RESTRICTED

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Limited Distribution

CONTRACTING PARTIES
Tenth Session

SUMMARY RECORD OF THE TWENTY-FIRST MEETING

Held at the Palais des Nations, Geneva, on Saturday, 3 December 1955, at 10 a.m.

Subjects discussed:
1. Report of Working Party on Rhodesia/Nyasaland Tariff
2. Report of Working Party on Belgium/Luxemburg Requests
3. Japan Accession
4. Franco-Tunisian Customs Union
5. Derestriction of Documents
6. Date of Eleventh Session.
7. Chairman's Closing Statement

1. Report of Working Party on Rhodesia/Nyasaland Tariff (L/468, SECRET/56, W.10/14)

Mr. DONNE (France)., Chairman of the Working Party, introduced the report. For a complete understanding of the matter, this report should be examined together with the report of the sub-group (W.10/14). The sub-group was appointed because of the complexity of the problem and collected, with the assistance of the Federation delegation, the basic documentation necessary to study the new tariff. as modified by the agreements with South Africa and Australia. It also examined with the latter delegations the changes in their respective tariffs. The sub-group was not able to study each separate tariff item of the Federation and limited itself to studying each section of the tariff, and comparing the rates in the Federation tariff with those that existed previsouly in the tariffs of Southern Rhodesia, Northern Rhodesia and Nyasaland. The complexity of this situation could easily be seen by the fact that Southern Rhodesia had been since 1949 in a pre-Customs Union status with South Africa and that one part of Northern Rhodesia and the whole of Nyasaland were bound by the Congo Basin Treaties. The sub-group had concluded that the general incidence of the new Federation tariff was, in fact, markedly lower than that of the tariff previously applied in the constituent territories. The Federation had thus complied with its undertaking at the Ninth Session.

With regard to preferences, it had been impossible for technical reasons to avoid an increase in the margins of preference over those which had existed in one or the other of the three territories. However, these increases affected a small number of products and involved almost no distortion of trade. The sub-group

also studied the modifications introduced by the trade agreement between the Federation and South Africa for imports into South Africa of goods originating in the Federation. The comparison of the increased preference margins with preferences granted to the constituent territories on the base date showed a number of eliminations and reductions of preference. In the case of Australia, also, it was apparent that the preferences granted to 55 tariff items on the base date were applicable now only to 3, and that only the preference granted to Northern Rhodesia had been maintained. The Working Party examined, in the light of this situation, the legal problem arising from the fact that the new Federal Tariff and the Australian and South African trade agreements involved certain increases in margins of preference. The Working Party agreed with the legal analysis by the Executive Secretary (SR.10/6, page 58) and considered that Article XXIV could not be applied to this particular case. They concluded that there was no provision of the General Agreement under which the special circumstances which had led to this situation could be taken account of, and therefore the question must be settled under the provisions of Article XXV:5(a). Mr. Donne referred to the draft decision contained in the report, and to the list of products which were presently being negotiated between the Federation and South Africa, which had been circulated separately.

Mr. LEDDY (United States) said that the proposal presently before the CONTRACTING PARTIES was an illustration of the fact that the use of Article XXV could serve a constructive purpose and the granting of a waiver need not weaken the General Agreement. The action of the Federation in respect to the tariff was in conformity with the spirit and purposes of the Agreement, although technically it departed from its letter. Given the difficulties of establishing a new tariff it was impracticable to negotiate each preference change in advance; however, the result had been good and the system of preference had in fact been contracted. He agreed that some flexibility should be allowed for further adjustments in the immediate future; this was permitted under the decision, which also ensured that the interests of other contracting parties would be taken into account. He supported the proposed decision.

Mr. KASTOFT (Denmark) recalled the Danish statement at an earlier meeting (SR.10/6). Though the direct commercial interest of Denmark in the products in question was small, his Government was concerned that new and increased preferences had been proposed in the new tariff and that new preferences were introduced in South Africa for commodities originating in the Federation. This gave rise to certain legal problems in connexion with Article I. His delegation, before coming to a conclusion

as to the correct legal procedure and as to whether exceptional circumstances justifying a deviation from the no-new-preference rule really existed, carefully considered decreases of preferences with respect to other commodities which had been enacted, and the political and commercial development in the area in the past. On the basis of a thorough examination of the information which had been supplied, they had concluded that in the present case extraordinary circumstances existed which were not covered by any provision of the General Agreement and which were not likely to recur. He was satisfied that the present levels of preferences were lower than those existing up to 1 July 1955 and felt sure that the latitude given with respect to adjustments of preference margins would be utilized with care. Consequently, and notwithstanding its firm attitude against the extended use of preferences, his Government was prepared to accept the proposed decision.

Mr. MACHADO (Brazil) supported the decision of the Working Party. Brazil was conscious of the importance of the action by the Federation with a view to consolidating its political and economic life and gave its support to the Working Party report and decision in the sense of contributing to this. The question raised by the Cuban delegation at a previous meeting regarding votes for the granting of waivers from Part I of the Agreement should be borne in mind and the action taken on this decision would have a bearing on future consideration of that question.

The representatives of Greece, India and Turkey supported the decision proposed by the Working Party in view of the special situation of the Federation.

Mr. HAGUIWARA (Japan) referred to the doubts he had previously expressed about the position of his delegation with respect to voting in the CONTRACTING PARTIES on matters or concern to a contracting party that had invoked Article XXXV, in its relations with Japan. He had, after reflection, decided to participate in the vote since this was a question that should be decided on its merits, and he would support the draft decision.

The CONTRACTING PARTIES adopted the report of the Working Party and decided that, in the case of the products currently the subject of negotiations between the Federation and South Africa, a period shorter than the sixty days would be permitted on the understanding that the Federation and South Africa would consult with any substantially affected contracting party which so requested within fifteen days of the adoption of the decision. The draft decision was approved by a vote of 30 votes in favour to 1 against.

Mr. RUSHMERE (Rhodesia and Nyasaland) thanked contracting parties for their patience and understanding and for the action they had taken on this matter.

Dr. NAUDE (South Africa) also expressed his appreciation of the imaginative and responsible way in which the CONTRACTING PARTIES had handled this matter.

2. Working Party Report on Belgium-Luxemburg Waiver (L/467)

Mr. WARWICK SMITH (Australia), Chairman of the Working Party, introduced the report. With reference to the Luxemburg request, the Working Party concluded that the difficulties which prevented Luxemburg from eliminating at this time the restrictions on the import of a number of agricultural products were of such a unique character that it was justified in recommending a waiver under Article XXV:5(a). Although the problems which faced Luxemburg agriculture appeared to be far more intractable than those which existed in other countries, the Working Party noted with satisfaction that the Government of Luxemburg intended to improve the competitiveness of its agricultural production as much as possible and to dispense as far and as soon as practicable with the present restrictions. For that reason, the Working Party recommended that the matter should be reviewed in 1960 in order to consider how far the progress made by the Luxemburg Government might have changed the position of Luxemburg agriculture, and hence the need for the maintenance of restrictions.

The problem for Belgium was more complex. The Belgian difficulties were not of the same unusual character as those of Luxemburg, and the Working Party felt that the Belgian request should be considered within the framework of the Decision of 5 March 1955. It recognized, however, the complicating factor of Belgium's partnership in the Benelux Customs Union; that it had not the same freedom regarding the use of tariffs as other countries, and that the harmonization of the agricultural policies of the members of that Union created exceptional difficulties. If the CONTRACTING PARTIES were to grant a waiver to Belgium within the terms of the hard-core Decision, that waiver would be the first given under that Decision. The Working Party therefore examined whether, for each product, the request met the various requirements of the Decision of 5 March 1955 and, as a result of this careful examination, the Belgian Government agreed to withdraw a number of items which, in the opinion of the Working Party, did not meet fully those requirements. The main difficulty which faced the Working Party was the question of the time-limit within which the Government of Belgium should eliminate fully the restrictions concerned. The Working Party felt that there were certain exceptional circumstances in the case of Belgium, and concluded that these justified an extension of two years of the waiver beyond the period of five years permitted under the hard-core Decision. This extension, however, was not intended to apply to all the restrictions listed in the annex to the draft decision, and the Belgian Government intended to remove as many as possible of the restrictions within five years, though it could not state in advance just when particular restrictions would be removed. The two years extension would thus apply only to those remaining restrictions which it had not been possible to eliminate earlier because of the exceptional circumstances. These exceptional circumstances related principally to the difficulties involved in the harmonization of the agricultural policies of the Benelux countries. The Working Party recommended that the two-year extension would be granted in the form of a waiver pursuant to Article XXV:5(a). Mr. Warwick Smith drew attention to the

points in the last part of the report which the Working Party felt should be placed on record, and to the reservations by the representatives of Denmark and Italy.

Mr. PHILLIPS (United Kingdom) said that his Government had authorized him to vote in favour of both of the Decisions proposed by the Working Party. He wished to make clear, in view of references in the Working Party Report to quantitative restrictions imposed by the Netherlands, that in agreeing to the grant of a waiver to Belgium, his Government did not regard itself as in any way authorizing the maintenance of restrictions by any other contracting party.

The United Kingdom Government had from the outset viewed the Belgian application with misgiving. They realized that Belgium as a member of a Customs Union had not complete freedom to adjust her tariffs, and noted the statement of the Belgian representative that, against the background of Belgium's seven-year plan for abolishing restrictions within the Customs Union, it would be impossible for the Belgian Government to accept any undertaking to remove her restrictions against third countries in a shorter time. The position, as described by the Belgian representative, was that the best hope the CONTRACTING PARTIES had of ensuring the removal of these restrictions was to grant the seven-year waiver. The majority of the Working Party felt that, in these circumstances, the seven-year waiver should be granted, and his Government had not thought it right to dissent from the Working Party's conclusion. Nevertheless, the fact remained that this was a seven-year waiver covering virtually the whole of Belgian agriculture. The Working Party had done its best to examine the situation in regard to each product in detail, but it was obviously impossible to devote as much time to each as might well have been done if the application had covered a narrower range. It should also be noted that the protective measures now being authorized covered both the threat arising from the inability of Belgian agriculture to withstand normal competition with the aid of tariffs alone and the threat which arose from time to time as a result of methods of trading in perishable products which were a disturbing feature in many other European markets. The announcement of a waiver for restrictions of such extent both in time, in the range of products covered, and in the degree of protection ensured, was bound to be noted not only by parliaments but also by farmers and by industrialists. It would certainly lead to a substantial increase in the pressure put on governments for the right to maintain protection by quota. For this reason, the United Kingdom Government considered that the granting of this waiver must inevitably impair the structure of the Agreement. It would make it more difficult for the United Kingdom Government to continue the policies which they had hitherto pursued, especially in cases where their problem was similar to that of Belgium and their need for quota control would appear to be no less cogent.

Mr. ANNIS (Canada) referred to the importance attached by his Government to this problem. Contractual obligations were not entered into lightly, nor should derogations from those obligations be lightly granted. They should only be permitted under special circumstances and after careful investigation. His delegation agreed with the recommendation of the Working Party that the Belgian waiver be granted largely within the hard-core Decision. This was designed to provide a reasonable transitional period for the dismantling of restrictions in cases where the sudden removal of quantitative controls maintained during a period of balance of payments difficulties would cause severe hardship to domestic producers of particular products. Canada believed that most if not all such problems could and should be solved within the limits set by the hard-core Decision. Five years was a sufficiently long period to enable countries to adapt themselves to the removal of restrictions. The Working Party recommended, however, that in this case a further waiver of two years duration be granted under the provisions of Article XXV:5(a). Only the fact that Belgium, as a partner in a Customs Union recognized by the CONTRACTING PARTIES, was faced with the peculiar problem of harmonizing her agriculture with that of her partner in the Union and had undertaken specific commitments which would result in the completion of this process within seven years, had persuaded the Canadian Government to agree to an extension of the time-limit by a further two years. This extension was, of course, subject to the same terms and conditions as those applicable to the original five-year period.

A central feature of the hard-core Decision was the requirement that the contracting party requesting a waiver should satisfy the other contracting parties that the measures it proposed to apply were in fact adequate to ensure the dismantling of the restrictions within the period specified. Belgium had already taken a number of steps towards establishing the necessary machinery for dealing with this problem. Furthermore, by the terms of her Protocols with the Netherlands, she was required within the relatively near future to produce more specific information as to measures which she planned to adopt. Belgium had specifically agreed to provide the CONTRACTING PARTIES with more precise information of a similar character in two years' time. In the view of his Government, this undertaking, and the opportunity given CONTRACTING PARTIES of reviewing these plans during annual consultations with Belgium, was one of the most important conditions attached to the waiver. During these annual consultations the CONTRACTING PARTIES would concentrate their attention not only upon plans but also upon the application of those plans. Mr. Annis understood that the elimination of the restrictions would result from the progressive dismantling of the restrictions over the period of the waiver rather than from sudden action at the end of the period, and emphasized the point made in paragraph 10 of the Report of the Working Party.

The Luxemburg waiver dealt with a different sort of problem. Luxemburg occupied a unique position because of its size and location and its peculiar relationships with its larger neighbours. Only because of this fact was the Canadian Government prepared to agree to the granting of the waiver proposed by the Working Party under the terms of Article XXV:5(a). Canada would have preferred to include in this waiver most of the terms and conditions of the hard-core Decision, but were prepared to accept the particular waiver recommended by the Working Party on the understanding that the unique position of Luxemburg was fully recognized as the basis upon which the waiver was granted, and that the treatment accorded Luxemburg would in no way serve as a precedent for other contracting parties.

He associated himself with the remarks of the United Kingdom representative as to the specific nature of these waivers; each of the two contracting parties was being granted a derogation from its obligations which applied to a specific list of commodities, and to those commodities only; each waiver was subject to specific terms and conditions; finally, each waiver applied to a specific country.

Mr. KASTOFT (Denmark) referred to his regret, expressed in earlier discussions, that Denmark had from the outset to take a negative position to the request of Belgium for a waiver going somewhat beyond the scope of the Decision of March this year, and their feeling that it would be dangerous for the CONTRACTING PARTIES to proceed as if the hard-core waiver did not exist. The Working Party, despite all its efforts, did not succeed in bringing the Belgian case into the framework of this Decision, and the Working Party's proposal went beyond the limits set thereby on certain essential points. The greater part of the draft decision did follow closely the pattern of the hard-core waiver, but the fact remained that the proposed decision as a whole did not comply with the conditions laid down in that waiver. This was clear from the last part of the second considerandum which repeated that any concurrence pursuant to the Decision must be subject to the conditions and limitations set out in Section B of the Decision, in conjunction with the last paragraph of the proposed decision by which the waiver would be extended to 31 December 1962. Section B of course provided that the concurrence of the CONTRACTING PARTIES could only be granted for a period of five years. The proposed Decision must be looked at as a whole. Theoretically it might be divided into two parts but that would imply that the CONTRACTING PARTIES were agreeing now to grant a waiver under Article XXV:5(a) which would be applicable and enter into force five years from now - an extraordinary step to take. The only extenuating circumstance with respect to the proposed duration of the waiver was the necessary harmonization of the Belgian and Netherlands agriculture.

Denmark was not able to accept the conclusion of the Working Party on the duration of the waiver. This attitude was not only dictated by considerations regarding the principles involved, but in the light of the vital interest of Denmark in the world market for agricultural products. He particularly stressed the observation in paragraph 25 of the Report; it was not reasonable to grant a waiver of this kind regarding products of which the applicant country was a net exporter. If certain branches of the agriculture in any given country were not competitive on the domestic market - and that must be the reason for the maintenance of the quantitative restrictions - any exports from that country must be effected either by means of dumping or subsidies. In this way his country might be deprived of a part of its export markets. For this reason he had hoped to see certain items disappear from the list of products annexed to the draft decision. His delegation would have to vote against the draft decision.

The Danish delegation was also unable to associate itself with the conclusion that the conditions prevailing in Luxemburg constituted exceptional circumstances which justified resort to the provisions of Article XXV:5(a). He recognized the difficulties which in the case of Luxemburg were connected with the elimination within a limited period of time of quantitative restrictions on the importation of agricultural products, and understood that it would be difficult to carry out a programme or process by means of which the agriculture in Luxemburg could adapt itself to a situation in which quantitative restrictions must be eliminated in accordance with terms and conditions of the Decision of 5 March. That his Government still could not vote in favour of the Decision proposed in the Working Party Report should be seen in the light of apprehensions regarding the principles involved. It seemed to them inadvisable even in this case to depart from or go beyond the framework laid down in the hard-core waiver with respect to the suspension of obligations under the articles dealing with the elimination of quantitative restrictions. The Danish position was fully consistent with their attitude at earlier occasions. He recalled that his delegation had voted against the waiver granted to the United States last March, and referred to the statement of his delegation during the Review when the hard-core Decision was discussed. When the request of Luxemburg was first discussed in the Intersessional Committee he had stated that Denmark could not agree to deviate from the provisions in the hard-core waiver and that it was the understanding of his Government that this framework represented the maximum of discretion the CONTRACTING PARTIES would use to meet exceptional circumstances which might arise in member countries in connexion with the elimination of quantitative restrictions for balance of payments reasons. He had been instructed to vote against the Decision proposed by the Working Party.

Mr. NOTARANGELI (Italy) said that in principle the Italian Government could not accept a differentiation between agricultural and industrial production as far as quantitative restrictions were concerned. They noted with satisfaction the Belgian intention to abolish existing quantitative restrictions on agricultural products, but were unable to vote in favour of the proposed Decision because in their view certain of the conditions envisaged by the hard core Decision were not fulfilled by the Belgian case. He expressed his regret at this and the hope that Belgium, both in its own interests and in the interests of contracting parties, would eliminate these restrictions as soon as possible. In respect of Luxemburg the Italian Government understood the problems and requirements of that country. They were unable for reasons of principle to vote in favour of the Decision, and would abstain on the vote.

Mr. FINNMARK (Sweden) said that his delegation, when the question of the hard-core Decision had been discussed at the Review session, would have preferred to see the full application of Article XI and that it was a matter of regret that so many important trading nations were not able to share these views. They hand eventually accepted the Decision of the 5 March 1955 without satisfaction and feeling that the problems intended to be covered by it, particularly in the field of agriculture, were common to many contracting parties and that a more natural course to follow to deal, if need be, with such problems would have been within the framework of a common formula applicable to all countries satisfying certain specified conditions. His Government feared that the hard-core Decision would tend, in the long run, to aggravate still further the inequality between different contracting parties with regard to rights and obligations under the Agreement to which they had frequently drawn the attention of the CONTRACTING PARTIES. These general considerations had naturally largely influenced their attitude in examining the request presented by the Belgian Government for exemption from certain basic obligations under the Agreement. Belgium could hardly claim balance-of-payments difficulties at the present moment and its problems consequently seemed to be precisely those which were intended to come within the definition of the hard-core Decision. It therefore from the outset appeared that the Belgian request had to be treated within that framework and the Swedish delegation would very much have preferred to see an agreement reached on that basis. Swedish policy was directed towards a further elimination of restrictions, including restrictions in the agricultural field. If it was to be possible to carry out that policy his Government must be sure that other countries would be ready to tackle their own problems with the same view in mind. Under the hard-core Decision an orderly and fairly speedy doing away with restrictions within a specified period and under certain conditions was provided. For reasons of domestic policy it was difficult for Sweden to compromise further on this important principle. The notion of

the speediest possible removal of restrictions according to an established plan was something to which they attached particular importance. The inequality as to obligations and rights between contracting parties would otherwise be much too apparent and indeed be difficult to accept and impossible to explain before Parliament.

He wished to express his appreciation of the spirit of cooperation which had animated the Belgian delegation, their patience, and their willingness to supply detailed information. His delegation had been particularly struck by the peculiar set of problems which were being created for Belgium by the existence of the Benelux Customs Union. Certainly they had been made aware of the special character of these difficulties and the particular context in which they were to be found. But they were not fully convinced that these problems could not be dealt with within the framework of the hard-core Decision and it was for this reason that he had some difficulty in accepting the supplementary recourse to the provisions of Article XXV:5(a). Because they felt that the particular set of circumstances obtaining in this case were perhaps not likely to cause a precedent opening an increased access to the waiver procedures they would have been prepared to meet the Belgian request within the framework of the Decision of 5 March, but they were concerned and disappointed at the failure to apply integrally that Decision in this case. He was instructed to say that the Swedish Government was not in a position to favour the application of Article XXV:5(a) and if this part of the Decision were put to a vote he would have to abstain from voting on it.

Mr. WARWICK SMITH (Australia) said that his delegation was able to agree to the proposed Decision with regard to Belgium only after full consideration of the principles involved and in the light of the circumstances of the case. He associated himself with the expectations expressed by the Canadian representative regarding significant progress each year in reducing the area of restriction. He held the same view as the United Kingdom that this waiver was exclusively for Belgium and carried no implications regarding the position of any other contracting party.

Dr. MARTINS (Austria) referred to statements by the Austrian delegation during the Ninth Session debate on the hard core waiver to the effect that it was necessary to take into consideration varying conditions of production among contracting parties. In this spirit, his Government was ready to approve the draft Decision.

Dr. NAUDE (South Africa) associated himself with the view expressed by the Australian representative.

Mr. FORTHOMME (Belgium) thanked contracting parties for the manner in which this matter had been conducted and for the interest shown in assisting his country to reach their objective. He stressed that, should it prove impossible in the event to achieve significant progress in gradual elimination of restrictions, the situation would be most serious for Belgium itself; the interest of Belgium in this matter was the best guarantee to the CONTRACTING PARTIES of achieving the objectives behind the waiver. It had been suggested that these restrictions could serve as a bad example to protectionist elements elsewhere. It should, however, be stressed that Belgian agriculture had existed under this system for some twenty years in a situation where restrictions were the rule in many countries, and until this year it had never been suggested that the situation would be changed. The decision to eliminate restrictions was an important step forward and difficult to regard as a reason for the re-introduction of restrictions elsewhere.

The CONTRACTING PARTIES adopted Section I of the report on the Belgian request and approved the Decision to grant a waiver to Belgium in connexion with import restrictions on certain agricultural products by twenty-eight votes in favour, to three against.

Mr. FORTHOMME (Belgium) thanked the CONTRACTING PARTIES.

Mr. FINNMARK explained that he had voted in favour of the Decision since it was presented as a whole, on the understanding and in the hope that Belgium would make every effort to remove as soon as possible all quantitative restrictions covered by the Decision. Had two separate votes been taken he would have had to vote against the final paragraph granting a waiver under Article XXV:5(a).

The CHAIRMAN observed that the Executive Secretary would arrange with the Belgian Government to receive the annual reports under the waiver in time to ensure their full examination at Sessions of the CONTRACTING PARTIES.

The CONTRACTING PARTIES adopted Section II of the report on the Luxemburg request and approved the waiver to Luxemburg in connexion with import restrictions on certain agricultural products by twenty-eight votes in favour to two against.

Mr. BLUCHER (Luxemburg) thanked the CONTRACTING PARTIES. He expressed his understanding of the position of those who had voted against or abstained for reasons of principle. The Decision, as well as meeting the practical difficulties of his country, served to confirm the constructive assistance that international organizations could afford to small countries who were totally powerless in the political sphere.

3. Japan Accession (L/420, W.10/34/Rev.1)

The CHAIRMAN recalled that at the earlier discussion of this item (SR.10/12), it had been agreed that the delegations concerned would continue their discussions with the delegation of Japan and that the question would be taken up again when a report was available on those discussions. He had discussed with the delegate of Japan the final disposal of the item and the latter, while agreeing that it was unnecessary for further discussions to take place at the current Session, felt that the matter was of such importance that the results of the discussion should be embodied in a formal resolution. The draft resolution which he had circulated recommended that the contracting parties concerned should continue their consultations with Japan with a view to seeking a solution to the problem, and instructing the Intersessional Committee to keep the matter under review. Finally, the resolution provided that the question should be on the Agenda for the Eleventh Session.

Mr. HAGUIWARA (Japan), reiterated his earlier statements of the importance attached by his Government to this question. It was for this reason that they had wished for the adoption of a resolution by the CONTRACTING PARTIES rather than recording the situation in the summary record. He had thought this proposal was acceptable to delegations but it appeared that some delegations had objections even to the revised draft of the resolution. He had, therefore, decided not to press for its adoption. The result of the debate had been clearly set forth in the summary record of the twelth meeting and had not been contested. His Government would continue consultations on this matter and would inform the Intersessional Committee of developments.

The CHAIRMAN confirmed the summing up he had given at the Twelfth Meeting (SR.10/12 Page 133), repeating that this reflected the views of the majority of the contracting parties, although not all. It had at that meeting been agreed to keep the matter under review, that the discussion should continue and that this would be included on the agenda of the Intersessional Committee; if a satisfactory outcome were not reached the matter would come before the Eleventh Session.

Mr. VARGAS GOMEZ (Cuba), reserved the position of his Government on this question.

4. Franco-Tunisian Customs Union

Mr. ROCHEREAU (France), said that during the Ninth Session the French Government informed the Contracting Parties of their intention to readjust the various customs tariffs in force in the French franc area for the purpose of creating as between the constituent territories of the French franc area a viable customs community. On 21 December 1954 the Leader of the French delegation indicated that this community would be set up in the form of a customs union and under the conditions laid down in Article XXIV of the General Agreement on Tariffs and Trade. The Economic and Financial Convention,

concluded on 3 June 1955 with the Government of Tunisia, had established, within the framework of the general programme, a customs union between France and Tunisia. It had been accepted by France under Law No.55-1085 of 7 August 1955, and had been ratified by the Bey of Tunis under a Decree of 27 August 1955. A partial customs union between France and Tunisia already existed. A number of goods which appeared on a special list were subject to the same tariff when imported into the two countries. French and Tunisian items of the same kind were allowed to move free of customs duties between France and Tunisia. The customs union would be complete as from 1 January 1956, and customs duties and other restrictive regulations would be eliminated for the most part in Franco-Tunisian trade. The same customs tariff would become applicable in both countries and trade with territories which were not included in the customs union would be subject to substantially identical customs regulations. In forming this customs union the French Government had not lost sight of the provisions of Article XXIV of GATT and had acted in conformity therewith. It would transmit to the secretariat the text of the Convention of 3 June 1955, of subsequent texts relating to the implementation thereof, and as soon as possible the customs tariff of the union which was being prepared. The CONTRACTING PARTIES would then be in a position to ascertain that the new customs system applicable between France and Tunisia conformed to the requirements of the General Agreement. Mr. Rochereau said that he was making this statement, in accordance with instructions received from his Government, under paragraph 7 of Article XXIV.

5. Derestriction of Documents (Spec/389/55)

The CHAIRMAN referred to the preparation of the Fourth Supplement and the fact that, in order for its publication not to be delayed, it would be necessary for the CONTRACTING PARTIES to agree to the derestriction of the reports that would be contained therein, and which were listed in the document which had just been circulated (Spec/389/55). He proposed that the decisions and resolutions of the Session be derestricted immediately. In reply to a comment by the Brazilian representative it was explained that the Fourth Supplement, as previous supplements, would confine itself to the formal reports and decisions of the Session, whereas the Press Communiqué would give a full coverage of the discussions of the Session. In accordance with the request of the South African representative, the Chairman stated that the secretariat would await hearing from the South African and Federal Governments before publishing the report on the Rhodesia and Nyasaland decision.

The CONTRACTING PARTIES agreed to the derestriction of these reports, decisions and resolutions as proposed by the Chairman.

6. Date of the Eleventh Session

The CONTRACTING PARTIES agreed to 11 October 1956 as the opening date of the Eleventh Session.

7. The Chairman's Closing Statement

The CHAIRMAN referred to the considerable number of tasks achieved in the past five weeks. Of outstanding significance was the decision whereby an important trading country, Belgium, would eliminate the last vestiges of its import restrictions within seven years. This was an important step towards achieving the basic philosophy of the Agreement as set out in Article XI. The completion of the arrangements for the 1956 Tariff Conference, which would be a fully multilateral negotiation, was another contribution to the basic objectives of the Agreement. It was to be regretted that no solution to the situation which had arisen from the fact that fourteen Governments had invoked Article XXXV in relation to Japan's accession had been found, but he felt that the nature of the problem was more clearly seen after the discussions which had taken place. He wished also to pay tribute to the exemplary behaviour of the Japanese delegation and their constructive efforts towards finding a solution. Another matter of concern was the situation in regard to the establishment of the Organization for Trade Cooperation. It was clear that everything depended on the course which one contracting party would follow, and if the result was negative or indefinitely delayed the result would be to encourage those preferring something other than the global system of trade regulations embodied in the Agreement.

This was the first time since the Panel of Complaints had been established that it had not been called upon to deal with a single case. This was encouraging evidence of the extent to which Governments increasingly tried to avoid taking action contrary to the Agreement. A marked improvement in methods of consultation on balance-of-payment restrictions had been reached during the Session. The discussion of the problem of surplus agricultural products reflected a matter of great economic and political concern to Governments. The adoption of the trainee scheme was further proof of the will of the CONTRACTING PARTIES to make a positive contribution to the solution of the problems of less developed countries. The negotiations sponsored by the CONTRACTING PARTIES towards drafting a separate Agreement on commodity problems had made progress.

The Chairman expressed his appreciation to the United Nations for the space and services they had supplied. He declared the Tenth Session closed.

The full text of the Chairman's statement is contained in press release GATT/264.

The meeting adjourned at 12 noon