

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

IC/W/55

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## Intersessional Committee

### DRAFT

### REPORT OF THE INTERSESSIONAL COMMITTEE

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

The Committee has met on six occasions since the Tenth Session: on 26 March, 12 April, 9 May, 26 July, from 11 to 14 September and on 10 October. The discussions at the first five meetings are summarized in IC/SR.23-27 respectively, and the record of the October meeting will appear in IC/SR.28. This report reviews the work and notes the recommendations of the Committee.

#### I. Requests for Renegotiation

The first four meetings of the Committee were convened expressly for the purpose of considering requests by governments for authority to renegotiate certain items in their Schedules. Under the Declaration of 10 March 1955 on the Continued Application of Schedules, most contracting parties have undertaken not to invoke the provisions of Article XXVIII for the modification of concessions prior to 1 January 1958, but under paragraph 2(a) of the Declaration a signatory may plead "special circumstances" in the sense of paragraph 4 of Article XXVIII (Revised) in seeking authority to renegotiate, under the procedures of that paragraph, particular items in its schedule. The Intersessional Committee, under its terms of reference, is instructed to consider applications for special authority to enter into negotiations that may be received when the CONTRACTING PARTIES are not in session and has the power to grant the authority if it considers that the circumstances justify such action.

Since the Tenth Session six applications by signatories of the Declaration were received and considered by the Committee. In each case the Committee found that special circumstances existed in the sense of Article XXVIII:4 (Revised) and accordingly granted the authority to renegotiate:

- United Kingdom - 1. certain pig products (IC/SR.23)
- 2. four items detailed in SECRET/64 and Add.1 (IC/SR.25)
- United States - 3. women's fur felt hat bodies (IC/SR.24)
- 4. liquid sugar (IC/SR.25)

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- Australia - 5. taximeters and types of socks and stockings detailed in SECRET/69 (IC/SR.26)
- New Zealand - 6. two items detailed in SECRET/70 (IC/SR.27)

In addition, the Government of Chile, which had not signed the Declaration of 10 March 1955 and was therefore free to resort to the provisions of Article XXVIII:1, preferred to submit to the Committee at its meeting in April a request for authority to renegotiate certain items in its Schedule (SECRET/60) under procedures similar to those of Article XXVIII:4 (Revised). While the Committee agreed that Chile was free to enter into negotiations on the items specified and to use procedures similar to those of paragraph 4 of Article XXVIII, it nevertheless held that in granting such authority the Committee was not taking any decision regarding the application or interpretation of that paragraph.

## II. Changes in Australian Import Restrictions

The Government of Australia informed the CONTRACTING PARTIES on 3 July that certain changes in its import restrictions had been introduced as from 1 July (L/493 and Add.1). At its July meeting the Committee examined these changes in the light of the second part of the first sentence in paragraph 4(b) of Article XII. The Committee took note of the fact that they were part of the series of measures designed to deal with Australia's balance-of-payments difficulties concerning which Australia had twice consulted the CONTRACTING PARTIES in the past year, and that there would be practical difficulties in arranging a consultation within a period of thirty days. The Committee decided, therefore, not to consider at that time the applicability of the mandatory provision of Article XII:4(b), but to recommend to the CONTRACTING PARTIES that the question of inviting Australia to consult with them on these measures be examined at the Eleventh Session.

## III. Distribution of Secret Documents

At the July meeting the representative of India raised the point that the procedure of sending only one copy of a SECRET document to each contracting party involved considerable inconvenience and requested that the Committee consider whether the circulation procedure might be made more liberal. The Committee decided that in future, subject to confirmation by the CONTRACTING PARTIES, a copy of SECRET documents be sent to permanent delegates in Geneva and to liaison officers in addition to the copy sent to governments.

## IV. Questions referred to the Committee by the CONTRACTING PARTIES

At the Tenth Session the CONTRACTING PARTIES instructed the Committee to take up several questions for further study prior to the Eleventh Session. There were seven such references and all were considered by the Committee at its September meeting as follows:

(a) Procedures for Elections

A proposal made by the representative of Pakistan at the Tenth Session concerning procedures to be followed for elections (W.10/22) was considered in conjunction with a note by the Executive Secretary (L/490). The Committee concluded that it was neither necessary nor desirable at this time for the CONTRACTING PARTIES to lay down rigid rules for the conduct of elections and recommended that the election of Chairman and Vice-Chairmen proceed along the general lines proposed by the delegate for Pakistan (L/537).

(b) Commodity Problems

The Committee considered whether progress in reconciling views on a text for a special agreement on commodity arrangements was sufficiently advanced for it to establish a drafting group as authorized by the CONTRACTING PARTIES at the Tenth Session. The Committee noted the report of the Executive Secretary and agreed that no useful purpose would be served by convening a drafting group at this stage. In its report (L/531) the Committee has recommended that delegations principally interested in this question consult together early in the Eleventh Session with a view to considering:

- (i) whether it appears likely that agreement can be reached along the lines of SACA; or
- (ii) if not, what alternative approaches to the question of commodity trade might be developed by the CONTRACTING PARTIES.

(c) Votes required for granting Waivers

The Committee had been instructed to consider whether this question warranted further examination at the Eleventh Session. The Committee thought that it would be difficult to lay down any special criteria for waivers of obligations under the Agreement but agreed that the Cuban Statement (L/459) emphasized that considerable caution was necessary in considering requests for waivers of obligations in Part I. The Committee has recommended therefore that the CONTRACTING PARTIES take appropriate measures to safeguard the interests of contracting parties when considering such waivers and invites the attention of the CONTRACTING PARTIES to its recommendations in L/532.

(d) Anti-dumping and Countervailing Duties

The Committee considered what arrangements should be made for the discussion of this item and decided that, in view of the nature of the subject, it would be desirable for the CONTRACTING PARTIES to arrange for informal consultations between the experts of the interested contracting parties before any decision is taken as to the procedure to be adopted for dealing with the matter.

(e) French Special Temporary Compensation Tax on Imports

In accordance with the Decision of 30 November 1955, the French Government submitted a report (L/495) to the Committee on measures taken towards the relaxation and eventual removal of the tax. The Committee decided to submit the report, together with additional data which the French delegate undertook to furnish, for consideration at the Eleventh Session.

(f) Application of Article XXXV to Japan

The representative of Japan reported to the Committee on his Government's consultations with some of the contracting parties concerned and the Committee agreed that it would be desirable that this item appear on the Agenda of the Eleventh Session so that the Japanese delegation would have a further opportunity to discuss the matter at that time in the light of such progress as had then been made.

(g) Trainee Programme

The Committee considered a report by the Executive Secretary on the operation of the training programme in 1956 (L/511). Several members spoke highly of the advantages of the scheme in enabling young officials of underdeveloped countries to study commercial policy and to become better acquainted with the General Agreement. The Committee recommends strongly that the scheme be continued, and instructed the Executive Secretary to invite nominations for 1957.

V. Arrangements for the Eleventh Session

(a) Hours of Meetings

The Committee recommends that the same arrangements as for the Tenth Session be adopted, namely that meetings should be from 10 a.m. to 12.30 p.m. and from 2.30 to 5 p.m. and that simultaneous interpretation be provided for all plenary meetings.

With respect to the order of business the Committee recommends that the CONTRACTING PARTIES take up the following items in plenary discussion and, where necessary, for the establishment of working parties on the days indicated:

Friday, 12 October	--	Schedules and Budget
Monday, 15 October	-	Belgian Waiver and Balance-of-payments Questions
Monday, 22 October	-	European Coal and Steel Community Waiver and Customs Administration Questions
Tuesday, 23 October	--	Brazilian Tariff and Schedule
Thursday, 25 October	-	Nomination of Chairman of ICCICA

(b) Meeting of Ministers

The Committee discussed a proposal by the Executive Secretary for the attendance of ministers at the Eleventh Session, and as a regular procedure thereafter at annual sessions, in order to provide for a wider exchange of views and as a means of contributing towards a more effective operation of the General Agreement. Several members thought that such a meeting would not serve a useful purpose unless there were a good attendance of ministers, particularly from non-European countries. As there was insufficient information as to the readiness of ministers to attend the Eleventh Session, the Committee instructed the Executive Secretary to communicate with contracting parties to enquire whether their ministers would be willing to attend during the week commencing 12 November.

At the October meeting the Committee [ . . . . . ]

VI. Provisional Agenda for the Eleventh Session

The purpose of the September meeting of the Committee was, inter alia, to consider what matters are likely to arise at the Eleventh Session and examine the adequacy of the documentation available and to undertake any preparatory work so as to facilitate the discussions. The decisions of the Committee in its review of the Items on the Provisional Agenda included the following:

(a) European Customs Union

The Committee noted the resolution submitted by the Council of Europe (L/500), suggesting that the CONTRACTING PARTIES should study the question of the formation of a customs union of the member countries. Recent developments towards the establishment of a common market or customs union by the Governments of France, Germany, Italy and the Benelux countries and the study by the OEEC of possible methods of association between such a union and other members of the OEEC, were also brought to the Committee's attention. The Committee decided, therefore, to include an item in the Provisional Agenda entitled "Proposals for closer economic integration in Europe by the formation of a customs union and/or a free-trade area."

(b) Developments in OEEC Trade Liberalization

This item was proposed by the Government of Australia and at the request of the Australian representative the Committee instructed the Executive Secretary to prepare a note to serve as a basis for discussion.

(c) Accession of Switzerland

The Committee agreed to a request by the observer for Switzerland than an application for the accession of his Government be included in the Provisional Agenda.

(d) Affiliation of the ICITO Staff to the UN Pension Fund

The Committee considered a report by the Executive Secretary (L/509) which outlined the difficulties in the way of the admission of the ICITO staff to the United Nations Joint Staff Pension Fund. The Committee agreed that it would be desirable if the representatives of contracting parties could, by concerted action at the next United Nations General Assembly, obtain an amendment or agreed interpretation of the present regulations which would facilitate the participation of ICITO in the Fund. The Executive Secretary was asked to distribute a further explanatory note on the issues involved (L/527) and to continue meanwhile his examination of alternative schemes. It was agreed that each member of the Committee would forward this new note to his government and draw attention to the Executive Secretary's report asking that sympathetic consideration be given to the proposals.

VII. Intensification of Restrictions

At the September meeting, the Executive Secretary had intended to report to the Committee the changes which had been introduced by contracting parties since the Tenth Session on restrictions maintained under Article XII. The arrangements approved by the CONTRACTING PARTIES provide that any contracting party modifying its restrictions should furnish detailed information; however, in many cases the required information had not been received and sometimes direct enquiry by the secretariat had proved unfruitful. For this reason the proposed report had not been issued by the secretariat. The Committee agreed to recommend that the working party on balance-of-payments restrictions at the Eleventh Session be asked to enquire into ways and means of effectively implementing paragraph 6 of the procedures.

VIII. United States Action on Linen Towelling

At the September meeting the representative of the United Kingdom referred to the action taken by the United States under Article XIX to increase the duties on linen towelling (Item 1010 in Schedule XX) and informed the Committee that his government had claimed a substantial interest in this item and was at present consulting with the Government of the United States with a view to seeking compensation. As it seemed improbable that the consultations would be completed within the time limit specified in Article XIX: 3(a) for the suspension of equivalent obligations or concessions, his Government requested an extension so that the ninety-day period would run from the date of the conclusion of the consultation. The representative of Belgium stated that the Benelux Governments wished to be associated with the request as they also had an interest in this item. A decision extending the time limit was approved by the twenty-four representatives and observers (i.e. two-thirds of the contracting parties) who were present at the meeting.