The Eleventh Session of the Contracting Parties to the General Agreement on Tariffs and Trade opened at Geneva on 11 October 1956. The Session is expected to continue for six weeks.

There are thirty-five countries which are contracting parties to the GATT. These are listed, together with other governments and intergovernmental agencies represented at this Session, on the final page of this guidance.

In the comments that follow on the main points of the agenda a rough division has been made into:

- Election of Chairman and Vice-Chairmen
- Balance-of-Payments Import Restrictions
- Customs Tariffs, Charges etc.
- Customs Administration
- Customs Unions, Free Trade Areas etc.
- Complaints
- Releases under Article XVIII
- Reports and Consultations under Waivers
- Accession to GATT and related matters
- Commodity Problems, Surplus Disposal
- Status of Agreement and Protocols
- Administration of the Agreement

MORE
ELECTION OF CHAIRMAN AND VICE-CHAIRMEN

Early in the Session the Contracting Parties will elect a chairman and vice-chairmen, who will hold office until the Twelfth Session of the Contracting Parties. At present, these officers are:

Chairman: Mr. L. Dana Wilgress, Canadian Ambassador to the North Atlantic Council and to the Organization for European Economic Cooperation

1st Vice-Chairman: Mr. Fernando Garcia Oldini, Chilean Envoy Extraordinary and Minister Plenipotentiary to Switzerland

2nd Vice-Chairman: Mr. Paul Koht, Director of the Political-Commercial Department of the Norwegian Ministry for Foreign Affairs

BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

Consultations on the Discriminatory Aspects of Import Restrictions

In accordance with the provisions of the General Agreement the Contracting Parties will hold at this Session consultations with five Governments on the discriminatory aspects of the import restrictions which they apply for the purpose of safeguarding their balance of payments and monetary reserves. The five Governments which will consult with the Contracting Parties are Australia, Ceylon, New Zealand, the Federation of Rhodesia and Nyasaland and the United Kingdom. Consultations on the discriminatory aspects of import restrictions have been held every year since 1952, and consultations with the Contracting Parties are mandatorily required under the Agreement whenever a government substantially intensifies restrictions. The purpose of the consultations is to afford an opportunity for examining the discriminatory restrictions in the light of the relevant provisions and criteria of the Agreement, and for the exchange of views on the problems facing the countries whose exports are affected by such restrictions as well as those faced by the countries imposing the restrictions.

The Contracting Parties will also examine the question of inviting Australia to consult with them on the changes introduced by Australia in July 1956 in its import controls and restrictions.

As provided for in the General Agreement, the Contracting Parties, in conducting these consultations with the Governments, will also consult fully with the International Monetary Fund, and the representative of the Fund will participate in the consultations conducted by the Contracting Parties.
As required by the Agreement, the Contracting Parties will draw up at this Session a Seventh Annual Report on discriminatory import restrictions.

Consultations with governments applying import restrictions under Article XII

The United States has proposed that the Contracting Parties should invite all governments still restricting imports under the terms of Article XII, i.e., for balance-of-payments reasons, to enter into consultations. In putting forward this proposal the United States has pointed out that in recent years many changes have taken place in the economic position of contracting parties: in their balances of payments and reserves, productive capacities and trade interests, stability of their currencies and the balance of internal supply and demand forces. Moreover widespread and important changes have taken place in import restrictions and the way in which they are applied. Hitherto there has not been a general opportunity for consultations between governments on quantitative import restrictions in the multilateral forum of the Contracting Parties. The United States believes that a frank exchange of views on such restrictions would contribute to better mutual understanding of problems in this field and to general progress toward the objectives of the GATT.

It is expected that, if they approve this proposal, Contracting Parties will at this Session consider the timetable and other arrangements for carrying out such consultations, probably during 1957.

Developments in OEEC Trade Liberalization

The Government of Australia has proposed that the Contracting Parties should consider certain aspects of the liberalization programme of the Organization for European Economic Cooperation, in particular (a) recent developments in this field, (b) plans and prospects for the liberalization of non-liberalized products and (c) the application of liberalization to contracting parties not members of OEEC.

CUSTOMS TARIFFS, CHARGES ETC:

Brazilian Tariff

A new customs tariff has been submitted for the approval of the Brazilian Congress. A number of problems are involved; these may include the need to renegotiate some of the concessions in the existing Brazilian Schedule which is bound under GATT. The matter will come up for discussion at this Session.
Rhodesia and Nyasaland Tariff

The Federal Government of Rhodesia and Nyasaland have informed the Contracting Parties that they have found it necessary to make some adjustment in their existing tariff arrangements, in order to make the Federal tariff applicable uniformly to the whole of the Federation. The procedures appropriate for dealing with these changes will be discussed at this Session.

Anti-Dumping and Countervailing Duties

It was pointed out at the Tenth Session that anti-dumping and countervailing duties and other supplementary duties and charges might profitably be further examined. It was therefore agreed that, as a first step towards initiating possible further study of these problems, the contracting parties should submit copies of their national laws and regulations on this subject, so that the question could be examined at the Eleventh Session.

Trade Restrictions on Orthopaedic Equipment

The Committee of Ministers of the Council of Europe has referred to the Contracting Parties a recommendation that member states should grant exemption from customs duties, prohibitions and import restrictions for artificial limbs and orthopaedic equipment and that customs formalities should be reduced to a minimum. The Contracting Parties have been asked to examine this recommendation in the light of existing customs legislation and regulations and to inform the Council of Europe of their conclusions.

Freedom of Contract in Transport Insurance

At the Tenth Session a working party submitted a draft recommendation on the elimination of restrictions in the field of transport insurance, to the effect that governments should avoid measures in the transport insurance field which have a restrictive effect on trade and that governments now applying such measures should seek to eliminate them as rapidly as circumstances permit. Consideration of this recommendation, which has since received the approval of the International Chamber of Commerce, will be resumed at this Session.
CUSTOMS ADMINISTRATION

Consular Formalities

The Contracting Parties will review the extent to which governments have complied with their recommendation, made in 1952, that consular formalities (consular invoices, consular visas for commercial invoices, certificates of origin, etc.) should be abolished by the end of 1955.

Nationality of Imported Goods

It was agreed at the last Session that further study of uniform definition for the nationality of imported goods should take place at this Session.

Marks of Origin

The International Chamber of Commerce has submitted a resolution which contains guiding principles for a possible international arrangement relating to the use of marks of origin. The matter will be considered at this Session.

Certificates of Origin

The International Chamber of Commerce has submitted a resolution proposing an amendment to the recommendations concerning proof of origin which were adopted by the Contracting Parties in 1953.

Samples Convention

The Contracting Parties will consider the status of the International Convention to facilitate the Importation of Commercial Samples and Advertising Material. To date, twenty-one countries have ratified or acceded to the Convention.

CUSTOMS UNIONS, FREE-TRADE AREAS ETC.

Proposals for closer economic integration in Europe by the formation of a customs union and/or free-trade area

Proposals for the establishment of a common market or customs union for Benelux, France, the Federal Republic of Germany, and Italy are now being studied in Brussels. In Paris a working party established by the OEEC is examining the possibility of creating a free-trade area which would comprise the six countries forming the proposed customs union and other OEEC member countries.

In view of these developments, and of a resolution submitted by the Council of Europe suggesting that the Contracting Parties should study the question of the formation of a European customs union, the Contracting Parties have decided to place the above item on the agenda. The question of liaison with the groups conducting these studies in Brussels and Paris will be considered.
Nicaragua—El Salvador Free-Trade Area

At this Session the Contracting Parties will consider the Fifth Annual Report submitted by Nicaragua on the functioning of the Free-Trade Treaty with El Salvador.

Central American Free-Trade Area

The Governments of the five republics of Central America have drawn up a draft free-trade treaty which is to be submitted for approval to the respective governments. This treaty envisages the establishment of a free trade area to lead to a customs union. The government of Nicaragua, which is the only contracting party to GATT among the five, has asked the Contracting Parties to grant it a release from certain GATT obligations in order to enter into this customs union when it is established.

France—Tunisia Customs Union

At the Tenth Session the French delegation stated that a customs union between France and Tunisia would be established as from 1 January 1956. The Contracting Parties, at this Session will examine the terms of the new customs union as well as the new common tariff now being applied by the customs union.

COMPLAINTS

Brazilian Internal Taxes

This complaint, originally made by France and the United Kingdom in 1949, concerns the element of discrimination in certain Brazilian internal taxes against certain French, United Kingdom and United States exports such as cognac, spéritifs, watches and clocks, beer and cigarettes.

At the last Session the Contracting Parties adopted a Resolution urging the Government of Brazil to take all steps to bring the existing laws into conformity with the GATT and requesting the Brazilian Government to report prior to the Eleventh Session, on action taken.

French Special Compensatory Tax on Imports

Under a Decree dated 17 April 1954 a special compensatory tax was instituted in respect of products imported from abroad into France or into the French customs territory. This tax is levied on imports from all countries outside the French Union of certain products which have been liberated from quantitative restrictions when imported from member countries of the Organization for European Economic Cooperation.
At the Tenth Session the Contracting Parties adopted a Resolution requesting the French Government to accelerate the process of reduction and elimination of the tax and of reducing its discriminatory effects and calling upon the French Government to report on measures taken to reduce and abolish the tax.

**French Stamp Tax**

In August 1955 the French Government increased the stamp tax on customs receipts from 2 per cent to 3 per cent, with the specific provision that the proceeds of the increase are to be applied to the budget for agricultural social benefits.

The United States Government complained that this was a violation of Article II and contrary to Article VIII of the Agreement. The French representative agreed that the increase was inconsistent with their GATT obligations, undertook to eliminate the increase as soon as practicable, and to report on the action taken before the Eleventh Session.

**French Internal Tax on Automobiles**

The United States has complained that the recently authorized French internal tax of 100,000 francs annually on automobiles having a power rating for fiscal purposes in excess of 16 horsepower will fall almost exclusively on imported cars and on US makes in particular. The United States considers that the particular burden of the tax on US cars in comparison with French cars to be contrary to certain GATT principles and that the effect of the tax will be to nullify benefits to which the US is entitled as a result of existing French tariff concessions on cars.

**German Turnover Tax as applied to Imports of Printed Matter**

This item has been requested by the Kingdom of the Netherlands.

**United States Restrictions on Dairy Products**

This item has been requested by the Kingdom of the Netherlands.

It may be noted that at the last Session, in view of the indication given by the Kingdom of the Netherlands that concessions granted by the United States had been impaired by the maintenance of quantitative import restrictions on dairy products, and as the restrictions had not been relaxed in 1955, the Contracting Parties authorized the Netherlands (as in 1952, 1953 and 1954), under the provisions of Article XXIII, to limit their annual imports of wheat flour from the United States to a maximum of 60,000 tons.
RELEASE: UNDER ARTICLE XVIII

Article XVIII of the GATT provides a means whereby a contracting party in the early stages of economic development may seek authority to impose non-discriminatory protective measures to assist the establishment of new industries. At earlier Sessions and again at the Tenth Session Ceylon applied for and obtained releases for certain products. The Government of Ceylon has indicated that it intends to apply at this Session for releases for a further list of industries.

REPORTS AND CONSULTATIONS UNDER WAIVERS

European Coal and Steel Community

In April 1951, Belgium, the Federal Republic of Germany, France, Luxemburg, Italy and the Netherlands concluded a Treaty constituting the European Coal and Steel Community and a Convention containing the transitional provisions. The Treaty came into force on 23 July 1952. The establishment of the common market involves the abolition as between the six countries of import and export duties and of quantitative restrictions on the movement of coal and steel between the territories of the six countries of the Community. The six member states (all of them being contracting parties to the GATT) therefore submitted to the Contracting Parties a request for a release from certain of their obligations under the GATT, in particular the most-favoured-nation clause contained in Article I and the rule of non-discrimination regarding the application of quantitative restrictions in Article XIII, so as to enable them to establish the Community.

At the Seventh Session in 1952 the Contracting Parties granted the waiver required and it was agreed that from the date of the creation of the common market until the end of the transitional period (10 February 1958) the six countries would submit an annual report to the Contracting Parties on the progress made towards the full application of the Treaty. The fourth report will be considered at this Session.

Italy/Libya

At the Seventh Session in 1952, Italy supported by the Government of Libya, obtained a waiver which allowed Italy to grant, for a period of three years, exemption from Italian customs duties for a definitive list of Libyan exports. (Preferential treatment by Italy for Libyan goods dates back over forty years.)
At the Tenth Session in 1955, the waiver was extended for a further three years. At the same time some modifications to the list of products covered by the waiver were agreed. At this Session the Contracting Parties will consider the Fourth Annual Reports submitted by the two governments respectively.

**Australia/Papua-New Guinea**

At the Eighth Session in October 1953 the Contracting Parties granted to the Australian Government a waiver of obligations under Article I in order that Australia might provide certain advantages for primary products of the Territory of Papua-New Guinea when these products are imported into Australia, for the purpose of promoting the economic development of the Territory. In granting the waiver the Contracting Parties took into consideration the assurances given by the Government of Australia that the waiver would be utilized for the development of the Territory in such a manner as not to cause material injury to the competitive trade of any other contracting party and not to protect Australian industry.

At this Session the Contracting Parties will consider the Third Annual Report of the Australian Government on the operation of the waiver.

**United Kingdom/Article I**

In October 1953, at the Eighth Session, the United Kingdom obtained a partial waiver from the rules of Article I regarding tariff preferences to relieve the United Kingdom of the need in certain circumstances to impose duties on duty-free goods from the Commonwealth as and when the United Kingdom may have occasion to increase duties on foreign goods. The waiver is not to be used where it would be likely to lead to diversion of trade away from foreign to Commonwealth countries.

At this Session the United Kingdom will furnish its Third Annual Report.

**United Kingdom Dependant Overseas Territories**

The Contracting Parties, by a Decision (5 March 1955), extended to the United Kingdom the right to give special assistance to the products of its colonial territories which depend largely on the United Kingdom market, through actions which would otherwise be inconsistent with the provisions of the Agreement. These rights apply only to cases where the industry or branch of agriculture in the colonial territory would be benefited, but not industry or agriculture in the United Kingdom or any other Commonwealth country. The United Kingdom undertook to report annually to the Contracting Parties on any such
measures adopted. The United Kingdom Government reported at the Tenth Session that it had so far taken no action under the terms of the Decisions. The Second Annual Report will be submitted at this Session.

**United States/Agricultural Adjustment Act**

In the course of the Review of the Agreement which was concluded in March 1955, the Contracting Parties dealt with the conflict which may arise between some actions required under United States legislation and the provisions of the Agreement dealing with quantitative restrictions and additional charges on imports. The Contracting Parties adopted a Decision, dated 5 March 1955, which recognized the difficulties arising from the terms of Section 22 of the United States Agricultural Adjustment Act, permitted the United States to restrict imports under this legislation without being in violation of its obligations under the Agreement, but at the same time preserved the right of a contracting party whose trade is damaged by such action to have recourse to the procedures of the Agreement for adjusting the balance through negotiation or otherwise. Under the terms of the Decision the Contracting Parties will review annually action taken by the United States under this legislation, and at the Tenth Session in 1955 the United States submitted its first report and at this Session the United States will submit its Second Report.

**Belgium/Import Restrictions**

The General Agreement lays down in Article XI the obligation for member countries to refrain from using quantitative restrictions on imports as a means to protect domestic industries. In the course of the review of the Agreement at the Ninth Session, the Contracting Parties recognized, however, that when industries had enjoyed for a long time incidental protection from restrictions maintained during a period of balance-of-payments difficulties (and which are authorized), the sudden removal of those restrictions might result in substantial injury to the domestic industries. In order to meet these difficulties and to preserve at the same time the interests of third parties, the Contracting Parties adopted on 5 March 1955 the so-called "hard-core Decision" which would assist the governments in eliminating within a comparatively short period of time the vestiges of quantitative restrictions, under the control of the Contracting Parties.

The first and only request received so far under this procedure was submitted by Belgium, at the Tenth Session, with respect to a number of agricultural products. The Contracting Parties decided to allow Belgium to maintain restrictions on certain specified commodities for a stated period.
in accordance with the terms of the Decision the Government of Belgium will submit a detailed report each year and the Contracting Parties will review annually the operation of the restrictions as well as the progress made towards eliminating them. The first Annual Report will be submitted by the Government of Belgium and considered at this Session.

ACCESSION TO THE AGREEMENT AND RELATED MATTERS

Switzerland

The Government of Switzerland has informed the Contracting Parties that they consider that by the end of 1956 the revision of their customs tariff, which was begun several years ago, will be completed. Switzerland would then be prepared to open tariff negotiations with the contracting parties during the second half of 1957, with a view to becoming more closely associated with their work. The Swiss Federal Council has stated that it would welcome a decision by the Contracting Parties at this Session which would make it possible for the terms of accession of Switzerland to be agreed between the Contracting Parties and the Swiss representatives.

Admission of Laos and Tunisia as contracting parties

In 1947 when France became a contracting party, the French Government notified that Laos was included in the list of countries and territories of the French Union to which the GATT was being applied. However, the Pau Agreements of 8 March 1949 empowered the Government of Laos to negotiate trade agreements and to establish customs legislation. The French Government intends at this Session to propose the admission of Laos as a contracting party through the appropriate GATT procedures.

The French Government also intends to propose the admission of Tunisia. This country acquired internal autonomy under the Conventions of 3 June 1955 and Tunisian independence was recognized under the Protocol of Agreement of 20 March 1956.

Japan

On 10 September 1955 Japan became the thirty-fifth contracting party to the General Agreement. At that time fourteen contracting parties invoked Article XXXV. (This Article provides that, in certain cases, a contracting party may refrain from undertaking GATT obligations towards an acceding government.) At the Tenth Session there were consultations between Japan and certain of these contracting parties; the matter was kept under review by the
Intersessional Committee and it was agreed to revert to it at the Eleventh Session.

**COMMODITY PROBLEMS AND DISPOSAL OF SURPLUSES**

At the Tenth Session the Contracting Parties considered the report of a working party which had been set up at the Ninth Session to consider proposals for intergovernmental action to overcome problems in the field of international trade in primary commodities. This working party report included a draft Agreement on Commodity Arrangements. Although substantial progress was made the draft Agreement was not acceptable to all governments and certain differences of view remained to be resolved. Further time has now been given for these differences to be considered and for the views of non-GATT countries to be received. The Contracting Parties will take up this question again at this Session.

**Disposal of Surplus**

At the close of the Review of the Agreement, in March 1955, the Contracting Parties adopted a Resolution on the Disposal of Surpluses, of which the following is the operative paragraph:

"The Contracting Parties consider that when arranging the disposal of surplus agricultural products in world trade contracting parties should undertake a procedure of consultation with the principal suppliers of those products and other interested contracting parties, which would contribute to the orderly liquidation of such surpluses, including where practicable disposals designed to expand consumption of the products, and to the avoidance of prejudice to the interests of other contracting parties, and that they should give sympathetic consideration to the views expressed by other contracting parties in the course of such consultations."

The first discussion on the experience gained so far in relation to the terms of the above resolution, held at the last Session, showed the disposal of surplus agricultural products and the consultation procedures relating to such disposals were matters of serious and continuing concern to many contracting parties. For this reason they decided to maintain this question on the agenda of this Session.

**STATUS OF THE AGREEMENT AND SCHEDULES**

At each Session the Contracting Parties examine the current status of protocols, which lack the acceptances needed to bring them into force.

At this Session there will be particular interest in reviewing the extent to which the tariff concessions, negotiated at the Geneva 1956 Conference have been brought into effect, as well as the status of the Protocols embodying...
the revisions of the Agreement which were opened for signature at the end of the Ninth Session in March 1955 and the Agreement which would establish the Organization for Trade Cooperation.

**ADMINISTRATION OF THE AGREEMENT**

Under this general heading fell such items as:

(a) the financial statement for 1956, and the budget estimates for 1957;
(b) affiliation to the United Nations Staff Pension Fund;
(c) continuation of the trainee programme for officials of member governments;
(d) arrangements for the conduct of business between Sessions;
(e) date of the Twelfth Session.
LIST OF COUNTRIES AND INTERGOVERNMENTAL AGENCIES REPRESENTED AT THE ELEVENTH SESSION

<table>
<thead>
<tr>
<th>Argentina</th>
<th>*Dominican Republic</th>
<th>*Japan</th>
<th>*Rhodesia and Nyasaland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Egypt</td>
<td>Laos</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>*Finland</td>
<td>Libya</td>
<td>*Sweden</td>
</tr>
<tr>
<td>Belgium</td>
<td>*France</td>
<td>*Luxemburg</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Brazil</td>
<td>*German Federal Republic</td>
<td>Kingdom of the Netherlands</td>
<td>Tunisia</td>
</tr>
<tr>
<td>Burma</td>
<td>*Czechoslovakia</td>
<td>*Israel</td>
<td>*Turkey</td>
</tr>
<tr>
<td>Canada</td>
<td>*Cuba</td>
<td>*Indonesia</td>
<td>*Union of South Africa</td>
</tr>
<tr>
<td>Cyprus</td>
<td>*Chile</td>
<td>*India</td>
<td>*Norway</td>
</tr>
<tr>
<td>Chile</td>
<td>*Colombia</td>
<td>*Iran</td>
<td>*Pakistan</td>
</tr>
<tr>
<td>Colombia</td>
<td>*Ceylon</td>
<td>*Libya</td>
<td>*Peru</td>
</tr>
<tr>
<td>Denmark</td>
<td>*Cuba</td>
<td>*Italy</td>
<td>*Portugal</td>
</tr>
<tr>
<td></td>
<td>*Czechoslovakia</td>
<td></td>
<td>*Venezuela</td>
</tr>
<tr>
<td></td>
<td>*United Nations</td>
<td></td>
<td>*Yugoslavia</td>
</tr>
</tbody>
</table>

United Nations
International Monetary Fund
International Labour Organization
Food and Agriculture Organization
Organization for European Economic Co-operation
Council of Europe
High Authority of the Coal and Steel Community
Customs Co-operation Council

END

* Contracting party to the General Agreement on Tariffs and Trade.