The GATT Council of Representatives met at Geneva from 22 February to 2 March 1961. The Chairman was Mr. J.H. Warren, Assistant Deputy Minister, Department of Trade and Commerce, Canada.

The following were among the items of business undertaken during the meeting:

Consultation with Switzerland

Under the Declaration of 28 November 1958, by which Switzerland acceded provisionally to the General Agreement, that country is required to consult annually, 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 first consultation was begun at the seventeenth session of the Contracting Parties and was continued at this meeting of the Council. At the seventeenth session the representative of Switzerland put forward arguments that Switzerland should be accepted as a full member of GATT.

During the meeting of the Council the consultation was continued and discussions were held between the Swiss representative and delegates of countries which have a particular interest in the exports of agricultural products to the Swiss market. It was considered that these discussions were fruitful and helpful. The Council appointed a small group, which will meet on 6 and 7 April to resume the consultation.

Application of Article XXXV to Japan

At the seventeenth session the representative of Japan drew attention to the very serious concern of his Government over the resort to Article XXXV by a number of contracting parties which thereby refrain from undertaking GATT obligations towards that country, and he formally requested that a review of Article XXXV, as applied to Japan, should be undertaken. The Contracting Parties agreed that a review should be held and instructed the Council to consider the "scope and timing" of the review.

The Council decided to establish a working party to carry out the review. The working party, under its terms of reference, will conduct the review with particular regard to:

(a) the existing trade relationship between Japan and each of the countries which have invoked Article XXXV;

(b) the effects of the invocation of Article XXXV on Japan's trade and the repercussions on the trade of other contracting parties;

MORE
(c) the widespread invocation of Article XXXV vis-à-vis Japan by govern­ments which may, in the future, accede to the GATT under Article XVI:5(c) or Article XXXIII.

In preparation for the review the Executive Secretary will prepare a report on the historical origins of Article XXXV and a factual account of its appli­cation in the case of Japan.

The date when the working party will be convened will be decided by the Council when it meets on 24 March.

Indonesian tariff reform

At the seventeenth session the Contracting Parties were informed that the Government of Indonesia had undertaken, in August 1960, a general revision of its customs tariff which it considered necessary for general economic reasons, following the adoption of a new foreign exchange régime. These tariff changes included some increases in rates of duty bound under GATT. Owing to the need for urgent action Indonesia was not able to apply in advance for the necessary waiver from her GATT obligations.

The Council drew up the text of a waiver to enable Indonesia to maintain the charges put into force in 1960 and submitted it for approval by contracting parties. The waiver also provides for Indonesia to negotiate or consult with interested parties, for compensation, under the terms of Article XXVIII.

Recent measures taken by Ceylon

On 9 February 1961 the Council considered the notification from the Government of Ceylon that, in order to stop a serious decline in its monetary reserves, it had been compelled, as from 25 January, to intensify substantially quantitative restrictions on imports and, at the same time, to raise tariff duties on a number of items above the rates bound in the GATT. It was decided that the intensification of quantitative restrictions would be examined by the Balance-of-Payments Restrictions Committee, which would meet during the period of the current meeting of the Council. The Council itself would consider the question of the increases in tariff rates.

The Council, at this meeting, drew up a waiver allowing Ceylon to apply the temporary increase in customs duties, as an emergency measure designed to overcome the existing threat to its monetary reserves, while Ceylon pursues certain corrective fiscal and monetary measures. Certain terms and conditions are laid down, including annual reports on action taken to reduce or eliminate the increases.

The Balance-of-Payments Restrictions Committee consulted with Ceylon on the substantial intensification of quantitative restrictions. Questions discussed included the present balance-of-payments situation of Ceylon and the effects of the new restrictions on the trade of other countries.
Italian import restrictions

At the close of the seventeenth session it was agreed that if the United States should request the Contracting Parties to review the import restrictions applied by Italy and no longer justified for balance-of-payments reasons, under the rules of GATT, a working party should examine the matter. This request was made and the Council appointed a working party; it will meet in Rome on 27 March 1961.

French stamp tax

Some years ago the French Government increased the rate of the stamp tax which is imposed on customs revenue from import and export duties, from 2 to 3 per cent. It was agreed that this was a violation of GATT provisions and at successive GATT sessions the French authorities undertook to restore the original rate, but were unable to obtain the required parliamentary approval. At this meeting of the Council the French representative announced that under the 1961 Finance Law, the rate of 2 per cent had been restored from 1 January 1961, and the Council noted with satisfaction that the complaint had been settled.

Paris economic meetings

At the sixteenth and seventeenth sessions of the Contracting Parties there were discussions of developments at economic meetings held in Paris, relating largely to the proposed functions of the Organization for Economic Co-operation and Development (OECD). Delegations which are not potential members of the OECD group (the OECD would comprise the eighteen members of the OEEC, Canada and the United States) expressed their concern that in the trade field the OECD might overlap with GATT's functions; or duplicate its work, thus leading towards a weakening of GATT's effectiveness. During the meeting of the Council a number of delegations again stressed these anxieties, and it was decided that the matter should be kept on the agenda for the next session of the Contracting Parties.

Commercial policy problems of newly independent States

The Council held a preliminary discussion of proposals put forward by the Executive Secretary on ways and means by which the newly independent States could be assisted towards solving the difficult and important questions with which they are faced in the field of commercial policy.

The Council responded in a positive and encouraging way to the ideas expressed by the Executive Secretary and a number of representatives warmly welcomed the initiative he had taken. During the coming weeks a more detailed
scheme will be elaborated, in the light of the discussions in the Council, and consultations will be held with the Technical Assistance authorities of the United Nations, so that the matter can be dealt with, substantively, by the Contracting Parties at an early date.

Future meetings of the Council and the Contracting Parties

The Council will meet on 24 March 1961 to decide whether to recommend that the session of the Contracting Parties, scheduled to be held from 1-20 May, should be cancelled and that, in its place, a meeting of the Council should be held.

At its meeting on 24 March the Council will also consider the question of holding a Ministerial meeting to be convened in the latter part of 1961.