

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

IC/SR.19

29 June 1955

Limited Distribution

Intersessional Committee

SUMMARY RECORD

of the Meetings held at the Palais des Nations, Geneva,
on 23, 24 and 25 June 1955

Chairman: Mr. L. Dana WILGHESS (Canada)

- Subjects discussed:
1. Adoption of Agenda and Order of Business
 2. Scheduling of intersessional meetings
 - (a) Working Party on Tariff Reduction
 - (b) Working Party on Commodity Problems
 3. Request by Austria regarding the adoption of the Brussels Nomenclature and adjustment of specific duties
 4. Requests by Belgium and Luxemburg for waivers for the maintenance of quantitative import restrictions
 5. Australian intensification of import restrictions
 6. French special temporary compensation tax on imports
 7. Intention of Governments regarding acceptance of the Agreement on the Organization for Trade Cooperation
 8. Article XXVIII negotiations
 9. Spanish text of the revised General Agreement Protocol of Rectifications to the French Text, clause for registration of Protocols with the United Nations
 10. Next meeting of the Committee

1. ADOPTION OF AGENDA AND ORDER OF BUSINESS (IC/W/32)

Denmark was co-opted as a full member of the Intersessional Committee, at the request of its representative, because of the interest of the Danish Government in the requests by Belgium and Luxemburg for waivers from Article XI.

The agenda item concerning the applications by Belgium and Luxemburg for waivers on the maintenance of quantitative restrictions was approved subject to the reservation of the United Kingdom representative that if the Belgian request were for a waiver under Article XXV rather than under the Decision of

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5 March 1955, his Government might not be prepared to have it examined by the Committee.

The agenda was adopted and an order of business decided upon.

2. SCHEDULING OF INTERSESSIONAL MEETINGS (IC/W/31)

(a) Working Party on Tariff Reduction

Mr. CORSE (United States) explained the reasons for the suggestion of his Government that the Working Party which had been appointed at the Ninth Session should be convened before 1 July. The Trade Agreements Extension Act, signed by the President on 21 June, extended the authority of the Executive to enter into and give effect to tariff negotiations without Congressional approval for a period of three years. The type of authority differed from that under previous Acts in two ways. Firstly, rates higher than 50 per cent ad valorem (or the equivalent in specific duties) might be reduced to 50 per cent, but gradually and not by more than one-third of the reduction in any one year. Secondly, the President was authorized over the next three years to reduce duties by 15 per cent from the rates in force on 1 January 1955, but not by more than 5 per cent in any one year. Those reductions could not be made effective after 1 July 1958 and if full use was to be made of the authority the first 5 per cent reduction must be made effective before 1 July 1956.

The United States Government envisaged making use of these facilities through a single multilateral tariff conference during the first half of 1956, the results of which, in so far as the United States was concerned, would be set out in the form of a schedule of reductions to be put into effect over the three-year period. Internal formalities within the United States required the timing of the various steps to be as follows: in order to give the thirty days notice of the changes of rates resulting from the negotiations before they were made effective on 1 July 1956, the negotiations should be scheduled to finish around 1 May; as for the preliminary procedures, in particular the 120 days required by the Tariff Commission to make peril point determinations, these could be met if public notice of the intention to negotiate, including a list of products, were issued on 1 September and if the negotiations were begun early in January 1956. In order to be able to issue the public notice on 1 September, it was essential to know as soon as possible which countries would wish to negotiate with the United States, and he hoped that that information would be forthcoming by 15 July or at the latest by 1 August. The short time that remained if this time table were agreed to, made it unlikely that there could be any extensive discussion of new negotiating rules, and his Government assumed that the negotiations would take place under the old procedures. He hoped that the Working Party would meet before 1 July, and that observers from other contracting parties would be invited to attend.

In reply to a question by the French representative, Mr. Corse stated that in requesting the new authority from Congress, the President had indicated

that it would be used on a selective basis. It was difficult to see how the 1953 French plan for the reduction of tariff levels could be revised to fit the powers of the Executive. There was also for the United States the problem of ceiling rates; they could not agree to any ceilings lower than 50 per cent ad valorem, and even then some right of selection must be left to the negotiators. His Government had been unable to think of any satisfactory way of fitting the proposed negotiations into the French plan and had therefore suggested that the old negotiating rules of reciprocity be continued.

In reply to the Swedish representative, Mr. Corse said that his Government would require an early decision on the negotiating rules so that they could decide upon the list of products to be announced publicly.

The COMMITTEE, having considered the desirability, particularly in the light of the new authority of the United States Government to enter into negotiations for the reduction of tariffs, of giving early consideration to plans for tariff reduction, agreed it was desirable that the Working Party should meet on 29 June.

(b) Working Party on Commodity Problems

The COMMITTEE considered the problems surrounding the selection of a date for convening the Working Party on Commodity Problems. After consideration of the practical difficulties of arranging for a meeting in Geneva in July or August, the difficulties created for governments by a meeting elsewhere than in Geneva and the importance of concluding the Working Party's report in time for consideration before the Tenth Session, the Committee agreed that it would be desirable for the Working Party to be convened in Geneva on 1 September.

3. REQUEST BY AUSTRIA REGARDING THE ADOPTION OF THE BRUSSELS NOMENCLATURE AND ADJUSTMENT OF SPECIFIC DUTIES (L/353)

Mr. GOERTZ (Austria) introduced the Austrian request relating to items not being renegotiated under Article XKVIII. With regard to the transposition into the Brussels nomenclature, he enquired whether the transposition could be made effective through the rectification procedure. The Austrian Government would submit details of the transposition as soon as possible for consideration by contracting parties.

With regard to the adjustment of the specific duties in the Austrian Schedule, Mr. Goertz recalled the discussion at the Ninth Session where his delegation had indicated its intention to convert the specific rates to ad valorem rates and had hoped that a general system could be found for such conversion. The CONTRACTING PARTIES had, however, concluded that each such case must be treated as a modification and must be effected by the proper procedures. The Austrian Government had, therefore, decided to retain the specific rates in the Schedule. They intended, however, to express those rates

in Austrian currency in place of gold crowns as at present. The Note to the Schedule provided a ratio of 6.96 schillings to the gold crown; after the conversion had been effected this note could be deleted. For reasons of convenience, however, his Government proposed that the conversion should take place at the rate of 7. This seemed to them no more than a minor modification and he referred in this connexion to the devaluation of the Austrian schilling as a result of which the incidence of the specific rates had been lowered, a fact which the Austrian Government expected to be taken into account in the bilateral negotiations under Article XXVIII.

The COMMITTEE noted that the Austrian Government had initiated negotiations under Article XXVIII for the modification of many of the items in its Schedule and that the modifications now proposed were not intended to affect the protective incidence of the concessions. With regard to the Brussels nomenclature, the Committee noted that the CONTRACTING PARTIES had decided at their Fifth Session that changes of nomenclature in schedules could be made by the rectification procedure. Accordingly, it was agreed that the Austrian Government should submit the details of the proposed changes for examination by contracting parties and should consult with any government which requested clarification. With regard to the adjustment of specific duties, the Committee agreed that, as the intention to multiply the rates by 7 did not appear to be a change which would impair the value of the concessions, it would be appropriate to deal with the matter by a procedure analogous to the procedures for the rectification of schedules. Accordingly, the Committee instructed the Executive Secretary to inform the contracting parties of the Austrian Government's intention and to advise that if no objection were lodged within a period of sixty days the Austrian Government would be free to change the specific rates in the manner proposed.

4. REQUESTS BY BELGIUM AND LUXEMBURG FOR WAIVERS FOR THE MAINTENANCE OF QUANTITATIVE IMPORT RESTRICTIONS

(a) Request by Belgium (L/357 and Addenda)

Mr. SUFFENS (Belgium) introducing his Government's request made a statement that is reproduced in IC/W/34. He explained that the request concerned only agricultural products and, in principle, only those included in the agricultural protocols negotiated by the partners in the Benelux Custom Union. In consideration of the particular position of Belgium and Luxemburg, the Netherlands had agreed to control and restriction in the trade of a certain number of agricultural products, as a deviation from one of the basic principles of the customs union. Corresponding measures of exception had, of course, to be applied at the external frontiers. On 3 May 1955, an Agreement had been concluded between The Netherlands and Belgium providing for the harmonization of the agricultural policies of the two countries within a period of seven years and the removal of the Belgian restrictions within that time. That agreement would assist Belgium to meet eventually the requirements of Article XI of the Agreement.

The Belgian request was not based on the so called "hard core" Decision of the CONTRACTING PARTIES of 5 March 1955 since Belgium's case differed from that of the countries for which the Decision was drafted and because the Agreement with The Netherlands created a special situation. His Government had therefore felt it necessary to resort to Article XXV. However, it was prepared to accept practically all of the terms of the Decision, with the exception of the time-limit. The process of liberalization might not develop along the lines of the Decision and his Government wished to have freedom to carry out the harmonization of its agricultural policy with that of The Netherlands. The schedule of restrictions submitted to the Committee was not as wide as the combined schedule for the three Benelux countries which was being drawn up and in connexion with which a request for a waiver would eventually be made. Because of the special character of the import control régime, however, and because it would be difficult for Belgium to accept the protocols of amendment to the General Agreement without a waiver, his Government wished to request a special waiver forthwith.

Mr. SAUNDERS (United Kingdom) said that the Belgian Government was requesting latitude beyond that provided for in the Decision of 5 March 1955. His delegation had reluctantly accepted at the last session some limited and temporary qualification of Article XI through waivers of general application but with well-defined terms. That Decision had been an essential part of the Review settlement. Although the Belgian representative had raised during the Review session the question of the applicability of the Decision to his country's particular problem, the United Kingdom Government had expected, as a result of the discussions and of the assurances that had been given, that the Belgian Government would submit its application for concurrence under the Decision. Anything that went beyond that raised major issues of policy that he would wish discussed by the CONTRACTING PARTIES in full session after suitable time had been given for the various governments to consider the matter. His Government would wish, among other things, to enquire into the circumstances that had made it necessary for Belgium and its partners to think in terms of seven years in an agreement reached so soon after the Review session, when five years had been decided upon as the maximum. The United Kingdom had hoped that the General Agreement could look forward to a period of consolidation and would regret having to raise so soon again the major issues of the Review.

Mr. HARTNELL (Australia) said that Australia also viewed with concern an approach by a contracting party which suggested a departure from the settlement reached in the Review. The "hard core" Decision was an integral part of the balance achieved in the Review and had been accepted by his Government with some hesitation. Among the vital conditions laid down in the Decision, the five-year maximum period was not the least important. If the Belgian Government wished to apply under Article XXV rather than under the Decision, he agreed with the United Kingdom representative that this raised issues of such importance that they could only be considered by the CONTRACTING PARTIES in plenary session. He wished to assure the Belgian representative that his delegation was ready

to support and examine immediately an application under the Decision. Even then, a working party must carefully examine a number of issues, such as the arrangements of the Benelux countries affecting the application of their import restrictions. It would not be proper, however, for a working party established by the Committee to examine anything beyond an application under the Decision.

Mr. KASTOFT (Denmark) said that the Belgian Government was to be commended for its desire to regularize its quantitative restrictions in the agricultural field in relation to the General Agreement. His Government had accepted the "hard core" Decision reluctantly and only because it understood that it would provide a limitation on the application of such import restriction. It opposed any request beyond concurrence under that Decision and thought that a dangerous precedent would be established if the Belgian case were considered as though the Decision did not exist. The Danish Government would not oppose the request if it were made under the Decision.

Dr. NAUDE (South Africa) said that, although his Government had not been satisfied with the "hard core" Decision, it would be willing to consider the Belgian application within its terms since it had been drawn up to meet precisely the type of case presently before the Committee. They would insist that the commodities be strictly limited, that any import restrictions permitted to be maintained should be applied in a nondiscriminatory manner, and that the duration should not exceed the maximum period envisaged in the Decision. He agreed that the Committee should consider the application provided it was brought forward under the terms of the Decision.

Mr. DE ST. LEGIER (France) said that his delegation supported the Belgian request. The waiver was necessary and could be granted without damaging the Agreement. The documents submitted by the Belgian Government showed that the request was justified. There was no protectionist aspect to the waiver which was required in order to assure full employment and maintain the standard of living. Those reasons were similar to those that had been invoked in the examination of the waiver granted to the United States. Moreover, the request was not to institute new measures but only to maintain the restrictions which had been in force for a long time. The Belgian request indicated that the quantitative restrictions did not limit consumption but only prevented prices from falling drastically. Countries which exported to Belgium had, in fact, an interest in restrictions that maintained the prices of their products as well as of the domestic product. He said the Belgian request was based on Article XXV rather on the Decision, but it was specifically provided in the report of the Review Working Party (Basic Instruments and Selected Documents, Third Supplement, page 192) that adoption of the Decision would not preclude any contracting party from availing itself of the provisions of Article XXV:5(a). The Belgian case clearly presented special features that the Decision was not designed to cover. His delegation therefore supported examination of the request under Article XXV.

Mr. SWAMINATHAN (India) said that his Government was convinced that the application was within the scope of the "hard core" Decision and had been instructed to deal with it in that light. He agreed with other delegates in requesting that the application be formulated within its terms.

Mr. NOTARANGELI (Italy), Mr. KLEIN (Germany) and Mr. CORSE (United States) expressed their sympathy with the Belgian agricultural problem but indicated that they would prefer the discussion to take place within the frame of the Decision of 5 March 1955.

Mr. GOERTZ (Austria) thought that the fact that the Belgian application did not fall precisely within the terms of the Decision should not exclude consideration of it, and that the possibility referred to in the Review Report for Luxemburg to use Article XXV could clearly not be considered as exclusively reserved for that country. He wondered, however, whether in fact there was not some way of bringing the Belgian request under the terms of the Decision. The main difficulty appeared to be the question of five years or seven. The last date by which an application could be made under the Decision was 1957; this brought the five-year period to 1962 which was the termination date proposed in Belgium's application. Paragraph 2(c) of the Decision seemed to imply a certain latitude and the notes contained in the report foresaw some flexibility in its conditions. If the Belgian restrictions were being eliminated over the course of the period requested, it should be possible to consider such action as within the spirit of the Decision. He hoped therefore that a way would be found to deal with this request under the Decision.

Mr. WALLADAO (Brazil) said that the only difficulty would seem to be the date, and he suggested that it might be studied separately from the question of the guarantees to be given by Belgium. If the latter were in accord with the Decision, it should be possible to reach agreement regarding the date.

Mr. GREY (Canada) said that the Belgian request raised serious issues of policy for Canada and that his Government was not unconcerned about the five year time-limit. To grant a waiver outside the terms of the "hard core" Decision would encourage the opponents of GATT, and his Government would strongly oppose such a course. It would be happy, on the other hand, to give prompt consideration to a request under the Decision and hoped that Belgium could adapt its request to make that possible.

Mr. SUEPENS (Belgium) reiterated that his Government was not requesting permission to impose new import restrictions but only that the existing ones be formalized within the GATT, and in so doing was demonstrating its intention to abolish them gradually. This did not seem to endanger the Agreement. As to submitting the request under Article XXV, that Article was after all open to any contracting party and the report on the Decision specifically mentioned its availability. He could not agree that the Committee was not competent to consider the matter, particularly in view of the considerable efforts at the Ninth Session to make the operation of the Agreement flexible and effective during the whole year. His delegation, however, was willing to try to rephrase its request in order to make it acceptable to other contracting parties. He called attention

to paragraph 80 of the report of the Review Working Party (BISD, Third Supplement, page 192) in which recognition of the Belgium's special case was recorded. He would be glad to have the Belgian case considered within the terms of the Decision, and to review with a working party the extent to which his delegation could accommodate itself to the Decision.

The CHAIRMAN concluded that there was a majority against considering the application under Article XXV and in the light of the last Belgian statement he proposed that it be transmitted to a working party for consideration within the terms of the Decision of 5 March 1955.

(b) Request by Luxemburg (L/358 and Add. 1 and 2)

Mr. DUHR (Luxemburg) made a statement which is reproduced in IC/W/39. The economic structure of Luxemburg was based on the iron and steel industry and on agriculture, which employed respectively 64 per cent and 20 per cent of the population. Agriculture, which was vital to the country, could be called a marginal agriculture and required protection by the government against competition from abroad. The agricultural production was sufficient to meet the internal market, and uncontrolled imports would only have most damaging repercussions on prices. The special needs of the Luxemburg market had been recognized by Belgium in the Economic Union and within Benelux. Under various agreements with its partners, Luxemburg was permitted to take autonomous measures of protection. Mr. Duhr pointed out that the scope of his Government's request was strictly limited. The needs of the internal market were nearly all supplied from Belgium and the Netherlands and those countries had already, under various agreements recognized the Luxemburg situation. His Government was requesting within the GATT the same régime as that which existed in Benelux. He assured the Committee that the maintenance of quantitative restrictions would not prevent an active agricultural policy by his Government which would do all possible to make that branch of the economy of the country more competitive.

Mr. SUTENS (Belgium) said that Belgium was the country most interested in the Luxemburg market and had for a long period of time accepted the special régime. He supported the Luxemburg request.

Dr. NAUDE (Union of South Africa) hoped that whatever restrictions were maintained would be applied in a non-discriminatory manner.

Mr. KASTOFT (Denmark) said that his Government considered that the same conditions should prevail for Luxemburg as for Belgium, and opposed any waiver which went beyond the terms of the Decision of 5 March 1955.

Mr. SWAMINATHAN (India) sympathized with Luxemburg's request and noted that its claims had been recognized at the Ninth Session. He only hoped that whatever waiver were agreed upon for Luxemburg would contain some terms and limitations.

Mr. CORSE (United States) and Mr. HARTNELL (Australia) hoped that it might be possible for the Committee to find a way to meet the Luxemburg request within the terms of the "hard core" waiver.

The representatives of France, Brazil, Germany and the United Kingdom agreed that the special case of Luxemburg might be met by a waiver under Article XIV.

The COMMITTEE decided to refer the request of the Government of Luxemburg to the same working party as would deal with the Belgian application. If the working party were able to reach a conclusion under paragraph 1(a) of its terms of reference (below), its report would be made to a Special Session of the CONTRACTING PARTIES; if not, it would report back to the Committee.

A working party was appointed with the following membership and terms of reference:

Chairman: Dr. H. de Besoh (Sweden)

Membership:

Australia
Belgium
Canada
Denmark

France
Germany
Greece
India
Italy

Luxemburg
The Netherlands
United Kingdom
United States

Terms of reference:

1. To consider, within the terms of the Decision of 5 March 1955, the request of the Government of Belgium for a waiver of obligations under Article XI.

- (a) If the Working Party arrives at recommendations for dealing with the request under the terms of that Decision, in a manner which would be acceptable to the Belgian Government, the Working Party should submit a report to the CONTRACTING PARTIES.
- (b) If, on the other hand, the Working Party is unable to make a report under paragraph (a) it should report back to the Committee.

2. To consider the request of the Government of Luxemburg for a waiver of obligations under Article XI, and to submit a report thereon to the CONTRACTING PARTIES.

5. AUSTRALIAN INTENSIFICATION OF IMPORT RESTRICTIONS (I/350 and Add.1 and I/356)

The CHAIRMAN referred to the Australian notification on 22 March of its decision to intensify import restrictions (I/350 and Add.1) and the decision

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of the CONTRACTING PARTIES by postal ballot, to waive the time limit for the initiation of a consultation under Article XII:4(b) and that the Intersessional Committee should consider the matter when next it met. In connexion with this consultation about to be conducted by the Intersessional Committee, the Chairman recalled that criticism had been voiced at the Ninth Session of the way in which consultations on balance-of-payment import restrictions had been conducted in the past. Although it was recognized during the Review that new procedures would have to be devised for giving effect to the amended provisions of Article XII, the CONTRACTING PARTIES did not adopt any procedures for use during the period until the amendments come into force. Many delegations felt, nevertheless, that the arrangements which had been made in the past were inadequate. There was, therefore, every reason why the Committee should try to make the present consultation more meaningful than those which had been carried out in the past and he had distributed a list of topics (see Annex on p. 16) for discussion which might serve as a guide in the conduct of this and other such consultations. Some of the topics were stipulated in the Agreement as subject matters for a consultation of this kind, and others were clearly implicit if such a consultation were to be effective. Article XII:4(a) referred to the nature of the balance-of-payment difficulties; this called for a discussion of the circumstances leading to the intensification. That paragraph also required a consideration of the alternative measures which might have been available. For the Committee to have a common understanding of what the consultation was about, the nature and extent of the intensification should be explained and analyzed. Article XII:3(c) and 4(a) clearly contemplated that contracting parties would be concerned with the probable effects of restrictions on their export trade. In accordance with Article XV:2, a consultation had been initiated with the International Monetary Fund.

Mr. O'DONNELL (Australia) said that his delegation at the Ninth Session had taken the view that the fault lay less in the machinery than in the use that was made of it and were quite willing to cooperate so that this consultation might set a pattern for the future. He thought that the statement of topics circulated by the Chairman should serve as a broad indication of the lines the consultation might take rather than as a rigid framework.

Mr. GARCIA OLDINI (Chile) agreed that the proposed list of topics be used simply as an experiment. He was, however, concerned at the topic "Alternative measures to restore equilibrium" which he thought difficult for any external body to suggest and which, in any case, should not be considered until all the other aspects of the matter had been gone into.

Mr. HEBBARD (International Monetary Fund), referred to the topic concerning internal fiscal and monetary measures to restore equilibrium and related items which covered matters on which the Committee would presumably wish to rely most heavily on the Fund. In consultations like the present one, which were held before the Fund had held its own Article XIV consultation with the country concerned, the Fund might not be prepared to offer a statement concerning alternative measures such as internal fiscal and monetary measures to preserve or restore equilibrium.

6. FRENCH SPECIAL TEMPORARY COMPENSATION TAX ON IMPORTS (L/366)

Mr. DONNE (France) recalled the statements by the French representative at the Ninth Session that the imposition of the tax was not aimed at increasing tariff protection but had been adopted in order to facilitate the suppression of quantitative restrictions applied to products imported from members of the Organization for European Economic Co-operation. The representative had also indicated that his Government considered itself authorized to act in that manner on the basis of certain provisions of the General Agreement. The CONTRACTING PARTIES, however, had decided that the result of the tax was to increase duties that were bound in the schedules and that contracting parties affected would have the right to ask for authority to take retaliatory measures. Mr. Donne said his Government had accepted the Decision of the CONTRACTING PARTIES of 17 January 1955 and had undertaken to eliminate the tax as soon as possible, which had in any case been its intention since 16 November 1954 when it had decreased the taxes on some items from 15 to 11 per cent and from 10 to 7 per cent. Since the Decision of the CONTRACTING PARTIES, the French Government had continued its efforts towards the progressive elimination of the tax; the latest measure of relaxation was contained in a Decree of 23 June 1955 (and would be reproduced in document L/366). He expressed regret that his Government's report on action taken had not been presented to the CONTRACTING PARTIES by 1 April as required by the Decision; that was due to technical difficulties and to the fact that his Government was anxious to report on these latest measures.

The measures just taken were of two kinds. First of all, the tax had been eliminated with respect to a list of products covering a large volume of trade, and secondly, the tax had been reduced for a number of other products. These measures related to a volume of imports of some Frs. 17,000 million. Mr. Donne wished to emphasize that the existence of the tax had not resulted in a reduced volume of imports of the goods affected; in fact, an increase of imports by some 40 per cent had been recorded. At the present time, new measures were being studied in order further to decrease the effect of the tax, and he hoped that these could be communicated to the CONTRACTING PARTIES by the opening of the Tenth Session.

The representatives of Italy, Belgium, Sweden and Austria expressed their satisfaction at the French Government's efforts to eliminate the tax.

Mr. GREY (Canada) said that his country had a particular interest in the paragraph of the Decision of 17 January recommending that steps be taken to reduce the present degree of discrimination against the trade of contracting parties whose exports were subject to the tax but to which the liberalization measures taken by the French Government did not apply. France was at present in violation of the General Agreement, and the CONTRACTING PARTIES in their Decision had concluded that the application of the tax introduced an increase in charges in excess of rates bound under Article II, and in preferences in excess of the maximum margins permissible under Article I. His Government

would have wished a comprehensive report from the French Government to be considered at the present meeting and felt that without such a report no useful discussion could take place.

Mr. CORSE (United States) thought the Decree just issued was an important step in complying with the Decision of the CONTRACTING PARTIES and he hoped that further measures would be taken to eliminate the tax on more items. He asked the French representative for specific information on the items affected by the reduction and on the items to which the tax still applied. Statistical information on the products concerned would be of assistance in assessing claims of United States exporters that they had been adversely affected by the tax. Statistical information was needed also to assess whether the recent action by the French Government would have any effect on the degree of discrimination involved in the tax. He hoped that such information would be forthcoming before the Tenth Session in order that a complete report could be prepared for that Session.

Mr. SAUNDERS (United Kingdom) agreed with the United States representative that it was difficult to assess the full significance of the steps taken without having more information regarding the items involved. It would also be necessary to have a report on the cases in which the tax had been raised, a matter which had also been discussed at some length at the Ninth Session. He hoped that a full report would be available before the Tenth Session.

Mr. DONNE (France) said that he could give no precise information as to the date by which the tax would be eliminated and could only assure contracting parties that his Government was anxious to suppress it entirely. His Government was also seeking to lessen discrimination between OEEC member and non-member countries. He had noted the observations of delegates and the kind of data that was requested for a further report; this would be borne in mind when that report was being prepared.

The COMMITTEE noted the French representative's statement and expressed gratification with the action taken to reduce the scope of the tax, particularly the Decree of 22 June, and with the assurances of the French Government's intention to remove the tax. The Committee called upon the French Government to make further efforts to fulfill the undertakings referred to in the Decision of 17 January 1955 and to submit a report to the CONTRACTING PARTIES on the steps taken by 1 September 1955 for consideration at the Committee's September meeting.

7. THE INTENTION OF GOVERNMENTS CONCERNING ACCEPTANCE OF THE AGREEMENT ON THE ORGANIZATION FOR TRADE COOPERATION

In reply to a question by the CHAIRMAN, members of the Committee and observers indicated as far as they were able the intentions or progress of their governments in the ratification of the Organizational Agreement. A number stated that they expected the Agreement to go before their legislatures

within a few months. In Australia the Parliament had resolved to confirm the decision of the Government to ratify the Agreement, subject to ratification of the United States and the United Kingdom, and in the United States the Agreement was presently before the Congress. Some delegates stated that their ratifications would have to await ratification by the United States and United Kingdom. The agreement had been signed ad referendum by Germany, Greece and the United States.

8. ARTICLE XXVIII NEGOTIATIONS

The EXECUTIVE SECRETARY recalled that it had been agreed that Article XXVIII negotiations should be initiated before 30 June and might be carried on until 30 September at the latest. To facilitate the negotiations and in view of their multilateral character, it had been arranged to hold as many as possible in Geneva. He called attention to the difficulties of accommodation in Geneva during this summer, and hence to the desirability of concluding as many negotiations as possible in the immediate future. He urged delegations to do their utmost to conclude their negotiations promptly, so that they could all take place within the multilateral framework.

The representatives of Austria, Sweden and Italy gave assurances that they would do their best to conclude the negotiations. The representatives of Denmark and the United States observed that the rapidity with which the negotiations could be concluded depended also on the compensatory offers received from those governments which were withdrawing items under Article XXVIII.

Mr. HADJI VASSILIOU (Greece) said that his Government had not yet signed the Declaration on the continued application of the schedules, and recalled statements he had made during the Ninth Session to the effect that Greece would await the outcome of the bilateral negotiations under Article XXVIII before signing that Declaration. He remarked that his delegation had begun its negotiations on 15 May but had not yet been able to conclude, and his Government was concerned at the lack of progress since they wished to sign the Declaration before the closing date. He appealed to those governments with whom Greece was negotiating to assist them in concluding in time to carry out that desire.

9. SPANISH TEXT OF THE REVISED GENERAL AGREEMENT, PROTOCOL OF RECTIFICATIONS TO THE FRENCH TEXT, CLAUSE FOR THE REGISTERING OF PROTOCOLS WITH THE UNITED NATIONS

The DEPUTY EXECUTIVE SECRETARY said that a Spanish text of the revised General Agreement would be distributed shortly and a meeting would be held on 14 July of those delegations interested for an exchange of views upon it.

The Protocol of rectifications to the French text was now open for signature.

He explained that the clause contained in the protocols drawn up at the review relating to the registration of those instruments with the United Nations was deficient, and a resolution by the CONTRACTING PARTIES would be necessary to authorize the Executive Secretary to act on their behalf to register these other instruments. This might be adopted at the Special Session.

Finally, the Special Session might also wish to consider the rectification procedure to correct the errors found the review protocols.

10. NEXT MEETING OF THE INTERSESSIONAL COMMITTEE

It was agreed to hold the next meeting of the Committee on 22 September.

The Intersessional Committee adjourned at 1.15 p.m. on Saturday
25 June 1955.

ANNEXCONSULTATION WITH AUSTRALIA UNDER ARTICLE XII:4(b)Topics for Discussion Proposed by the Chairman

The following list of topics is proposed by the Chairman for adoption by the Committee as a guidance in the conduct of this consultation. It is principally based on the provisions of paragraph 4 (a) of Article XII, in which the subject matters for consultations under paragraph 4(b) are enumerated. These include: the nature of the balance-of-payments difficulties, alternative measures that may be available and the effects of the restrictions on the trade of other contracting parties.

I. Circumstances leading to the Intensification

1. Changes in exports and imports;
2. Changes in other external receipts and payments;
3. The resulting changes in gold and foreign exchange reserves;
4. Effects of governmental policies on the balance of payments;
5. Prospects for the future.

II. Alternative Measures to restore Equilibrium

6. Internal fiscal and monetary measures to preserve or restore equilibrium (see Article XII:3(c)(1));
7. Long-term measures, e.g. to raise productivity and export capacity, to reduce structural disequilibrium or rigidities;
8. Measures expected to have more immediate effect on the balance of payments;

III. Nature and Extent of the Intensification

9. Categories of goods affected; changes in quotas, and treatment of goods for which no quotas are provided;
10. Treatment of exports from different countries or currency areas; increase or reduction in discrimination;
11. Level of restrictions resulting from the intensification in relation to the need for restrictions (see Article XII:2(a));
12. Expected duration of the intensified restrictions; possibility of alleviation or modification in the near future.

IV. Effects on Trade

13. Expected changes in imports as a result of the intensification (total and from different currency areas);

14. The avoidance of unnecessary damage in accordance with Article XII:3(c)(iii), including steps:
 - (a) to alleviate hardships by admitting goods under firm order placed before the intensification;
 - (b) to preserve the normal channels of trade, through admitting token imports, avoiding total prohibition, etc;
15. Steps taken to reduce the protective effects of the restrictions;
16. Effects of the restrictions on particular commodities of interest to individual contracting parties.