

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/439

27 October 1955

Limited Distribution

CONTRACTING PARTIES
Tenth Session

REPORT OF THE INTERSESSIONAL COMMITTEE

Report submitted to the CONTRACTING PARTIES on the Work of the Committee between the Ninth and Tenth Sessions

The Committee has met on three occasions since the Ninth Session: from 23 June to 8 July, from 22 to 24 September and on 26 October. The discussions at the first two meetings are summarized in IC/SR. 19 - 21, and the record of the October meeting will appear in IC/SR.22. This report reviews the work and notes the recommendations of the Committee.

I. Arrangements for the Tenth Session

At its meetings in September and October the Committee considered the arrangements to be made for the Tenth Session and the order of business for dealing with the items on the Agenda. The Committee submits the following recommendations:

- (i) In view of the heavy workload for the secretariat in the late afternoon and of the earlier time fixed by the Palais des Nations for the submission of documents for distribution the following morning, hours of meetings should be 10 to 12.30 and 2.30 to 5.00.
- (ii) Simultaneous interpretation should be provided for all plenary meetings. (When simultaneous interpretation is used, it is not possible to have a meeting of a working party at the same time as a plenary meeting.)
- (iii) Plenary meetings should be held in the afternoons except on 28 and 29 October. The Budget Working Party and any other working party that may be appointed on 28 October should meet that afternoon.
- (iv) In deciding upon the order of business, the CONTRACTING PARTIES should arrange to take up the following items in plenary session on the days indicated (the items are numbered as in L/417/Rev.1):

27 October:

1. Adoption of Agenda and Order of Business
2. Election of Chairman and Vice-Chairman
- 24 (a), (b) & (c) Status of Agreement and Protocols
3. Extended Use of Panels

28 and 29 October:

29. Financial Statement and Budget
27. Australian Request for Renegotiations
- 10 (d) Australia/Papua-New Guinea, Report under Waiver
16. Request by Australia for Waiver
25. Accession of Japan
26. Rectification and Modification of Schedules

31 October:

17. Requests by Belgium and Luxemburg for
Waivers from Article XI
- 4.. Arrangements for Tariff Negotiations in 1956

1 November:

13. Customs Tariff of the Federation of Rhodesia
and Nyasaland
14. South Africa/Southern Rhodesia Customs Union

3 November:

- 10 (c) Report by the member States of the European
Coal and Steel Community

7 November:

8. GATT/Fund Relations
9. Balance-of-Payment Import Restrictions
- 10 (a) & (b) Reports under Waivers from Article XV:6
21. Surplus Disposal

11 November:

- 10 (e) Reports by Italy and Libya under Waiver
12. Customs Administration

14 November:

5. Commodity Problems
6. Chairmanship of ICCICA

II. Requests by Belgium and Luxemburg for Waivers from Article XI

The meeting in June was convened specially to examine the requests by the Governments of Belgium and Luxemburg for waivers from Article XI to permit the maintenance of certain quantitative import restrictions.

Belgium's request is intended to provide for the control and restriction of trade in a number of agricultural and fisheries products for a transitional period of seven years during which the harmonization of the agricultural policies of the Netherlands and Belgium is to be accomplished; by the end of that period the Belgian restrictions on imports from the Netherlands - its partner in the Benelux union - and also from other contracting parties, are to be removed in compliance with the requirements of Article XI. This request was submitted under Article XXV, rather than under the so-called "hard-core" Decision of the CONTRACTING PARTIES of 5 March 1955. Several Committee members considered that this request for a waiver under Article XXV would re-open some of the major issues encountered in the Review of the Agreement at the Ninth Session. Since the majority of the Committee were opposed to the examination of the application under Article XXV, and the Belgian representative agreed to have the application examined in the first instance in terms of the Decision of 5 March 1955, the request was referred to a working party for consideration within the terms of that Decision. As recorded in the report of the Working Party (L/372), it was considered desirable to invite the Belgian Government to submit additional information by 1 September and to recommend that the request be dealt with by the CONTRACTING PARTIES early in the Tenth Session.

The Committee considered that the treatment of the Belgian request was a matter of particular importance as it would set a precedent for the consideration of applications under the "hard-core" Decision or of other applications to which the provisions of that Decision might be relevant. For this reason the Working Party devoted its attention to the general principles which should guide the CONTRACTING PARTIES in their examination of such requests and drew up a questionnaire to be completed in respect of each item covered by such an application. The Committee suggests that the questionnaire drawn up by the Working Party (L/372, Annex A) should be examined by the CONTRACTING PARTIES with a view to its adoption for use - supplemented as in the case of the Belgian waiver by specific questions relating to the particular application under consideration - on future occasions when they are requested to concur in the maintenance of restrictions under the Decision of 5 March 1955 and on other occasions to which the provisions of that Decision might be relevant.

Although the Committee was not able to deal finally with the Belgian request it was considered that the meeting had been useful in developing the points pertinent to a waiver under the "hard-core" Decision and in determining the kinds of information which should be furnished. Moreover, it demonstrated the usefulness of the intersessional procedures since, if the Committee had not met to consider the request, the same difficulties would have arisen at the Tenth Session and it might have been impossible to reach a decision at that Session.

The request by Luxemburg is for authority to maintain quantitative restrictions in order to deal with agricultural problems of a permanent rather than a transitional character and is therefore submitted under Article XXV:5(a) rather than under the Decision of 5 March 1955. This request was referred to the same Working Party. In view of the close association between the protective measures applied by Belgium and Luxemburg, it was considered desirable that the requests of the two Governments should be examined and decisions taken by the CONTRACTING PARTIES at the same time. Accordingly the Committee agreed that this request should also be dealt with by the CONTRACTING PARTIES early in the Tenth Session.

III. Intensification of Import Restrictions by Australia

The Government of Australia informed the CONTRACTING PARTIES on 22 March that its restrictions on imports would be intensified. By postal ballot the CONTRACTING PARTIES agreed to waive the thirty-day time-limit for the initiation of a consultation under Article XII:4(b) and to defer the consultation until the next meeting of the Committee. In June the Committee appointed a Working Party to conduct this consultation and instructed it to submit its report direct to the CONTRACTING PARTIES.

Before referring this consultation to the Working Party, the Committee considered whether action could be taken to fulfil the wish expressed during the Ninth Session that such consultations should be more meaningful than hitherto. The Committee adopted a list of topics to serve as a guide to the Working Party in the conduct of the consultation: the Working Party found the list useful and suggests in its report (L/370) that future consultations would be greatly facilitated by advance preparations and by the use of a plan of this kind, suitably amended on each occasion. The Committee invites the attention of the CONTRACTING PARTIES to this comment. (The list of topics is annexed to IC/SR.19.)

IV. French Special Temporary Compensation Tax on Imports

By the Decision of 17 January 1955, the Committee was instructed to follow the measures taken by the French Government in implementing its undertaking to remove the compensation tax on imports as soon as possible, and the Government of France was required to report to the Committee on action taken. The French Government submitted a report to the Committee at its June meeting and renewed its assurances of its intention to remove the tax. The Committee noted that action had been taken to reduce the rates of the tax on some items and asked for a further report by 1 September.

The report submitted to the September meeting was not received in time for the members of the Committee to discuss the question in detail and therefore the Committee agreed to refer the report to the CONTRACTING PARTIES for consideration at the Tenth Session. It was noted, however, that the French Government had submitted a comprehensive statement, including detailed statistical information about the extent of the import trade subject to the tax and lists of the items on which the rate of tax had been reduced. The French representative assured the Committee that his Government intended to achieve complete removal of the tax, but this could be effected only gradually.

V. Uncompleted Negotiations under Article XXVIII

At its meeting in September it was reported to the Committee that some of the contracting parties which were having recourse to paragraph 2(b) of the Declaration of 10 March 1955 on the Continued Application of Schedules would not be able to complete their negotiations within the time-limit of 30 September; delegations which had come to Geneva during the summer to conduct their negotiations had had to give up their office and hotel accommodation through the whole of August. The Committee considered that these circumstances warranted the grant of authorization to those contracting parties to pursue their negotiations further, under the procedures of paragraph 4 of Article XXVIII (Revised), on any items included in their notifications submitted prior to 1 July 1955 on which no agreement had been reached by 30 September. This authority was granted to the Governments of Austria, Benelux, Ceylon, Cuba, Dominican Republic, Finland, France, Germany, Italy, Sweden and the United Kingdom.

VI. Finland's Request for Renegotiation

The Government of Finland submitted a request to the Committee at its September meeting for authority to renegotiate, under the procedures of paragraph 4 of Article XXVIII (Revised), concessions in its Schedule affecting some textile products; in the course of renegotiations under Article XXVIII and under the Decision of 3 March 1955, it has been found that the provision of minimum specific rates in addition to the bound ad valorem duties and the conversion of some specific rates into ad valorem duties would be desirable. On the ground that by thus enlarging the negotiations to cover a group of related items the negotiating countries might reach a higher level of mutually advantageous concessions, the Committee considered that special circumstances existed and therefore granted the authority requested by the Government of Finland.

VII. Austria's Request re Modifications to Schedule XXXII

The Committee was informed in June that the Austrian Government wished to introduce two changes in its Schedule affecting items not being renegotiated under Article XXVIII. In the first place, it proposed to adopt the Brussels Nomenclature, and would submit details of the changes for consideration by contracting parties. The Committee recalled that changes in nomenclature may be made by the ordinary rectification procedure and that Austria should consult with any contracting party which might request clarification. Secondly, the Austrian Government proposed to express the specific duties in Austrian schillings in place of gold crowns; the Note to the Schedule provided a ratio of 6.96 schillings to the gold crown, but for reasons of convenience the Government wished to effect the conversion at the rate of 7 to 1. The Committee agreed that the multiplication of the rates by 7 instead of by 6.96 would not impair the value of the concessions and that it would therefore be appropriate to deal with the matter by a procedure analogous to the procedures for the rectification of schedules. The contracting parties were informed of this proposal and, no objection being lodged with the Executive Secretary, the Austrian Government has been free to express the specific rates in the manner proposed.

VIII. United States Duty on Bicycles

Several members of the Committee mentioned at the September meeting the action taken by the United States under Article XIX in raising the rates of duty on bicycles (Item No. 371 in Schedule XX); their governments intended to consult with the Government of the United States with a view to seeking compensation and it seemed possible that these consultations might not be concluded in sufficient time for them to avail themselves, in the event of failure, of their right to suspend equivalent concessions or obligations within the ninety-day time-limit. A draft decision extending this time-limit was prepared and submitted to the contracting parties. This decision was approved and the text appears in L/433.

IX. Convening of the Intersessional Working Party on Tariff Reduction

When the Committee met in June the representative of the United States suggested that the Working Party on Tariff Reduction¹ should be convened to consider the possibility of arranging for a tariff conference commencing in January 1956. In view of the time-limits on the exercise of the tariff reduction authority granted to the United States Government by Congress, the Committee considered it desirable that the Working Party should be convened without delay. The Working Party met on 29 June and again on 15 September, and its report has been submitted to the CONTRACTING PARTIES (L/408).

X. Convening of the Working Party on Commodity Problems

At its meeting in June the Committee also considered a suitable date for reconvening the Working Party on Commodity Problems which had been appointed during the Ninth Session. The Committee found that it would not be practicable for a meeting of the Working Party to be held in July or August, but decided that, in order that a report could be prepared for consideration at the Tenth Session, the Working Party should be convened on 1 September. The Working Party met in Geneva throughout the month of September and its report has been submitted to the CONTRACTING PARTIES (L/416).

¹ The Working Party appointed by the CONTRACTING PARTIES on 4 March 1955 was instructed by them to study the possibilities of future action for the reduction of tariffs and to examine any plans or procedures which might be proposed for bringing about such reduction; it was instructed to recommend the convening of a tariff conference as soon as it felt that progress would be possible and to make preparations for such a conference.