REVIEW OF THE TWENTY-FOURTH SESSION OF THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT,
HELD AT GENEVA, 9-24 NOVEMBER 1967

The following are notes on action taken on the principal items on the agenda of the twenty-fourth session of the Contracting Parties, held at Geneva from 9-24 November. The session was presided over by Mr. K.B. Lall, Secretary to the Government of India, Ministry of Commerce, Chairman of the Contracting Parties. During the last three days of the session an important meeting was held at which contracting parties at a high level of representation, including some seventeen Ministers, addressed themselves to a Review of the Work of the Contracting Parties Through the Last Two Decades and Consideration of Future Programme.

OPENING STATEMENT BY THE CHAIRMAN

The statement by the Chairman of the Contracting Parties, Mr. K.B. Lall, delivered on 9 November, is reproduced in full in Press Release GATT/1009-

Statement by the Observer from Hungary

At the opening meeting the Observers from the Peoples Republics of Hungary and Bulgaria, which were represented at a session of the Contracting Parties for the first time, made statements.

The Observer for Hungary said that the interest of his Government in the work of the Contracting Parties was a practical one, since a large part of Hungary's trade was carried on with contracting parties. Hungary had reached an appreciable degree of economic development both in industrial and agricultural fields. This had a great impact on the country's foreign trade. Hungary's method of economic management was to undergo a reform, which would enable to decentralize the economic decision-making process and introduce considerations of profitability at the level of individual enterprises. A new Hungarian customs tariff was being prepared and would come into effect as from 1 January 1968. As far as the scope of collaboration with the Contracting Parties was concerned, the Hungarian Government felt that the observer status could be maintained up to a time when further developments of the situation permitted them to take more substantial decisions.

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REVIEW OF THE WORK OF THE CONTRACTING PARTIES THROUGH THE LAST TWO DECADES
AND CONSIDERATION OF FUTURE PROGRAMME

This item was considered on the last three days of the session, 22-24 November.

The text adopted by the Contracting Parties on 24 November, at the close of the session is set out in full, below.

A list of representatives who took part in this discussion of this item is given in Annex A.

Text Adopted by the Contracting Parties on 24 November 1967
at the Close of their Twenty-Fourth Session

1. During their twenty-fourth session, the Contracting Parties to the General Agreement on Tariffs and Trade reviewed their work of the past twenty years and reached certain conclusions on their future work programme. Many contracting parties were represented by Ministers during the concluding days of the session.

2. The Contracting Parties reaffirmed their confidence in the General Agreement as the contractual basis for their trading relationships and their determination to continue to co-operate in the trade field within the framework of the Agreement.

3. The Contracting Parties' discussion focused essentially on the GATT Programme for Expansion of International Trade. This Programme was inaugurated at a meeting of Ministers in 1958 and covered tariff reduction, trade in agricultural products and the trade problems of developing countries. It has provided, and continues to provide, the broad basis and impetus for the activities of the Contracting Parties in these three fields.

4. The Contracting Parties put particular stress on the progress made over the past twenty years toward the attainment of the objectives of the GATT and the outstanding contribution that the General Agreement had made to the expansion of world trade and to international co-operation in the trade field generally. They welcomed in particular the substantial results of the Kennedy Round of trade negotiations which had been the most comprehensive and, in general, the most successful ever undertaken.

5. The Contracting Parties noted that significant progress had been made in the field of agricultural trade. Nonetheless they recognized that problems remained and there were some sectors, of particular importance to contracting parties relying heavily on exports of agricultural products, in which progress achieved under the General Agreement had not matched that achieved in relation to industrial trade generally. The Contracting Parties reaffirmed, in the context of the further pursuit of the objectives of the General Agreement, their determination to pursue solutions to the problems in the agricultural field.
6. The Contracting Parties recognized the pioneering work in the field of the trade problems of the developing countries that had been done by the Contracting Parties and welcomed the progressively increasing attention being paid by them to these problems. They further took note of the adoption of Part IV of the Agreement. However, the results of the earlier efforts and the Kennedy Round had left many of the trade problems of most developing countries unresolved. They agreed that a maximum effort was needed in the GATT, and elsewhere, directed towards the expansion of the export earnings of the developing countries and thus towards the early resolution of their problems.

7. The Contracting Parties agreed that an essential first task was to secure the full implementation of all the results agreed upon in the Kennedy Round. However, they considered it understandable that such a far-reaching reduction of barriers as had been achieved in the Kennedy Round could create problems in some cases. In their view the appropriate way to deal with any such difficulties would be through internal measures of adjustment and not through the creation of new obstacles to international trade. Where problems arose, the established GATT consultation procedures were available to facilitate constructive co-operation between countries. It was recognized that any significant trade restrictive measures would be likely to spread, particularly if introduced by one or more major trading countries. This, in turn, would threaten to undo what had been achieved in the field of trade liberalization and jeopardize future progress.

8. The Contracting Parties took note of the interest in the work of the GATT of countries with centrally-planned economies and welcomed the accession of Poland to the General Agreement and the participation of observers from Bulgaria, Hungary and Rumania in the work of the Contracting Parties. They agreed that the Contracting Parties' approach to the question of trade relations with countries with centrally-planned economies should continue to be on a pragmatic, country-by-country basis.

9. The Contracting Parties reaffirmed that the liberalization of world trade by means of negotiations remains the primary objective of the General Agreement, but noted that, in the light of the recent conclusion of the Kennedy Round, no new major initiatives for a multilateral and comprehensive move forward could reasonably be expected in the near future. Whilst in the light of the foregoing, work undertaken at this time would be without commitment on the part of governments both as to its outcome and in particular as to any future negotiations, the Contracting Parties recognized that it was important to proceed to prepare for further advances, with full regard to the objectives and provisions of the General Agreement, within the Programme for Expansion of International Trade. Further, the Contracting Parties agreed that there was urgent need for additional positive measures for the expansion of trade and improvement of the trade position of developing countries.

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Future Work Programme

10. Against this background the Contracting Parties agreed to undertake the following co-ordinated programme of work under the three main headings of the Programme for Expansion of International Trade. They authorized the Council to supervise all aspects of the Programme.

A. Industrial products

(a) A Committee on Trade in Industrial Products is instituted to explore the opportunities for making progress toward further liberalization of trade, taking into account the discussion on the subject at the twenty-fourth session.

(b) An objective analysis will be made of the tariff situation as it will be when all Kennedy Round concessions have been fully implemented. The secretariat will prepare documentation, in consultation as appropriate with contracting parties, to serve as a basis for this analysis.

(c) An inventory of non-tariff and para-tariff barriers affecting international trade will be drawn up. Contracting parties should, accordingly, notify the secretariat by 30 April 1968 of the non-tariff barriers, both governmental and non-governmental, which they wish to be included in the inventory. The secretariat will consolidate the notifications received and transmit these to the Committee by 30 May 1968 for analysis. On the basis of the report of the Committee, the Council is instructed to establish appropriate machinery to deal with the problems identified in the inventory.

B. Agriculture

The Contracting Parties agreed to establish an Agricultural Committee to examine the problems in the agricultural sector, and to explore the opportunities for making progress in the attainment of the objectives of the General Agreement in the agricultural field. The examination would cover all agricultural products important in international trade.

This examination should prepare the way for subsequent consideration of positive solutions which could be mutually accepted by all contracting parties concerned. It would bear on all relevant elements of agricultural trade and production policies; all contracting parties which have a significant influence on the situation of the markets of the products concerned shall participate in this examination.

The Committee shall meet early in 1968 to decide on the programme for the implementation of its terms of reference.
The Contracting Parties also agreed that in certain cases problems arise which should be given immediate attention. It was agreed that GATT procedures, including those under Article XXII, provide an appropriate context for discussion of such problems and that the discussions should be conducted not in a spirit of confrontation, but as a means of arriving at mutually acceptable solutions. The discussions should take into account any relevant conclusions reached in the examinations being undertaken in the Agricultural Committee. Similarly, the Agricultural Committee should take into account the results of these discussions.

It was further agreed that in an urgent case where it was generally recognized that there were widespread difficulties affecting significantly world trade in the product, these discussions should be undertaken immediately.

C. Conclusions relating to the trade of developing countries

(a) Advance implementation of the Kennedy Round reductions

The Contracting Parties took note of the notifications made by a number of developed countries of tariff concessions made by them in the Kennedy Round on products of interest to developing countries which would be implemented without phasing. The Contracting Parties urged all developed contracting parties to take the broadest possible action in this connexion, having regard however to the effect of such action on the interests of developing countries at present benefiting from preferences.

(b) Tropical products

The Contracting Parties agreed to reactivate the Special Group on Tropical Products with the following terms of reference:

"to examine problems affecting trade in tropical products, and to report on ways and means of overcoming these problems".

The Contracting Parties agreed that the Special Group should also, among other problems, study the incidence of internal charges and revenue duties on tropical products.

(c) Import restrictions

The Contracting Parties agreed that, inter alia, panels of governmental experts may be established to examine problems relating to the quantitative restrictions maintained by developed contracting parties on industrial products of particular interest to developing countries with a view to an early removal of these restrictions.
(d) **Tariff classification**

The Contracting Parties urged the developed countries to give early and sympathetic consideration to requests already made, or that may be made, by developing countries for the separate identification in their tariff classification of products for which these countries are seeking, or may be seeking, further tariff concessions or duty-free entry.

(e) **Expansion of trade among developing countries**

The Contracting Parties noted with satisfaction the initiative taken by developing countries to explore, in the light of their obligations at regional and sub-regional levels and evolving international commercial policies, the possibilities of an exchange of tariff and trade concessions directed towards the expansion of their mutual trade. They noted that a Trade Negotiations Committee of developing countries had been set up to establish a basis for such negotiations, that the Contracting Parties would be kept informed of progress and that, in due course, the results would be brought to them for their consideration, as necessary.

(f) **Preferences by developed countries to developing countries**

The Contracting Parties noted that since they first agreed, at their ministerial level meeting in May 1963, to the study of proposals for the granting of preferences by developed countries to developing countries as a whole, considerable progress had been made in the examination of the issues of trade policy involved in the granting of special tariff treatment for exports of developing countries and of the broad principles on which such treatment might be based. They noted that one contracting party had put into effect a system of preferences for developing countries. They also noted that active consultations were being held among a number of interested developed countries with a view to formulating broad principles and guidelines for the institution of a general scheme of special tariff treatment for developing countries for discussion at the next UNCTAD. They further noted in this connexion that discussions on this subject had also taken place among developing countries. The Contracting Parties expressed the hope that the discussions in the UNCTAD would have a constructive outcome.

(g) **Consultations with developing countries**

The Contracting Parties agreed that the consultations on the balance of payments and other trade and development problems of developing countries provided for in the General Agreement should give particular attention to the possibilities for alleviating and correcting these problems through measures contracting parties might take to facilitate an expansion of the export earnings of these countries. In carrying out these activities the Contracting Parties should take due account of the work done in the UNCTAD and other international organizations.

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(h) Problems relating to cotton textiles

The Contracting Parties invited the importing countries, participants in the Cotton Textiles Arrangement, to report to the Cotton Textiles Committee in advance of its next meeting the steps taken by them to facilitate adjustments in their domestic industry during the period of special protection provided by the Cotton Textiles Arrangement.

(i) Problems relating to other products

The Contracting Parties agreed to give, with a view to finding solutions as early as may be practicable, special attention to the trade problems of the developing countries, including the possibility of eliminating duties on products made by hand and other labour intensive products of cottage industries and the possibility of eliminating or reducing duties on products of interest to developing countries.

(j) Exploitation of new trade opportunities for developing countries

The Contracting Parties instructed the International Trade Centre to give special attention in its work programme to assisting developing countries to take advantage of the new market opportunities opened up by tariff concessions granted in the Kennedy Round.

(k) Special tariff problems

The Contracting Parties agreed that the studies referred to in paragraph 8 of the third report of the Committee on Trade and Development (annexed) would be made and forwarded to the Committee on Trade in Industrial Products to be taken into account in the tariff analysis referred to in paragraph A(b) above.
Annex

Studies referred to in paragraph 8 of the third report of the Committee on Trade and Development (L/2912)

(a) The identification of products on which serious tariff problems persist after the Kennedy Round, particularly those relating to tariffs which disproportionately protect processed products as compared with primary products;

(b) an assessment of the general incidence of tariffs on products of export interest to developing countries and of other products;

(c) a study of the effects of specific duties on particular products of interest to developing countries;

(d) a review of the influence of factors other than tariff and non-tariff barriers on the flow of trade.
PROGRAMME FOR EXPANSION OF INTERNATIONAL TRADE

This item, which gave rise to extensive debate throughout the session, had its origin in a proposal by the Director-General that the Contracting Parties should address themselves at this session to the objective of moving towards the fullest implementation of the Programme for Expansion of Trade which was initiated in 1958. He put forward, for consideration, some ideas in the area of industrial liberalization where work could be undertaken without any initial commitment by governments as to its objectives and outcome. This work would be aimed at further lowering of tariffs as well as non-tariff barriers. In the field of agriculture he suggested that consultations should be initiated on the principal sectors. Regarding dairy products, where national policies were already leading to an acute and critical situation, he proposed that the Contracting Parties should organize a collective attempt to deal with the problem. Regarding questions concerning the trade of developing countries he referred to possibility of accelerated implementation by industrialized countries of tariff reductions on products of special interest to developing countries, procedures for dealing with remaining restrictions placed by developed countries on imports of interest to developing countries, procedures for consulting with developing countries about the import restrictions they feel obliged to impose, the removal of barriers to trade between developing countries themselves, and the full utilization of the International Trade Centre to assist developing countries to exploit the new market opportunities which the Kennedy Round represents.

The outcome of the debate on this item will be found under the agenda item, Review of the Work of the Contracting Parties Through the Last Two Decades and Conclusions on Their Future Work Programme.

TRADE OF LESS-DEVELOPED COUNTRIES

Problems facing the developing countries in expanding their trade are reflected in a number of items on the agenda of the twenty-fourth session: in particular, Review of the Work Through the Last Two Decades and Consideration of Future Programme, Trade of Less-Developed Countries, GATT/UNCTAD Relations, Proposals for a Joint International Trade Centre, and the Fellowship Programme.

Under the agenda item Trade of Less-Developed Countries the Contracting Parties considered (a) the report of the Committee on Trade and Development on its activities since the twenty-third session, and (b) Economic Problems of Chad.

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The report of the Committee on Trade and Development deals with the following main topics: Implementation of Part IV of the GATT and the Ministerial Conclusions and Resolutions, Tropical Products, Advance Implementation of the Kennedy Round Reductions, Import Restrictions Affecting the Exports of Developing Countries, Expansion of Trade Among Developing Countries, Economic Problems of Chad, Other Activities and Future Work. The report of the Ad Hoc Group on the Assessment of the Kennedy Round Results is reproduced in an annex to the report. After an extensive debate the report was adopted.

Economic Problems of Chad

The Committee on Trade and Development in January 1967 established a Working Party to consider the problem created for Chad by the current world market conditions for raw cotton. The Working Party in its report made the following points, inter alia: (a) the dependence of Chad's economy on cotton which will continue for some time despite its efforts to diversify; (b) falling world cotton prices over the past decade and financial difficulties that have accompanied this development have seriously hampered the economic advancement of a country so very under-developed and so dependent on cotton as Chad; (c) the need of Chad to accelerate the diversification of its economy.

At this session the Contracting Parties decided (a) to draw the attention of governments to the analysis contained in the Working Party report, especially to the contributions which external assistance in certain areas could make to the economic growth and development of Chad; (b) to instruct the secretariat to forward the Working Party report to other international organizations for such action as they might wish to take; (c) to request the secretariat to keep the situation of Chad under review.

TRADE INFORMATION AND TRADE PROMOTION ADVISORY SERVICES

The GATT International Trade Centre was established at the request of the developing countries in May 1964, to aid them in the promotion of their export trade. It is designed to provide them with information on export markets and marketing and to help them develop their export promotion services and train the personnel required for these services.

Early in the session, in considering the report of the Advisory Group on Trade Information and Trade Promotion Advisory Services which had reviewed the activities of the International Trade Centre, representatives of contracting parties expressed deep appreciation of the services rendered by the Trade Centre and welcomed the expanded capacity of the Centre to give assistance aimed at improving export promotion services in the developing countries and training personnel needed for these services.
The decision concerning the joint operation of the International Trade Centre by GATT and UNCTAD is referred to in the following item.

PROPOSALS FOR A JOINT INTERNATIONAL TRADE CENTRE

In the course of the session the Director-General of GATT reported on the discussions he had held with the Secretary-General of the UNCTAD regarding proposals for a joint GATT/UNCTAD International Trade Centre, and these proposals were subsequently examined by a Working Party, in which the UNCTAD participated. In adopting the report of the Working Party (the report, contained in document L/2932 of 22 November, has been derestricted) the Contracting Parties agreed, as follows:

1. The International Trade Centre will be operated jointly by GATT and UNCTAD as from 1 January 1968. The working arrangements during 1968 will be of an interim character on the basis of the work programme and budget already approved by GATT, with an additional financial contribution by UNCTAD subject to final approval by the United Nations.

2. Permanent procedures will be determined by the Contracting Parties in the light of the experience of the interim arrangement, before the end of 1968, with a view to their implementation from 1 January 1969.

3. The functions of the joint Centre will remain basically the same as those of the present GATT Trade Centre, except that the joint Centre would in addition provide personnel and substantive support for export promotion projects financed under United Nations technical co-operation programmes.

4. From 1 January 1968 the Centre will be headed by a director appointed in agreement between the Director-General of GATT and the Secretary-General of UNCTAD.

5. During the interim period, until 1 January 1969, the Centre's resources for covering its activities will consist of the amount included for this purpose in the GATT budget for 1968, voluntary contributions by governments, and an additional $90,000 to be provided by United Nations/UNCTAD. In 1969 the regular budget of the Centre will be shared between the United Nations and GATT.
FELLOWSHIP PROGRAMME AND TECHNICAL ASSISTANCE

The Director-General reported on the Commercial Policy Training Programme in Geneva for officials from developing countries, on the joint United Nations Economic Commission for Africa/GATT Training Programme in Africa and on other technical assistance activities of the secretariat. The Geneva training programme started in 1955 and twenty-four half-year commercial policy courses had been held in which officials from sixty-one countries had participated; the courses were open both to contracting parties and to countries which were not yet GATT members.

BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

The Committee on Balance-of-Payments Import Restrictions carried out, between the twenty-third and twenty-fourth session, consultations with the following countries and at this session the reports on these consultations were adopted: Brazil, Ceylon, Chile, Finland, Ghana, Greece, Iceland, India, Indonesia, Israel, New Zealand, Pakistan, South Africa, Spain, Tunisia and Turkey.

IMPORT RESTRICTIONS APPLIED CONTRARY TO GATT AND NOT COVERED BY WAIVERS

Under procedures adopted in 1960, contracting parties are invited to furnish lists of import restrictions which they are applying contrary to the provisions of the General Agreement and without having obtained authorization. Introducing this topic the Chairman noted that these notifications constitute a valuable source of information for all who wish to ascertain the import treatment applicable to particular products of interest to them. However, not all the notifications provide adequate information on the nature of the restrictions maintained, on the level of imports permitted, or on plans for relaxation and removal of the restrictions. Further, a note by the secretariat listed some twenty countries which had not submitted any information recently.

In the discussion which followed a number of delegates expressed concern that this item had been on the agenda for many years and that little progress had been made toward the removal of remaining residual restrictions among the developed countries. The representative of New Zealand put forward a specific proposal that all import restrictions which are contrary to GATT obligations and which are not covered by waivers should be removed by the end of 1968, unless by that time waivers have been obtained or plans for the removal of restrictions have been accepted by the Contracting Parties.

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At the conclusion of the discussion the Chairman said that considerable progress had been made in the desired direction since the procedures were adopted in 1960, but some hard-core restrictions remained, particularly in agriculture where fundamental difficulties appeared to play a larger part than in industrial products. The Chairman proposed that the matter be left for this year. It was understood, however, that delegations would come to the next session fully prepared to deal with this problem definitively.

THE IMPACT OF COMMODITY PROBLEMS ON INTERNATIONAL TRADE

As at previous sessions, contracting parties discussed the impact of commodity problems on international trade. Among the products facing problems and difficulties in international trade tea, natural rubber, coconut, cotton, cocoa, sugar, meat and dairy products were mentioned in particular. In view of the great interest of many contracting parties, particularly developing countries, in trade in commodities it was agreed to keep this item on the agenda of the next session.

DISPOSAL OF COMMODITY SURPLUSES

For several years the Contracting Parties have reviewed annually the experience of governments relating to the disposal of commodity surpluses and the liquidation of strategic stocks. Countries which had been engaged in the disposal or liquidation of stocks are asked to submit reports and at this session reports were submitted by Australia, Canada, United Kingdom and United States.

During the discussion a number of speakers expressed appreciation of the manner in which governments with surpluses had discharged their responsibilities to commercial suppliers. Concern was expressed, however, over the impact of the new long-term dollar credit provisions in the United States legislation on the commercial sales of other suppliers. The basic problem in this connexion, it was stated, was the inability of developing countries to acquire sufficient foreign exchange to meet, commercially, their import requirements. Suggestions were made during the discussion to extend the scope of reporting under this item and the secretariat was asked to seek such additional information for future sessions.

TRADE IN COTTON TEXTILES

The Director-General reported on the work of the Cotton Textiles Committee since the last session and on the decision to extend the Cotton Textiles Arrangement for three years, i.e. until 30 September 1970, the Protocol providing for the extension having been accepted by all governments parties to the Arrangement.

It was agreed that, in view of the very extensive discussions held between September 1966 and April 1967, there would be no review of the operation of the Arrangement in the autumn of 1967 and that the next review would be in the latter part of 1968.
European Economic Community - Rome Treaty and Agreements of Association with Greece, Turkey, and the African and Malagasy States. The representative of the European Communities reported on events that had occurred since the last session. He stated that the free movement of industrial goods would be attained with the complete elimination, on 1 July 1963, of intra-Community duties. In the agricultural sector tariff demobilization would take place in phases. The common customs tariff for industrial products would become applicable on 1 July 1968. With regard to the evolution of the Community's trade he said that in 1966 total imports from third countries had increased by 7.5 per cent, a faster rate than in 1965 (6.4 per cent). The developing countries had benefited in 1966 by an increase of 7.4 per cent in imports by the Community, compared with 7 per cent in 1965, whereas the increase of imports from Western industrialized countries taken together had amounted to only 6.7 per cent. The Community's imports from developing countries had increased at a much faster rate than those of other industrialized countries. Since 1961, the Community had become the principal customer for the developing countries, which disposed of about one quarter of their exports on the Common Market. The Community, in its commercial policy, was concerned to strike a balance between its special responsibilities for the development of the associated African and Malagasy States and the interests of other developing countries. However, the share of the Associated States in total EEC imports remained slight. During the last three years it had fluctuated around 2.5 per cent by volume, against 9 per cent for Latin America and 20 to 24 per cent for the other African countries.

In the discussion which followed concern was expressed regarding the association arrangements set up under the Yaoundé Convention. Selective preferential treatment extended by developed countries to developing countries tended to overlook the legitimate interests of those developing countries discriminated against by these arrangements, and it was suggested that third countries should be given an opportunity to comment on the effects on their trade caused by the Yaoundé Convention. Concluding the discussion the Chairman regretted that in spite of the arrangements under the Yaoundé Convention the trade of the associated countries with the EEC did not increase. Something further had to be done, not only to help these countries, but also to find solutions which would help equally all developing countries to expand their trade.
European Free Trade Area - Stockholm Convention and the Association Agreement with Finland. The representative of the European Free Trade Association reported on developments since the last session and noted that the internal tariff demobilization on industrial products had been completed at the beginning of 1967, three years ahead of schedule. In the discussion which followed, delegates called attention to the bilateral agreements on agricultural products between EFTA member governments. It was agreed that further examination of the matter might be carried out in a working party at a later date.

Latin American Free Trade Area. Contracting parties which are participating in the Latin American Free Trade Association submitted a report on developments since the last session. Following a short discussion the Contracting Parties took note of the report.

Arab Common Market. The delegate of the United Arab Republic reported on the relevant decisions taken by the Council of Arab Economic Unity concerning economic, commercial, customs and monetary affairs and on the steps taken towards eliminating customs duties and suppressing import and export restrictions within the group. Delegates welcomed the progress made and the Contracting Parties took note of the report.

Central African Economic and Customs Union. The delegate of Chad reported on developments in the Central African Economic and Customs Union and the Contracting Parties took note of his statement.

United Kingdom/Ireland Free Trade Area. The delegate of the United Kingdom reported on the development of the United Kingdom/Ireland Free Trade Area; he pointed out that, as regards its implementation the United Kingdom had removed all its protective duties for goods originating in Ireland as of 1 July 1966. The Contracting Parties took note of the information submitted.

ASSOCIATION BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND NIGERIA

In June 1967 the Council set up a working party to examine the text of the Agreement signed in July 1966 between the European Economic Community and Nigeria. Since it has not been practicable to convene the working party up to the present the Contracting Parties took no action on this matter at this session.
COUNTERVAILING DUTIES

During the Kennedy Round, when the Anti-Dumping Code was being prepared, it was suggested that the possibility of drawing up rules to govern the imposition of countervailing duties should also be examined. At this session the Contracting Parties agreed to set up a working party whose terms of reference would be decided by the Council at a later date.

ARTICLE XVI, PARAGRAPH 4 - SUBSIDIES

Seventeen contracting parties have accepted the Declaration giving Effect to the Provisions of paragraph 4 of Article XVI, which means that they have accepted a ban on the granting of subsidies on exports of non-primary products. In 1964, the Contracting Parties also opened for acceptance a Declaration Extending the Standstill Provision of the same paragraph. However, the Standstill Provision has been accepted by only one contracting party and it will expire at the end of 1967. Since the matter is not urgent the Contracting Parties decided to postpone action, pending further consideration.

CONSULAR FORMALITIES

As at previous sessions the Contracting Parties examined reports on their present practices from member governments which still regularly require consular formalities in connexion with importation. During the discussion general appreciation was expressed at the progress made towards the elimination of these formalities. The matter will be reviewed again at the next session.

APPLICATION OF ARTICLE XXXV TO JAPAN

The delegate of Japan stated that, although the position of Japan regarding the application of Article XXXV had improved over the past year - a number of contracting parties having disinvoked this article - the situation in which a large number of countries invoked this Article remained abnormal. He appealed to the good sense of the contracting parties concerned for early disinvocation. There was general support for the Japanese request, although it was recognized that special problems might exist for certain countries.

TURKISH STAMP DUTY

The Government of Turkey had requested authority to maintain at an increased rate the stamp duty which was covered by the waiver of 20 July 1963. The request had been endorsed by the Council and was granted by the Contracting Parties.
SCHEDULE OF MALAWI

At the meeting of the Council in November, Malawi requested a waiver of obligations under Article II, pending the completion of renegotiations following upon the introduction of a new customs tariff. The Contracting Parties granted the waiver which envisages the completion of negotiations for a new Malawi Schedule by 31 December 1968.

SCHEDULE OF FINLAND

The Government of Finland had provided information concerning its decision, with the concurrence of the International Monetary Fund, on 12 October 1967 to change the par value of its currency; the Government had requested the Contracting Parties for their concurrence, under the term of Article II, paragraph 6(a), in an increase of the specific duties contained in Finland's Schedule. The Government of Finland had explained that the exchange rates for foreign currencies had been raised by 31.25 per cent and had indicated that the increase in specific duties which it envisages will not exceed 31 per cent. The Contracting Parties adopted a Decision which meets the request of Finland.

SCHEDULE OF CHILE

At an earlier session the Contracting Parties granted Chile a waiver, valid until the end of 1967, enabling Chile to put into force a new customs tariff prior to the completion of renegotiations of bound items. Since it is unlikely that renegotiations will be completed in time the Contracting Parties agreed to extend the waiver to the end of the next session.

REPORTS UNDER WAIVERS

Australia/preferences. On 26 March 1966 the Contracting Parties adopted a Decision waiving the provisions of paragraph 1 of Article I to permit the Government of Australia to accord preferential treatment to certain goods of less-developed countries under certain terms and conditions. Under this Decision the Contracting Parties undertake to review annually the operation of the waiver; the Government of Australia is also required to report annually on action taken by it under the waiver and to provide information regarding imports into Australia from all sources of the products to which the waiver applies. The delegate of Australia said, in opening the discussion, that it should be remembered that the scheme had been operating only since mid-1966. However, it had already resulted in a significant increase in exports from developing countries to Australia of items covered by the scheme. For example, imports from developing countries of items for which preferential quotas were
available showed a rate of increase of 70 per cent for the period January/June 1967, over the period July/December 1966; and imports of items covered by the handicraft concessions revealed a similar upward trend, with an increase of 60 per cent during the period January/June 1967 over the previous six months. During 1966/1967 total quotas issued amounted to $3.7 million. This was only a small part of the then available total of $13.3 million quotas. Possible explanations for this under-utilization of quotas included lack of awareness of the scheme by many developing countries, the slowness of Australian importers to take advantage of the scheme, and the strong competitive local market which obviously faced some products. However, with greater realization of the system's potential, both on the part of the exporter in the developing country and the Australian importer, the volume of trade covered should rise much further, he said. After some discussion the Contracting Parties decided that, in view of the short time available, they would not set up a working party to examine the operation of the waiver at this session.

Italy - waivers for products of Libya and Somalia. At this session the Government of Italy requested and was granted extensions of the waivers, granted at earlier sessions, which have permitted Italy to give special treatment for certain products imported from Libya and Somalia.

United States import restrictions. In accordance with the terms of the waiver granted to the United States in March 1955 the United States Government submitted its annual report on the restrictions maintained on imports of certain agricultural imports. The report was examined in a working party. In the discussion of the matter in plenary meetings delegates stressed that this waiver had been in operation for ten years; that for some of the products under the waiver the restrictions had been reduced or eliminated, but this was not so for dairy products where the situation had worsened; and that justification of the continuation of the waiver should be examined. They also pointed out that new restrictions had recently been imposed on imports of certain dairy products. In reply the delegate of the United States pointed out that dairy products were the only area where the United States authorities had taken action since the last report, and only to correct a very serious situation in the domestic market; however, most dairy product imports were not subject to quotas. The United States Government was keenly aware that the surpluses which for two years had been entering the United States market were now seeking outlets elsewhere and that the world dairy market was "in a turmoil". The basic trouble was that world production was out of balance with demand. The report of the working party, which was later adopted by the Contracting Parties, included among its conclusions the view that imports should not be made to bear the brunt of necessary re-adjustments in the dairy sector and regret that the United States Government finds it necessary to maintain import restrictions under the waiver and to intensify restrictions in the dairy sector. The report also requested the United States representative to report to his authorities the intensity of criticism and the increasing sentiment that the waiver should not go on indefinitely, and to suggest that the need for the continuation of the waiver should be re-examined.

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United States/automotive products. The Decision of 20 December 1965 authorizing the United States to eliminate duties on certain automotive products from Canada requires the United States Government to submit an annual report. This report was submitted to the Council at its November 1967 meeting. The Council took note of the report. As the operation of the waiver is to be reviewed by the Contracting Parties two years after its entry into force, which was just before the end of 1965, the Council agreed that it would arrange for the conduct of this review in the spring of 1968 when the trade statistics for the first two years would be available. The matter was not discussed at the twenty-fourth session.

Uruguayan import surcharges. By a Decision of 14 December 1965 the Government of Uruguay was authorized to maintain, until the end of the twenty-fourth session, certain surcharges on imports of items on which customs duties are bound in the Uruguayan Schedule. Uruguay requested an extension of the waiver for six months, pending a review of various aspects of their foreign trade policy. The extension was granted.

UNITED STATES SUBSIDY ON UNMANUFACTURED TOBACCO

The Government of Malawi reported to the Council on 6 November that it had engaged in a consultation with the United States Government, under paragraph 1 of Article XXII, concerning the subsidy granted on exports of tobacco, which was introduced in June 1966. Malawi requested the appointment of a working party, under the terms of paragraph 2 of Article XXII, to examine the matter. The Council appointed a working party which reported to this session. The working party concluded that it was not possible to demonstrate conclusively that the trade interests of Malawi and the other countries which had joined with her in the consultations had been adversely affected; nevertheless the representatives of Malawi, Canada, India, Jamaica and Turkey reiterated their apprehension concerning the effects which the United States subsidy could have on the international tobacco market. These representatives asked that the subsidy be removed, but the representative of the United States was unable to give any formal undertaking. In adopting the report the Contracting Parties urged the United States to give sympathetic consideration to the problem.

UNITED KINGDOM STEEL LOYALTY REBATE

This item was added to the agenda at the request of the United States delegation. The United States representative stated that buyers of certain steel products from the British Steel Corporation are granted a rebate of about 5 per cent. In his view this practice had adverse effects on international trade.
It was the desire of his Government to consult with the United Kingdom Government on this matter, under Article XXII procedures. The United Kingdom representative said that the measure in question was a temporary one and that his authorities had no objection to holding consultations. It was agreed that the Contracting Parties will carry out a consultation on this matter in a working party which will be established by the Council.

MEMBERSHIP

Ireland. Following the completion of negotiations in the Kennedy Round, Ireland signed the Protocol for her accession on 22 November 1967; Ireland will thus become a full contracting party on 22 December 1967.

Tunisia. In view of the negotiations which Tunisia is undertaking with a view to full accession, it was agreed to extend her provisional accession until the end of 1968.

United Arab Republic. In similar circumstances the provisional accession of the United Arab Republic was extended until the end of 1968.

OBSERVERS ATTENDING THE SESSION

Observers from governments applying GATT on a de facto basis

Algeria
Democratic Republic of the Congo

Observers from other governments

Bolivia
Bulgaria
Republic of China
Colombia
Ecuador
Guatemala
Hungary
Iraq
Iran
Ireland*

Observers from intergovernmental organizations

Council of Arab Economic Unity
Council of Europe
Food and Agriculture Organization of the United Nations
International Bank for Reconstruction and Development
International Labour Organization
International Monetary Fund

*Ireland will become a full contracting party on 22 December 1967.
League of Arab States
Organisation for Economic Cooperation and Development
Permanent Secretariat of the General Treaty for Central American Economic Integration
United Nations
United Nations Educational Scientific and Cultural Organization
United Nations Industrial Development Organization
West African Economic Community

**APPOINTMENT OF A NEW DIRECTOR-GENERAL**

On 24 November, at the close of the session, the Chairman announced that Mr. Olivier Long, Switzerland, had been unanimously chosen as Director-General to succeed Mr. Eric Wyndham White. A Biographical Note covering Mr. Olivier Long is contained in press release GATT/1011.

**ELECTION OF OFFICERS**

At the close of the session the following officers were elected for the ensuing year:

- **Chairman of the CONTRACTING PARTIES**
  
  Mr. S. Ghr, Sommerfelt, Ambassador, Permanent Representative of Norway to the International Organizations in Geneva

- **Vice-Chairmen of the CONTRACTING PARTIES**
  
  Dr. Otto Benes, Deputy Head of Department, Ministry of Foreign Trade of Czechoslovakia
  
  Mr. F.P. Donovan, Minister (Commercial) Embassy of Australia in Brussels
  
  Mr. S. Osman Ali, Ambassador, Permanent Representative of Pakistan to the Office of the United Nations in Geneva

- **Chairman of the Council of Representatives**
  
  Sr. Carlos Bosa Lyon, Permanent Representative of Chile to GATT

- **Chairman of the Committee on Trade and Development**
  
  Mr. Sule Kolo, Ambassador, Permanent Representative of Nigeria to the International Organizations in Geneva.

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Annex

LIST OF REPRESENTATIVES WHO TOOK PART IN
THE MEETINGS HELD ON 22-24 NOVEMBER 1967

Argentina
Dr. Alberto Sola, Secretary of State for Industry and Commerce.

Australia
The Rt. Hon. John McEwan, Deputy Prime Minister and Minister of State for Trade and Industry.

Austria
H.E. Dr. Fritz Bock, Vice-Chancellor and Federal Minister for Trade and Industry.

Belgium
H. E. de Smet, Director-General a.i. of Foreign Economic Affairs.

Canada
The Hon. R.H. Winters, Minister of Trade and Commerce.

Ceylon

Czechoslovakia
Mr. Vladimir Babacek, Deputy Minister for Foreign Trade.

Denmark
H.E. Mr. Hans Tabor, Minister for Foreign Trade.

Finland
H.E. Mr. Olavi Salonen, Minister for Commerce and Industry.

France
M. Roland Nungesser, Secretary of State for Economy and Finance.

Germany, F.R.
Mr. Rolf Lahr, Secretary of State, Representative of the European Communities.

Greece
H.E. Mr. George Papadimitrakopoulos, Minister of Commerce.

India
H.E. Mr. T. Swaminathan, Ambassador for Economic Affairs in Europe.

Indonesia
H.E. Mr. Iskander, Ambassador Extraordinary and Plenipotentiary.

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Israel

H.E. Mr. Zeen Sharef, Minister of Commerce and Industry.

Italy

Mr. Mario Vetrone, Under-Secretary of State, Ministry for Foreign Trade.

Japan

H.E. Mr. Morio Aoki, Ambassador.

Luxemburg

S.E. M. Marcel Fischbach, Ambassador.

Netherlands

Mr. L. de Block, Minister of Economic Affairs.

New Zealand

The Rt. Hon. J.R. Marshall, Deputy Prime Minister and Minister of Overseas Trade.

Nigeria

H.E. Mr. Sule Kolo, Ambassador.

Norway

H.E. Mr. K. Willoch, Minister for Commerce and Shipping.

Pakistan

H.E. Mr. Osman Ali, Ambassador.

Peru

H.E. Dr. José Encinas del Pando, Ambassador.

Poland

Mr. Franciszek Modrzewski, Deputy Minister for Foreign Trade.

Portugal

Mr. F. Alves Machado, Secretary of State for Commerce.

South Africa

Mr. H.R.F.A. Kotzenberg, Secretary for Commerce.

Spain


Sweden

H.E. Mr. Gunnar Lange, Minister for Commerce.

Switzerland

H.E. Mr. Hans Schaffner, Federal Councillor Head of the Department of Public Economy.

Turkey

M. Erhan Isil, Director-General of the Treasury, in charge of External Economic Relations.
Sir Richard Powell, Permanent Secretary, Board of Trade.

The Hon. William M. Roth, Special Trade Representative, Executive Office of the President of the United States.

S.E. Dr. Héctor Gros Espiell, Ambassador.

M. J.F. Deniau, member of the Commission of the European Communities.