

PREPARATORY COMMITTEE
REPORT OF THE
SUB-COMMITTEE ON TRADE QUESTIONS

I. INTRODUCTION

1. This Report has been drawn up by the Sub-Committee on Trade Questions(1) in accordance with the mandate given to it by the Preparatory Committee. This mandate, which is set out in Resolution OECD(60)2(Final) [see Annex I], comprises two tasks:

- to work out ways and means in accordance with which the Trade Committee of the O.E.C.D. shall exercise its functions as set out in that Resolution
- to study the Acts on trade in the O.E.E.C. other than the undertakings of the Code of Liberalisation with regard to liberalisation of trade(2).

In its work the Sub-Committee bore in mind the general objectives of the Organisation in the field of trade as defined in Articles 1(c) and 2(d) of the draft Convention [See Annex II].

Some Delegations have pointed out, that, as important parts of the questions covered by the mandate still remain to be settled, it should be understood that no Delegation is considered to be bound by any part of the report until agreement

(1) Delegates from all the prospective Member countries of the O.E.C.D. and representatives of the European Communities took part in the work of the Sub-Committee. The representative of the Executive Secretary of the G.A.T.T. also took part in the work as an observer.

(2) The object of this study is specified in the Resolution relating to the Preparatory Committee [OECD(60)14(Final)].

is reached on the whole of its subject matter. These Delegations also stressed that their governments attach particular importance to the way and form in which the conclusions ultimately agreed are carried over for application in the O.E.C.D. They indicated that they might have proposals to make in this respect at a later stage.

II. WAYS AND MEANS

2. With a view to working out the ways and means by which the Trade Committee will function, the Sub-Committee reviewed the activities which this Committee will be called upon to undertake. It has limited itself to giving a broad outline of these activities; an effect of this will be to permit the Trade Committee a high degree of flexibility in arranging its work.

The Sub-Committee also makes certain proposals for the structure of the Trade Committee. It is understood that the Trade Committee will be responsible to the Council, to whom it will report; the rules for the nature and frequency of these reports and the detailed rules of procedure will have to be determined at a later date.

No reference is made in this Report to the function defined in paragraph 1(c) of Resolution OECD(60)9(Final), relating to the consideration of problems currently being considered by the Committee on Trade Problems. The Sub-Committee considers that the necessary ways and means of dealing with these problems will have to be worked out at the time when they come to the Trade Committee.

A. Activities of the Trade Committee

Information

3. The draft Convention already provides [Article 3(a)] that Member countries will keep each other informed and will furnish the Organisation with the information necessary for the accomplishment of its tasks. The Sub-Committee considers that this information should take the form of notifications made to the Organisation which would bring them to the knowledge of the Member countries. The Trade Committee will have to make certain that information in the field of trade (application of quantitative restrictions, etc.) is ensured and kept up to date. In the opinion of the Sub-Committee, this is an essential task which underlies all other activities of the Trade Committee.

Confrontation

4. Confrontation at regular intervals in the field of trade, which is without precedent in the O.E.E.C., constitutes an essential feature of the trade activities of the O.E.C.D. In the course of these confrontations, the general trade policy of each Member country and its trade practices will be examined with special attention to the outstanding features of policy and any significant modification in its application, especially as to the incidence which such policy may have on the economic situation of other countries. The Sub-Committee thinks that at the outset, the Trade Committee should carry out a wide-ranging and fairly detailed confrontation and thus acquire the background information and knowledge which would assist it to determine the programme of subsequent confrontations in the light of circumstances. (To begin with, regular confrontation could, for example, take place once a year; this timing might be altered later in the light of experience.) Owing to the interdependence between trade policy and economic and financial policies, confrontation must be arranged with due consideration for the need to co-ordinate it with the work of the other O.E.C.D. bodies. Regard should be had to experience gained in the field of confrontation of economic policies in O.E.E.C.

If this confrontation is to be effective, the questions covered must be selected in the light of their practical interest and topical character and must be clearly defined in advance.

Should circumstances so require, ad hoc confrontations could be arranged, for example, in the event of a major modification in the trade policy of a Member country since the last regular confrontation or if following a substantial change in its situation, a Member country did not make the appropriate changes in its trade policy.

Examination of trade problems

5. The Trade Committee will be called upon to examine the problems specified in paragraph 1(b) of the Resolution OECD(60)9(Final); such problems may, for example, arise out of a confrontation. It will also have to consider the trade aspects of more general questions dealt with by other organs of the O.E.C.D.

Special case of Member countries applying for or receiving loans from the European Fund

6. The Sub-Committee considers that the present trade activities of the O.E.E.C. in the case of loans applied for or received by Member countries from the European Fund should be adapted to the framework of O.E.C.D. with a view to ensuring the participation of the Trade Committee in the work concerning the granting of these loans. The Trade Committee should carry out a detailed and continuous examination of the trade policy of the countries concerned and make any appropriate recommendations, especially as to the policy which those countries should follow in order to maintain or increase trade liberalisation, or restore it as rapidly as possible. In this connection, an appropriate liaison should be established between the Trade Committee and the organs of O.E.C.D. dealing with payment questions.

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7. The Sub-Committee is of the opinion that the Trade Committee should be left to work out its own procedures in detail for the proper organisation of its activities under the various headings given above.

It would be in the spirit of the Resolution on Trade that these procedures be arranged so that all of the functions of the Trade Committee will be carried out in the most efficient and expeditious manner possible. The Sub-Committee considers therefore that it would be desirable for the Trade Committee to adapt its procedures to the nature of the problems for which it has a responsibility, with a view to avoiding unnecessary formalism. In this sense, and according to circumstances, any Member country wishing to raise a problem arising out of the trade measures taken by other Members may ask for a consultation under an informal procedure.

In carrying out its tasks the Trade Committee shall have due regard to the fact that Member countries are to be able to obtain prompt consideration and discussion of commercial problems as provided for in the Resolution.

B. Structure of the Trade Committee

8. The Sub-Committee thinks that the Trade Committee should be a plenary committee where senior officials responsible for the execution of the trade policy of their Governments represent the Member countries; these senior officials should be entitled to be represented by a deputy. The Sub-Committee, however, wishes to stress the importance of continuity in representation on the Trade Committee.

The Trade Committee should have power to delegate work to subsidiary bodies whose composition it would itself determine. This also applies to the work which the Committee would have to do jointly with other O.E.C.D. committees.

9. The representation of the European Communities is already specified in the draft Convention [Article 13] and draft Supplementary Protocol No. 1/. The representation of the Secretary-General of the European Free Trade Association is ensured by virtue of Resolution OECD(60)15(Final). The Sub-Committee further desires to stress the importance which it attaches to liaison with the G.A.T.T. and especially to the attendance of the Executive Secretary of the G.A.T.T. or his representative at meetings of the Trade Committee. It has been suggested that the question of reciprocal representation should be considered either by the Preparatory Committee or by the O.E.C.D. Council.

III. CONSIDERATION OF THE ACTS(1)

10. In considering the trade Acts of the O.E.E.C. in accordance with its mandate, the Sub-Committee notes that the transition from the O.E.E.C. to the O.E.C.D. will not be looked upon as opening the door to any withdrawal from the level of liberalisation already achieved but that, on the contrary, the Governments of the prospective Members of the O.E.C.D. have the intention of pursuing their efforts to develop trade in accordance with their international obligations.

(1) With regard to trade Acts of the O.E.E.C. in the field of agriculture and fisheries, the Sub-Committee on Trade Questions has noted the conclusions reached by the Committee of Deputies of the Ministers for Agriculture and Food sitting as a Sub-Committee of the Preparatory Committee [see OECD/P/207]. Paragraph 10 B(a) [see page 6] gives the conclusions of the consideration by the Sub-Committee on Trade Questions of the Acts relating to export aids.

A. Acts not recommended for retention

The Sub-Committee considers that in the case of certain Acts specified in Annexes III and IV - there is no ground to recommend to the O.E.C.D. to retain them

- either because they have become obsolete [see Annex III/](1),
- or because no Delegation has proposed explicitly to retain their provisions [see Annex IV/](1).

B. Acts whose substance certain Delegations would like explicitly to retain wholly or partially in the O.E.C.D.

- (a) Export aids: Decision C(59)202 as amended by Decisions C(60)130 and C(60)145 in the light of the entry in the Minutes C/M(60)15 (item 121 B) of 24th June, 1960.

In the consideration of the Acts listed above, it was pointed out by the Delegations for Canada and the United States that they were not prepared to accept them. Having noted these declarations, the Delegate for France stated that his Government could not accept these obligations if they were not equally accepted by Canada and the United States.

Other Delegations think that the O.E.E.C. Acts relating to export aids(2) should be carried forward into the O.E.C.D., subject to certain amendments. While in the minds of some of these Delegations, these amendments will be purely formal, other Delegations feel that provisions in the O.E.C.D. would not be necessary as far as similar obligations existed in the G.A.T.T.; these latter Delegations think it essential that the O.E.C.D. should continue to deal with questions relating to export aids in the framework of the ways and means envisaged for the Trade Committee, and that it should also pursue the work of the O.E.E.C. with a view to improving the discipline established in this field. Furthermore, in the case of several Delegations, the retention of these Acts in the O.E.C.D. is subject to the condition that all the prospective Members subscribe to them; other Delegations do not impose this condition and could agree to the application of these Acts in a more restricted circle of Member countries.

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- (1) The Canadian and United States Delegations did not agree in all cases as to the precise classification into which these Acts should fall.
- (2) It is recalled that the obligations in this field do not apply to Greece and Turkey.

Some of the Delegations referred to in the sub-paragraph above think that, in order to avoid transitional problems arising, the Preparatory Committee should contemplate recommending the Council of O.E.C.D. to carry forward the substance of the O.E.E.C. rules in the matter of export aids until 1st January, 1962, unless these problems of transition have been solved before that date.

Furthermore, with regard to the O.E.E.C. provisions in the matter of export aids in the agricultural field, several Delegations are of the opinion that their substance should in any event be retained within the framework of the O.E.C.D. It would be desirable that the competent bodies of the O.E.C.D. should consider these provisions and adapt them with a view to the future maintenance of the discipline which has been established in this field.

(b) The Acts listed (with an indication of their contents) in Annex V to this Report contain provisions the carry over of which into the O.E.C.D. would raise not merely questions of form but also problems of application. The Sub-Committee considers that these questions and problems should be examined by the Trade Committee of O.E.C.D. taking into account work of the G.A.T.T. on the same matters. In this examination the Committee should inter alia look to the work done by the O.E.E.C. on the subject matters in question to the extent that this work is relevant to and consistent with its functions in order to benefit for its own assessments from the experience previously gained(1)(2).

(c) Several Delegations consider that the Acts enumerated in Annex V contain provisions which are useful. Therefore they are of the opinion that the substance of these provisions should be explicitly retained in the O.E.C.D. In particular, certain provisions which have made a special contribution to the effectiveness of the O.E.E.C.'s trade activities should be retained, either as

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- (1) The Delegate for Portugal has reserved his position with regard to this sub-paragraph.
 - (2) The Canadian and United States Delegations assume that it is intended that the Acts listed in Annex V would also lapse under Article 15 of the draft Convention. They could accept the substance of paragraph 10 B(b) only in relation to the following Acts: C(58)11(Final), C(59)143(Final), C(55)162(Final). They consider that the Preparatory Committee should indicate in its report that certain of the activities covered by these three Acts should be examined by the Trade Committee of the O.E.C.D. with a view to determining whether, and if so under what conditions, they should be applied by the reconstituted Organisation.

they stand or modified and in an appropriate form, by the reconstituted Organisation. In combination with the general ways and means of the Trade Committee, provisions of this kind, transposed for instance in the form of elements of assessment which the Committee could use on the occasion of confrontations, examinations or consultations, would, in the light of the close co-operation which will exist between the O.E.C.D., the I.M.F. and the G.A.T.T., contribute to the proper discharge of Member countries' obligations and the attainment of the Organisation's objectives. These elements of assessment are set out in Annex VI to this Report.

11. With regard to the problem of Member countries who are not contracting parties to the G.A.T.T., the Sub-Committee notes that Iceland is the only country which is not a contracting party and which has not applied to be a contracting party of the General Agreement on Tariffs and Trade. In the case of this country the Trade Committee should work out a suitable solution.

ANNEX I

RESOLUTION ON TRADE

(Adopted at the Ministerial Meeting on 23rd July, 1960)

[OECD(60)9(Final)]

.....
1. Draft Supplementary Protocol No. .. to the draft Convention shall read as follows:

"THE SIGNATORIES of the Convention on the Organisation for Economic Co-operation and Development;

"HAVING REGARD to paragraph (c) of Article 1 of that Convention;

"HAVE AGREED:

"There shall be established within the Organisation for Economic Co-operation and Development a Trade Committee which shall carry out, in particular, the following functions:

- "(a) confrontation of the general trade policies and practices at regular intervals or whenever requested by a Member, having in mind the need for maintaining a system of multilateral trade which would enable Members to exchange goods and services freely with each other and with other countries under conditions of reasonable overall equilibrium in international balance of payments;
- "(b) examination of specific trade problems primarily of interest to Members and their overseas territories; and
- "(c) consideration of any short- and long-term trade problems currently being considered by the Committee on Trade Problems established by the Ministerial Meeting of 13th-14th January, 1960, which remain outstanding." (1)

(1) It is recalled that the United Kingdom Delegation has proposed an amendment to paragraph (c) of the draft Supplementary Protocol [OECD/P/18, 5th October, 1960].

2. It is understood that the provisions relating to the Trade Committee provided for in the draft Protocol set out in paragraph 1 would enable any Member country to obtain prompt consideration and discussion by the Committee of trade measures by another Member which adversely affect its interests, with a view to removing or minimising such adverse effects.

3. The undertakings of the Code of Liberalisation with regard to Liberalisation of Trade should not be continued in the Organisation for Economic Co-operation and Development. All other Acts on Trade in the Organisation for European Economic Co-operation shall be studied by the Preparatory Committee (1).

4. The Preparatory Committee shall be responsible for working out ways and means in accordance with which the Trade Committee shall exercise its functions.

(1) The Swiss Delegation would prefer the whole text of paragraph 40 of OECD(60)5.

ANNEX II

DRAFT CONVENTION
ON THE ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT
/OECD(60)17/
ARTICLES 1(c) and 2(d)

ARTICLE 1

The aims of the Organisation for Economic Co-operation and Development (hereinafter called the "Organisation") shall be to promote policies designed:

.....
(c) to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

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ARTICLE 2

In the pursuit of these aims, the Members agree that they will, both individually and collectively:

.....
(d) pursue, in accordance with their international obligations, their efforts to reduce or abolish on a non-discriminatory basis quantitative restrictions and other obstacles to the exchange of goods and services and to maintain and extend freedom of payments and capital movements; (1)

(1) It is recalled that the United States and Swiss Delegations have proposed amendments to Article 2(d) of the draft Convention /OECD/P/11, of 20th September, 1960 and OECD/P/15 of 28th September, 1960/.

ANNEX III

LIST OF ACTS REFERRED TO IN PARAGRAPH 10 A OF THE REPORT (1)

- Acts which have become obsolete -

Reference	Title and Content
I. <u>LIBERALISATION OF TRADE</u>	
Code of Liberalisation (2)	The provisions of Section II of Part I and Parts III, IV, VI and VII and Annex A, so far as they relate to trade, and with <u>the exception of Article 25 bis and Section II bis of Annex A</u> (See Annex V).
C(56)223(Final) 26th October, 1956	Recommendation of the Council concerning further progress in the liberalisation of trade and the relaxation of quantitative restrictions.
C(56)240 26th October, 1956	Decision of the Council concerning the extension of 90 per cent liberalisation and the tariff problem <u>with the exception of paragraphs 7B, 7C and 7D</u> (see Annex IV).
C(57)206(Final)	Decision of the Council amending Decision C(56)240 above
C(58)157(Final)	- do -
C(59)136(Final)	- do -
C(57)57(Final) 10th May, 1957	Resolution of the Council concerning progress in the liberalisation of trade and the relaxation of quantitative restrictions on imports.
C(59)241 16th October, 1959	Resolution of the Council on new aspects of the Organisation's contribution towards freeing trade.

(1) See footnote (1) to paragraph 10 A of the report page 67.

(2) It is recalled that, in accordance with the Sub-Committee's mandate, the undertakings of the Code relating to liberalisation of trade, Part I, Section I have not been considered. Parts II and V and Annexes B and C relate solely to invisible transactions.

C(53)9(Final) 7th February, 1953	Decision of the Council concerning the Member States of the European Coal and Steel Community.
C(56)77 23rd March, 1956	Resolution of the Council concerning the procedure for references submitted under the Code of Liberalisation.
<p>II. <u>LIBERALISATION AND RELAXATION OF RESTRICTIONS ON IMPORTS VIS-A-VIS THE DOLLAR AREA</u></p>	
C(54)317 22nd December, 1954	Recommendation of the Council concerning the relaxation of quantitative restrictions on imports of goods /and restrictions on invisible transactions and transfers/ relating to the dollar area.
<p>III. <u>SPECIAL CASES OF CERTAIN COUNTRIES (1)</u></p>	
<p>A. <u>SPAIN</u></p>	
C(59)192 20th July, 1959	Decision of the Council concerning the application to Spain of the Code of Liberalisation and related Decisions.
C(60)174 19th July, 1960	Decision of the Council concerning the application by Spain of the provisions of Article 3(d) of the Code of Liberalisation.

(1) The Acts relating to special cases of countries enjoying credits from the European Fund have not been considered by the Sub-Committee on Trade Questions [see paragraph 6 of the Report].

<p>B. <u>GREECE</u></p> <p>C(54)110(Final) 21st May, 1954</p> <p>C(54)202(Final) 30th July, 1954</p>	<p>Decision of the Council repealing the former Articles 3(d) and 20(d) of the Code of Liberalisation</p> <p>Recommendation of the Council concerning the development of exports of Greek products</p>
<p>C. <u>ITALY</u></p> <p>C(57)205(Final) 28th February, 1958</p>	<p>Recommendation of the Council concerning obstacles to exports of Italian agricultural products</p>
<p>D. <u>TURKEY</u></p> <p>C(57)215 11th October, 1957</p>	<p>Decision of the Council concerning the situation of Turkey in relation to her obligations under the Code of Liberalisation</p>

ANNEX IV

LIST OF ACTS REFERRED TO IN PARAGRAPH 10A OF THE REPORT(1)

(Acts whose provisions it is not proposed explicitly to retain)

Reference	Title
<p>I. <u>LIBERALISATION OF TRADE</u></p>	
<p>C(55)56 4th March, 1955</p>	<p>Declaration of intention of Member countries concerning the aims of liberalisation.</p>
<p>C(55)240 paragraphs 7B, 7 and 7D 26th October, 1955</p>	<p>Provisions of the Decision of the Council concerning the extension of 90 per cent liberalisation and the tariff problem relating to</p> <ul style="list-style-type: none"> - the administration of imports under State trading - cases where customs duties prejudice measures of liberalisation - greater progress in the liberalisation of foodstuffs and agricultural products.
<p>C(60)35 2nd February, 1960</p>	<p>Recommendation of the Council on Trade and Payments.</p>
<p>C/M(60)17(Final), Item 139 1st July, 1960</p>	<p>Entry in the Council Minutes after discussion on the extension of 90 per cent liberalisation obligations.</p>
<p>II. <u>TRADE WITH THE OVERSEAS TERRITORIES OF MEMBER COUNTRIES</u></p>	
<p>C(54)113 13th April, 1954</p>	<p>Recommendation of the Council concerning quantitative restrictions on the export of commodities.</p>

(1) See footnote (1) to paragraph 10 A of the Report Page 67.

ANNEX V

LIST OF ACTS REFERRED TO IN PARAGRAPH 10 B(a) and (b) OF THE REPORT

(1)
- Acts whose substance certain Delegations would like explicitly to retain wholly or partially in the OECD -

Reference	Title and Content
<p>I. <u>EXPORT AIDS</u> Pro mem: See paragraph 10B(a) of the Report, also for reference to the Acts in question (2).</p>	
<p>II. <u>QUANTITATIVE RESTRICTIONS ON EXPORTS</u> C(55)297 7th February, 1953 and 18th November, 1955</p>	<p>Decision of the Council concerning quantitative restrictions on the export of goods (2).</p>
<p>III. <u>SUSPENSION OF MEASURES OF LIBERALISATION</u> A. <u>Suspension of measures of liberalisation on the ground of balance of payments difficulties</u></p>	
<p>Code of Liberalisation Article 25 bis paragraph b Annex A, Section II bis paragraph 1 a paragraph 1 b and c paragraph 2</p>	<p>Procedures (a) programme for the restoration of measures of liberalisation as soon as possible (especially internal measures designed to facilitate this restoration); (b) import programme for products subject to restrictions. Guiding principles - to ensure that overall economies do not bear on a limited range of products; - to impose restrictions in a uniform manner; - as between different products; - as regards their effects on other countries.</p>

(1) See footnote (2) to paragraph 10 B(b) of the Report page V.

(2) The German and Norwegian Delegations think that, subject to purely formal amendments these Acts should be retained as they stand in the OECD.

B. <u>Ex-freed commodities</u>	
C(52)244 13th August, 1952	Decision of the Council concerning ex-freed commodities(1).
paragraph I	To ensure that restrictions shall not apply to goods in the course of delivery before the announcement of the restrictions, or to issue licences for such goods.
paragraph II 2	To issue licences where the parties are already bound by contract.
paragraph II 4	To issue licences in time to permit contracts to be performed at due date, especially in the case of a seasonal market.
paragraph II 5	Licences issued to permit the performance of outstanding contracts should be counted against quota, or allocations of foreign exchange allowed for the appropriate category of goods.
paragraph II 6	To announce the licensing regime for perishable goods as promptly as possible and to issue licences promptly.
paragraph II 7	To take account of seasonal market fluctuations in allocating quotas to different periods.
paragraph II 8	To give wide publicity to the import arrangements and to deal with licensing applications as rapidly as possible.
paragraph II 9	To allow as short a period as possible between the introduction of restrictions and the announcement of licensing arrangements.

(1) The German and Norwegian Delegations think that, subject to purely formal amendments, this Act should be retained as it stands in the OECD.

paragraph II 10	To take account of the need to authorise the import of seasonal and perishable commodities, to preserve the traditional channels of trade (in particular, imports of goods manufactured specially for the market of the country concerned) and to ensure a fair distribution of business among exporters.
IV. ADMINISTRATIVE AND TECHNICAL REGULATIONS HAMPERING TRADE	
C(58)11(Final) (1) 28th February, 1958	Recommendation of the Council relating to administrative and technical regulations hampering the expansion of intra-European trade.
paragraph I	Reduction, to the minimum necessary for adequate control, of the administrative and technical regulations which hamper trade, and in particular:
paragraphs 6 a and c	- simplifying and expediting licensing formalities;
paragraph 6 b	- not limiting consultations with national economic interests, prior to the grant of a licence, to producers' associations;
paragraph 6 d	- simplification of technical control;
paragraph 7	- elimination of internal regulations discriminating between imported products and home-produced products.

(1) The Sub-Committee has noted the provisional conclusions of the Preparatory Committee in respect of this Act [OECD/P/23].

C(59)143(Final) (1) 16th October, 1959	Recommendation of the Council concerning technical regulations hampering the expansion of intra-European trade.
	Standardization of national regulations and specifications.
C(55)162(Final) (1) 29th September, 1955	Recommendation of the Council concerning the improvement of regulations applying to trade in replacement parts between Member countries (2).
	To ensure that restrictions are not applied to replacement parts, or to deal favourably with applications for import licences.
V. <u>TRADE IN THE FIELD OF NUCLEAR ENERGY</u>	
C(59)282(Final) (1) 29th January, 1960	Decision of the Council concerning standstill measures in respect of intra-European trade in the field of nuclear energy.
	Standstill measure applying to all measures and regulations (quantitative restrictions, Customs duties, etc.) concerning trade in the nuclear products specified in a list annexed to the Decision Application of the Decision subject to certain derogations Procedure for reference, examination and consultation.

- (1) The Sub-Committee has noted the provisional conclusions of the Preparatory Committee in respect of these Acts [OECD/P/2]
- (2) The German and Norwegian Delegations think that, subject to purely formal amendments, this Act should be retained as it stands in the OECD.

ANNEX VI

ELEMENTS OF APPRECIATION REFERRED TO IN
PARAGRAPH 10 B(c) OF THE REPORT

- Conversion of the substance of certain provisions into elements of appreciation to be used by the Trade Committee in its work -

1. Withdrawal of liberalisation as a result of balance of payments difficulties /Code of Liberalisation: Article 25 bis and Annex A, Section II bis/

In examining the import system of a Member country which, as a result of balance of payments difficulties, introduces or strengthens restrictions on trade in goods, the Trade Committee will, inter alia, determine:

- /(a) in close co-operation with the Board of Management of E.M.A. whether the extent of restrictions is in proportion to the seriousness of the balance of payments situation/;
- (b) whether the restrictions avoid unnecessary damage which bears especially on the interests of other Member countries;
- (c) whether, having regard to the vital interests of the economy of the Member country in question, the overall economies introduced do not bear on such a limited range of commodities that imports of such commodities are reduced to a very low level;
- (d) whether the restrictions upon imports not maintained at a high level are imposed in as uniform a manner as possible;
- (e) whether the sector of commodities which have not been the object of measures of liberalisation is not accorded more favourable treatment than the sector subject to new restrictions;
- (f) whether every endeavour is made to attenuate the difference in the effects which the restrictions may have on the trade of other Member countries;
- (g) whether it is possible to recommend the fixing of a time limit for the progressive return to liberalisation in the light of the measures of stabilization taken or contemplated and the mutual aid which may be decided upon.

2. Import of ex-freed products /Decision C(52)244/

In examining the case of Member countries, which introduce quantitative restrictions on imports or reinforce existing restrictions, the Trade Committee will inter alia determine:

- (a) that such restrictions do not apply to goods shown to the satisfaction of the control authorities to have been despatched to their territories from the factory or other despatch point before the announcement of the restrictions;
- (b) that the necessary licences for imports specified in contracts not of a speculative nature concluded in the ordinary course of business before the announcement of the restrictions are issued in time to permit the contracts to be performed at the due date, especially where the goods are required for a seasonal market;
- (c) that the licensing system in respect of the import of perishable goods has been announced as soon as possible and that all arrangements have been made for the prompt issue of import licences in respect of such goods;
- (d) that due account has been taken of the need to authorise the import of seasonal or perishable products, to preserve the traditional channels of trade (in particular, imports of goods manufactured specially for the market of the country concerned) and to ensure a fair distribution of business among exporters.

3. Administrative and technical regulations hampering the expansion of trade /Decisions C(58)11(Final) and C(59)143(Final)/

In considering the administrative and technical regulations of Member countries, the Trade Committee will inter alia determine whether such regulations are designed and applied in such a way as not to hamper trade in goods more than is strictly necessary to ensure adequate control.

In carrying out this task, the Trade Committee will be guided by the provisions of the O.E.E.C. Decisions C(58)11(Final) and C(59)143(Final)./

4. Trade in replacement parts /C(55)162(Final)/

In considering the case of Member countries which still apply or reintroduce quantitative restrictions on the import of engineering equipment, the Trade Committee will inter alia determine whether the administrative system makes it possible so far as practicable to deal quickly and sympathetically with applications to import essential replacements for worn or damaged parts.

5. Export aids /C(59)202/

/PM/

6. Standstill measures in the field of nuclear energy /C(59)282(Final)/

/PM/