GENERAL AGREEMENT ON TARIFFS AND TRADE

Sixteenth Session of the Contracting Parties

SURVEY OF THE SIXTEENTH SESSION OF THE CONTRACTING PARTIES TO
THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The sixteenth session of the Contracting Parties to the General Agreement on Tariffs and Trade was held at Geneva from 16 May to 4 June 1960.

OFFICERS

Chairman : Mr. Edmundo Penna Bartosa da Silva, Brazil
Vice-Chairmen : Mr. Toru Haguiwara, Japan
Mr. W.T.H. van Orschot, Kingdom of the Netherlands

The above Officers will hold office until the end of the seventeenth session.

OPENING AND CLOSING ADDRESS BY THE CHAIRMAN

The address by the Chairman at the opening of the session is reproduced in press release GATT/495; his closing address is reproduced in press release GATT/502.

CHAIRMAN'S SURVEY OF THE SESSION

The following is a summary of the remarks of the Chairman of the Contracting Parties, at the close of the sixteenth session, on 4 June 1960:

Regional Economic Integration

The examination of the Stockholm Treaty establishing the European Free Trade Area has been well begun. It is not surprising, in view of the importance of the matter and of the interests involved, that some

1 The Contracting Parties to the General Agreement, together with other governments and inter-governmental agencies which were represented at the sixteenth session, are listed on the final page of this release.
questions still remain open and require further discussion. What is encouraging is the freedom and frankness with which concerns and criticisms have been discussed and the liberal approach of the members of the EFTA to the points of difficulty which have been raised by their trading partners in the GATT. This is further evidence - if any were needed - of the fundamental importance, particularly in the rapidly changing circumstances of the present era, of the GATT as a sure basis for holding together the world-wide trading community which, in the face of far-reaching changes in the structure of international trade, might otherwise well split asunder into rival and discriminatory trading blocks.

We are less far ahead with our examination of the Montevideo Treaty. Nevertheless, I feel entitled to say that the delegates of the Latin American countries concerned are grateful for the constructive and sympathetic welcome which the Contracting Parties have given to this important project. The detailed examination of the Treaty will be resumed in due course.

We have heard with considerable interest a report from the European Commission on developments within the European Economic Community. I think I shall be expressing the views of many of my colleagues in saying that when such reports are made in future, their value would be greatly enhanced if they could be circulated in advance, and thus afford an opportunity for debate and exchange of views between the contracting parties.

Programme for the Expansion of Trade

The programme of work decided upon for Committee II reflects the general recognition of the need to proceed rapidly in facing up to the thorny problems confronting us in connexion with international trade in agricultural and food products. There are two factors which lend special urgency to this question. First there is the approach of the 1961 tariff negotiations in which agricultural exporters will be seeking to improve the conditions of access to export markets. Secondly we have heard of the decision of the European Economic Community to speed up the formulation of the common agricultural policy. It is unnecessary to underline the importance which this policy will have for those countries with an important stake in international trade in agricultural products.

I was glad to note that my colleagues shared my view regarding the progress achieved by Committee III. This, however, is an area of work in which we cannot afford to be complacent, and I hope that all representatives of contracting parties will urge their governments to give a high priority to the work of Committee III. I hope too that there will be general recognition of the need for a dynamic and imaginative approach to this work which is not only somewhat novel in character, but also touches on many sensitive issues of national policies.
Elimination of Balance of Payments Restrictions

At the beginning of the session I referred with satisfaction to the great progress achieved since Tokyo in the elimination of balance-of-payments restrictions. It has become clear during the session that the impetus of this movement is not slackening and it was particularly gratifying to hear that progress is not confined to the industrialized countries since we heard that the Federation of Malaya, which belongs among the less-developed countries, has been able to forego recourse to Article XII.

The question has been raised as to the best procedures to be adopted for dealing with residual restrictions remaining after a country has emerged from balance-of-payments difficulties. This is a matter which will no doubt receive further attention at the seventeenth session. All that I would say is that any procedures which may be agreed upon should be of general application and founded upon the procedures provided for in the General Agreement.

Market Disruption

On market disruption we have continued to proceed with the degree of caution which the delicacy of the question imposes. It is an important step forward that we have been able to agree on setting up a Working Party to carry out a thorough examination of the question and to make recommendations to the seventeenth session.

Expanding Membership

My forecast that we should be still further strengthened at this session by more demands for accession has been fulfilled by the applications presented by Portugal and Spain. These applications have received a cordial welcome in the Contracting Parties. We had hoped to hear from the representative of Argentina about the progress of his Government's thinking on this matter. Owing to the many pressing problems which confront the Argentine Government we can well understand that they have to proceed deliberately. But I am sure all contracting parties look forward to the day when this important trading country will deem it possible to join us in our work.

Appointment of a Council and Strengthening of the Secretariat

We have taken long overdue decisions for strengthening our organization to meet the multifarious tasks confronting it. The decision to appoint a Council of Representatives of the Contracting Parties will not only improve the effectiveness of our work, but will be a clear sign to the world that the Contracting Parties are determined to face up to the new responsibilities which fall upon them.
as a consequence of the development in international trade. Equally important is the authority we have given to the Executive Secretary to proceed with a strengthening of the secretariat which is at present clearly inadequately staffed. (End of extracts from Chairman's survey)

REGIONAL ECONOMIC INTEGRATION

(a) European Free Trade Association

The Stockholm Convention establishing the European Free Trade Association was approved by the seven participating governments - Norway, Denmark, Sweden, Austria, Switzerland, Portugal and the United Kingdom - on 20 November 1959, and in accordance with the assurances given by the representatives of the Seven at the Tokyo session, was made available to the contracting parties without delay. (Subsequently the Convention was ratified by the seven governments). The contracting parties formulated a number of questions concerning the terms of the Convention and the way in which it would operate and these, together with the answers received, formed the basis for the examination of the provisions of the Convention by a working party which was set up at the beginning of the sixteenth session.

At the close of the session the working party presented its report which was, however, of an interim character. In view of the shortness of time at its disposal and because of the importance of certain issues about which there were differences of opinion, the Working Party decided to confine its report to a description of the arguments which had been put forward, without recommending to the Contracting Parties that they should consider the Convention at the sixteenth session. The Working Party recommended and the Contracting Parties agreed, to postpone any action in regard to the Convention and to defer the questions to the seventeenth session, thus giving time for reflection on the various points of view expressed during the Working Party's discussions.

(b) Latin American Free Trade Area

At the Tokyo session the Contracting Parties were informed that a number of Latin American countries were in the process of completing the text of a free trade area treaty; these governments concerned declared that they would submit the Treaty to the Contracting Parties as soon as it was completed. The Treaty was signed by seven Latin American governments at Montevideo on 18 February 1960. The signatory countries were Brazil, Chile, Peru, Uruguay, Argentina, Mexico and Paraguay, the first four of them being contracting parties to the General Agreement. (In his introductory statement, on behalf of the
seven governments, Mr. F. Garcia Oldini, Head of the Delegation of Chile, said it was hoped that Bolivia would also sign the Treaty in the near future.) In preparation for the examination of the Treaty contracting parties formulated a number of questions concerning the provisions of the Treaty and its implementation and these, together with the answers received, formed the basis for the examination of the Treaty by a working party which was set up during the session, it being understood that the exchange of questions and answers had not been completed. The working party made a start during the sixteenth session and will meet again in October 1960 to continue its examination of the Montevideo Treaty.

A summary of the remarks made by Mr. F. Garcia Oldini when introducing the Treaty in plenary session was given in press release GATT/499.

(c) European Economic Community

During the sixteenth session the representative of the Commission of the European Economic Community presented a report on developments in the activities of the Common Market and on decisions taken in the various fields during recent months. The Report refers to the decision to set up a committee on economic trends in order to assist and guide the Commission in making proposals to the Council - a task made necessary because the elimination of direct controls, tariff and quota dismantlement and the restoration of external convertibility have resulted in a market economy which is more sensitive to variations in economic trends. The Report deals with the second stage in the elimination of quantitative restrictions between Member States and notes that the protection which is still granted by means of quantitative restrictions in the Member States has affected only a minor proportion of trade. The Report pays particular attention to trade in agricultural products and to the steps taken and to be taken by the Community concerning the establishment of a common agricultural policy. The Report refers to the initiatives which have been taken in business circles in order to adapt themselves to the requirements of a broader market and states that the Community has imposed itself as a fact in many sectors of professional life. A foremost preoccupation of undertakings in the Community is the need to lower costs in view of the increased competition which is going to prevail. As regards the less-developed areas of the world, the Community has special responsibilities, in common with other highly industrialized countries. The Report mentions the activities of the Development Fund of the Community and its various projects in the economic and social fields. Finally the Report sets out statistical evidence regarding the increase in industrial production, the external trade of the Community and trade between Member States. The integration of the Member States,
the Report states, into a single economic entity has, of necessity, a profound influence on the trade and economic relations of the Six with third countries. The Community is convinced that such integration will be conducive to an increase in general welfare and prosperity and will generate an expansion of trade, in which all the members of the trading community will share.

Contracting parties welcomed the initiative of the Commission of the EEC in presenting a report on recent developments in the Community, and emphasized the importance of liberal trade policies by the Community. In particular the agricultural exporting countries expressed concern regarding the common agricultural policy and stressed the need for assuring the highest possible level of international trade in agricultural products.

(The report of the Commission of the EEC has been made available for press correspondents in document L/1215).

PROGRAMME FOR TRADE EXPANSION

The programme for trade expansion, which was established in 1958, and was based largely on the recommendations in the Heberlor Report, has been carried forward through the work of three Committees. Committee I was able to arrange for a further general round of tariff negotiations within the framework of the GATT. The work of Committee II covered the agricultural protectionist measures on international trade. Committee III had to examine the problem of the difficulties which face the less-developed countries in expanding their export trade with the rest of the world.

Committee I had already, at the Tokyo session, made the arrangements for the conduct of the tariff conference which will open at Geneva on 1 September 1960. It was decided at the sixteenth session to set up a Tariff Negotiations Committee, to be composed of all participating governments. This Committee, whose task is, in general, to supervise the conduct of the tariff negotiations, may be convened whenever it is found necessary to do so before the conference opens on 1 September. The work of Committee I is thus completed.

Committee II In the first phase of its work Committee II adopted a plan for regular consultations with all contracting parties about their agricultural policies. These consultations were focused on the effects of such policies on international trade. Since the consultations began last September 29 countries have been consulted.

At the sixteenth session the Contracting Parties recognized the valuable work so far undertaken by Committee II and decided that the

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Committee should pass on to the second phase of its work, without delay. This phase will comprise an analysis on a global basis of the effects of individual agricultural policies and systems in each of a series of groups of commodities. These groups are dairy products, meat, cereals, sugar, fish and vegetable oils. The Committee also intends to appoint a small group to study the possibilities of measuring agricultural protection.

During the discussions the need to proceed rapidly was emphasized. First the 1961 tariff negotiations are approaching in which countries exporting agricultural and food products will be seeking to improve their prospects of access to export markets; secondly, the decision of the European Economic Community to accelerate the formulation of the common agricultural policy underlines the urgency of the work to be undertaken by the Committee.

Committee III In the third part of the programme the difficulties faced by the less-developed and developing countries in expanding their export earnings are being tackled on a product by product basis. Reporting at the Tokyo session on the first phase of its work Committee III recommended that contracting parties, particularly industrialized countries, should examine tariffs, revenue duties and internal charges, quantitative restrictions and other measures which they apply, with a view to facilitating an early expansion of the export earnings of the less-developed countries. These recommendations were based on detailed studies of the obstacles facing exports of such products as vegetable oils and seeds, tobacco, cotton manufactures, tea, coffee, cocoa, jute manufactures, timber, lead etc. ...

At the sixteenth session the Contracting Parties gave their whole-hearted approval to the progress report made by Committee III, resulting from its meeting in March 1960.

(a) The Committee examined possible detrimental effects on the export trade of less developed countries of high levels of revenue duties and internal fiscal duties (e.g. coffee, tea, cocoa), differential tariffs against imports of processed goods in favour of raw materials (e.g. cocoa, vegetable oils, cotton textiles), tariff preferences, discrimination against less-developed countries in the administration of quantitative restrictions (e.g. timber) and severe quantitative restrictions which were in some cases discriminatory (e.g. cotton and cotton textiles, jute manufactures and vegetable oils), State monopolies (e.g. tobacco), and price support policies (e.g. cotton).

(b) The Committee recommended that individual countries should, without delay, report progress towards modification and elimination of obstacles, such as those mentioned above.
(c) The Committee established a second list of goods for examination, including light engineering goods (bicycles, sewing machines, certain electric fans, low-power diesel engines and electric motors), hides and skins, leather and leather goods, iron ores, aluminium and bauxite, sporting goods.

(d) The Committee discussed the channelling of expansion of existing industries or starting of new industries by less-developed countries into directions where such industries will be economically efficient producers, and called for information about plans which might exist in individual less-developed countries for such projects.

(e) The Committee suggested that, in relation to specific products under examination, industrialized countries should be asked to state what in their view constituted the main difficulties in marketing such products by less-developed countries.

In the discussion of the work of Committee III the Contracting Parties called for an intensification and acceleration of the programme. They emphasized the outstanding contribution which these studies - and the practical consequences - would make towards widening the markets for the products of less-developed and developing countries, and in particular towards enabling them to increase their earnings from their exports. At the same time it was pointed out that countries which to-day enjoy a wide measure of prosperity must press forward without delay in reducing the barriers which tend to frustrate or limit such exports.

The Contracting Parties approved the future work programme of Committee III.

**Balance-of-Payments Import Restrictions**

In accordance with specific provisions of the General Agreement, the contracting parties made arrangements for holding, in 1960, consultations with all member governments which apply import restrictions for the purpose of safeguarding their balance of payments and monetary reserves. The first group of such consultations, with Austria, Brazil, Greece, India, Union of South Africa, and Uruguay, were held from 2 May and were concluded during the sixteenth session. In the course of these consultations, a committee of the contracting parties discussed with the governments concerned the nature of their balance-of-payments difficulties, alternative corrective measures which may be available and the possible effect of the restrictions on the economies of other contracting parties. The second group of such consultations will be held in July, and a third group, in October and November this year.

In the past year several contracting parties, which for a long time had been applying import restrictions for balance-of-payments reasons, announced that they no longer had balance-of-payments difficulties and would, therefore, no longer apply restrictions on those grounds. The latest announcement of this nature was made by the Federation of Malaya at the sixteenth session. During the session, various delegations announced actions which they were taking, or intended to take, for the further removal of import restrictions.
These developments clearly indicated that the impetus of the movement towards the elimination of balance-of-payments restrictions was not slackening and it is expected that further progress will be made in the same direction in the coming months.

During the sixteenth session there was a preliminary discussion regarding the best procedures to be adopted for dealing with residual restrictions remaining after a country has emerged from balance-of-payments difficulties. Views were expressed that it was reasonable to expect that, if a contracting party retained restrictions, formerly maintained under the balance-of-payments exception, it should promptly notify them to the Contracting Parties and also state its plans and policies for dealing with them. A readiness to consult on the residual restrictions was something the Contracting Parties should also be able to count upon.

It was agreed that careful thought should be given to this problem and that it could be discussed more fully at the seventeenth session, or possibly in the Council.

**IMPORT RESTRICTIONS MAINTAINED BY CERTAIN COUNTRIES**

**Belgium.** At the Tokyo session serious concern was expressed about the lack of progress made by Belgium, during the preceding year, towards the removal of the remaining restrictions on imports, as required under the waiver granted in 1955, and the Belgian Government was asked to advise the Contracting Parties of the steps it proposed to take.

The Belgian delegation stated at the sixteenth session that a list of agricultural products would be liberalized not later than 30 June 1960. The Belgian delegation added, however, that in view of the situation of Belgian agriculture and the price levels for such products in the international market, the Belgian authorities found it necessary to provide for the levying of licensing taxes on imports so as to be able to offset the possible effects of imports at abnormally low prices.

**Italy.** At the Tokyo session the Contracting Parties decided that, in view of the improvement in the balance of payments and monetary reserves, the maintenance by Italy of import restrictions was no longer justified for balance-of-payments reasons and the Italian Government undertook to report to the sixteenth session on the measures taken, together with a programme for the progressive elimination of the remaining restrictions.

At the sixteenth session the Italian delegation indicated that under a decree to be promulgated in the near future certain new measures of liberalization would be announced, and that further steps would be taken later. A number of delegations indicated serious disappointment with the lack of progress and pointed out the decree of discrimination which continued to form part of Italian import restrictions.

They indicated that they would wish to consult with Italy, under the terms of Article XXII, concerning the continued maintenance of quantitative restrictions on the importation of certain products and on the discriminatory aspects of such restrictions.
Federal Republic of Germany. The Federal Republic of Germany made a further report under the terms of the Decision of 30 May 1959 granting a waiver under which the Federal Republic agreed to progressively relax and liberalize the import restrictions it imposes, in accordance with certain terms and conditions.

The representative of the Federal Republic at the sixteenth session announced a programme for a further substantial liberalization. He stated that the liberalization of a number of industrial goods, agricultural products and raw materials, which was to have been introduced by 31 December 1960, would now be put into effect on 1 July 1960. A new programme would be worked out for goods not yet fully liberalized and the Government would gradually introduce import quotas until full liberalization was achieved. He also reported that his Government had had useful consultations with India, Pakistan, and Japan concerning the position of certain imports of interest to those countries. The representatives of those Governments confirmed that those consultations had taken place in a cordial atmosphere. Contracting parties indicated their pleasure at the progress made in the German liberalization programme, while noting that there remained a list of items for which no final liberalization date had been set.

AVOIDANCE OF MARKET DISRUPTION

During the Ministerial discussions at the fifteenth session attention was called to the problem of disruption of markets caused by a sudden influx of imports. It was pointed out that sharp increases in imports over a brief period of time and in a narrow range of products could have serious economic, political and social repercussions in the importing countries; the problem was to find the means to alleviate the adverse effects of such abrupt invasions of established markets while continuing to provide steadily enlarged opportunities for trade. In the course of further discussions it was brought out that the apprehension that such situations might arise had led some countries to maintain or impose restrictions against particular imports from particular countries.

The Contracting Parties recognized that they were confronted with a serious and complicated question which should be faced squarely and that it was essential first to establish the relevant facts. They therefore instructed the Executive Secretary to submit a factual report and to consult with governments in compiling it. It was also agreed that it would be for the Contracting Parties at the sixteenth session to decide on the procedure to be adopted for dealing with this question.

At the sixteenth session, following a discussion in plenary session, the Contracting Parties decided to refer the matter to a working party, which will perform the following functions: consider the problems described in the report of the secretariat on "Restrictions and other measures relating to the problem of market disruption"; suggest multilaterally acceptable solutions, consistent with the principles and objectives of the General Agreement, for those problems which, in the light of this consideration, appear to call for immediate action; and to report to the seventeenth session.

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The Working Party was also authorized to make appropriate arrangements for preparing a report on the various economic, social and commercial factors underlying the problems considered by the Working Party, and in particular the relevance to international trade of differences in the costs of various factors of production and marketing, including labour costs. In preparing its report the Working Party was authorized to call on exports, both governmental and non-governmental, and to seek the co-operation of the International Labour Office.

For fuller description of action taken during the sixteenth session, see press release GATT/500.

PARIS ECONOMIC MEETINGS: THE PROPOSED ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

1. During the sixteenth session the Contracting Parties took the opportunity to discuss developments which had arisen as a result of the economic meetings which were held in Paris in January 1960. The background to the discussions may be summarized as follows:

The Executive Secretary of GATT was associated with some aspects of the meetings in Paris and he considered it appropriate to make a report to the Contracting Parties. His report dealt particularly with the recommendations of the Group of Four which had been appointed to study the reorganization of the Organization for European Economic Co-operation (OEEC). This Group published its report in April 1960 under the title "A Remodelled Economic Organization". The proposed organization would be called the Organization for Economic Co-operation and Development (OECD) and its membership would be open, initially, to the eighteen members of the OEEC and to the United States and Canada. The report of the Group of Four contained proposals concerning the functions of OECD, its relations with other international organizations, etc.

2. In the course of a discussion in the early part of the session a number of delegations expressed their concern regarding the effects of the proposed new organization on the work and scope of the GATT, suggesting that certain aspects of the OECD Convention seemed to open the way towards duplication of the work of GATT and towards a weakening of GATT's effectiveness. They were anxious that nothing should be done that would weaken the GATT as the foremost instrument for developing an effective system of trade rules to govern the growing volume of trade among nations. Particular apprehensions were expressed by representatives of less-developed and developing countries. Discussions on trade between the European countries plus the United States and Canada, it was said, might result in the formation of a strong industrial grouping which could have an important impact on the interests of other GATT members.
3. Representatives of contracting parties which are potential members of the proposed OECD replied that the Paris Conference on the reorganization of the OECD had not at that time had an opportunity to consider the report of the Group of Four. Most of them being members of GATT, they were well aware of their obligations and responsibilities towards their partners in the GATT. In fact, the Group of Four which prepared the draft OECD Convention placed emphasis on the primary position of GATT in the trade field, and any activities carried out in the trade field by OECD would be in conformity with GATT. The strength of GATT remained an overriding consideration.

4. Subsequently the Chairman of the Contracting Parties stated that he had had an opportunity to explain to the Chairman of the Conference on the reorganization of the OECD the views of delegations expressed during the GATT session; he had been reassured that there was no intention on the part of the governments represented at the Conference to adopt any course of action which would weaken the role of the GATT and that there was unanimous agreement that any rules with regard to commercial policy transferred to or adopted by the new organization would have to be compatible with the rules of GATT. A working party had been set up with the task of drawing up, before 10 July, a Draft Convention remodelling the OECD. The Working Party would consult where appropriate with other international organizations, including the GATT.

When discussion of this matter was resumed in plenary session, the Executive Secretary of GATT stated that the Chairman of the above-mentioned Working Party had been in touch with him and had invited him to take part in the discussions on the reconstitution of the OECD, in the field of trade policy.

It was agreed to keep the matter on the agenda for the seventeenth session and to refer it to the Council, for earlier discussion, if this should prove necessary.

STRENGTHENING THE GATT ORGANIZATION

At the fifteenth session a special Group of Officers undertook an enquiry into the working methods and organizational structure of the CONTRACTING PARTIES. The Group reviewed the current and probable future responsibilities of the Contracting Parties and the broadening role of the GATT in world trade. It appeared to be generally recognized that the present-day problems of international trade required more careful and continuing attention than the CONTRACTING PARTIES had been able to give to them during their ordinary sessions.

The Group considered that there was convincing evidence that the Contracting Parties should be better equipped to shoulder their increasing responsibilities and that action was required in establishing adequate and effective machinery so that urgent matters would receive the immediate attention which their importance warranted. The Group therefore came to the unanimous conclusion to recommend to the Contracting Parties that arrangements should be made for setting up a Council, capable of giving continuous and effective attention to the work of the GATT.
At the sixteenth session the Contracting Parties decided to establish a Council of the Representatives of the Contracting Parties, to consider urgent matters arising between sessions, to supervise the work of committees and other subsidiary bodies, to prepare for GATT sessions and so forth. Details concerning the composition of the Council, its procedures and voting are summarized in press release GATT/501.

In the course of the discussion in plenary session a number of delegates gave wholehearted support to the proposal to establish the Council. It was pointed out that this extension of the organization of the GATT would enable work to proceed continuously and would undoubtedly result in a more efficient handling of the business of the Contracting Parties.

At the same time the Contracting Parties gave authority to the Executive Secretary to enlarge and strengthen the secretariat, over a period of time, in order to meet the expanding work which it is called upon to undertake.

APPLICATION OF ARTICLE XXXV TO JAPAN

As at previous sessions Japan requested that the application of Article XXXV to Japan should be included in the agenda. At the Tokyo session the Japanese delegate said that it was the intention of his Government to speed up consultations with each of the fourteen countries applying Article XXXV. Those countries are Australia, Austria, Belgium, Cuba, France, Ghana, Haiti, Luxembourg, Federation of Malaya, Kingdom of the Netherlands, New Zealand, Federation of Rhodesia and Nyasaland, Union of South Africa, United Kingdom.

At the sixteenth session the representative of Malaya stated that earlier this year the Federation of Malaya and Japan had concluded a trade agreement and that when the agreement had been ratified and had entered into force, which was expected in the near future, Malaya would withdraw the application of Article XXXV to Japan. During the course of the discussions, the representative of Ghana indicated that negotiations between Ghana and Japan were being undertaken and he hoped that a solution would emerge that would be satisfactory to all contracting parties. The delegate of Japan appealed most strongly for the application of Article XXXV to be speedily withdrawn and said that his Government was always fully prepared to discuss ways and means to avoid difficulties which might arise if the application was withdrawn. He said that Japan and Cuba had concluded a trade agreement earlier in 1960 and he hoped this would pave the way towards the eventual disinvocation of Article XXXV by Cuba. He also pointed out that a country invoking Article XXXV could not enter into tariff negotiations with Japan and that this would limit the scope of the forthcoming tariff conference.

It was agreed to place this matter on the agenda of the seventeenth session and to consider, at that time, whether a review of the operation of Article XXXV, as applied to the trade of Japan, might be appropriate.
Temporary Duty-Free Importation of Packing Materials and Professional Equipment

1. Following the suggestions made in 1958 by the International Chamber of Commerce, the Brussels Customs Co-operation Council drew up a preliminary Draft Convention on Temporary Duty-Free Importation of Packing Materials which was forwarded for consideration by the Contracting Parties. They decided that this Draft Convention should be examined by a Panel of Experts which would make recommendations to the sixteenth session. The Panel reported that the drafting of the Convention had now reached an advanced stage and the Contracting Parties agreed to transmit the views of the Panel to the Brussels Council, with the recommendation that the Council should finalize the text and submit it to the Contracting Parties in the near future.

2. The Panel of Experts also reported on progress towards the drafting of a customs convention on the temporary duty-free importation of professional equipment and cinematograph and television equipment. This work is in a comparatively early stage. The Contracting Parties agreed that the report of the GATT Export Group should be sent to the Brussels Customs Co-operation Council for their consideration.

Subsidies

Under GATT 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. During the past two years a Panel has undertaken an examination of the range and extent of subsidies maintained by contracting parties, in the light of notifications submitted. The work of the Panel is directed principally to the preparation of a report on the operation of Article XVI. At the sixteenth session, the Panel reported on its work to date and it was agreed that the Panel's proposals for improved notification procedures should be adopted and that the Panel might reconvene in 1961.

State-Trading Enterprises

Under the revised text of GATT 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. In 1958 a Panel was established to examine these notifications and to make suggestions with a view to improving the notification procedure. The Panel reported on the notifications submitted in accordance with a new questionnaire, stating that, on the whole, the replies received were helpful. No arrangement was made to reconvene the Panel.
Anti-Dumping and Countervailing Duties

In 1958 a Group of Experts was appointed for the purpose of exchanging information regarding certain technical requirements of existing legislation on anti-dumping and countervailing duties. At the sixteenth session the Group reported on the progress of its work in this field. In particular the Group suggested that contracting parties should transmit to the GATT secretariat information relating to changes in their relevant legislation and also notify the secretariat of the introduction, alteration or removal of anti-dumping and countervailing duties. The secretariat, in turn, would notify the contracting parties. This procedure was agreed. The Group considered that the range of problems which it had discussed indicated the complexity and importance of the whole subject. This, in their view, underlined the need for governments to use their anti-dumping powers with great care, in the recognition of the effect which such powers could have on international trade.

Restrictive Business Practices

At the thirteenth session the Contracting Parties decided to set up a Group of Experts to consider whether and, if so, how the Contracting Parties "should undertake to deal with restrictive business practices in international trade". The Group met in June 1959 and it was agreed that their report should be an item on the agenda of the sixteenth session. The experts examined the questions involved but did not agree as to the procedure which the Contracting Parties should follow in this matter. In view of the need for more time for study of this problem it was agreed that consideration should be postponed until the seventeenth session, when a working party will be convened.

ARTICLE XVIII

Article XVIII provides a means whereby a contracting party in the early stages of development may seek authority to impose protective measures to assist the establishment of new industries.

At the sixteenth session the Contracting Parties approved two new requests submitted by Ceylon, and also agreed to prolong for three years the authority granted to Cuba, at earlier sessions, to continue to apply quota restrictions on imports of henequen and sisal.

TARIFF REFORMS AND ADJUSTMENTS

New Zealand. New Zealand has decided to introduce a completely new tariff, to be submitted to Parliament in 1960 and 1961. At the sixteenth session New Zealand was given a waiver which would allow her to apply the new customs tariff simultaneously with its submission to Parliament, subject to certain conditions including arrangements for negotiations or consultations with contracting parties having an interest in the matter.

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Greece. Greece has carried out a reform of its tariff and put into effect the revised tariff in April 1960. At the sixteenth session a decision was taken to extend the time-limit for negotiations and consultations, between Greece and interested contracting parties, to the end of the seventeenth session.

Brazil. Since 1956 the Contracting Parties have, on three occasions, granted an extension of time for Brazil to put into effect the results of tariff negotiations which it had undertaken. At the sixteenth session the Brazilian delegation requested, and was granted, a further short extension in order that the Brazilian Government could obtain the necessary congressional authority.

MEMBERSHIP AND STATUS

Portugal and Spain. At the sixteenth session the representatives of Portugal and Spain informed the Contracting Parties of the wish of their Governments to accede to the General Agreement. In both cases the request was made to accede in accordance with the provisions of Article XXXIII; to this end both countries will enter into tariff negotiations during the tariff conference in 1961 (press release GATT/498).

At the concluding meeting of the session on 4 June it was decided, unanimously, to admit the Governments of Portugal and Spain as participants in the sessions of the Contracting Parties and of their subsidiary bodies, pending their full accession to the Agreement (press release GATT/505). Consultations will be held looking towards the provisional accession of both countries.

Cameroons and Togoland. The French Government notified the Contracting Parties that the territories of the Cameroons and Togoland, to which France had applied the General Agreement since 1948, had acquired full autonomy in the conduct of their external relations. The Executive Secretary was authorized to undertake consultations with France, Cameroons and Togoland regarding their future status under GATT.

FUTURE SESSIONS OF CONTRACTING PARTIES

The following dates for future sessions of the Contracting Parties were established:

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<th>Session</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>seventeenth</td>
<td>31 October 1960</td>
</tr>
<tr>
<td>eighteenth</td>
<td>1 May 1961</td>
</tr>
<tr>
<td>nineteenth</td>
<td>30 October 1961</td>
</tr>
</tbody>
</table>
LIST OF COUNTRIES AND INTERGOVERNMENTAL AGENCIES
REPRESENTED AT THE SIXTEENTH SESSION

(Countries marked with an asterisk are contracting parties to GATT)

| Argentina | *Austria | *Belgium | *Brazil | *Burma | Cambodia | *Canada | *Ceylon | *Chile | Costa Rica | *Cuba | *Czechoslovakia | *Denmark | *Dominican Republic | Ecuador | *Finland | *France | *Federal Republic of Germany | *Ghana | *Greece | Guatemala | *Haiti (not represented) | *India | *Indonesia | Iran | Iraq | Ireland | Israel | *Italy | *Japan | *Luxembourg | *Malaya, Federation of | Mexico | *Kingdom of the Netherlands | *New Zealand | *Nicaragua (not represented) | *Norway | *Pakistan | *Peru | Philippines | Poland | Portugal | *Rhodesia and Nyasaland, Federation of | Rumania | El Salvador | Spain | *Sweden | Switzerland | Tunisia | *Turkey | *Union of South Africa | United Arab Republic | *United Kingdom | *United States | *Uruguay | Venezuela | Yugoslavia |

United Nations
European Economic Community:
Commission
Council of Ministers
Customs Co-operation Council
Council of Europe
Food and Agriculture Organization

International Labour Organisation
International Monetary Fund
League of Arab States
Organization for European Economic Co-operation
Organization of American States
United Nations Educational, Scientific and Cultural Organization

Note: The following countries have acceded provisionally: Israel, Switzerland, Tunisia.

The following countries participate in the work of the GATT under various arrangements: Cambodia, Portugal, Spain, Yugoslavia.