The Twelfth Session of the Contracting Parties* to the General Agreement on Tariffs and Trade was held at Geneva from 17 October to 30 November 1957.

The Session opened under the Chairmanship of Sir Claude Corea. Early in the Session the following officers were elected:

**Chairman:** Shri L.K. Jha, I.C.S.,
Special Secretary,
Indian Ministry of Commerce and Industry

**Vice-Chairmen:**
H.E. Mr. Fernando Garcia-Oldini,
Chilean Ambassador Extraordinary and
Plenipotentiary in Switzerland

Dr. Heinz Stadenat, Counsellor of Legation,
Austrian Federal Chancellery,
Department of Foreign Affairs

Alternate:

Dr. Emmanuel Treu, Counsellor of Legation,
Austrian Federal Chancellery,
Department of Foreign Affairs

From 28-30 October, a number of Ministers and Ministerial representatives took part in the Session. At the conclusion of their meetings a communiqué was issued which referred to the major questions of international trade which they had discussed (GATT/377). The texts of thirty-two Ministerial speeches were issued as press releases (GATT/344-376).

*The thirty-seven contracting parties to GATT, together with governments and intergovernmental agencies represented at the Twelfth Session, are listed at the end of this Release.*
One of the most important aspects of the Session was the consideration of the Treaty establishing the European Economic Community. This Treaty - known as the Rome Treaty - was signed on 25 March 1957 by Belgium, France, the Federal Republic of Germany, Luxemburg, the Netherlands and Italy, and it will enter into force on 1 January 1958.

The Treaty provides for the creation, at the end of a transitional period of twelve to fifteen years, of a single customs territory among the six countries. This implies the elimination of customs duties between the six Member States and the creation of a common customs tariff. The Treaty provides for the elimination of quantitative restrictions on imports between the Member States; there are also special provisions regarding trade in agricultural products. Part of the Treaty deals with the association of certain overseas countries and territories with the Community.

Following the signature of the Rome Treaty, it was submitted to the Contracting Parties for consideration in accordance with the terms of GATT Article XXIV, paragraph 7. At this Session it was decided at the Ministerial Meeting, (28-30 October) to create a Committee to examine the relevant provisions of the Rome Treaty and of the General Agreement on Tariffs and Trade and to consider the most effective methods of implementing the inter-related obligations which governments have assumed in the two instruments. The terms of reference of the Committee, known as the Committee on the Treaty of Rome, were:

(a) To examine, in the light of the provisions of the General Agreement on Tariffs and Trade, the relevant provisions of the Treaty of Rome and the problems, likely to arise in their practical application. Such examination would include, inter alia, the arrangements provided for in the Treaty with respect to tariffs, the use of quantitative restrictions, trade in agricultural products and the association of overseas countries and territories with the European Common Market.

(b) To recommend, in the light of the conclusions which result from the examination provided for above, such action as may be appropriate and desirable, including a determination of the means for establishing effective and continuing co-operation between the Contracting Parties and the European Economic Community.

(c) To report to the Contracting Parties, and make such recommendations as may be appropriate with respect to the continuation of the work of the Committee.
The Committee on the Treaty of Rome began its work immediately after the Ministerial Meetings and for this purpose created four sub-groups to examine the arrangements provided for in the EEC Treaty with respect to tariffs, the use of quantitative restrictions for balance-of-payments reasons, trade in agricultural products and the association of certain overseas countries and territories with the Community.

The sub-groups held extensive discussions on each of these matters during the Session and progress was made in clarifying the issues which might arise both during and after the transitional period.

At the end of the Session the Committee on the Rome Treaty made a progress report to the Contracting Parties, who agreed that this preliminary examination had been useful but recognized that a number of important questions still remained to be solved.

Accordingly, the Contracting Parties decided that the Intersessional Committee should continue the work started at this Session. Because of the importance of the issues, all contracting parties will be represented on the Intersessional Committee between the Twelfth and Thirteenth Sessions; normally this Committee is composed of about half the Member countries. The Committee is scheduled to meet on 14 April 1958. The Committee made arrangements for the sub-group dealing with the association of the overseas territories to meet in December and again in January.

**EURATOM TREATY**

Discussions also took place at the Twelfth Session on the trade aspects of the Treaty establishing the European Atomic Energy Community, (EURATOM). The EURATOM Treaty, drafted and signed in conjunction with the EEC Treaty by the same six nations, provides for accelerated establishment of a common market with respect to materials and equipment for the production and use of nuclear energy. Only the trade provisions were considered and it was decided that further consideration could take place along with the provisions of the EEC Treaty.

**European Free-Trade Area**

On another aspect of European economic integration the Contracting Parties agreed that the Intersessional Committee should follow developments with regard to the proposed European Free-Trade Area which is at present being negotiated in Paris. The European Free-Trade Area would associate the six EEC countries with the United Kingdom and several other Western European countries which are members of the Organization for European Economic Cooperation.
Other Economic Integration Programmes

(a) The Contracting Parties received the report submitted by the Government of Nicaragua concerning developments during the past year under its free-trade Treaty with El Salvador. The Nicaraguan delegate also reported that progress had been made towards the creation of a Central American free-trade area, although the draft treaty had not yet been signed.

(b) Detailed consideration of the Customs Union between France and Tunisia was deferred to the Thirteenth Session.

CONSULTATIONS ON BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

The Contracting Parties concluded, on 30 November, a series of consultations with twenty-one countries concerning the quantitative restrictions on imports which they maintain in order to protect the level of their foreign exchange reserves.

Consultations were held in June with eight of these countries - Austria, Denmark, the Federal Republic of Germany, Greece, Italy, the Netherlands, Norway and Sweden (see Press Release GATT/332 of 1 July 1957). Two of these countries - Sweden and Italy - announced at those consultations the removal of import restrictions on an important range of goods from the United States and other dollar countries. In addition, Austria announced that it would take liberalization steps in the near future. It was noted that the strong foreign exchange position of the Federal Republic of Germany no longer justified the maintenance of restrictions for balance-of-payments reasons under the General Agreement. Accordingly, the delegation of the Federal Republic presented, at the Twelfth Session, the new liberalization programme which the German Government proposed to adopt. There was a preliminary discussion of the proposed German programme in which many delegates expressed the view that the programme described was insufficient to meet Germany's obligations under the General Agreement. These delegates urged that the Federal Republic reconsider its programme. The German delegate undertook to transmit these views to his Government. The matter is to be considered further by the Intersessional Committee.

During the Twelfth Session similar consultations were completed with Australia, Brazil, Ceylon, Finland, France, India, Japan, New Zealand, Pakistan, the Federation of Rhodesia and Nyasaland, Union of South Africa, Turkey and the United Kingdom. Of these countries, the United Kingdom, Australia, New Zealand, and Rhodesia announced at the consultations that recent measures had been taken further to reduce their restrictions. Japan reported continued gradual reduction of discrimination in its import licensing system. While India had found it necessary in face of severe drains on its foreign exchange reserves to continue and in some ways to intensify restrictions, it was able to announce a reduction in discrimination between sources of imports. South Africa announced that it continues to follow a policy of complete non-discrimination, and Pakistan
and Ceylon reported that only a very limited volume of their imports is subjected to any discrimination of this type.

The general consultations on import restrictions incorporated consultations also held with the countries which are permitted under certain provisions of the General Agreement to use discriminatory restrictions (Australia, Ceylon, New Zealand and the Federation of Rhodesia and Nyasaland, and the United Kingdom), and with countries which had recently intensified their import restrictions because of new balance-of-payments difficulties (Finland, France and India).

The consultations themselves were the first full-scale discussions of the nature and effects of import restrictions since a review in 1951. As such, they constituted one of the most important GATT activities of the year, and were of considerable significance both for international trade co-operation and for the future operation of the General Agreement. They were clearly of mutual benefit to all contracting parties concerned, and would influence the commercial policies of those contracting parties still applying restrictions. In certain cases concern was expressed that the policies of other countries can have adverse effects on the export earnings of countries in balance-of-payments difficulties. They emphasized the benefits from sound internal measures - such as internal fiscal and monetary policies - as an alternative to restrictions in achieving balance.

The consultations were preceded by the preparation of factual papers on each consulting country by the GATT secretariat, and full documentation supplied by the International Monetary Fund. Representatives of the Fund participated in the discussions. The success of these consultations was due in large measure to the combination of this thorough preparation and to the full and frank exchange of views between countries during each consultation.

TRENDS IN INTERNATIONAL TRADE: DECISION TO APPOINT A PANEL OF EXPERTS

During the course of the Ministerial Meetings a number of speakers drew attention to certain important trends in international trade. In particular, concern was expressed by some at the failure of the export trade of the less industrialized countries to maintain its relative position with that of the industrialized countries. Reference was also made to the effect of even small declines in the prices of primary products. Concern was also expressed regarding the widespread resort to agricultural protection. It was agreed that there would be value in a thorough and objective examination of the past and current international trade trends, with special reference to the factors to which attention was drawn in the course of those meetings.
In recognition of the concern expressed in the course of these discussions the Contracting Parties instructed the Executive Secretary to appoint a Panel of three or four non-governmental experts of international repute to examine these trends and their implications and in particular to assess the medium term prospects for international trade. The Panel of experts will be requested not to include in its report any judgment on the policies of individual countries or any recommendation in regard thereto. The report of the expert group will be considered by the Contracting Parties at the Thirteenth Session.

DISPOSAL OF COMMODITY SURPLUSES

This item stems from the Resolution on the Disposal of Surpluses, of 4 March 1955, in which the Contracting Parties noted that it was the intention of individual contracting parties to liquidate agricultural surpluses in such a way as to avoid unduly provoking disturbances on the world market, and considered that any contracting party making arrangements for disposal of surplus agricultural products should consult with the principal suppliers of those products so as to achieve an orderly liquidation.

At the Twelfth Session — as at the previous two Sessions — the United States delegation reported on the United States disposal programme for surplus agricultural products, under the terms of Public Law 480 and other legislation. A number of countries, while expressing appreciation of the efforts made by the United States to solve the problem, stated that the consultation procedures had not been entirely effective. The United States report is given in full and the subsequent discussion is summarized in press release GATT/378.

REPORTS AND CONSULTATIONS UNDER WAIVERS

The Contracting Parties received and examined reports on waivers of General Agreement obligations granted at previous Sessions.

(a) The six European countries which form the European Coal and Steel Community reported on developments in the last stages of the transitional period, which will end on 10 February 1958. The views of the working party which examined the report are given in press release GATT/384.

(b) The United States reported on action to restrict imports of agricultural products under Section 22 of the Agricultural Adjustment Act, for which a waiver was granted in 1955. This Annual Report was examined in a working party. As in earlier years, the Netherlands formally complained that action by the United States, under the Agricultural Adjustment Act, had impaired concessions granted by the United States to the Netherlands. The Netherlands was authorized to take equivalent action against the United States by limiting imports of wheat flour from the United States to a maximum of 60,000 tons.
A decision taken in 1955 by the Contracting Parties permits a country whose balance-of-payments situation has improved to such an extent that it is no longer justified in retaining quantitative controls on imports, to maintain some of these import controls on a decreasing basis and for a limited time. At this Session the time-limit for applying for the concurrence of the Contracting Parties in the maintenance of certain restrictions was extended to the end of 1958.

The Contracting Parties received the report of Belgium on its waiver under this decision and urged Belgium to hasten the process of eliminating the restrictions. Belgium had agreed that all such controls will be eliminated by the end of 1962.

**ACCESSION OF CONTRACTING PARTIES**

At the Twelfth Session two territories which attained independence in 1957, namely Ghana and Malaya, became the thirty-sixth and thirty-seventh contracting parties to the General Agreement.

Both countries were sponsored by the United Kingdom under a provision of the Agreement by which a dependent territory to which the Agreement has applied may automatically become a contracting party in its own right when it achieves autonomy in trade matters, if it is sponsored by the former metropolitan territory. No time-limit for such sponsorship is specified. To clarify rights and obligations of contracting parties towards such newly independent countries, the Contracting Parties agreed at the Twelfth Session that they would continue to apply the provisions of the Agreement with such countries for a reasonable period of time, if such treatment was reciprocated. In accordance with this recommendation the Contracting Parties agreed to apply the Agreement for periods of one more year for Laos and Cambodge and two more years for Tunisia. These three countries are former French territories.

At the Twelfth Session arrangements were made for Switzerland to conduct tariff negotiations with a view to becoming a contracting party. It was agreed that the negotiations will take place in Geneva in May 1958.

Japan has been a contracting party for over two years, but fifteen contracting parties invoke Article XXXV (with respect to Japan) thereby refraining from undertaking GATT obligations towards Japan. The problem of Japan's trade relations with these fifteen countries was given further attention at this Session. It was noted that Brazil had withdrawn her resort to Article XXXV since the last Session. It was agreed that the matter should be put on the agenda of the Thirteenth Session. (The discussion of this matter in plenary session is summarized in GATT/379 and Addendum 1).
TARIFF ADJUSTMENTS

General changes in GATT tariff schedules by four countries were discussed.

Finland was given authority to raise the specific duties in the Schedule by an amount necessary to compensate for the devaluation of the Finnish Mark which took place earlier this year.

Brazil was granted a waiver last year to allow her to bring into force a new customs tariff. The new tariff entered into force on 14 August 1957. At the Twelfth Session arrangements were made for Brazil to conduct negotiations with other contracting parties on the basis of the new tariff. The negotiations will open at Geneva early in 1958.

Cuba at the Twelfth Session raised certain problems connected with the introduction of its revised customs tariff. The tariff reform has the dual purpose of adjusting the obsolete customs tariff to modern nomenclatures and techniques and of fostering the economic development of the country. Interested contracting parties agreed to take account of Cuba's special problems in the negotiations which will be held early in 1958 as a result of the introduction of the new tariff. The Contracting Parties also authorized Cuba to impose limited restrictions on imports, if this should become necessary in order to forestall an abnormal flood of imports in anticipation of higher rates of duty.

New Zealand proposes to make certain adjustments in her tariff in order to modernize it. Where such adjustments result in increases of bound duties, New Zealand will enter into negotiations for offering equivalent tariff concessions.

The end of 1957 marks the end of a period of about three years during which contracting parties agreed not to withdraw tariff concessions. Several countries therefore initiated negotiations to permit them to modify certain rates of duty which they had previously bound. These negotiations were held in part concurrently with the Twelfth Session. A new period of three years during which concessions may not normally be withdrawn will begin on 1 January 1958.

FRANCO-GERMAN TREATY ON THE SAAR

France and Germany requested a waiver in connexion with certain provisions of the Franco-German Treaty on the Saar, which are not in conformity with Article I of the Agreement. The Contracting Parties took a decision which permits the two countries to give special tariff treatment to their trade with the Saar. The decision calls for an annual report to the Contracting Parties. (The terms of the waiver are reproduced in press release GATT/380.)
RELEASES UNDER ARTICLE XVIII

Ceylon applied for and obtained at the Twelfth Session releases from GATT obligations which will enable her to regulate the import of a short list of products in order to give protection to new domestic industries. These releases were granted under Article XVIII which provides a means by which a contracting party in the early stages of development may obtain authority to impose non-discriminatory protective measures to assist the establishment of new industries.

COMPLAINTS

(a) With the introduction of new legislation in August 1957 the Brazilian Government took steps to settle a long standing complaint regarding the discrimination in internal taxation between certain domestic and foreign products. All discrimination against imported goods has now been removed.

(b) The French Government, in August 1957, decided to eliminate the special temporary compensation tax, which had been the subject of complaint at earlier Sessions. The complaint was therefore regarded as settled.

(c) With regard to an increase in the French Stamp Tax, which had been the subject of a complaint at the Eleventh Session, the Contracting Parties took note of the intention of the French Government to restore this tax to its former level, so as to bring it into line with obligations under GATT.

(d) The Federal Republic of Germany announced that a complaint against Greece, involving an increase in the duty on long-playing phonograph records had been settled. Greece undertook to reduce the duty to an extent which was acceptable to Germany.

(e) Two complaints entered by the United Kingdom that France and Italy discriminated against imported agricultural machinery were referred to the Intersessional Committee. If further bilateral talks do not produce satisfactory results, the Intersessional Committee will refer the complaints to a panel.

(f) Sweden and Denmark entered a complaint against the United States in connexion with a recent increase in the United States duty on spring clothes pins. The United States action was taken under the escape clause procedure which
permits increases in a rate of duty, bound under the Agreement, when it is shown that serious injury to a domestic industry is being caused or threatened by imports, but the two countries claimed that these conditions had not been fulfilled. If bilateral discussions with the two countries do not resolve the matter, the Intersessional Committee will set up a panel to examine it.

RESTRICTIVE BUSINESS PRACTICES

In consideration of a Norwegian proposal, including a draft agreement to supplement the GATT, for the purpose of establishing controls over business practices which restrict international trade, the Contracting Parties decided that the GATT secretariat should collect relevant material on cartels and national anti-trust legislation. This will be presented to the Intersessional Committee which would then decide what further action should be taken or would refer the matter to the Thirteenth Session.

FREEDOM OF CONTRACT IN TRANSPORT INSURANCE

It was decided to carry over to the Thirteenth Session the consideration of a proposal for the adoption of a recommendation to governments that they avoid further restrictions on freedom of contract in transport insurance and that they move towards reduction or elimination of those restrictions previously imposed.

TRADE AND CUSTOMS REGULATIONS

The Contracting Parties adopted a Recommendation calling for the abolition of consular formalities and recommending the fairest possible administration of such formalities, by those governments which still maintain their use.

The Contracting Parties agreed to consider at the Thirteenth Session a draft recommendation outlining guiding principles regarding the use of marks of origin.

ANTI-DUMPING AND COUNTERVAILING DUTIES

The Contracting Parties instructed the secretariat to publish an analysis of the legislation and regulations of various contracting parties relating to anti-dumping and countervailing duties. This analysis had been prepared by the secretariat. Contracting parties were invited to indicate to the secretariat what further studies are considered necessary in the light of this analysis.
ENTRY INTO FORCE OF AMENDMENTS TO GATT

Shortly before the opening of the Session, important amendments to the Preamble and Parts II and III of the General Agreement which had been negotiated in 1955, became effective for those countries which had accepted them. The Contracting Parties took a number of actions required by the fact of the amendments entering into force; they also recommended that certain other protocols and the Agreement on the Organization for Trade Co-operation be accepted and brought into force at an early date.
**LIST OF COUNTRIES AND INTERGOVERNMENTAL AGENCIES**

**REPRESENTED AT THE TWELFTH SESSION**

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**United Nations**

**International Monetary Fund**

**International Labour Office**

**Food and Agriculture Organization**

**Interim Committee for the Common Market and Euratom**

**Organization for European Economic Co-operation**

**Council of Europe**

**European Coal and Steel Community**

**Customs Co-operation Council**

**League of Arab States**

END

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