The fourteenth session of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade was held at Geneva from 11 May to 30 May 1959.

OFFICERS

Chairman.........................Mr. Fernando Garcia Oldini, Chile

Vice-Chairmen....................Sir John Crawford C.B.E., Australia
                                  Mr. Guiseppe Ferlesch, Italy

CHAIRMAN'S OPENING AND CLOSING ADDRESSES

The address at the opening of the session by the Chairman, reviewing the work to be undertaken, and his closing summary of the main developments during the session are contained in full in press releases GATT/444 and GATT/454.

1 The thirty-seven contracting parties to the Agreement, the other governments which participate in the work of the contracting parties, and the governments and inter-governmental agencies represented by observers at the fourteenth session, are listed on the final page of this survey.
PROGRAMME FOR EXPANSION OF INTERNATIONAL TRADE

At the thirteenth session, in November 1958, following the discussions in which a number of trade ministers took part—discussions which were based largely on the Haberler Report1—the CONTRACTING PARTIES decided to formulate a co-ordinated programme of action directed towards the further expansion of international trade and they established three Committees to carry out the programme. Committee I was to examine the possibility of arranging a further general round of multilateral tariff negotiations within the framework of the GATT. The work of Committee II covered the agricultural policies of Member governments and in particular it was charged with examining the effects of agricultural protectionist measures on international trade. Committee III had before it the broad problem of the difficulties which face the less-developed countries in expanding their export trade with the rest of the world, thus enabling them to earn the income necessary to promote their economic development.

Committee I met in February and in May 1959, and during the fourteenth session it made recommendations on the basis of which the CONTRACTING PARTIES decided to convene a tariff conference, commencing in September 1960. The scope of this conference will cover four categories of negotiations:

(i) negotiations among contracting parties for new concessions, as proposed by the representative of the United States at the thirteenth session;

(ii) renegotiations with Member States of the European Economic Community, pursuant to GATT Article XXIV:6; i.e. negotiations for adjustments to be made in the Common Tariff to make up for changes in rates bound under the GATT;

(iii) any renegotiations of concessions in the existing schedules which governments intend to undertake before the end of the current three-year period of firm validity;

(iv) negotiations with countries invited to negotiate with a view to acceding to the GATT.

The CONTRACTING PARTIES decided that the conference shall be held in two phases. The first phase, up to the end of 1960, will be concerned with renegotiations with the European Economic Community, and with any

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renegotiations of existing concessions (items (ii) and (iii) above. The second phase, opening at the beginning of January 1961, will be concerned with negotiations for new concessions and negotiations with countries wishing to accede to GATT.

In determining the timetable outlined above Committee I took into account the fact that the powers of the President of the United States enabling that country to participate in tariff negotiations (under the Reciprocal Trade Agreements of 1958) will expire on 30 June 1962. The Committee also noted that, in accordance with the provisions of the Rome Treaty, the Members of the European Economic Community will start adapting their tariffs to the new Common Tariff on 1 January 1962, which makes it desirable that the renegotiations contemplated in Article XXIV:6 and, for that matter, the negotiations conducted by the European Economic Community for new concessions, be concluded before that date.

Committee II met in March 1959 and during the fourteenth session. It drew up detailed arrangements for regular consultations with all contracting parties about their agricultural policies on the lines suggested during the ministerial phase of the thirteenth session. These consultations will be focussed on the effects of agricultural policies on international trade. Each contracting party will consult in its turn and there will be, first, an examination of its general agricultural policy followed by more detailed discussion of its policies in relation to specific commodities. The consultations will be initiated after the most thorough preparations of background material. The CONTRACTING PARTIES have instructed Committee II to conduct the consultations.

While the objective is to complete the consultations with all contracting parties over the next twelve months a start will be made by consulting with major industrial countries in the second half of September 1959. In this first group of countries are Australia, France, the Netherlands, Switzerland, the Union of South Africa and the United Kingdom.

Committee III met during the fourteenth session and it was strongly urged, in particular by the less-developed countries, that its work of examining the difficulties which these countries face in expanding their export trade should be speeded up. It was agreed, therefore, to concentrate as a start on a few products and that the less-developed countries should assist in the process of selecting these products. As soon as this short list of products, together with a statement of difficulties they encounter in international trade, is received by the secretariat, the necessary steps to collect relevant material from contracting parties will be taken so as to enable a start to be made with a study on a product by product basis. It is suggested that the examination of this first commodity list should start in September 1959.

For the date of further meetings of the three Committees see the programme of future meetings at the end of this survey.
BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

At this session the CONTRACTING PARTIES concluded consultations with France, New Zealand, the Union of South Africa and the United Kingdom on the import restrictions which these countries apply on balance-of-payments grounds. Under the GATT such consultations are held regularly and the purpose is to provide an opportunity to discuss whether there is a continued need for a country to maintain the restrictions and to explore measures which could be taken by the country to create conditions in which such restrictions could be reduced or eliminated. These consultations are conducted by a committee of thirteen Member countries. The International Monetary Fund supplied certain documentation and its representatives participated in the consultations.

A full and frank exchange of views took place on various aspects of the restrictions, including problems faced by the countries concerned and the prospects for their future balance-of-payments position. The consulting countries took note of various representations made to them by other countries. Reference was also made to the recent return to external convertibility of currencies, and the general view of the CONTRACTING PARTIES is that, with the bulk of world trade now being conducted on a convertible currency basis, there is a unique opportunity for the achievement of a world-wide system of non-discriminatory trade on a multilateral basis which the contracting parties sought when they created the GATT.

During the consultations the Union of South Africa confirmed that it has maintained the degree of liberalization achieved up to 1957 despite the adverse developments in its payments situation. The Union applies restrictions but not discrimination and it reaffirmed its policy directed towards the complete elimination of restrictions as soon as this can be done without prejudice to its external financial position. New Zealand, which is facing serious difficulties in its external payments, expressed the firm desire to resume the course of progressive advance towards the complete elimination of restrictions and discrimination when the situation improves. France referred to the various measures it took at the end of 1958 and stated that having accepted the recommendation that further steps should be taken in order progressively to eliminate discrimination, the Government is currently studying measures of further liberalization for products which so far have not been freed for importation from all countries. It stated that some measures may be put into force in the near future. The United Kingdom recognized that with the changes that took place in December 1958 the remaining payments advantage in importing from one country rather than another had disappeared, and reaffirmed its intention, declared at the Montreal Conference last year, to proceed with the removal of controls on imports from dollar sources and the hope to make a start in 1959 with as wide a range of consumer goods and foodstuffs as possible.

Note 1: The consultation with the United Kingdom was completed on 28 May. On the same day the United Kingdom Government announced measures to remove controls on imports of many consumer goods from the dollar area, to open to
the dollar area global quotas covering some other imports, and to increase certain dollar quotas. Details of this measure have been reported in the press on 29 May.

Note 2: A similar consultation had been scheduled with the Netherlands but prior to the opening of the session, the Netherlands Government considered that its external financial position no longer justified the maintenance of restrictions on balance-of-payments grounds and decided to cease to apply restrictions under Article XII of GATT. The consultation under that Article was therefore no longer required.

THE ROME TREATY ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY

At the thirteenth session the CONTRACTING PARTIES approved the procedures for consultation between the six Common Market countries and other contracting parties. The CONTRACTING PARTIES agreed, without prejudice to the legal questions which may arise, that multilateral consultation under the terms of GATT Article XXII shall take place between the Community and those contracting parties which believe that their trade interest may be adversely affected as the result of specific measures decided on by the Community. Consultations were begun during the thirteenth session on the problems of trade in coffee, tea, cocoa, tobacco and bananas which may arise out of the development of the EEC. These consultations were resumed in February 1959.

At the fourteenth session a number of contracting parties again stressed their fears that the association of the overseas territories of the six Member States with the European Economic Community would lead to damage to existing patterns of international trade and that, in particular, the countries producing tropical products would suffer accordingly. They indicated disappointment at the lack of progress, so far, in the consultations undertaken concerning trade in certain products. The spokesman of the European Economic Community emphasized the obligations undertaken in the Rome Treaty looking towards the harmonious development of world trade, indicated that the Community was prepared to continue the consultations and was willing to undertake consultations on further products. He also indicated that the Community was willing to envisage practical measures in cases of damage to trade of other countries.

IMPORT RESTRICTIONS MAINTAINED BY THE FEDERAL REPUBLIC OF GERMANY

At the twelfth session in 1957 the CONTRACTING PARTIES, on the basis of the findings of the International Monetary Fund, decided that the Federal Republic of Germany was no longer entitled to maintain import restrictions under Article XII. Since that time the matter has been under frequent examination. The Federal Republic has consulted with the countries principally concerned and has, from time to time, proceeded by successive states to reduce the number of import restrictions still maintained by it. However, a number of products have remained subject to import controls.
At this session a working party was appointed which, in considering the suggestions of the Federal Republic, took as its point of departure a United States proposal. On the basis of the report of the working party the CONTRACTING PARTIES took a Decision which provides a framework for a settlement of the problem of import restrictions maintained by the Federal Republic.

Under the terms of the Decision, taken on 30 May, the CONTRACTING PARTIES took note that the Federal Republic intends to take further measures of liberalization on a list of products and that restrictions on a short list of products will be progressively relaxed and liberalized in accordance with certain terms and conditions. The CONTRACTING PARTIES also took note that the Federal Republic is ready to make all possible efforts to reduce the number of restrictions still maintained and, therefore, to lessen the scope of the problem; in particular, when reviewing the Marketing Laws (which, the Federal Government contends, require it to maintain restrictions on imports of products specified in those Laws) the Federal Government will seek to ensure that any measures applied to products covered by these Laws are consistent with the General Agreement.

The Decision grants the Federal Republic the right to maintain for three years import restrictions on a specified list of products subject to certain conditions. The restrictions maintained on a number of these products will be so administered as to impose no practical impediment to imports from any contracting party - that is to say - that these products will be the subject of unlimited global tender arrangements without restrictions as sources of supply.

The Federal Government will consult with the CONTRACTING PARTIES annually regarding the application of the Decision, for the first time at the fifteenth session, and in particular report on the progress achieved in the relaxation or elimination of the restrictions maintained.

The Decision remains in effect until the close of the first regular session of the CONTRACTING PARTIES after it has been in effect for three years.

ACCESSION TO THE AGREEMENT AND RELATED DEVELOPMENTS

Israel

Following a request by the Government of Israel to accede to the General Agreement the CONTRACTING PARTIES decided to invite Israel to take part in the work of the CONTRACTING PARTIES forthwith. At the same time a Declaration was opened for acceptance under which Israel will accede to the General Agreement provisionally, pending tariff negotiations which she will undertake.
with other contracting parties during the tariff conference scheduled for 1960-61, after which it is expected that Israel will accede as a full member.

The statement of the representative of Israel in plenary session is reproduced in press release GATT/448.

Yugoslavia

At the thirteenth session the Government of Yugoslavia put forward a request for closer association with the CONTRACTING PARTIES. This was examined by a working party on the basis of whose report the CONTRACTING PARTIES established a Declaration on relations between them and Yugoslavia. The Declaration, which will enter into force when accepted by two-thirds of the CONTRACTING PARTIES, provides for the establishment of commercial relations between Yugoslavia and those contracting parties which sign the Declaration, to as great an extent as possible on the basis of the provisions of the General Agreement. It also provides for the participation of Yugoslavia in the work of the contracting parties. Under the Declaration the CONTRACTING PARTIES will review annually the development of mutual relations with Yugoslavia as well as further possibilities towards the full application of the provisions of the Agreement.

Poland

In March 1959 the CONTRACTING PARTIES were informed of the desire of Poland to accede to the General Agreement. This was supported by a statement in plenary session by the representative of Poland in which he stated that if it were to prove impossible for Poland to be admitted at present as a full member, his Government would be prepared to accept some other suitable form of closer co-operation with the CONTRACTING PARTIES.

A working party will examine the request of Poland for a closer form of association and will report to the fifteenth session.

The statement of the representative of Poland in plenary session is reproduced in press release GATT/449.

LATIN AMERICAN INTEGRATION

At the thirteenth session the Governments of Chile and Brazil informed the CONTRACTING PARTIES of the studies which were being conducted in Latin America with a view to the gradual establishment of a regional market.

At this session the delegations of Chile, Brazil and Uruguay, supported by the observer from Argentina, announced that their Governments have initiated studies on the gradual and progressive integration of their economies, being confident that other Latin American countries would join them as soon as feasible. A new round of consultations on commercial policies was held at Santiago, Chile on 6 April under the aegis of the Economic Commission for Latin America. During this meeting exports from Argentina,
Brazil, Chile and Uruguay, acting in an individual capacity, examined several alternative solutions which could resolve the trade problems between those countries. On this occasion the experts prepared a draft Free Trade Area Arrangement which has been examined by Latin American countries at the recent meeting of the ECLA held in Panama City. The draft arrangement would be open for final negotiation and signature by all countries of the continent. Experts observed that the draft could serve as a starting point for a wider instrument which might eventually cover the economic integration of the whole of Latin America.

The delegates of the three countries stated that as soon as the Latin American governments concerned have examined the draft and agreed on the final text, the matter will be brought to the consideration of the CONTRACTING PARTIES, for all relevant purposes. The CONTRACTING PARTIES took note that as soon as the final text of a draft Free Trade Area Arrangement is agreed it will be submitted to them.

APPLICATION OF ARTICLE XXXV TO JAPAN

In September 1955 Japan acceded to the General Agreement and at that time a number of contracting parties invoked Article XXXV, thereby refraining from undertaking GATT obligations towards Japan. Consultations between Japan and the governments concerned were initiated and at each session since that time the Government of Japan has reported on the situation.

At the present time there are fourteen contracting parties which invoke Article XXXV, namely: Australia, Austria, Belgium, Cuba, France, Ghana, Haiti, Luxemburg, Federation of Malaya, Kingdom of the Netherlands, New Zealand, Federation of Rhodesia and Nyasaland, Union of South Africa, United Kingdom.

At this session the leader of the Japanese delegation once again reminded the CONTRACTING PARTIES of the anomalous situation still obtaining in the General Agreement in respect of Japan and said that during the past six months there had been no notable change in the situation. His statement is reproduced in full in press release GATT/452.

It was agreed that this matter be placed on the agenda at the fifteenth session which is to meet in Tokyo in October 1959.

FREEDOM OF CONTRACT IN TRANSPORT INSURANCE

Following discussions in earlier sessions the CONTRACTING PARTIES adopted a Recommendation (submitted by Norway) on freedom of contract in transport insurance, in which they recommend that in the formulation of national policies in the field of transport insurance, governments should endeavour to avoid measures that would have a restrictive effect on international trade, and request governments to report to the Executive Secretary any information relevant to the subject matter of this Recommendation not previously reported to him.
In the preamble to the Recommendation it is noted that measures adopted by certain countries which restrict the freedom of buyers and sellers of goods to place transport insurance on the most economic basis create, in certain circumstances, obstacles to international trade in that they increase costs of goods entering into international trade. It is also noted that countries that do not have a sufficiently developed and effective national insurance business may desire to take such measures as they consider necessary to foster such a business.

ANTI-DUMPING AND COUNTERVAILING DUTIES

Following the publication of Anti-dumping and Countervailing Duties in August 1958, the CONTRACTING PARTIES at the thirteenth session decided to take further action in this field and the Executive Secretary was asked to convene a group of governmental experts for the purpose of exchanging information regarding certain technical requirements of existing legislation on anti-dumping and countervailing duties in their respective countries.

At this session the group reported on a number of matters covering the legal and administrative aspects of anti-dumping duties and it was agreed that the group should continue its work at a later date.

SUBSIDIES

Under the terms of Article XVI any Member country which grants or maintains a subsidy, including any form of income or price support, which has the effect of increasing exports of any product from, or reducing imports of any product into, its territory is required to notify the CONTRACTING PARTIES each year. At the thirteenth session the CONTRACTING PARTIES established a panel to examine the range and extent of subsidies maintained by contracting parties in the light of the notifications submitted under Article XVI.

The panel made an interim report at the fourteenth session and it was agreed that the panel should continue its work.

STATE TRADING

Under the terms of the revised text of Article XVII any Member country which establishes or maintains a State enterprise is required to notify the CONTRACTING PARTIES of the products imported into and exported from its territories by such enterprises.

At the thirteenth session a panel was established to examine these notifications and to make practical suggestions to the CONTRACTING PARTIES with a view to improving the procedure for notification. (This panel also deals with Subsidies, see above.) At the fourteenth session the panel proposed a new questionnaire to serve as a basis for future notifications and this was approved by the CONTRACTING PARTIES.
TEMPORARY ADMISSION OF PROFESSIONAL EQUIPMENT

At the thirteenth session the CONTRACTING PARTIES were informed of the hope of the International Chamber of Commerce that an international convention would be formulated whereby professional equipment and packing materials could be imported temporarily. At this session it was made known that the cinematograph industry were very interested in such arrangements being extended to include professional equipment which members of that industry have to import temporarily into foreign countries when films were being made.

Conventions for this purpose are being drawn up by the Customs Co-operation Council and it is expected that drafts of the Conventions will be available for examination by the CONTRACTING PARTIES at the fifteenth session.

CONCILIATION

French Stamp Tax. When this question was discussed at previous sessions the French delegation recognized that the increase in the rate of the stamp tax (from 2 to 3 per cent of the customs receipts from import and export duties and taxes) was contrary to the provisions of the General Agreement. At this session the CONTRACTING PARTIES noted the reasons why the French Government had been unable to restore the rate of tax to its former level, and that the French representative hoped that the position would be regularized in the near future.

TARIFF ADJUSTMENTS AND RELATED MATTERS

Chile

The CONTRACTING PARTIES have granted the Chilean Government a waiver to allow her to impose surcharges on imports, which are levied in addition to the import duties. This waiver relates to the emergency measures taken by Chile in April 1959 which were designed to overcome the threat to Chilean monetary reserves and to ensure the success of the Chilean stabilization programme. Under the terms of the waiver the new surcharges are to be progressively reduced and all are to be eliminated before 1 January 1961. In addition, Chile undertakes in applying the surcharges to avoid unnecessary damage to the commercial or economic interests of the GATT contracting parties.

The emergency measures taken by Chile are part of her programme to halt inflation, balance the budget expenditures and achieve balance-of-payments equilibrium. Further, it is the intention of the Chilean Government to abolish all import restrictions and the advance deposit system and to rely on customs tariffs as the sole form of protection.

Many delegations expressed sympathy with Chile in the difficult financial and economic situation with which she was faced and welcomed the steps she proposes to take to eliminate financial and other controls over imports.
FUTURE SESSIONS AND MEETINGS

Sessions of the CONTRACTING PARTIES

The following sessions were scheduled:

Fifteenth session Tokyo 26 October - 21 November 1959
(During the first week there will be meetings of Ministers of Trade)

Sixteenth session Geneva 16 May - 4 June 1960

Seventeenth session Geneva 31 October - 19 November 1960

Programme of other Meetings, June - December 1959

Group of Experts on Restrictive Business Practices 15 - 24 June

Committee on Balance-of-Payments Restrictions 29 June - 11 July

Working Party on Relations with Poland 31 August - 4 September

Committee I on Expansion of Trade 31 August - 9 September

Committee II on Expansion of Trade 14 - 25 September

Committee III on Expansion of Trade 28 September - 6 October

Committee on Balance-of-Payments Restrictions (Tokyo) 12 - 24 October
LIST OF COUNTRIES AND INTER-GOVERNMENTAL AGENCIES

REPRESENTED AT THE FOURTEENTH SESSION

Argentina  *Dominican Republic
Australia    *Ecuador        *Luxemburg       El Salvador
Austria      *Finland         *Malaya          Spain
Belgium      *France          *Mexico          *Sweden
Brazil       *Germany Federal Rep. of
            *Ghana           *Kingdom of
            *Vietnam         the Netherlands
Burma        *Indonesia       *New Zealand
Cambodia     *Ireland         *Nicaragua
Canada       *Italy           *Norway
Ceylon       *Japan           *Panama
Chile        *Libya           *Pakistan
Colombia     *Morocco         *Peru
Costa Rica   *Nigeria         *Philippines
Cuba         *Poland          *Portugal
Czechoslovakia *Portugal     *Rhodesia and
Denmark      *Yugoslavia
              *Nyasaland

United Nations
International Monetary Fund
International Labour Office
Food and Agriculture Organization
European Economic Community: Commission
European Economic Community: Council of Ministers
Organization for European Economic Co-operation
Council of Europe
European Coal and Steel Community
Customs Co-operation Council
League of Arab States

*Contracting party to the General Agreement on Tariffs and Trade. Under special arrangements Switzerland, Cambodia and Israel participate in the work of the CONTRACTING PARTIES..