GENERAL AGREEMENT ON TARIFFS AND TRADE

SEVENTEENTH GATT SESSION TO OPEN
AT GENEVA ON 31 OCTOBER 1960

The seventeenth session of the Contracting Parties to the General Agreement will open at Geneva on 31 October 1960 and will last for three weeks.

The officers, who were elected in November 1959 and will continue in office, until the end of the seventeenth session are:

Chairman: Mr. Edmundo Penna Barbosa da Silva, Brazil.

Vice-Chairmen: Mr. Toru Haguwara, Japan.

Mr. W.P.H. van Oorschot, Kingdom of the Netherlands.

The following are brief comments on some of the items on the agenda.

GATT Programme for Trade Expansion

The Contracting Parties will examine reports from Committee II, which is dealing with the effect of agricultural policies on international trade, and Committee III, which is examining the difficulties faced by the less-developed countries in expanding their trade with the rest of the world.

At its meeting in October 1960, Committee II held consultations with Israel and Ghana on their agricultural policies. Two further consultations - with Cambodia and India - will take place during this session. Up to date the Committee has held consultations with thirty-one countries.

Committee II then passed to the next stage of its work. This involves an analysis, on a global basis, of the effects of individual agricultural policies and systems on international trade in each of the groups of commodities which were examined by the Committee during the country-by-country consultations. During its October meeting, the Committee undertook discussions on dairy products, meat, cereals and fish; a review of sugar was begun, but this and the discussions on vegetable oils were put off to a future meeting of the Committee.

Committee III met in September-October 1960. It reviewed the progress made by individual member countries in reducing obstacles to the expansion of trade of the less-developed countries, with respect to products included in the "first" list of commodities: coffee, cocoa, copper, cotton textiles, jute manufactures, lead, oilseeds and vegetable oils, tea, raw cotton, timber and tobacco. The types of obstacles to trade fall under the following broad categories: quantitative
restrictions, customs tariffs, and internal revenue and fiscal charges. For each of the above commodities the Committee reported in detail on steps taken, or contemplated, by individual countries to widen the opportunities for the exports of less-developed countries.

The Committee then passed to the problem of lowering barriers to the development of the export trade in manufactured goods, and it stressed the urgency with which the less-developed countries viewed the need to diversify their economies and expand the exports of such goods. The Committee made a start in examining the obstacles which face products in the "second" list: namely, light-engineering goods (bicycles, sewing machines, electric fans and small diesel engines and electric motors); finished leather, leather footwear and leather goods; iron ore; aluminium, alumina and bauxite; sports goods. At its next meeting, the Committee will review progress in the removal of obstacles to exports of the above products from the less-developed countries.

Balance-of-Payments Import Restrictions

1. In accordance with specific provisions of the General Agreement, the Contracting Parties are holding, during 1960, consultations with Member governments which apply import restrictions for the purpose of safeguarding their balance-of-payments and monetary reserves. The first group of consultations, with Austria, Brazil, Greece, India, Union of South Africa and Uruguay was held in May. The second group of consultations, with Ceylon, Chile, Denmark, Finland, Israel, Japan, New Zealand, Norway and Pakistan is being held during October-November 1960.

In the course of these consultations, a committee of the Contracting Parties discusses 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. On questions of balance of payments, related consultations are held with the International Monetary Fund whose representative participates in the discussions at the committee.

2. The Contracting Parties, at this session, are also concerned with the question of procedures in connexion with the removal of residual import restrictions applied by a contracting party - restrictions which are no longer justified under GATT provisions. This is a matter of growing importance in view of the number of contracting parties which now no longer invoke the right to apply such restrictions to protect their balance-of-payments position. In this connexion, the Contracting Parties will review the so-called "hard-core" Decision of 5 March 1955. Under this Decision a contracting party could apply for permission to maintain, through a transitional period, import restrictions which had been applied during a period of balance-of-payments difficulties but which were no longer justifiable. The time limit for applications under the "hard core" waiver has been extended four times and is now due to expire, unless extended again, on 31 December 1960. The GATT Council undertook a preliminary consideration of this matter and suggested that the Contracting Parties should examine it at this session in connexion with the question of residual restrictions.
Regional Integration

European Economic Community. As at recent GATT sessions, an opportunity will be given for representatives of the Community to provide information on developments in the activities of the Common Market and on decisions taken in the various fields during recent months.

European Free Trade Association. The examination of the Stockholm Convention establishing the EFTA was begun at the sixteenth session and will be resumed at the seventeenth session.

Latin American Free Trade Area. The exchange of questions and answers on the terms and implications of the Montevideo Treaty establishing the LAFTA which was begun at the sixteenth session has continued in the intervening period and the working party established to examine the Treaty will meet during the first two weeks of the Seventeenth session.

Restrictive Business Practices

A group of experts, set up by the Contracting Parties, met in June 1959 to consider whether, and if so how the Contracting Parties should undertake to deal with restrictive business practices in international trade. No conclusions were reached and in view of the need for more time to study the problem it was agreed to convene a working party, which will meet during the seventeenth session.

Avoidance of Market Disruption

Market disruption arises from the fact that sharp increases in imports over a brief period of time and in a narrow range of products can have serious economic, political and social repercussions in the importing countries. The problem is to find the means to alleviate the adverse effects of such abrupt invasions of established markets while continuing to provide steadily enlarging opportunities for trade. At the last session, a working party was set up to consider the problems related to market disruption and to suggest possible solutions. The working party met in September and will meet again during the session.

Commodity Trade

Each year the Contracting Parties review trends and developments in commodity trade with particular reference to the impact of commodity problems on the export earnings of primary-producing countries. This review will be undertaken at the seventeenth session.

Another item arises from the Resolution of 4 March 1955 on the Disposal of Commodity Surpluses. This provides an opportunity to review the action taken by countries to dispose of their agricultural surpluses without provoking disturbances in the world markets and to consult with the principal suppliers of these surplus products.

MORE
Subsidies

Under GATT Article XIX any contracting party which grants or maintains a subsidy, 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 its September meeting, the GATT Council reviewed the position regarding the provision of Article XIX which envisions the eventual prohibition of export subsidies on goods other than primary products. At present, there is only a standstill in operation from year to year whereby certain contracting parties undertake not to increase the scope and extent of export subsidies on any such products. At this session, the Contracting Parties will consider whether to bring this prohibition on such subsidies into operation.

Report under Waivers

Each year the Contracting Parties examine reports on the operation of waivers from GATT obligations which have been granted at earlier sessions. Among the reports to be presented at this session are those covering (a) United States' restrictions on imports of agricultural goods, (b) Belgian import restrictions, (c) German import restrictions.

Consultation with Switzerland

Under the Declaration of 28 November 1958, Switzerland has acceded provisionally to the General Agreement. The Declaration provides for Switzerland to undertake, annually, consultations with the Contracting Parties, with a view to finding solutions to the problem created by certain Swiss legislation under which restrictions are imposed on imports of agricultural and food products. The consultation at this session is the first to be held.

Relations with Yugoslavia

By the terms of the Declaration of 25 May 1959, under which Yugoslavia entered into a form of association with the Contracting Parties, the latter are required to review annually "the development of mutual relations between Yugoslavia and the other parties (to the Declaration) as well as the possibilities of further progress towards the full application of the General Agreement". This will be the first such review.

Application of Article XXV to Japan

As at previous sessions, the application of Article XXV to Japan by certain contracting parties is on the agenda.
Customs Convention on Importation of Professional Equipment

The Customs Co-operation Council (an inter-governmental organization, at Brussels) has prepared a draft international convention on temporary duty-free importation of professional equipment, including cinematographic and television equipment. This draft will be examined by the Contracting Parties.

Accession to GATT

At its first meeting, in September 1960, the GATT Council referred to working groups the requests for accession by Argentina, Ireland, Portugal and Spain. The Contracting Parties will consider the working groups' reports.