GENERAL AGREEMENT ON
TARIFFS AND TRADE

Intersessional Committee

SUMMARY RECORD

of the meeting held at the Palais des Nations,
Geneva, on 13 February 1953.

Chairman: Mr. Johan MOLANDER (Norway)

Subjects discussed: 1. Restrictive Business Practices
2. Pakistan Licence Fee and Duty on Exports of Jute
3. Accession of Japan

1. RESTRICTIVE BUSINESS PRACTICES

The CHAIRMAN recalled that he had intimated at the first meeting of the Committee on 2 February, when discussing the adoption of the Agenda, that he would wish to raise another question as an item of Other Business. The item he had had in mind was an enquiry which was likely to be addressed to the CONTRACTING PARTIES by the Secretary-General of the United Nations concerning the proposals of the Ad Hoc Committee, appointed by the Economic and Social Council, on Restrictive Business Practices. The Executive Secretary had submitted the facts of the case to the leader of each delegation in a letter dated 30 January which indicated that the CONTRACTING PARTIES would probably be asked for their views as to the organization which could most appropriately implement the proposals of the Committee on Restrictive Business Practices and had posed the question whether the CONTRACTING PARTIES would wish to express an opinion on this matter and, if so, what procedures should be followed for formulating this opinion.

The Chairman stated that he had discussed this question with various delegations and it appeared to be generally agreed that the CONTRACTING PARTIES would wish to offer an opinion on this matter when their advice is requested by the Secretary-General. It would not be practicable, however, for the Intersessional Committee at its present session to formulate recommendations as to the nature of the opinion to be expressed by the CONTRACTING PARTIES, and it seemed to him that, in these circumstances, the best course would be for the Committee to authorize the Executive Secretary to convene a further session upon receiving the official request from the Secretary-General. This
A meeting should take place well in advance of the date upon which the reply had to be made to the Secretary-General in order that the CONTRACTING PARTIES should have time to consider the Committee's recommendations. The Executive Secretary should therefore request the Secretary-General to give sufficient notice to the CONTRACTING PARTIES to enable appropriate arrangements to be made for the contracting parties to formulate their views.

The Committee agreed to the Chairman's proposal.

2. PAKISTAN LICENCE FEE AND DUTY ON EXPORTS OF JUTE

The CHAIRMAN reported that since discussion of this question on 4 February he had held consultations with the representatives of India and Pakistan and now had an agreed proposal to put forward for the approval of the Committee. He proposed that the Committee should note that certain suggestions he had made with a view to the solution of difficulties which had arisen between India and Pakistan were acceptable to the Government of India and that the Government of Pakistan had also indicated their willingness to pursue these suggestions with a view to their adoption in circumstances which could bring advantage to both countries. The Committee, therefore, might recommend both parties to consult with each other on the basis of these suggestions with a view to reaching an amicable settlement between the two Governments. The two parties should report the result of their consultation to the Chairman of the CONTRACTING PARTIES not later than 10 March 1953. If this report indicated that the consultation had been unsuccessful or that it holds out no prospect of an early satisfactory settlement, the Chairman of the CONTRACTING PARTIES should be authorized to take such steps as he deemed appropriate to deal with the situation.

The Committee agreed to this proposal.

The CHAIRMAN then stated that he had been asked whether, in his opinion, the export duty levied by Pakistan on kutcha bales of jute was to be considered as a discriminatory tax under the provisions of the General Agreement. He had reflected upon this question and had concluded that, if kutcha bales were exported to various destinations and if the same rate of export duty were applied irrespective of the destination of the exports, the duty could not be regarded as discriminatory within the terms of the General Agreement. However, the interests of a country like India, which takes all or most of its supplies of jute in the form of kutcha bales rather than in the form of pukka bales, would be clearly affected by any change in the relative incidence of export duties levied on pukka and kutcha bales. The Chairman emphasized that this opinion was based strictly on the assumption of facts as stated.

Mr. AHMAD (Pakistan) said that it might be helpful if he were to explain the difference between kutcha and pukka bales: pukka bales were put under a hydraulic press and bound with wire, whereas kutcha bales, containing
the same quantity were not hydraulically pressed and were tied with bands of jute.

3. ACCESSION OF JAPAN

The CHAIRMAN introduced the draft for the Committee's report on the Accession of Japan which had been prepared by the Working Party (IC/W/11) and reported the amendments which had been made by the Working Party that same afternoon. If adopted by the Committee this report would be submitted ad referendum to governments, and therefore any decision taken by the Committee at this time would not be binding subsequently on any of the CONTRACTING PARTIES. He suggested the draft be considered in a general discussion and then be examined in a paragraph-by-paragraph review.

Mr. RATTIGAN (Australia) said that at the outset his Government could see no satisfactory way to meet the problems presented by the Japanese application other than by not applying the Agreement between Australia and Japan. At every turn they saw difficulties which appeared insuperable. In the discussions of the Working Party his delegation participated with the object of eliminating from the solutions suggested those features which they thought would be unacceptable to the Australian Government. In the time available his Government had not been able to give detailed consideration to the various solutions proposed. The Australian delegation did not regard the report as defining the problem exactly as his Government saw it. However, the report was a valuable contribution towards the elucidation of the difficulties and would assist his Government in considering the whole position.

Mr. SANDERS (United Kingdom) noted that it was clear from the Chairman's statement and from paragraph 15 that none of the CONTRACTING PARTIES would be committed to the report of the Committee. Referring to paragraph 11, he said there was one aspect which might present difficulties for the United Kingdom and possibly for other governments; these difficulties were described in paragraph 9 and to these his Government would wish to give further consideration. It was his opinion that in approving this report and sending it forward to governments the Intersessional Committee was making an important contribution to defining the problem and towards finding a solution for it.

Mr. ROCQUE DA MOTTA (Brazil) affirmed his delegation's position in hoping that a formula would be reached to permit Japan to negotiate and to accede to the General Agreement. He stated that his delegation had raised few problems in connection with the report but this by no way showed their lack of interest in the development of the discussion. In referring to the general tariff negotiations mentioned in paragraph 14 he agreed with these proposals but would refer them for confirmation to his Government.

Mr. KASTOFT (Denmark) recalled the positive position his Government had taken at the Seventh Session towards Japanese accession. His Government saw
no need for safeguards but understood the difficulties foreseen by other contracting parties. He favoured a solution on the lines proposed through Article XXIII and this would be considered by his Government.

M. QUERTON (Belgium) acknowledged that the Working Party had completed a hard task in clarifying the problems presented by the Japanese application. He was unable at this time to give his Government's position but supported the adoption of the report ad referendum.

Mr. SINGH (India) regretted that there were no agreed recommendations. He hoped that the report would be considered by all contracting parties so that they could arrive at a decision at a special session to enable Japan to accede without delay. He assured the Committee that the report would receive careful consideration by his Government and their views would be made known at the special session.

M. LECUYER (France) stated that the Intersessional Committee had done useful work in examining the conditions of accession. The safeguards offered under the General Agreement were against normal exports, but the proposed declaration should give protection against imports at abnormally low prices. His Government would decide its attitude and would then participate in the discussions at the special session with full cognizance of the facts and with a view to achieving adequate results.

Mr. AHMAD (Pakistan) stated that his Government's views had already been given; they were among those contracting parties which at the Seventh Session favoured the accession of Japan and desired that steps in this direction be taken promptly. In the Working Party they had sought to allay the fears in the minds of some members. He hoped that good progress would continue to mark their efforts, since it must not be recorded in history that an important Asian trading nation had been kept waiting a long time.

Mr. PARBONI (Italy) had been unable to report the details of the work of the Intersessional Committee to his Government, but he hoped the report would facilitate considerations of the problems and the reaching of decisions.

The CHAIRMAN then called for a paragraph-by-paragraph examination of the draft report.
Mr. CORSE (United States), referring to paragraph 12, said that when the proposal for a "fair labour standards" clause had been discussed in the Working Party, it had not received much support nor much opposition. Several questions of a technical nature had been raised, e.g. the definition of unfair labour conditions. In view of the questions which had been asked, and in order not to prolong the work of the Committee, he was prepared to agree to the wording of this.

Mr. SANDERS (United Kingdom) thought the record of the meeting would show that there had been neither enthusiasm nor objection to paragraph 12; in his view it did not have much utility or applicability.

The report was adopted.

Mr. HAGUIWARA (Japan) expressed his appreciation of the thorough study which had been made of the questions raised and of the efforts to find a solution within the principles of the General Agreement that would at the same time give satisfaction to the views of delegations. According to the report, he understood that it was not a question of a special measure applicable exclusively to one country but of a disposition generally applicable to all parties to the General Agreement in carefully defined circumstances. He had clearly explained to the CONTRACTING PARTIES the distinct changes in the Japanese economy since the War and the measures taken by his Government to maintain normal conditions in commercial activity, as well as the new spirit of international co-operation. He was sure that the proposed safeguarding provision would never have to be applied with respect to Japan.

He was fully aware that the idea of a clause providing safeguards had been conceived as a prerequisite for Japanese accession. But in a strictly juridical point of view it was not one of the conditions in the terms of Article XXXIII which would have to be agreed upon within a protocol between Japan and the CONTRACTING PARTIES, but rather a regular decision such as many others taken by the CONTRACTING PARTIES. Mr. Haguiwara hoped, therefore, that this Declaration would be adopted independently by the CONTRACTING PARTIES at their next session or before Japan's definitive admission. Once this question of safeguards had been settled he supposed that there would only be those conditions of a general nature within the terms of Article XXXIII that one finds in the protocols for accession for other governments admitted at Annecy and Torquay.

With respect to the date for tariff negotiations he understood that this could only be decided upon at a special session of the CONTRACTING PARTIES and that that session could be held once the situation had been more clarified. He hoped that the special session would be held as soon as possible in order not to delay unnecessarily the tariff negotiations and his country's final accession. If the situation developed so as to make it possible to have general tariff negotiations in the autumn the Japanese
Government would not object to having the negotiations with Japan at the same time as more general negotiations provided this did not delay unduly the final admission of Japan. Should it appear impossible to hold general tariff negotiations, he hoped that the CONTRACTING PARTIES would decide to hold special tariff negotiations with Japan.

Mr. HAGUTWARA (Japan) concluded by noting with satisfaction the work of the Committee towards the admission of Japan and thanked the Chairman and the members of the Committee for their efforts in this cause which was a matter of particular importance for his country.

The CHAIRMAN thought the Committee would be in agreement with the interpretation of Article XXXIII given by the representative for Japan.

Mr. CORSE (United States) stated that he was again convinced of the worth of the manner in which questions before the CONTRACTING PARTIES were handled. The five years experience with the General Agreement showed that this form of international co-operation gave opportunity for frank and constructive discussion and resulted in positive solutions; this was in sharp contrast to unilateral action which, on the other hand, only increased the difficulties.

Mr. SANDERS (United Kingdom) associated his delegation with the views expressed by Mr. Corse and expressed appreciation of the spirit in which the questions before the Committee had been dealt with. He then suggested that the Report of the Intersessional Committee should be treated as confidential. He understood that the secretariat was preparing a press communiqué. The question was a delicate and sensitive one to his country, and therefore careful handling of publicity was essential in the interest of all contracting parties in its final outcome. He suggested that it be agreed that none of the members of the Committee should discuss the question with the press until after the secretariat had released its communiqué.

The CHAIRMAN said it was clear that no delegate should speak to the press on this matter before the communiqué was issued. The press release was the responsibility of the Executive Secretary, but he would welcome an opportunity for discussion with representatives interested and with the Japanese representatives.

The CHAIRMAN expressed his satisfaction with the results of the meeting in view of the difficult subject before them. He thanked the members of the Committee for their constructive help.

The session of the Committee which opened on 2 February was brought to a close at 6 p.m. on 13 February 1953.