1. The Committee agreed to the Executive Secretary's suggestion that this conference adopt the same procedure as that followed during the First Session of the Preparatory Committee in London, i.e. the Chairman's Committee should lay down the broad policy lines to be followed and the Preparatory Committee in Executive Session would formulate detailed procedures.

2. Mr. WYNDHAM WHITE (Executive Secretary) informed the meeting that he would circulate
   (a) a draft reply to the complaint regarding inadequate facilities for consultation at the First Session made by the World Federation of Trade Unions representative;
   (b) a paper making suggestions for improving arrangements for consultation with non-governmental organizations during this Session.

Mr. NATHAN (France) said that the International Chamber of Commerce representatives had also expressed dissatisfaction with the arrangements made at the First Session. He regarded it as important that all non-governmental agencies be kept informed and consulted as much as
possible. The Chairman agreed that some improvement in existing arrangements was desirable but considered that the suggestions being made by the Executive Secretary would meet the situation.

3. Consideration of the question of the election of the several Vice-Chairmen was postponed until the next meeting.

4. The Committee began consideration of Preparatory Committee Agenda, Item 5:

Discussion of the methods of the work of the Second Session including the establishment of the Tariff Steering Committee and any other committees that may be required.

The relevant documents are as follows:

(a) Memorandum on Procedures for Multilateral Trade Agreement Negotiations, Report of the First Session of the Preparatory Committee, Annexure 10;

(b) Plan of the Work of the Second Session of the Preparatory Committee - Document E/PC/T/5.1;

(c) United Kingdom telegram suggesting certain changes in the procedure contemplated in the Memorandum referred to in (a) above - Document E/PC/T/36.

5. The CHAIRMAN reported that a number of governments in addition to the United Kingdom, while not submitting formal amendments, had certain reservations about the Memorandum on Procedures. In the light of this situation the CHAIRMAN suggested that it might be feasible to postpone detailed consideration of the Memorandum on Procedures until a later phase of the conference and, meanwhile, to get down as soon as possible to the actual tariff negotiations, subject, of course, to establishing certain general principles for the conduct of the negotiations.
(a) Did the Delegates agree to this proposal?

(b) If so, were Delegates prepared to begin bilateral discussions?

6. Mr. NATHAN (France) stated that he agreed with the procedure proposed by the United Kingdom in Document E/PC/T/36. If bilateral negotiations were later to become multilateral, it was necessary to agree at the outset a procedure for bilateral negotiations. Mr. NATHAN proposed that where there was more than one supplier negotiations should be conducted in the presence of at least three or four suppliers of the commodity concerned.

7. Dr. COOMBS (Australia) said that he could not accept certain implications of the Memorandum on Procedures as now drafted. In particular, his Delegation could not begin negotiations if it were necessary to accept in advance the rule by which all negotiated reductions in most-favoured-nation import tariffs would operate automatically to reduce or eliminate margins of preference. Acceptance of this rule might imply a rejection of the rule that negotiations should be on a "mutually advantageous" basis. However, in order to begin negotiations, he believed it was essential to agree only the following principles as to the nature of the negotiations, supplemented by a few purely mechanical working rules:

(a) as an objective, the substantial reduction of tariffs and the elimination of tariff preferences;

(b) tariff negotiations should be on a "reciprocal" and "mutually advantageous" basis;
(c) negotiations should be conducted on a selective basis, and
(d) the tariff schedules resulting from these negotiations should be multilateral both in scope and legal application.

Regarding working rules, Dr. COOMBS was in full agreement with the procedure proposed by the United Kingdom. The rule of principal supplier would normally be the basis for conducting any particular bilateral negotiations. Any negotiating country should be entitled to receive information as to the progress of other negotiations affecting commodities in which they are interested. To summarize, the Australian Delegation could not accept the Memorandum on Procedures in its present form, but was willing to begin negotiations anyway provided this did not imply an acceptance either of the Memorandum on Procedures or of the Charter as now drafted.

8. Mr. SPEEKENBRINK (Netherlands) suggested that at least fourteen days would be required in which to exchange and study data before Delegates could begin negotiations. He believed it was essential to adopt certain principles such as the rule of principal supplier prior to beginning negotiations. Would there be a directing body or would it be left to each country to decide when and with whom to begin negotiations?

9. Mr. WILCOX (United States) believed it would be sufficient at the outset to agree a minimum number of rules of procedure essential for determining the plan of work. Dr. Coombs had set forth the principal elements,
but he wished to propose one addition - i.e. the "Second
Stage" set forth under Section F of the Memorandum on
Multilateral Trade Agreement Negotiations:-

"At the opening of the Second Session of the
Preparatory Committee each member should submit
a schedule of the proposed concessions which it
would be prepared to grant to all other members
in the light of the concessions it would have
requested from each of them."

The United States had prepared its list of proposed
concessions on the assumption that the plan of work out-
lined would be followed, and was ready to begin
negotiations on this basis. If other members were not
prepared to begin negotiations on this basis - with the
result that the negotiations could proceed only as a
partial series of bilateral discussions - it would be
necessary for the United States to revise and perhaps to
curtail substantially its list of offers. Their list
of offers was based on the assumption that the United
States would receive concessions from other bilateral
negotiations proceeding simultaneously as well as from
those in which the United States was participating
directly. He hoped it would be possible to follow the
procedure originally planned so that the United States
could present its list of concessions as ready at present.

10. Mr. WILGRESS (Canada) considered it unnecessary to
agree all the rules of procedure prior to beginning
negotiations. Nor did he believe that the procedure
specified for the "Second Stage" of negotiations could be
followed in view of the experience to date. Delegations,
including the Canadian, had not had sufficient time in
which to consider requests from other countries. He
did not see any great inconsistency between the "Second Stage" as conceived in the original memorandum on procedure and the United Kingdom proposal. Some departure from the multilateral scheme as contemplated in London seemed unavoidable since all requests had not been submitted sufficiently early. He therefore favoured the United Kingdom plan of procedure. At an appropriate stage information resulting from the first series of bilateral discussions could be released to all other governments concerned.

11. Mr. NATHAN (France) expressed the hope that the original plan could be applied gradually, but meanwhile it seemed necessary to begin bilateral negotiations on a more limited basis, i.e. on those items on which countries had asked concessions.

12. Mr. HELMORE (United Kingdom) stated that at the end of the First Session of the Preparatory Committee the United Kingdom had favoured generally the plan outlined in the Memorandum on Procedures. However, the procedure whereby all members submitted their lists of offers for the information of all other members implied the acceptance of the principle of reciprocity. Some countries did not appear to be ready to reciprocate. The United Kingdom was not prepared to submit their offers except on a reciprocal basis. Any country ready to do so could proceed on the original basis. As many as six or seven countries might be in a position to do this; others would join later. Eventually all members would be participating as contemplated in the original scheme.
13. The CHAIRMAN summarized the two points of view before the meeting as follows:—

(a) a comprehensive list of proposed concessions should be made available to all member countries;

(b) members should indicate the concessions they were prepared to make only to those countries with which they were ready to negotiate on a bilateral basis.

14. Mr. WILCOX (United States) pointed out that of the 136 possible bilateral combinations resulting from the participation of seventeen countries in these discussions, the United States would be a direct party only to sixteen. The United States, in preparing their list of concessions, had assumed that they would also be getting benefit from the 120 bilateral discussions to which they would not be a party. However, there was no indication as yet whether some countries would be ready to negotiate at any time during the Session. If only the sixteen bilateral discussions in which the United States would participate directly were to begin immediately, it would be necessary for the United States to revise its estimate of the concessions it could make. He did not say that the United States was not prepared to negotiate, but he regarded this as a change in the fundamental concept of the negotiations, not merely a minor procedural amendment. The United States would like to have some indication of whether the 120 bilateral discussions to which the United States would not be a direct party would proceed some time during the next few weeks. If a substantial number of these were
undertaken, his point might have much less importance.

15. Mr. HELMORE (United Kingdom) agreed that it was desirable to try to obtain information as to the number of countries prepared to negotiate. However, the picture painted by Mr. Wilcox appeared to him to be exaggerated. More than 136 combinations were possible, particularly since there were thirteen territories for which the United Kingdom had an international responsibility in connection with these negotiations, in addition to the member countries. He wished to point out that the United Kingdom would derive a direct disadvantage from six of the sixteen discussions from which the United States would derive a direct advantage.

16. Mr. SPEEKENBRINK (Netherlands) agreed with the United States point of view that the proposed change in procedure was fundamental.

17. Mr. AUGENTHALER (Czechoslovakia) suggested that it might be possible to establish a schedule of negotiations within the next week if it could be determined to which of the following categories countries belonged:

(a) completely prepared - ready to start negotiations immediately;

(b) more or less ready - a few days' delay for technical reasons;

(c) not ready to begin negotiations immediately.

18. Mr. NATHAN (France) did not agree with the United States that the United Kingdom proposal represented a fundamental change in the procedure contemplated originally since it would be merely temporary. The application of the most-favoured-nation clause would operate to generalize the
benefits of the bilateral discussions and therefore give them a multilateral character.

19. Mr. COLBAN (Norway) considered negotiations could start when the lists of requested concessions which members proposed to make of each other were available. He did not regard it as essential to have available the lists of concessions members were willing to grant. If negotiations were delayed until this stage had been reached, many Delegates would be forced to refer back to their Governments before negotiating. Otherwise preliminary contacts could begin. He recommended that a Steering Committee, on which all Delegations would be represented, be appointed to continue discussing the plan of work.

20. Mr. WILCOX (United States) proposed that the Secretariat request each member country to state the dates on which it would probably be prepared to lay down its list of requests and offers, assemble this information, and make it available to each member country. It could then be determined how negotiations should proceed and when. If the large majority of members were ready to commence discussions within two weeks or so, the United States would be prepared to accept this delay. If only a minority of countries were ready to begin negotiations within this time, it would be necessary for the United States to re-appraise their whole approach. First of all it was desirable to ascertain the facts.

21. This proposal was adopted and the Chairman therefore invited each member country to supply this information to the Secretariat in writing as soon as possible. The information received would be circulated by the Secretariat to the Heads of all Delegations.