

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1467

4 May 1961

Limited Distribution

COUNCIL  
8-12 May 1961

CONTRACTING PARTIES  
Eighteenth Session  
15-19 May 1961

## MEETING OF COUNCIL AND EIGHTEENTH SESSION OF THE CONTRACTING PARTIES

### Notes by the Executive Secretary on the Agenda Items

To facilitate preparations for the meetings of the Council and the CONTRACTING PARTIES, and to expedite discussion, the following annotations are provided. The provisional agenda for the Council has been distributed in documents C/12 and Add.1 and the provisional agenda for the eighteenth session in documents L/1439 and Add.1-2.

It is proposed that the meetings of the Council, beginning at 3 p.m. on Monday, 8 May, should finish, if possible, by noon on Friday, 12 May, and that the eighteenth session, beginning at 3 p.m. on Monday, 15 May, should close by 5 p.m. on Friday, 19 May. However, in the event that the discussion of item 2(a) "Tariff Negotiations" should not be concluded by 19 May, delegations should be prepared for the session to reassemble for a day or two in the period 23 to 26 May, in order to finalize the discussion on that point.

- A. Items on the agenda for the Council (including some items which are also on the agenda for the session)

Item 2 BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

Council

- Consultations under Articles XII:4(b) and XVIII:12(b)

Item 3(b)

Eighteenth  
Session

At its current meeting, the Committee on Balance-of-Payments Restrictions is conducting consultations with Chile, Indonesia, Turkey and South Africa. (The consultations with Austria and Burma have been postponed.)

The Committee's reports on these four consultations will be referred to the Council which may wish to take note of them and to recommend their adoption by the CONTRACTING PARTIES.

Item 3        ITALIAN IMPORT RESTRICTIONS  
Council

-                The Working Party appointed, in accordance with the arrangements  
Item 4        made at the seventeenth session, to consider the Italian import  
Eighteenth    restrictions which are no longer justified for balance-of-payments  
Session        reasons and which had been the subject of consultations under  
                 paragraph 1 of Article XXII met in Rome on 27 March. The Working  
                 Party was instructed to report to the Council. The report will be  
                 distributed.

                 The Council may wish to take note of the report and to  
                 recommend its adoption by the CONTRACTING PARTIES.

Item 4        RESIDUAL IMPORT RESTRICTIONS  
Council

                 At its meeting at the end of February, the Council considered  
                 the extent and scope of the notifications which contracting parties  
                 are expected to communicate to the Executive Secretary under  
                 paragraph 7 of the procedures adopted by the CONTRACTING PARTIES  
                 (9S/19). The conclusions of the Council are recorded in the  
                 minutes of the meeting (C/M/4, page 10) and it was agreed that  
                 contracting parties should be invited to communicate lists of  
                 import restrictions inconsistent with the GATT by 1 May. The  
                 invitation to submit lists was issued in GATT/AIR/224 of 10 March.

                 The Executive Secretary will report to the Council on the  
                 notifications received.

Item 5        ACCESSION OF SWITZERLAND  
Council

                 The consultation with the Government of Switzerland under  
                 paragraph 1(c) of the Declaration of 22 November 1958 on the  
                 Provisional Accession of Switzerland was initiated at the  
                 seventeenth session (SR.17/8) and has been continued by the  
                 Council (C/M/4). The Working Group appointed by the Council met on  
                 6 and 7 April. The Group is expected to suggest a time-table for  
                 further discussions with Switzerland and to report to the Council  
                 before the nineteenth session.

Item 6        MARKETING OF BUTTER IN THE UNITED KINGDOM  
Council

-                At its meeting on 24 March, the Council was requested by the  
Item 20        Government of New Zealand to arrange a multilateral consultation,  
Eighteenth    under paragraph 1 of Article XXV, on the difficulties experienced  
Session        by New Zealand in marketing butter in its traditional market in  
                 the United Kingdom. A consultation was held from 17-20 April in  
                 which nineteen contracting parties and associated governments  
                 participated.

A report on the consultation, taking into account the conclusions and proposals made on a regional basis by the OEEC Committee of Deputies of the Ministers of Agriculture and Food, has been distributed in document L/1453. The CONTRACTING PARTIES are requested to "consider the action taken in accordance with these recommendations and the means by which conditions in the butter market could be kept under review". The Council may wish to endorse this recommendation.

Item 7  
Council

#### SUBSIDIES

Paragraph 5 of Article XVI provides that the CONTRACTING PARTIES "shall review the operation of the provisions of this Article from time to time". At the twelfth session (SR.12/22) the CONTRACTING PARTIES agreed that a review should be carried out at the thirteenth session. At that session a Panel was established to prepare for the review (SR.13/11).

The Panel has now completed its work and its final report has been distributed in document L/1442. The Panel recommends that reference be made also to its earlier reports:

First report (L/970)

Second report (9S/188)

and also to:

Report of seventeenth session Working Party on Subsidies (9S/185)

Declaration Giving Effect to the Provisions of Article XVI:4 (9S/32) (Not yet in force - accepted by six contracting parties)

Declaration Extending the Standstill Provisions of Article XVI:4 (9S/33) (Not yet accepted by any country)

The Panel requested the secretariat to issue, as an addendum to its report, a table "of selected primary products showing the number of countries which have production and export subsidies and other forms of government financial support affecting production and exports" and to prepare a statistical analysis of the subsidies which have been notified including, where possible, an estimate of the average ad valorem incidence of subsidies on each product. These will be made available to the CONTRACTING PARTIES as soon as possible.

Item 8  
Council

ARTICLE XVIII

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Item 9  
Eighteenth  
Session

- (a) Request by Ceylon for extension of the Decisions of 30 November 1955 and 18 November 1960 (ceramic ware)

At the seventeenth session, the CONTRACTING PARTIES had before them a request from the Government of Ceylon for an extension of the release under Article XVIII, which was granted by the Decision of 30 November 1955 (4S/29). That release was due to expire on 2 December 1960, but was extended (9S/24) until the close of the eighteenth session. The Council may wish to appoint a panel to examine the request and to report to the CONTRACTING PARTIES before the close of the eighteenth session. Data relevant to the request has been furnished to the secretariat by the Government of Ceylon and will be made available to the panel.

- (b) Third annual review under paragraph 6

The same panel might be instructed to carry out the third annual review under paragraph 6 of Article XVIII and to report to the CONTRACTING PARTIES. Relevant data has been furnished by the Government of Ceylon to the secretariat and will be made available to the panel.

Item 9  
Council

COMMERCIAL POLICY PROBLEMS OF NEWLY INDEPENDENT STATES

-  
Item 11  
Eighteenth  
Session

Proposals put forward by the Executive Secretary were discussed by the Council at its meeting at the end of February (C/M/4) and it was agreed that the questions should be examined further on the basis of elaborated proposals to be prepared by the Executive Secretary in the light of the discussion at that meeting: As requested, the Executive Secretary has been in contact with the Technical Assistance Authorities of the United Nations. A Note by the Executive Secretary has been distributed in document L/1458.

Upon completing its consideration of this question, the Council may wish to submit recommendations to the eighteenth session.

Item 10  
Council

URUGUAYAN SCHEDULE

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Item 19  
Eighteenth  
Session

In consequence of changes in the value of the Uruguayan currency, the Government of Uruguay seeks the concurrence of the CONTRACTING PARTIES under Article II:6(a) to enable it to adjust the specific rate and "aforos" (legal values bound in

Schedule XXXI (L/1446).<sup>1</sup> Under the provisions of paragraph 6(a) of Article II, where the par value of a currency is reduced by more than 20 per cent, specific duties and charges included in GATT Schedules may be adjusted to take account of such reduction, provided that the CONTRACTING PARTIES concur "that such adjustments will not impair the value of the concessions provided for in the appropriate Schedule or elsewhere in this Agreement, due account being taken of all factors which may influence the need for, or urgency of, such adjustments". The International Monetary Fund has been invited to consult with the CONTRACTING PARTIES in this matter.

If the Council agrees that the request of the Government of Uruguay should be met, the text of a decision might be drawn up for formal approval at the eighteenth session.

Item 11  
Council                   CENTRAL AMERICAN FREE TRADE AREA

Consideration of the questions raised by the Government of Nicaragua in documents L/1425 and Add.1 was postponed by the Council (C/M/4) until such time as a representative of Nicaragua could be present. A further communication from Nicaragua has been distributed in L/1425/Add.2. The Government of Nicaragua was asked whether it could be represented at this meeting and has suggested in reply that the item should be postponed until the September meeting of the Council when the Minister of Economy can attend.

Item 12  
Council                   REPORTS UNDER WAIVERS

-                   (a) Australia/Papua-New Guinea

Item 12  
Eighteenth  
Session

The seventh annual report by the Government of Australia under the Decision of 24 October 1953 (2S/188 and 5S/34) has been distributed in document L/1450. It is reported that no action has been taken under the waiver since the date of the sixth report (L/1032). Consequently, the report contains only statistics of imports of the products affected by action taken previously. The Council may wish to recommend to the CONTRACTING PARTIES that the report be noted.

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<sup>1</sup>An earlier adjustment of the "aforos" in Schedule XXXI as provided for in that Schedule (not connected with a change in the par value of the Uruguayan currency) was reported in document L/1277 containing the text of a Decree of 23 June 1960.

(b) South Africa/Rhodesia and Nyasaland

The first annual report by the Government of South Africa under the Decision of 4 June 1960 (9S/51) has been distributed in document L/1422. This report recalls two actions taken by the Government of South Africa in July/August 1960 as previously announced in secret airgrams 199 and 200. No requests for consultations, under paragraph 2 of the Decision, were made to the Government of South Africa by other contracting parties. The Council may wish to recommend to the CONTRACTING PARTIES that the report be noted.

Item 13      MINISTERIAL MEETING  
Council

-                      At the sixteenth session, the CONTRACTING PARTIES agreed that  
Item 15      it would be desirable to hold occasional meetings at Ministerial  
Eighteenth    level and instructed the Council to examine the question of  
Session      timing, agenda and arrangements for such meetings (SR.16/11). This  
question was discussed by the Council at its meetings in  
February and March (C/M/4 and 5). The recommendation submitted  
to the CONTRACTING PARTIES by the Council concerning a meeting  
at Ministerial level in the autumn of 1961, at or about the time  
of the nineteenth session, has been approved. The Council agreed  
to discuss in May the exact timing of such a meeting in the light  
of the progress of the work of the CONTRACTING PARTIES and to put  
in hand the necessary preparations. (The proposals put forward  
to the Council by the Executive Secretary are summarized on  
page 21 of C/M/4.)

Item 14      EIGHTEENTH SESSION OF THE CONTRACTING PARTIES  
Council

One of the functions of the Council is "to undertake preparations for sessions of the CONTRACTING PARTIES". Under this head the Council may wish to review the provisional agenda for the eighteenth session in order to consider whether any preparatory work can be done during the Council meeting - or additional preparations by the secretariat - to expedite the work of the session on items other than those specifically included in the Council agenda.

Item 15      NEW ZEALAND IMPORT RESTRICTIONS  
Council

The Government of New Zealand has advised, in accordance with the procedures adopted at the seventeenth session (9S/18), an intensification of import restrictions applied for balance-of-payments reasons (L/1447).

If the Council decides that a consultation with New Zealand concerning these measures should be carried out under Article XII:4(a) it should also decide by which body the consultation should be conducted. The Council may wish to instruct the Committee on Balance-of-Payments Restrictions to conduct the consultation and to report to the CONTRACTING PARTIES before the close of the eighteenth session.

Item 16  
Council

FACILITIES FOR TEMPORARY IMPORTATION

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Item 21  
Eighteenth  
Session

The Customs Co-operation Council has transmitted for comment by the CONTRACTING PARTIES the final text of the Draft Convention on the Temporary Importation of Professional Equipment and also a Draft Customs Convention on the A.T.A. Carnet for the Temporary Admission of Goods. The Council may wish to appoint a group of experts to examine these texts, as on the occasion of previous submissions, with instructions to report to the CONTRACTING PARTIES.

B. Items on the agenda for the eighteenth session (not included in A. above)

Item 2. PROGRAMME FOR EXPANSION OF TRADE

Eighteenth  
Session

(a) Tariff Negotiations

The Executive Secretary, as Chairman of the Tariff Negotiations Committee, will report on the progress made and on the problems which have arisen in the first stage of the Conference and on the opening of the second stage.

(b) Committee II

Committee II has completed its third report. As copies will not be available until shortly before the session, it is not expected that the CONTRACTING PARTIES will wish to give final consideration to the report at this time.

(c) Committee III

A report has been distributed in document L/1435. The Committee will meet again in June and September and a progress report will be submitted to the nineteenth session.

Item 3(a) BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

Eighteenth  
Session

Consultation with Ceylon under Article XVIII:12(a)

The Council was convened on 9 February, in accordance with the procedures adopted by the CONTRACTING PARTIES (9S/18), to consider measures taken by the Government of Ceylon which constituted a substantial intensification of quantitative import restrictions applied for balance-of-payments reasons. The Council instructed the Committee on Balance-of-Payments Restrictions to conduct a consultation with Ceylon under Article XVIII:12(a) (C/M/4).

The Committee's report on the consultation has been distributed in document L/1427. The Council, at its next meeting (C/M/5), took note of the Committee's report and recommended its adoption by the CONTRACTING PARTIES.

Item 5 FRENCH IMPORT RESTRICTIONS

Eighteenth  
Session

The Government of the United States initiated a consultation with the Government of France under the provisions of paragraph 1 of Article XXII concerning commodities the import of which from the United States into France remained subject to quantitative restriction. Certain other contracting parties, pursuant to the procedures relating to joint consultations under those provisions,

were joined in the consultation with respect to some of the products on which they had a substantial interest. The consultation took place in April. The Executive Secretary, who presided over the meetings, will report on the consultation.

Item 6  
Eighteenth  
Session

EUROPEAN ECONOMIC COMMUNITY

(a) Examination of EEC common tariff under Article XXIV:5(a)

This matter is under consideration by the Tariff Negotiations Committee. A report will be submitted.

(b) Treaty of Rome and the Associated Overseas Territories

At the twelfth and thirteenth sessions the CONTRACTING PARTIES concluded that the examination of the Treaty of Rome (including the association of the overseas territories), pursuant to paragraph 7 of Article XXIV, and the discussion of the legal questions involved could not be usefully pursued at that time (6S/69 and 7S/71). It was felt that "it would be fruitful if attention could be directed to specific and practical problems" (7S/70). In this context the Nigerian delegation wishes to report that no progress has been made towards finding practical solutions in the tariff negotiations with the Member States of the Community, pursuant to Article XXIV:6, and therefore requests the CONTRACTING PARTIES to consider what further step should be taken.

Item 7  
Eighteenth  
Session

ARTICLE XXXV REVIEW

At the seventeenth session the CONTRACTING PARTIES agreed to the request of the Government of Japan that they should review, under paragraph 2 of Article XXXV, the operation of the provisions of that Article in respect of Japan. The Council was asked to make recommendations regarding the scope and timing of the review.

At its meeting at the end of February, the Council agreed to recommend that the review should be conducted by a Working Party which should be appointed by the CONTRACTING PARTIES at the eighteenth session. The terms of reference for the Working Party proposed by the Council are set out in C/M/4.

The Executive Secretary's report will be distributed in the near future. A note on the existing trade relationships between Japan and contracting parties which have invoked Article XXXV is being prepared.

**Item 8**            **IMPACT OF COMMODITY PROBLEMS UPON INTERNATIONAL TRADE**  
**Eighteenth**  
**Session**

Under the Resolution of 17 November 1956, on "particular difficulties connected with trade in primary commodities" (5S/26), the CONTRACTING PARTIES review annually the trends and developments in international commodity trade. Mr. L.K. Jha, the Chairman of ICCICA could not present his report for 1960 (L/1329) at the seventeenth session. The item has been included in the agenda in order that Mr. Jha may have this opportunity to present his report and, to meet his convenience, it is proposed that the item be taken on Tuesday, 16 May.

(The Working Party on Commodities meets, in principle, each year to prepare for the annual review. The Working Party did not meet in 1960, but it was agreed at the seventeenth session (SR.17/6) that it will meet in 1961 and the Council was instructed to prepare for dealing with this item at the nineteenth session. Accordingly, this question will be included in the agenda for the nineteenth session and the Council, at its meeting in September, will consider the procedures for dealing with it (C/M/4, page 26).)

**Item 10**            **PARIS ECONOMIC MEETINGS**  
**Eighteenth**  
**Session**

This question was discussed at the sixteenth and seventeenth sessions (SR.16/3, 9 and 10 and SR.17/8). The Council discussed the question at its meeting in September 1960 (C/M/1) and at its February meeting (C/M/4). The Executive Secretary was instructed to consult with the Secretary-General of the OEEC as to "when and how the proposed activities of the OECD in the trade field and the relationship between the OECD and the GATT could best be discussed". The Executive Secretary will undertake such consultation when the time is appropriate and will report thereon to the CONTRACTING PARTIES.

**Item 13**            **ITALIAN MEASURES IN FAVOUR OF DOMESTIC PRODUCTION OF SHIPS' PLATES**  
**Eighteenth**  
**Session**

The complaint by the Government of Austria concerning Italian measures in favour of domestic production of ships' plates is explained in documents L/875, L/979 and Add.1, and L/1194. The question has been discussed at several sessions of the CONTRACTING PARTIES (SR.13/12, SR.13/18, SR.15/17, SR.16/9, and SR.17/5). At the request of Austria, it was agreed by the Council (C/M/4) that the item would appear on the agenda for the eighteenth session.

**Item 14**            **STATUS OF PROTOCOLS**  
**Eighteenth**  
**Session**

At the seventeenth session, the CONTRACTING PARTIES extended until the eighteenth session the closing date for acceptance of the amendment protocols drawn up at the ninth session (Decision of 18 November 1960 9S/17). These protocols have not yet been accepted by Brazil, Chile and Uruguay.

**Item 16 FINANCIAL AND ADMINISTRATIVE QUESTIONS**

**Eighteenth  
Session**

**(a) United Nations Resolution concerning the Joint Staff Pension Fund**

Document L/1441 reproduces a Resolution adopted by the United Nations General Assembly concerning the pensionable remuneration of staff for purposes of contributions payable to the Pension Fund. In this Resolution, it is recommended that "other member organizations in the Fund take appropriate action to ensure that the pensionable remuneration of their staffs be increased to the same extent as that of United Nations staff". Accordingly the Executive Secretary recommends a change in the pensionable remuneration for ICITO/GATT participants in the Fund, the additional cost in 1961 to be financed from savings or by withdrawal from the Working Capital Fund.

**(b) Final position under the GATT 1960 budget**

In document L/1440 the Executive Secretary reports on savings, transfer of credits and withdrawals from the Working Capital Fund effected during 1960 and submits proposals thereon. In accordance with the United Nations Financial Regulations formal approval is sought of the assessment of certain contributions and advances to the Working Capital Fund by newly acceded and associated governments.

**Item 17 PROGRAMME OF MEETINGS MAY-OCTOBER 1961**

**Eighteenth  
Session**

Before the close of the eighteenth session, the Executive Secretary will submit for approval a programme of meetings for the period preceding the nineteenth session, which is scheduled to be held from 30 October to 25 November.

**Item 18 EUROPEAN FREE TRADE ASSOCIATION/FINLAND**

**Eighteenth  
Session**

The text of the Agreement creating an association between the Member States of the EFTA and Finland has been transmitted to the CONTRACTING PARTIES under paragraph 7 (a) of Article XXIV and two copies of the Agreement have been distributed to each contracting party with document L/1451. With the same document contracting parties have received two copies of an Agreement between Denmark and Finland on Trade in Agricultural Products.

These Agreements should be examined in accordance with paragraph 7 of Article XXIV.

**Item 22 SCHEDULES - CERTIFICATION OF MODIFICATIONS AND RECTIFICATIONS**

**Eighteenth  
Session**

The draft decision in Annex C to document L/1324 will be submitted for approval.