementary phases: the Common Tariff had been put into force on 1 January 1961 - a violation, in his opinion, of the rules of GATT - without negotiations having been completed. His delegation still hoped that a balance could be achieved, but this would not be the case unless the Commission made a very considerable effort to satisfy a number of Swiss demands. He hoped the representative of the Commission would present the Swiss point of view to his authorities and that at the next meeting agreement could be reached between the offers and requests. A good starting point would thus be established for the "Dillon" round which his Government considered equally important. They in fact hoped to take advantage of these negotiations to "renovate" their customs relations with the Community; and this would not be possible unless substantial tariff concessions were granted by both sides. He greeted the repeated statements of representatives of the Community that their intentions were truly liberal and that they intended to use the "Dillon" negotiations for a radical dismantling of tariff barriers in Europe and in the world.

The present negotiations fell within the framework of the "pragmatic" efforts from which it was hoped would result an attenuation of European economic difficulties. Following the failure in 1957 and 1958 of the attempt to establish in Europe a large free trade area the Six had pointed to the practical possibilities for a solution of the problems of third countries. Of prime importance among these were to be the GATT negotiations. The experiment was now in progress and it was for the Community to prove that the pragmatic approach was worthwhile. If these negotiations failed his Government's confidence in pragmatic methods would be severely weakened.
He had up to recently assumed that the Commission would be in a position to follow its proposed liberal policy. He was not sure whether it was still possible to believe in this policy. The news from certain capitals pointed to a developing tendency for the limitation of the Community's margin of negotiating powers to 20 per cent and even to deduct from this margin any reductions made under Article XXIV:6 which the Commission might consider exceeded the equitable compensation. He would be glad if the representative of the Commission could deny these rumours. He hoped that the impression would not grow in his country that they were being led from one disappointment to another. They had first been disappointed by the failure of the large free trade area, there was disappointment - which he hoped would be removed - with respect to the present negotiations and a disappointment could be feared from the "Dillon" negotiations. He hoped that to avoid such a series of disappointments the Community would show better understanding of the real and justified needs of third countries and that it would prove by deeds the sincerity of its intentions. The occasions for doing so would certainly not be lacking.

The representative of Indonesia referred to the excellent atmosphere in which the negotiations were being held. The Community's offers were not unreasonable. Some items had been withdrawn from the negotiation because of negligible volume of trade. On the product which brought most foreign exchange to Indonesia the Commission's offer was not entirely satisfactory. He hoped that the Community would be able to make a satisfactory offer before the start of the "Dillon" negotiations.

The representative of Canada referred to the following statement which he had made at earlier stages in the present Conference:

"Trade in agricultural products is of particular concern to Canada since it represents more than 40 per cent of our exports to the Member States of the Community."

and quoted an excerpt from a memorandum submitted to the Commission in October 1960:

"In fact about 70 per cent of the exports on which Canada has contractual rights with the EEC will be impaired by the Common Tariff."

These remarks were relevant to the discussion. Four months had been spent in negotiation. They realized that the concept of a customs union was such that no contracting party could expect to leave this conference in exactly the same position as it was before the Common Tariff came into being.
The Community affirmed that they had been realistic and constructive, had prepared a Common Tariff which was fair and reasonable in relation to the national tariffs and as proposed was probably better than other contracting parties had a right to expect. But his delegation was not prepared to attach overdue importance to statistical calculations. Their attitude was not dependent on any computing device: they were concerned only with their rights of access of their products to the territories of the Community. To obtain these rights they had made significant concessions and they were still honouring those concessions in spite of the fact that bound duties had been raised by Members of the Community.

At their last meeting with the Commission a complete review of the negotiations had shown some improvement in the situation. However, on the basis of the offers received he could not see any successful conclusion of their negotiations under Article XXIV:6. The representative of the Commission had agreed to transmit this representation to the appropriate authorities. The Commission's reply was hopefully awaited. In the present situation it was not possible to fix a date for the "Dillon" round.

The representative of Brazil said that once more an attempt was being made by the Community to base the problem of the negotiations on an interpretation which had not received the agreement of the other contracting parties. His Government considered that other considerations should be taken into account besides the strictly legal interpretation of only one rule by only one of the parties. All other questions were being set aside, among which those relating to the association of overseas territories. These problems existed whatever attempts were made to set them aside because the balance achieved in earlier negotiations was upset. The CONTRACTING PARTIES had shown a benevolent attitude, even by allowing the Common Tariff to enter into force before compensation had been agreed to. Up to now, against Brazilian losses of export trade his delegation had received offers of consolidation of internal taxes. The representative of the Community held out hopes for the "Dillon" round, but there was reason to be sceptical whether the "Dillon" round could then achieve more than could be achieved in the Article XXIV:6 negotiations. Further discussions under Article XXIV:6 were needed before a date could be fixed for the "Dillon" round.

The representative of Austria said that they regarded the list of offers of the Community as being entirely inadequate. Their aim was to re-establish the balance of existing contractual obligations and only the achievement of this balance would allow Austria to enter into the "Dillon" round of negotiations which they too regarded as very important. Shortly before the present meeting the Austrian delegation had handed to the representatives of the Commission a list which contained their sine qua non demands for reaching an agreement. He wished to make it
clear that even if these demands were granted in their entirety the position of Austria would, from an economic point of view, be worse than it was before. A conclusion on the basis of the demands made in that list would therefore not yield a "satisfactory" solution but only a "defensible" one. If such a "defensible" result could not be achieved the Austrian Government would be regretfully obliged to consider the withdrawal of concessions up to an amount which would redress the balance. Finally, he wished to take this opportunity to remind the Community that the completion of the examination of the Common Tariff under Article XXIV:5(a) was a prerequisite for Austria's entering into the "Dillon" negotiations.

The representative of New Zealand said that, although some progress had been made since the last meeting, this was very little. Some additional offers had been made to them but on the key items the position remained completely unsatisfactory. There was either no offer or, in one case, the earlier offer had been withdrawn. His delegation could, therefore, not conclude on the basis of the present position. If they had now reached the end of the Article XXIV:6 negotiations he would be obliged to say that there was no possibility of an agreement and that his Government would have to consider what to do to redress the imbalance. His delegation were however approaching the Community again with a statement of the issues which would need to be resolved. Much progress would have to be made with respect to New Zealand's access to the Community's market for agricultural products. He understood the difficulties of the Community but the needs of New Zealand with its agricultural economy had to be borne in mind. He believed there was good will and therefore it was a question of time. He could not say how long a period would be needed but he hoped that in a few weeks the position would be at least clarified.
The representative of Sweden said that his delegation had met the delegation of the Commission once in the present year when the latter had made new offers. The efforts made were appreciated but he was instructed to state that he was not in a position to accept the Commission's offers. He was that same day transmitting a memorandum to the Commission which made the following points. The Swedish delegation had submitted to the Commission on 15 December 1960 a list containing the items on which better offers were considered necessary by them if a mutually satisfactory conclusion of the negotiations under Article XXIV:6 were to be achieved. Since then they had received new offers involving bindings at the existing Common Tariff level and - in fifteen cases - offers of slight reductions of that level. Despite these new offers, appreciable in themselves as a step towards permitting the negotiations to continue, the situation as a whole remained unchanged. The new offers covered only relatively peripheral marginal export interests. The list of demands presented in December remained therefore valid as embodying the Swedish desiderata for compensation. Certain items on that list were obviously of very special importance owing to the magnitude of Swedish exports thereof to the Community, owing to the bindings obtained by Sweden in the national tariffs of the Six, and owing to Sweden's position compared to that of other supplying countries. The Swedish Government considers that new offers on these items, involving substantial reductions in the Common Tariff, are necessary to re-establish the balance of tariff bindings existing before 1 January 1961 between Sweden and the Members of the Community. Such offers would also facilitate an agreement regarding other items on the list of Swedish demands of last December. The memorandum concludes by referring to the list it is submitting of the items which, in the opinion of the Swedish Government, are decisive for the conclusion of negotiations under Article XXIV:6

The representative of Australia recalled his statement at the meeting of 9 January. He took note of the new offers but had to say that his disappointment mainly arose from the fact that for a major part of agricultural items the Community's offers were either unsatisfactory or non-existent. Recalling the importance of trade with the Community, the Australian delegate pointed out that this trade had in the past been hit by restrictions, sometimes of a discriminatory character. He supported the statement of the representative of Canada who had said that his fundamental concern was the question of access to the market of the Community. If the "Dillon" negotiations were to be grafted on to those under Article XXIV:6 it would be necessary to know the outcome of the latter.

The representative of Czechoslovakia said that there were still many unsolved problems and that the Community had not yet found a way to reach an understanding with regard to the main Czechoslovak items. Their main concern was that a wide section of agricultural products had been practically excluded from the negotiations and that the Community had found little understanding for the problem of specific duties. There followed a danger for their major export items where trade had developed because of natural economic conditions and old-established traditions. Considerable material injury would be caused by probable structural changes in the trade. On the
other hand, the compensation offered on other items was of little help as its practical value depended on other factors even in the field of production. While not ignoring the need for a dynamic evolution in the field of economic relations, they thought that the Community should achieve its aims by exploiting internal economic forces which it was to create rather than by taking away advantages from other countries. They were aware that the Community was based on a balance of mutual advantages granted by its Members; but it was clear from statements made by its representatives, as well as from the rules of GATT which the Community wished to follow, that the Community wished to live in the broader area of world trade and economy. This aim would however be difficult to reconcile with an inflexible attitude which showed little understanding for the views of other countries. He hoped that the Community would reconsider whether it would rely unilaterally on an unconditional priority of interests of its Member countries or whether it would really search for mutually acceptable solutions. Such solutions had usually the advantage that they did not just reflect the actual relation of forces but were able to create a permanently reliable basis for trade.

The representative of Uruguay said that he had recently started negotiations with the Commission. They had carefully examined the offers made earlier and were approaching the whole question with an understanding of the difficulties of the Community particularly in the field of agriculture. The delegation of Uruguay had intended to express at this meeting its fundamental reservations regarding the offers made to it and its hope that by an improvement of these offers an acceptable balance could be achieved. While maintaining their reservations and hopes they were regretfully obliged to make it clear, in view of recent events, that their negotiations with the Community were developing in a totally unsatisfactory manner. They regretted that after five months of negotiations the offers of bindings were progressively decreasing on products which were essential to Uruguay and without which no possible balance could be reached. It remained their hope that, as had been the case at Annecy and Geneva, the desire for mutually advantageous solutions would result in an acceptable balance. The present situation being unacceptable they expected that the Community would give the necessary instructions to its delegation for the re-establishing of the balance of concessions which had been upset. It was consequently not possible to fix a date for the beginning of the "Dillon" negotiations.

The representative of Nigeria expressed his support for the Brazilian representative who had emphasized the fact that the preferential element contained in the Rome Treaty with respect to the association of overseas territories discounted the value of the 20 per cent reduction offered by the Community. He had heard that the Community would not demand from less-developed countries the reciprocity which it required from industrialized countries. He was not clear what forms this offer would take in practice. With regard to the negotiations an unexpected situation had developed which he did not wish to raise at present in the hope that further discussions would clarify the matter. If no solution were possible he would have to bring the matter before the Committee. In any case it was not practicable to fix a date at this moment.
The representative of Denmark said that the latest developments in their negotiations with the Commission had led them into an extreme position on which he felt obliged to report to the Committee. At the previous meeting of the Committee he had called attention to the depressing situation with which Denmark was confronted in these negotiations. He had explained that satisfactory offers had been made by the Commission so far only for a fractional part of the Danish export products which were subject to these negotiations; for nearly all agricultural items of significance to Denmark either no offers or clearly unsatisfactory offers had been put forward. He had therefore referred to the serious consequences of an unsatisfactory outcome of the negotiations and had urged the Community to endeavour to provide a meaningful basis for further negotiations. A number of other delegations had made similar statements urging the responsible authorities of the Community to make it possible for a solution to be reached. He felt that in fact the decisions taken by the Council of Ministers at the end of January were to be considered as an effort — albeit inadequate — to move towards a solution in the negotiations with some of the most important GATT countries. Unfortunately this had not been the case for Denmark.

On a very few items of secondary importance new limited offers had been made; at the same time one of the two main offers which had originally been made and which might have outbalanced some of the bindings previously enjoyed and for which no compensation was offered was changed by introducing weight end price qualifications in such a way that it turned out to be of no value to Danish exports. Discussions showed that the second major offer would be valueless for many years to come. The second phase had therefore found them in a position which was substantially worse than at the beginning: the serious imbalance had therefore been increased.

The representative of Denmark proceeded to give a short account of their discussions with the Commission on the last-mentioned of the two main offers referred to above. He considered the question was of general interest to other contracting parties. He recalled that the bindings offered by the Community were bindings of the Common Tariff; the question therefore arose what would be the status of such bindings during the transitional period with respect to the constituent customs areas until the entry into force of the Common Tariff. As already indicated in Committee I, the reply to this question was that the alignment to the Common Tariff prescribed in the Rome Treaty gave other contracting parties reasonable assurances that a binding of the Common Tariff would also have effect on the national tariffs during the transitional period. Furthermore the representative of the Commission, speaking in Committee I on behalf of the Six, gave the assurance that in case of an acceleration of the process of alignment to the Common Tariff in one country the Six would see to it that this alignment would take place in a balanced and synchronized way, taking into account the general balance of the concessions. Special problems however arose with regard to bindings of the Common Tariff for agricultural products. Tariffs were not the only means of protection: one Member State had newly changed its system of protection, for the product to which he was referring, by introducing variable levies additional to the existing customs duty in place of the quantitative restrictions so far applied. The question arose whether the
total of variable levy and duty would be subject to the rules of Article 23 of the Rome Treaty and whether any limit, for instance the bound rate of the Common Tariff, would be imposed on the initial size of the variable levies including the normal national tariff. The representative of the Commission had not been able to reply to these questions. In the circumstances it seemed clear that the binding of the Common Tariff rate had little value during the transitional period. The offer of a 20 per cent binding - which would otherwise have some importance for Denmark - was thus a very modest one.

He could make the present position of Denmark's negotiation with the Community clear to all by saying that even under the mathematical calculation of the Commission, i.e. credits and debits based on legal and bound rates, Denmark would have a very large credit in her favour. So far 15 per cent of Denmark's total exports had enjoyed assured access through bindings in the tariff of the Six at generally reasonable low levels. This corresponded to about 5 per cent of the Danish gross national product. If there were no improvement in the Community's offers these valuable safeguards would disappear. The representative of Denmark therefore made a strong appeal to the Community to change this totally unacceptable situation. He had on earlier occasions dwelt upon the deplorable consequences which would follow if this were not the case and hoped that the appropriate organs of the Community would make a serious effort to meet legitimate Danish claims, particularly in the field of agriculture and fisheries. Due regard should also be paid to the problems with which Denmark was faced in the Community's transitional period.

The representative of Norway referred to the statement he had made at the previous meeting of the Tariff Negotiations Committee and said that the Community had not granted to it the serious consideration that he had expected. It was not possible at this stage to foresee a date for the conclusion of the negotiations.

The representative of the United Kingdom said that it was impressive how serious the situation had become. There was a real risk that the 'Dillon' round would have to be postponed. It would be particularly unfortunate if this were to happen because the Ministers of the EEC had not been fully apprised of the strength of the feeling among other contracting parties that the Commission's offers in the 'Dillon' negotiations were insufficient, not only in size and quantity of the reductions offered in the industrial field, but also - and this seemed particularly serious - in the agricultural field. He hoped that Mr. Donne would represent urgently to his Ministers the strength of feeling among other contracting parties. The momentum and the will to make a success of the 'Dillon' round might well disappear in the frustration which the 'Dillon' negotiations were now encountering. Failure to embark on the 'Dillon' round would be a great disaster. It was therefore urgently necessary that the Commission should now come forward with some final offers in the agricultural field especially, as well as the industrial field, if the danger were to be avoided not only of the 'Dillon' round not taking place, but of the whole achievements of the GATT in the tariff field since its formation being undermined.
Mr. Donne, the representative of the Commission, said that in view of the numerous speakers he would not be in a position to reply in detail to all. He agreed with the representative of the United States: there remained a few important products, mainly agricultural, on which a settlement had to be reached before the negotiations could be concluded. On certain agricultural products a proposal had been made to the United States which he thought could provide a satisfactory solution. He had noted certain points made by the representative of Switzerland. In the first place, Mr. Ponne said he would not have the Committee believe that the Commission did not faithfully reflect the views of the Community. If there were any doubts about this in the minds of members of the Committee, he wished to dispel them immediately. With respect to the violation of GATT which it was alleged had been committed by the Community in that it had put the Common Tariff into force on 1 January, he wished to say that this had occurred only because the negotiations had taken longer than was planned. These negotiations were, however, continuing and the Community's action was not without precedent in GATT. As to the rumours relating to the 20 per cent reduction of the Common Tariff they were without foundation. In this connexion he wished to say that he also had heard rumours to the effect that certain contracting parties wanted to obtain free concessions under Article XXIV so as to avoid having to pay for them in the "Dillon" round. He was disappointed with the attitude of the Swiss delegate.

He noted the favourable comments of the representative of Indonesia and would not fail to transmit them to Brussels. He wished to thank the representative of Canada for his frank and realistic statement; they had in fact reviewed the whole field of their negotiation. On a fundamental agricultural product the Commission had made proposals which he hoped would lead to a satisfactory solution. The representative of Brazil seemed to have confused two different points: there might be differences of interpretation between the parties with regard to the meaning of paragraph 5(a); this was not the case with respect to paragraph 6 of Article XXIV. It would seem, according to the representative of Brazil, that even if the Common Tariff had been established by choosing the lowest of the national rates, he would still feel that there might be a case for compensation. The representative of Brazil had also referred to the association of overseas territories; this question was, however, not under discussion at the present time. The representative of Austria had said that the offers were not satisfactory but admitted that there had been an improvement; Mr. Donne noted that the Austrian representative recognized that the knowledge of the concessions offered to other contracting parties by the Commission could constitute a further improvement. He confirmed to the representative of New Zealand that some of his points would be submitted to the institutions of the Community and assured him that they did not underestimate the importance of New Zealand's problems. He assured the representative of Sweden that he would transmit his views to Brussels. Their list of minimum demands would be carefully examined. He understood the position of Australia and thought that an agreement would be reached. Mr. Donne agreed that on certain items Czechoslovakia was entitled to compensation on account of the withdrawal of certain agricultural products. He hoped that with good will on both sides it would be possible to reach agreement.
In reply to Uruguay Mr. Donne noted his preliminary reservation. The situation would become more clear after the first reading. In reply to the representative of Nigeria he confirmed that the Community would wish less-developed countries to participate in the "Dillon" round and that the Community would not demand "reciprocity" from them on the 20 per cent reductions in the Common Tariff. He also thought that the Community might, in the "Dillon" negotiations, be able to give to Nigeria as "direct" bindings concessions which it had hitherto enjoyed "indirectly".

Mr. Donne said he had very seriously noted the remarks of the representative of Denmark. He had been disappointed by the Danish attitude to the offers of the Commission. One of the two main offers quoted by the representative of Denmark had been specially chosen and formulated to make it acceptable to Denmark. With respect to the other offer he agreed with the Danish representative's statement of the facts: he wanted to point out however that the special tax applied to imports from within as well as from without the Community. The representative of Norway said he had nothing to add to his previous statement: Mr. Donne had hoped that the improved offers would at least be acknowledged. To the representative of the United Kingdom he said his delegation was also highly conscious of the seriousness of the situation and that it would do all it could to improve matters. He agreed that a date for the conclusion of Article XXIV:6 negotiations would not yet be fixed but he emphasized that a date would have to be fixed quite soon. Finally he thanked the representative of Peru and said he would transmit his statement to Brussels.

In conclusion he wanted to state his feeling that certain delegations were not keeping to the terms of reference. Many demands made were not justified. He would submit all complaints to Brussels but hoped that there were no false hopes: the Commission and the Council felt that they had already gone beyond their obligations. Mr. Donne referred to the threat of withdrawals of concessions. The General Agreement obliged the Community to conduct these negotiations; this did not of course mean that the latter could force other contracting parties to conclude an agreement. Responsibilities had therefore to be fixed. Contracting parties could of course, in case of disagreement, withdraw concessions but they had to be well aware of the fact that this action would involve the unravelling of the schedules annexed to the Agreement. In the course of not many days governments would have to decide upon their definitive attitude.

The representative of Switzerland said that it had not been his intention to imply any opposition between the Brussels Institutions and the delegation of the Commission in Geneva. He had simply paid tribute to the spirit of understanding of Switzerland's position shown by Mr. Donne and his collaborators.

The representative of Canada said that he had been extremely careful in the present debate not to mention specific products, whereas other delegations had done so. This strengthened his plea for the holding of the next meeting in Executive Session. The divulging of statements made in the meetings might cause much trouble and endanger the negotiations as a
whole. As to the compatibility of GATT with the action of the Community in putting the Common Tariff into force on 1 January 1961, he considered that this was a complex legal problem on which he would not speak at present but he would reserve the position of his delegation.

The representative of Denmark said that the proposals of the Commission on one of the two main products mentioned were inadequate. As to the variable import levies on the other product, he wanted to know whether these taxes were not to be considered as equivalent to customs duties. If this were the case the binding offered by the Commission would have no value.

The representative of the Commission replied that with regard to the first product mentioned by the representative of Denmark the original offer had been a limited one and that the new proposal was made specially to facilitate negotiations with Denmark. On the second product the Commission would reply at the next bilateral meeting with Denmark.

The Chairman said that the meeting had shown the importance attached to these negotiations not only for the GATT but for international trade. Because of this importance it was preferable not to fix rigid deadlines. There must however be a point where it should be agreed that they had been carried as far as they could profitably go. The results reached bilaterally at that point would be recorded whether they represented agreement, total disagreement or something in between. In the latter case, the notification would cover only the area over which agreement had been reached. He expected that a final decision as to the conclusion of these negotiations would be taken at the next meeting. A further determined effort should be made by all concerned in the next few weeks. He suggested that the next meeting might take place on 28 February.

As mentioned above, the Committee agreed to hold the next meeting in Executive Session.