

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/W/25

25 September 1961

Limited Distribution

COUNCIL

25 September - 6 October 1961

COUNCIL AGENDA

Notes by the Secretariat on Agenda Items

The provisional agenda has been distributed in document C/17. To facilitate preparations by Council members for dealing with the various items on the agenda, the following annotations are provided:

1. ELECTION OF CHAIRMAN

The Council elects its own officers. At the first meeting of the Council in September 1960, Mr. J. H. Warren (Canada) was elected Chairman. At the sixth meeting, in May 1961, Mr. Warren informed the Council that he would not be available to serve as Chairman after July.

2. ADOPTION OF AGENDA AND ORDER OF BUSINESS

The provisional agenda - comprising the items listed by the secretariat in the advance agenda (C/16) and one item proposed by the Government of Sweden - has been distributed in document C/17.

After adoption of its agenda, the Council might give consideration to the programme of work proposed by the secretariat in document C/W/24.

3. MEETING OF MINISTERS

The Council has been asked to make preparations for the meeting of Ministers which will be held in Geneva from 27-30 November. Contracting parties were invited to submit suggestions as to specific points and proposals for action (7/M/6 and SR.18/4) in order to enable the Council to prepare an agenda for the Ministers' meeting. In preparing an agenda the Council is to consider what additional points might be examined by Ministers in the light of the progress in the Tariff Conference and of the results of the work of Committees II and III. A report is to be submitted to the nineteenth session on the specific points and proposals to be placed before Ministers, in the form of a brief paper for Ministerial consideration.

A communication from the Government of Uruguay has been distributed in C/W/23. A paper incorporating proposals submitted by other contracting parties is being prepared by the secretariat.

4. RESIDUAL IMPORT RESTRICTIONS

It was agreed at the eighteenth session that the Council would examine the notifications submitted under paragraph 7 of the procedures relating to residual import restrictions (9S/19). These have been reproduced in document L/1563.

The Council was also instructed to review in the light of experience the whole of the procedures and to report to the nineteenth session. To facilitate this review the secretariat is preparing an account of the action taken by contracting parties pursuant to these procedures.

5. SOUTH AFRICAN IMPORT RESTRICTIONS

In May 1961 the Government of South Africa notified the Executive Secretary of certain changes in the import restrictions which it maintained for balance-of-payments reasons. The information received was circulated in document L/1502.

The Government of Sweden has requested the Council to examine these changes under paragraph 4 of the procedures of 16 November 1960 (L/1553). The Council should consider whether the changes introduced in May 1961 constitute a "substantial intensification" of the restrictions maintained by South Africa. If so the Council should make arrangements for South Africa to enter into consultations with the CONTRACTING PARTIES in accordance with Article XII:4(a).

6. EUROPEAN ECONOMIC COMMUNITY

(a) Examination of the Common Tariff under Article XXIV:5(a)

When the 1960/61 Tariff Conference established the Tariff Negotiations Committee, the Committee was instructed to carry out the actual examination of the Common Tariff pursuant to Article XXIV:5(a) and to report to the CONTRACTING PARTIES. A report by the Committee (L/1479) was submitted to the eighteenth session; the discussion on the report is summarized on pages 46-54 of SR.18/4.

Further consideration of the report was deferred and the Council is now to decide whether to place the matter on the agenda for the nineteenth session or to leave it until the twentieth session.

(b) Association of Overseas Territories

A discussion of this question at the eighteenth session is summarized on pages 77-86 of SR.18/6. It was agreed that the item should be retained on the agenda of the CONTRACTING PARTIES "for further consideration at an appropriate time either by the Council or by the CONTRACTING PARTIES".

7. CENTRAL AMERICAN FREE TRADE AREA

The Treaty providing for the formation of the free-trade area came into force between Nicaragua, El Salvador, Guatemala and Honduras in 1959. Under the Decision of 13 November 1956 (5S/29), the Government of Nicaragua undertook to furnish annually "a report on the progress achieved towards the elimination of tariffs and other restrictive regulations of commerce within the free-trade area". The report submitted by Nicaragua in September 1961 has been distributed in document L/1564.

In connexion with the implementation of the General Treaty for Central American Economic Integration, of 13 December 1960, the Government of Nicaragua has requested release from obligations of Article II in order to modify the rates of duty applied to certain products listed in the Nicaraguan Schedule. Consideration of these requests (documents L/1425 and Add.1-2) was deferred by the Council until such time as a representative of Nicaragua could be present to afford the necessary explanations.

8. MARKETING OF BUTTER IN THE UNITED KINGDOM

At its meeting on 24 March, the Council initiated consultations on the difficulties encountered by New Zealand in the marketing of butter in the United Kingdom. The report of the meeting held in April (L/1453 & Add.1) was submitted to the Council and the CONTRACTING PARTIES in May. The CONTRACTING PARTIES recognized that the situation in the butter market was serious and that the consultations should be followed up; accordingly the report on the consultations was noted as a progress report and the consulting countries were invited to meet again in June in order that the conditions in the butter market should be kept under review. A third meeting was held from 12-15 September and it was agreed that a further meeting might be convened in the near future.

The Executive Secretary, who served as Chairman of the consultations, will report to the Council on the June and September meetings.

9. ARRANGEMENTS REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

The last meeting of the Council, on 21 June, was convened to consider a proposal by the Government of the United States for "the convening of a meeting of the countries principally interested in the importation and exportation of cotton textile products, with a view to reaching agreement on arrangements for the orderly development of the trade, while at the same time avoiding disruptive conditions in import markets". The proposed meeting took place from 17-21 July 1961. The record of the meeting and the text of the proposed arrangements have been distributed in L/1535. The participating Governments drew up certain "arrangements regarding international trade in cotton textiles", which include a short-term arrangement to be effective for twelve months

beginning 1 October 1961 and provision for the establishment of a Cotton Textile Committee to work out a longer-term solution to the problems in this field. The establishment of this Committee requires confirmation by the CONTRACTING PARTIES at the nineteenth session, and meanwhile a meeting of a Provisional Committee has been envisaged.

The Executive Secretary, who was elected Chairman of the meeting, will report to the Council.

10. IMPACT OF COMMODITY PROBLEMS ON INTERNATIONAL TRADE

Under the Resolution of 17 November 1956, the CONTRACTING PARTIES annually review the trends and developments in international commodity trade and preparations for the review are made by the Commodities Working Party. On this occasion the Council has been given the task of making arrangements for the next meeting of the Commodities Working Party and for the consideration of this item at the nineteenth session (SR.17/5-6 and C/M/4).

The secretariat is preparing a paper for the use of the Working Party, including an analysis of trends in commodity trade and an account of developments in inter-governmental action relating to commodity problems over the past year. It would be helpful if the Council could suggest any particular problems to which the Working Party and the CONTRACTING PARTIES should give attention at the nineteenth session.

11. DISPOSAL OF COMMODITY SURPLUSES

For several years the CONTRACTING PARTIES have reviewed annually the experience under the Resolution of 4 March 1955 on the disposal of surpluses. Suggestions for dealing with this item in future were referred to the Council. At its meeting in February the Council decided to invite contracting parties which have disposed of commodity surpluses since the seventeenth session to submit reports by 1 September.

The four reports received have been distributed in document L/1550. The Council is to recommend whether, and if so which aspects of, this question should be discussed by the CONTRACTING PARTIES at the nineteenth session. If the question is to be included in the agenda for the session, there will be no need for the Council to examine the reports in substance.

12. RELATIONS WITH YUGOSLAVIA

The first annual review under the Declaration of 25 May 1959 on "the development of mutual relations between Yugoslavia and the other parties to the Declaration" was carried out at the seventeenth session. The Council intended to conduct the second review at this meeting but it now appears that important documentation will not be available until October. It is therefore proposed that the review should instead be carried out in the early part of the nineteenth session.

13. ITALIAN SPECIAL CUSTOMS TREATMENT FOR LIBYAN PRODUCTS

The reports for 1961 submitted by the Governments of Italy and Libya under the Decision of 20 November 1958 (7S/34) have been distributed in documents L/1556 and L/1558.

This waiver, which has been extended on several occasions, expires on 31 December 1961 and the Decision provides that the situation shall be reviewed at this session. The Government of Italy has requested an extension of the waiver for a further three years. The Council should examine this request with a view to submitting a recommendation to the nineteenth session.

14. REPORTS UNDER WAIVERS

At a previous meeting (C/M/4), the Council considered the extent to which it should undertake the consideration of reports under waivers in order to facilitate and expedite the work of the sessions of the CONTRACTING PARTIES. It appeared to be the view of the Council that such reports should be processed by the Council, except those which are normally referred to working parties. Accordingly, the reports by Belgium, the Federal Republic of Germany and the United States under the waivers granted to these countries will be referred to the nineteenth session. The reports required under other waivers should be examined by the Council with a view to formulating recommendations to the CONTRACTING PARTIES:

(a) Ceylon - temporary duty increases

On 10 April 1961 a waiver was granted to the Government of Ceylon to apply increased rates of duty on certain items included in the Ceylonese Schedule. Under this waiver Ceylon is required to report annually on "action taken to reduce or eliminate the increase in duties maintained and on the circumstances which in its view still justify the application of the increases not yet eliminated". Ceylon's first report has been distributed in L/1551.

At this time Ceylon is also required to consult with the CONTRACTING PARTIES "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". In connexion with this consultation, the CONTRACTING PARTIES are required to consult with the International Monetary Fund in accordance with Article XV:2. It is suggested that discussion in the Council may be considered as constituting the consultation called for by the Decision.¹

(b) France and Germany - trade relations with the Saar

The Governments of France and Germany have submitted their fourth annual reports under the Decision of 22 November 1957 (L/1534 and L/1552). Until the full achievement of the European Economic Community certain products originating in the franc area and for delivery in the Saar receive duty-free treatment on import into the territory of the Federal Republic of Germany and certain products originating in the Saar receive duty-free treatment upon import into French territory.

¹The content of the report and the subject matter of the consultation as quoted above are substantially the same for the Nicaragua and Uruguay waivers under sub-items (d) and (i) below. Also there will in each case be a consultation with the International Monetary Fund and the suggestion that discussion in the Council may constitute the "consultation" applies.

(c) Indonesia - renegotiation of Schedule

By the Decision of 10 April 1961 as amended on 25 July, the Government of Indonesia was authorized to enter into negotiations with contracting parties in connexion with increases which had been made in certain bound rates of duty. The Government of Indonesia was required to report on the progress of negotiations to the autumn session.

A report by Indonesia (L/1555) shows that negotiations were begun with fourteen contracting parties and that three of these have been completed.

(d) Nicaraguan import duties

The Government of Nicaragua has submitted a report as required by the Decision of 20 November 1959 (L/1565). The authority granted by the waiver to apply temporary increases in customs duties as an emergency measure on items on which concessions have been accorded in the Nicaraguan Schedule was not used until 1 January 1961. In addition to submitting a report the Government of Nicaragua is required to consult with the CONTRACTING PARTIES.

(For procedures, etc. see sub-item (a) above.)

(e) Peru - import charges

By the Decision of 21 November 1958, the Government of Peru was granted authority to maintain certain surcharges on items on which concessions had been granted in the Peruvian Schedule. Each year the Government of Peru is required to submit a report on action taken to reduce or eliminate the surcharges and on the circumstances which in its view still justify the application of the surcharges not yet eliminated.

The report for 1961 has not yet been received.

(f) Rhodesia and Nyasaland - United Kingdom territories

The Government of Rhodesia and Nyasaland is required to report annually on measures taken under the Decision of 19 November 1960. The report submitted (L/1542) states that up to September 1961 no action had been taken under this waiver.

(g) United Kingdom - Article I

(h) United Kingdom - dependent territories

The annual reports by the Government of the United Kingdom under these two waivers have been distributed in documents L/1543 and L/1544. Each report contains a reference to the intention of the United Kingdom to invoke the two waivers as set out in the Secret Airgram of 9 June 1961.

(i) Uruguay - import surcharges

By the Decision of 8 May 1951 the Government of Uruguay was authorized to maintain surcharges on certain products specified in the Uruguayan Schedule. Each year the Government of Uruguay is required to submit a report and to consult with the CONTRACTING PARTIES.

The first report under this waiver was due on 15 September.

(For procedures, etc. see sub.item (a) above.)

15. CONSULAR FORMALITIES

Wishing to review the progress made in the implementation of their Recommendation of 7 November 1952, the CONTRACTING PARTIES called upon governments which still maintain consular formalities to report on action taken towards their abolition. The secretariat will report to the Council on this question.

16. FINANCIAL AND ADMINISTRATIVE QUESTIONS

At its meeting in February (C/M/4) the Council decided that an intersessional Working Party on Budget should be appointed and that this Working Party should meet prior to the Council meeting which precedes the session of the CONTRACTING PARTIES at which the annual budget is to be considered; the Working Party was to examine the budgetary and administrative proposals put forward by the Executive Secretary and to submit its report to the Council which would send it forward to the CONTRACTING PARTIES together with its recommendations.

The Budget Working Party, which was appointed at the eighteenth session, met in September and its report has been distributed in document L/1562. Council is asked to examine this report and to submit to the nineteenth session its recommendations on action to be taken by the CONTRACTING PARTIES.

17. PREPARATIONS FOR NINETEENTH SESSION

An advance agenda for the nineteenth session, which will be held in Geneva from 13 November to 8 December, was distributed in document L/1525. Contracting parties were asked to notify any additional items by 2 October at which time the provisional agenda for the session will be prepared.

Copies of the provisional agenda will be made available to the Council by which it should be examined with a view to undertaking (or making arrangements for) such preparations, on items not included in this Council agenda, as would expedite the work of the session. Further, the Council is to recommend to the CONTRACTING PARTIES a time-table for the first week of the session.