I would like to say first that my delegation was grateful for the guidance you gave us yesterday. I appreciate that what you were giving us was a glimpse of the obvious but, nonetheless, we regard it as helpful that the position of particular delegations was articulated so carefully by the Chairman.

I did not really want in this meeting to get into any very substantive discussions, in part because we need time to look at the paper put before us by Ambassador Maciel.

However, there were some points made yesterday that were so curious that they should not be allowed to pass without remark by my delegation. First of all, I should like to comment on a novel piece of history put forth by the representative of Japan. He said, if I have transcribed it correctly, that GATT in its conception assumed that exports would move freely, and I was quite surprised to find that this version of history was supported by the distinguished representative of the Commission of the Communities. I note that it was not supported by the representative of the United States.

I was not present at the conception, but I have examined the drafting records of the Havana Conference and the other conferences which took place immediately following World War II, and I have examined the work that was done in the League of Nations' Economics Secretariat on these matters in the 1930's. It is the case that there was substantial discussion about rules about exports. In the event, only a limited number of rules were included in the text of what was meant to be an interim arrangement. But if this assumption which the Japanese representative referred to, were true, it would be difficult to understand why there are any references at all to this matter in the General Agreement. I think it possibly would be a better reading of history to say that in certain major industrial countries, importers of food and raw materials, there may have been an assumption or better, an expectation, that they disposed of such market power, and their economic structures were so important in the political and economic life of certain supplying countries that they could reasonably assume that no impediment would ever be placed to their free access to other people's resources. They probably did not expect to see the question of sovereignty of resources raised. We can now see that this was a mistaken expectation.
There are other assumptions or expectations which were widely shared by the draftsmen of the Agreement. And if we are going to talk about expectations and assumptions, we perhaps had better bear them in mind too - although my inclination is like Mr. Luyten's to read the GATT as a contract and not try to read assumptions and expectations into it. But perhaps it is fair to say that there was an expectation that by 1977, no major trading country would be taking shelter under the protocol of provisional application and taking punitive actions from that shelter against the goods of other countries. There was a reasonable expectation, too, that we would have made some progress in establishing contractual rules governing the trade in agriculture. There was some reasonable expectation that imports would be regulated almost exclusively, in the normal case, by customs tariffs; that we would have abandoned quota régimes and régimes of administrative guidance. These expectations have been frustrated.

The representative of Japan went on to mention five product groups where he had perceived some concern about supplies or export restrictions, and I found this a very curious reference indeed. One of them, fossil fuels, is not likely to be the subject of negotiations under the General Agreement, unless there is a radical change in the membership of the Agreement and the participation in this conference. And I note certain fossil fuels are mandatorily required to be excepted by the United States from the negotiations. The other four product groups are indeed the subject of discussion in certain other negotiating groups. In those other negotiating groups there have been concrete proposals put forward regarding supply, including restrictions and export taxes; and therefore, following the leadership given by Mr. Luyten, we would say that it is inappropriate to discuss these matters in this group.

In summary, as to the intervention of the Japanese representative, I think his view of history is incorrect; I have done some research between yesterday and today, looking at the Japanese protocol of accession, consulting people who were present during that negotiation; I do not think there is any basis for the assumption which he attributes to the conception of the GATT.

Now turning to the extensive statement made by the delegation of the United States and the extensive documentation put forward, I find myself a little puzzled by this presentation. I think the problem is that there is such an admixture of moralizing and piety that it is very difficult to find the substance of what they are proposing. We, for our part, are prepared to take the time to try to sort out the 'wheat from the pious chaff', if I can be allowed this agricultural reference in this group, but it is going to be very difficult work indeed. I thought particularly that the comments by the representative of the United States on the overriding integrity of the MFN principle were a little misjudged. I, like him, have MFN written on my banner, but I am prepared to admit that developed countries have shot a lot of holes in it. In that connexion, I thought the observations of the distinguished representative of Egypt were entirely correct.
Now, I do have some difficulty with the piece of paper submitted by the United States' delegation dealing with point 5 on export restrictions. First of all, I would like to say that I regard it as unfortunate that the United States' delegation has chosen to import the notion of cost restrictions by export taxes into the discussion of export restrictions. If we were to read the GATT the way the American note would suggest, the GATT would be unintelligible. The word "restriction" is not used in the GATT in the broader economic sense of meaning any measure which has a restrictive effect in economic terms. Furthermore, I must say that we are concerned, given the drafting history of this particular provision that the United States has chosen to produce such a piece of paper. I recall that in the informal discussion, in which we entered into an informal agreement about these words, that the representative of Argentina proposed that the word "measures" be replaced by the word "restrictions" so as to exclude, I thought, the concept of taxes. I thought that was useful, and my delegation supported that drafting change, and I thought that was understood by the delegation of the United States.

Let me comment on how the United States is approaching this particular issue, on which I suppose that other delegations are aware we have some reservations. We have offered over a year ago to enter into bilateral discussions on the whole question of supply, and we have made it clear that we are prepared to negotiate supply obligations in the MTN. I repeat that it was a Canadian Minister who first stated publicly, before the Trade Act was passed, that supply should be subsumed in this negotiation. But we thought that it was useful to deal with this in product-related groups, and we still think so. We think that it is useful to begin the negotiation by detailed bilateral discussions in the usual GATT negotiating fashion. We have been ready to do that and our position has been set forth in writing for over a year. We are aware of the terms of the Trade Act, and what was said in the course of the legislative enactment of the Trade Act, on supply issues, and we are really at a loss to understand why our invitation was not responded to earlier by the United States. It is only in the last few weeks that the United States' delegation has given any indication that they are prepared to enter into substantive bilateral discussions on this important issue.

I am bound to conclude that the United States has assumed it would be better to conduct this particular part of the negotiation by ignoring our views, ignoring our interest, and as it were, attempting to steamroll us. They are aware, I assume, that our delegation is under instructions not to engage in a general discussion on supply at this time, and before real progress has been made in product-related groups.

I would like to make it clear to the delegation of the United States, to the delegation of Japan and to the Commission of the Communities, that we have no intention of engaging in a discussion of the supply issue at this time, or unless they alter their style, in the foreseeable future, in this group.
I look forward to having bilateral discussions with the United States to see if we can make some real progress.

One final point. We welcome the detailed paper and presentation put forward by the delegation of Brazil. Clearly, a great deal of thought has gone into that presentation, and there may not be a great deal in it with which we can finally agree but, clearly, the Brazilian presentation requires a commentary by other delegations as detailed as the proposals they have put forward. We intend between now and the next meeting to give it the most careful study we can - here in Ottawa - and we will be prepared to comment to the best of our abilities in a subsequent meeting.