

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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DECISIONS OF THE CONTRACTING PARTIES

Declaration and Decisions Adopted between the End of the
Seventeenth Session and the End of the Eighteenth Session

(March - May 1961)

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I. ADMISSION OF SIERRA LEONE AS A CONTRACTING PARTY

(Declaration of 19 May 1961)

Taking note of the declaration by the Government of the United Kingdom of Great Britain and Northern Ireland of 8 May 1961 which informed the CONTRACTING PARTIES that the Government of Sierra Leone acquired on 27 April 1961 full responsibility for matters covered by the General Agreement in its territory,

Considering that, by the said declaration, the Government of the United Kingdom established the fact that, as from 27 April 1961, the Government of Sierra Leone is qualified, in the sense of paragraph 5 (c) of Article XXVI of the General Agreement, to become a contracting party in respect of the territory on behalf of which the Government of the United Kingdom has accepted the General Agreement, and

Taking note of the declaration of the Government of Sierra Leone of 15 May 1961, that, having acquired full autonomy in the conduct of its external commercial relations and of the other matters provided for in the General Agreement, it wished to be deemed a contracting party to the General Agreement pursuant to the provisions of paragraph 5 (c) of Article XXVI,

The CONTRACTING PARTIES

Declare that the Government of Sierra Leone is deemed to be a contracting party to the General Agreement on Tariffs and Trade as from 27 April 1961 and to have acquired the rights and obligations under the General Agreement of the Government of the United Kingdom of Great Britain and Northern Ireland in respect of its territory as from that date.

2. PROVISIONAL ACCESSION OF SWITZERLAND

Further Extension of Closing Date for Acceptance of the Declaration of 22 November 1958

(Decision of 19 May 1961)

The interested contracting parties agreed, on 19 May 1961, notwithstanding the provisions of paragraph 7 of the Declaration of 22 November 1958 on the Provisional Accession of Switzerland, to authorize the Executive Secretary to receive acceptances of the Declaration up to the end of the nineteenth session.

3. AMENDMENT OF THE GENERAL AGREEMENT

Further Extension of Closing Date for Acceptance of Amendment Protocols

(Decision of 19 May 1961)

Considering that the Protocol Amending Part I and Articles XXIX and XXX and the Protocol of Organizational Amendments, and also the Protocol of Rectification to the French Text of the General Agreement insofar as the rectifications to Part I of the General Agreement are concerned, have not yet been accepted by all contracting parties, and that the Protocol Amending the Preamble and Parts II and III has not yet been accepted by certain contracting parties,

The CONTRACTING PARTIES

Decide to extend the closing date for acceptance of the said Protocols until two weeks after the opening of their nineteenth session; and

Urge once more those contracting parties which have not yet accepted the said Protocols to make every effort to do so.

4. CONTINUED APPLICATION OF SCHEDULES

Further Extension of Closing Date for Completion of Renegotiations

(Decisions of 24 March and 18 May 1961)

The Decision adopted by the CONTRACTING PARTIES on 19 November 1960 provides in paragraph 4 that negotiations under paragraph 1 of Article XXVIII, for the modification or withdrawal of concessions notified in 1960, could be continued up to and including 31 March 1961. On 24 March the closing date was extended by the Council until 19 May 1961 and at the eighteenth session of the CONTRACTING PARTIES it was further extended until the end of the nineteenth session.

5. BRAZIL - SCHEDULE III

Report by Brazil on Uncompleted Negotiations

(Decision of 19 May 1961)

At the eighteenth session the representative of Brazil reported that certain negotiations, entered into pursuant to the Decision of 19 November 1960, had not been completed by 1 May 1961. The CONTRACTING PARTIES requested the Government of Brazil to submit a further report by 1 September 1961 in the event that these negotiations should not have been completed by that time.

6. CEYLON TEMPORARY DUTY INCREASES

(Decision of 10 April 1961)

Considering that the Government of Ceylon has notified the CONTRACTING PARTIES

- (a) that Ceylon has experienced large deficits in its balance of payments and consequently a heavy loss of reserves,
- (b) that in order to safeguard the monetary reserves the Government of Ceylon has considered it necessary to take certain measures including a temporary increase by 5 per cent ad valorem in the customs duties on all imports except food items and items on which the existing general rate is nil,
- (c) that the products affected by such an increase include certain items on which Ceylon has assumed obligations under Article II and which are specified in Schedule VI annexed to the General Agreement.

Considering that, in the view of the Government of Ceylon, it would be entitled in the circumstances to intensify its import restrictions applied under Section B of Article XVIII to a greater extent than it has done, but that it has chosen partly to resort to the temporary increase in customs tariffs, which in its view is less restrictive of trade than the further intensification of import restrictions which would otherwise be required.

Considering that the Ceylon Government has undertaken to remove these additional duties by gradual stages as the threat of a decline to its monetary reserves decreases,

Having consulted fully with the International Monetary Fund in accordance with Article XV:2 of the General Agreement, and considering that the Fund has confirmed the facts relating to Ceylon's balance of payments and reserve position as mentioned in paragraph (a) above, and noting its statement that "certain corrective fiscal and monetary measures have been initiated and the Fund believes that such corrective action will have to be pursued vigorously. In the meantime the various restrictive and temporary tariff measures undertaken do not go beyond the extent necessary to stop a serious decline in Ceylon's monetary reserves",

Considering, however, that the increase in customs duties of Ceylon is inconsistent with the provisions of Article II of the General Agreement insofar as it applies to products specified in Schedule VI,

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956,

Decide to waive, subject to the terms and conditions laid down hereunder, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Ceylon to apply the proposed temporary increase in customs duties, as an emergency measure designed to overcome the existing threat to its monetary reserves while certain corrective fiscal and monetary measures are being pursued, to those items included in Schedule VI which are specified in the table annexed hereto¹ it being understood that the increased duties shall be levied in a manner consistent with the provisions of Article I of the General Agreement.

Terms and Conditions

1. The temporary increase of customs duties on the products specified in the annexed list¹ shall not exceed 5 per cent ad valorem.
2. The additional duty authorized under this Decision shall be applied only to the extent that the circumstances giving rise to its introduction shall justify its application and shall be progressively reduced or eliminated whenever possible. It shall be totally eliminated not later than 31 December 1962.
3. In levying the additional duty authorized under this Decision, the Government of Ceylon shall take appropriate measures to avoid unnecessary damage to the commercial or economic interests of other contracting parties and to the impairment of regular channels of trade.
4. The Government of Ceylon shall submit, before 15 September of each year, a report on the action taken to reduce or eliminate the increases in duties maintained under this Decision and on the circumstances which in its view still justify the application of the increases in duties not yet eliminated. It shall enter into consultation with the CONTRACTING PARTIES not later than the last session of each year as to the nature of its balance-of-payments difficulties, alternative corrective measures which may be available, and the possible effect of the increase of customs duties on the economies of other contracting parties.

¹For Annex, see L/1443.

5. If any contracting party considers that the effect of the increases in duties maintained under this Decision is unduly restrictive, and that damage to its trade is caused or threatened thereby, it may make representations to the Government of Ceylon which shall accord sympathetic consideration to such representations and afford that contracting party adequate opportunity for consultation.
6. If such consultation does not lead to satisfactory results, the contracting party concerned may request the CONTRACTING PARTIES to invite Ceylon to enter into consultations with them. If, as a result of these consultations with the CONTRACTING PARTIES, no agreement is reached and if they determine that the effect of the increases in duties is unduly restrictive and that serious damage to the trade of the contracting party initiating the procedure is threatened or caused thereby, the contracting party initiating the procedure will be released from its obligation to apply to the trade of Ceylon concessions initially negotiated with Ceylon to the extent that the CONTRACTING PARTIES determine to be appropriate in the circumstances.
7. When the CONTRACTING PARTIES are called upon to enter into consultation with the Government of Ceylon under this Decision, they shall consult fully with the International Monetary Fund to the extent provided in paragraph 2 of Article XV of the General Agreement.
8. This Decision shall cease to have effect on the date on which all increases in duties maintained under this Decision shall be eliminated, or on 31 December 1962, whichever date is the earlier.

7. INDONESIA - RENEGOTIATION OF SCHEDULE XXI

(Decision of 10 April 1961)

Considering that the Government of Indonesia has undertaken a general revision of its customs tariff which it considers necessary for general economic reasons following the adoption of a new foreign exchange régime,

Considering that these tariff modifications affect a number of items bound as result of negotiations undertaken by or on behalf of Indonesia and specified in Schedule XXI, such modifications having been notified to the CONTRACTING PARTIES on 2 November 1960,

Considering that the Indonesian Government has stated that owing to the comprehensive nature of the measures taken, the need for urgent action and the difficulty in divulging detailed information in advance, it was not in a position to adhere strictly to the procedures of Article XVIII,

Considering that in the process of the tariff revision a considerable simplification has been achieved through the abolition of various import charges and levies,

Considering that the Government of Indonesia is prepared to enter into negotiations under the relevant procedures of the General Agreement with the contracting parties concerned with a view to reaching agreement on the modifications affecting items specified in Schedule XXI,

The CONTRACTING PARTIES, acting pursuant to the provisions of Article XXV:5 of the General Agreement, and in accordance with the procedures adopted by them on 1 November 1956,

Decide, in view of the exceptional circumstances, to suspend the application of the provisions of Article 11 of the General Agreement to the extent necessary to enable the Government of Indonesia to apply the rates of duty which were put into effect on 24 August 1960 and which modify concessions specified in Schedule XXI, subject to the following conditions:

1. The Government of Indonesia shall by May 1961 enter into negotiations or consultations with interested contracting parties pursuant to paragraphs 1 to 3 of Article XXVIII.
2. The Government of Indonesia shall submit to the CONTRACTING PARTIES a report on the above-mentioned negotiations and the consultations at their autumn session in 1961.
3. Pending the conclusion of such negotiations, any interested contracting party will be free to suspend substantially equivalent concessions in its Schedule regarding which Indonesia has the right of initial negotiator, subject to the condition that any third contracting party having a principal supplying interest or a substantial interest in the concessions so suspended will retain the right to suspend substantially equivalent concessions initially negotiated with that contracting party.
4. In all other respects the negotiations and consultations shall be conducted in conformity with the relevant provisions of Article XXVIII.

8. TURKEY - RENEGOTIATION OF SCHEDULE XXXVII

Extension of Time-Limit in Decision of 19 November 1960

(Decision of 19 May 1961)

Considering that the CONTRACTING PARTIES, by their Decision of 19 November 1960, suspended the application of the provisions of Article II of the General Agreement to the extent necessary to enable the Turkish Government to apply its revised tariff upon completion of the process of enactment, subject, inter alia, to the conditions that the Turkish Government would thereafter enter into negotiations or consultations with interested contracting parties pursuant to paragraphs 1-3 of Article XXVIII, and that such negotiations and consultations would be completed before the end of the eighteenth session;

Considering that the new tariff was put into force on 11 January 1961 and that it has not been possible for the Turkish Government to complete the negotiations or consultations before the end of the eighteenth session, which was the time-limit set by the CONTRACTING PARTIES in their Decision of 19 November 1960;

The CONTRACTING PARTIES, acting pursuant to the provisions of Article XXV:5 of the General Agreement;

Decide, without prejudice to the other conditions laid down in the Decision of 19 November 1960, to extend the time-limit provided in that Decision for the completion of negotiations or consultations pursuant to paragraphs 1-3 of Article XXVIII until the end of the nineteenth session.

9. URUGUAYAN IMPORT SURCHARGES

(Decision of 8 May 1961)

Considering that the Government of Uruguay has notified the CONTRACTING PARTIES that, pursuant to its Act of Parliament of 17 December 1959, which lays down the general principle of free imports, the Government has declared by Decree dated 29 September 1960, that all imports into Uruguay shall be unrestricted;

Considering, however, that the same Decree, on the basis of the power provided in the Act, provides that imports into Uruguay shall be subject, in addition to the customs duty, to surcharges or prior deposits at rates specified in the Decree or in schedules annexed thereto;

Considering that the Government of Uruguay is of the view that the elimination of quantitative restrictions on imports represents a significant progress in the direction of freer trade, that the new measures have resulted in a simplification of the previous system of surcharges and prior deposits, and that the current measures are at present necessary in order to stop a serious decline in its monetary reserves and to redress the deficits in the balance of payments;

Considering that, whereas the prior deposits imposed by the Decree are declared by the Government of Uruguay to be a measure applied under the provisions of Article XII (unrevised) of the General Agreement, the surcharges are inconsistent with the provisions of Article II of the General Agreement insofar as they apply to products on which Uruguay has assumed obligations under Article II and which are specified in Schedule XXXI annexed to the General Agreement;

Considering that the Government of Uruguay has declared its firm intention, with the progressive realization of its stabilization and development plan, of proceeding with a further simplification of its exchange system, and with the elimination of the surcharges by a thorough reform of the customs tariff;

Having Consulted fully with the International Monetary Fund in accordance with Article XV:2 of the General Agreement, and considering that the Fund has advised that "despite a recent improvement resulting in large part from a movement of inventories of wool the measures applied by Uruguay to restrict imports, including the import surcharges, do not go beyond the extent necessary at the present time to stop a serious decline in Uruguay's monetary reserves";

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956;

Decide to waive, subject to the terms and conditions laid down hereunder, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Uruguay to apply the import surcharges provided for in its Decree of 29 September 1960, as a temporary measure taken as part of and in conjunction with its stabilization and development programme, to those items specified in Schedule XXXI which are enumerated in the table annexed hereto¹, it being understood that the surcharges shall be levied in a manner consistent with the provisions of Article I of the General Agreement.

Terms and Conditions

1. The import surcharges authorized by the present Decision shall be as defined in the Decree of 29 September 1960 but neither the rates of the surcharges nor the basis for levying them shall¹ be such as to exceed the incidence specified in the table annexed hereto¹.
2. The import surcharges authorized under this Decision shall be applied only to the extent that the circumstances giving rise to their introduction shall justify their application and shall be progressively reduced or eliminated whenever possible. They shall be totally eliminated not later than 1 July 1963.
3. In levying the surcharges authorized under this Decision, the Government of Uruguay shall take appropriate measures to avoid unnecessary damage to the commercial or economic interests of other contracting parties, and the impairment of regular channels of trade.
4. The Government of Uruguay shall submit before 15 September of each year a report on action taken to reduce or eliminate the surcharges maintained under this Decision and on the circumstances which, in its view, still justify the application of the surcharges not yet eliminated. It shall enter into consultation with the CONTRACTING PARTIES, not later than the last session of each year, as to the nature of its balance-of-payments difficulties, alternative corrective measures which may be available, and the possible effect of the surcharges on the economies of other contracting parties.

¹For Annex, see L/1493.

5. If any contracting party considers that the effect of the surcharges maintained under this Decision is unduly restrictive and that damage to its trade is caused or threatened thereby, it may make representations to the Government of Uruguay, which shall accord sympathetic consideration to such representations and afford that contracting party adequate opportunity for consultation.

6. If such consultation does not lead to satisfactory results, the contracting party concerned may request the CONTRACTING PARTIES to invite Uruguay to enter into consultations with them. If, as a result of these consultations with the CONTRACTING PARTIES, no agreement is reached and if they determine that the effect of the surcharges is unduly restrictive and that serious damage to the trade of the contracting party initiating the procedure is threatened or caused thereby, the latter will be released from its obligations to apply to the trade of Uruguay concessions initially negotiated with Uruguay to the extent that the CONTRACTING PARTIES determine to be appropriate in the circumstances.

7. When the CONTRACTING PARTIES are called upon to enter into consultation with the Government of Uruguay under this Decision they shall consult fully with the International Monetary Fund to the extent provided for in paragraph 2 of Article XV of the General Agreement.

8. This Decision shall cease to have effect on the date on which all surcharges maintained under this Decision shall be eliminated, or on 1 July 1963, whichever date is the earlier.

10. URUGUAY - SCHEDULE XXXI

Adjustment of "Aforos"

(Decision of 18 May 1961)

Considering that between the dates of the Annecy and Torquay Protocols and the present value of the Uruguayan peso, maintained consistently with the Articles of Agreement of the International Monetary Fund, has been reduced by various proportions exceeding 20 per cent, the change in the rate applicable to most private imports being 82.8 per cent, representing an increase of 480 per cent in the number of pesos per United States dollar;

Considering that the Government of Uruguay has stated by letter dated 17 April 1961 that it wishes to seek the authorization of the CONTRACTING PARTIES to adjust the specific rates and "aforos" specified in Schedule XXXI in accordance with the terms of paragraph 6(a) of Article II of the General Agreement;

Considering however that the representative of Uruguay has indicated that, without prejudice to the considerations set out in that letter, his Government has no proposals at present for increasing the specific duties or for increasing the "aforos" beyond the increase of 200 per cent on all "aforos" laid down in the Uruguayan Customs Tariff, including those which are specified in Schedule XXXI annexed to the General Agreement, which were made in a Decree dated 23 June 1960; and

Recognizing that the change in the value of the Uruguayan peso has resulted in a proportionate reduction of the incidence of those customs duties which, though ad valorem in form, are levied on the basis of fixed values, or "aforos",

The CONTRACTING PARTIES

Decide that the Government of Uruguay be authorized to maintain the increase of 200 per cent introduced by the Decree of 23 June 1960 in the "aforos" specified in Schedule XXXI.

REPORTS OF THE CONTRACTING PARTIES - EIGHTEENTH SESSION

(Reports which will be published in the Tenth Supplement
to the BISD in January 1962)

Customs Unions and Free-Trade Areas

European Economic Community - examination of
Common Tariff under Article XXIV:5(a) L/1479

Marketing of Butter in the United Kingdom

Consultation under Article XXV:1 L/1453 & Add.1

Programme for Expansion of International Trade

Agricultural protection (Committee II) L/1461 and Corr.1
Other obstacles to trade (Committee III) L/1435 & Corr.1

Residual Import Restrictions

Italian restrictions L/1468

Schedules

Uruguayan Schedule L/1475

Subsidies

Review pursuant to Article XVI:5 L/1442 & Add.1

Trade and Customs Regulations

Duty-free temporary importation of
professional equipment and A.T.A. Carnet L/1476