GENERAL AGREEMENT ON TARIFFS AND TRADE

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

The nineteenth session of the Contracting Parties to the General Agreement on Tariffs and Trade was held at Geneva from 13 November to 9 December 1961.

OFFICERS

The Chairman of the session was Mr. Edmundo Penna Barbosa da Silva, Brazil.

At the close of the session the following officers were elected for the ensuing year:

Chairman: Mr. W.P.H. van Oorschot (Kingdom of the Netherlands), Director General of Foreign Economic Relations, Ministry of Economic Affairs

Vice-Chairmen: Mr. J.B. Daramola (Nigeria), Permanent Secretary, Ministry of Commerce and Industry

Mr. J.H. Warren (Canada), Assistant Deputy Minister for Trade and Commerce

ADDRESS BY THE CHAIRMAN AT THE OPENING OF THE SESSION

The address by the Chairman, outlining the scope of the work to be undertaken during the session, as well as the background to the meeting of Ministers, is reproduced in press release GATT/619.

1 The Contracting Parties to the General Agreement, together with other governments and inter-governmental agencies which were represented at the nineteenth session are listed at the end of this release.
MEETING OF MINISTERS

At their eighteenth session in May 1961 the Contracting Parties approved a recommendation of the Council that there should be a meeting of Ministers at the time of the nineteenth session of the Contracting Parties. The meeting was held from 27-30 November 1961 and Ministers or ministerial representatives from forty-four countries participated. Ministers were invited by the Contracting Parties to address themselves to the main problems of international trade which had been identified by the committees set up under the Programme for the Expansion of International Trade; this Programme was inaugurated by the Ministers at their meeting in November 1958. The Ministers' discussions thus covered the question of reduction of tariff barriers to trade, trade in agricultural products and obstacles to the trade of less-developed countries. In addition to these main subjects, the question of the application of Article XXXV to Japan was raised by a number of Ministers. The Contracting Parties sought guidance and direction from the Ministers, so that the necessary decisions could be taken by the Contracting Parties to enable them to deal effectively with the problems that had been identified under the Programme for the Expansion of International Trade.

The Conclusions of the meeting of Ministers, which were adopted on 30 November, were set out, in full, in press release GATT/651. The summary, which follows, touches briefly on the main points and should not be regarded as more than a general indication.

1. The Ministers reaffirmed their confidence in the General Agreement as the basis for the trading relationships of their countries and agreed that steps should be taken to increase its effective application in the three fields of action which were submitted to the Ministers for their consideration.

2. Reduction of tariff barriers to trade. The Ministers agreed that the reduction of tariff barriers on a most-favoured-nation basis in accordance with the terms of the General Agreement should be continued. They recognized, however, that while the traditional GATT techniques for tariff negotiations on a commodity-by-commodity and country-by-country basis had produced substantial results, both in the past and during the present tariff conference, they were no longer adequate to meet the changing conditions of world trade. Consideration should, therefore, be given to the adoption of new techniques, in particular some form of linear tariff reduction. The Ministers agreed to request the Contracting Parties to establish machinery to examine this question. In regard to the participation of less-developed countries, the Ministers agreed that, in view of the stage of economic development of these countries, a more flexible attitude should be taken with respect to the degree of reciprocity to be expected from them.
3. Trade in agricultural products. Ministers expressed great concern about the degree and extent of agricultural protectionism and about widespread resort to non-tariff devices and the serious effects which these devices had on international trade in agricultural products. The Ministers requested the Contracting Parties to adopt procedures designed to establish the basis for the negotiation of practical measures for the creation of acceptable conditions of access to world markets for agricultural commodities. They requested the GATT Council to supervise and co-ordinate this work and to establish such preparatory groups as may be necessary; a beginning should be made in February 1962 with a preliminary examination of possibilities for solution of the problem of cereals. At its February 1962 session the Council should initiate discussion of the problems in other commodities with differing characteristics, for example, meat.

4. Obstacles to the trade of less-developed countries. The Ministers adopted a Declaration on the Promotion of the Trade of the Less-developed Countries and decided to communicate it to the Contracting Parties as basis for their future work in this field. The text of the Declaration is annexed to the Conclusions. (In the Declaration, it is recognized, inter alia, that governments can contribute towards enlarging and diversifying the export trade of less-developed countries by observing certain principles and taking into account certain facts regarding tariff and non-tariff measures affecting access to markets. These are set out under the main headings of quantitative restrictions, tariffs, revenue duties, State trading, preferences, subsidies and disposal of commodity surpluses.) The Ministers agreed that their governments would undertake to observe the guiding principles embodied in the Declaration to the fullest extent possible with the object of reducing in the near future obstacles to exports of less-developed countries.

Ministers also agreed that the Contracting Parties should take immediate steps to establish specific programmes of action and, where feasible, target terminal dates, for progressive reduction and elimination of barriers to the exports of less-developed countries. In this connexion, most Ministers agreed that the proposal for duty-free entry for tropical products should be given careful consideration.

5. Application of Article XXXV to Japan. In the course of the discussions some Ministers expressed the hope that early action could be taken to enable Japan to participate fully in the General Agreement. They agreed that action to disinvoke Article XXXV towards Japan would add greatly to the effectiveness of the General Agreement.

PROGRAMME FOR TRADE EXPANSION CONSEQUENT UPON MINISTERIAL CONCLUSIONS

On 7 December the Contracting Parties took the necessary decisions consequent upon the conclusions of the meeting of Ministers and made arrangements to implement the ministerial proposals.
(a) **Reduction of tariff barriers to trade.** The Contracting Parties appointed a Working Party on Procedures for Tariff Reductions with the following terms of reference: "In the light of the discussions which took place during the meeting of Ministers and taking particular account of the conclusions reached by the Ministers (press release GATT/651), to examine new procedures and techniques for the further reduction of tariff barriers on a most-favoured-nation basis, in accordance with the terms of the General Agreement".

(b) **Trade in agricultural products.** The Contracting Parties adopted the procedures proposed by the Ministers, as summarized above, regarding the supervisory role of the GATT Council, the preliminary examination to begin in February 1962 of the problem of cereals by a group initially composed of Argentina, Australia, Canada, European Economic Community, United Kingdom and United States, the initiation of discussions by the Council, in February 1962, of the problems of other commodities. In addition it was decided to invite contracting parties to notify any substantial changes in their agricultural policies so that information assembled from past Committee II consultations can be kept up to date.

(c) **Obstacles to the trade of less-developed countries.** The Contracting Parties formally adopted the Declaration on Promotion of Trade of Less-Developed Countries, referred to above, as a basis for their future work in this field. They agreed to the Ministers' proposals for establishing specific programmes for action and, where feasible, target terminal dates, for progressive reduction and elimination of barriers to the exports of less-developed countries, while bearing in mind the view of most Ministers that the question of duty-free entry for tropical products should be given careful consideration. It was also agreed to draw up procedures for notifying and reviewing action taken by contracting parties in accordance with the programmes so established, or otherwise taken by contracting parties to improve market opportunities for the exports of less-developed countries.

The Contracting Parties recognized that Committee III was the appropriate body to undertake the tasks outlined above and that it should meet in February 1962 to arrange its programme of work.

Earlier in the session, before the ministerial meeting the most recent reports of Committee II and Committee III were presented and discussed. It was proposed - and at a later stage it was agreed - that these reports should be (a) made available to the press during the Ministers meeting and (b) published in the form of printed brochures or bound volumes of mimeographed papers, together with the earlier reports of these Committees.
Note

As will be seen from arrangements made to implement the Conclusions of the Ministers, Committees II and III of the GATT Trade Expansion Programme will remain in existence as the chosen instruments to implement two aspects of the Conclusions. Committee I went out of existence with the inception of the 1960/61 Tariff Conference.

**BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS**

Under the rules of GATT, contracting parties are allowed to apply import restrictions for the purpose of safeguarding their balance-of-payments and monetary reserves. Such restrictions must not be applied beyond the extent necessary for the purpose envisaged and must be progressively reduced and eliminated as soon as they are no longer required. In the past eighteen months several contracting parties which had for a long time been applying import restrictions for this purpose announced that they no longer had balance-of-payments difficulties and would therefore no longer make use of these provisions of the GATT. The total number of contracting parties making use of import restrictions under these provisions has been considerably reduced. Note was taken, during the nineteenth session, that Austria and Norway had recently decided to cease to invoke Article XII.

Under the GATT rules, countries applying import restrictions on balance-of-payments grounds are required to consult with the organization at regular intervals (once a year for an industrialized country and once every two years for a "less-developed" country). Recently the Committee on Balance-of-Payments Restrictions held consultations with Denmark, Finland, Japan, New Zealand and Burma. Reports on these consultations were adopted at the nineteenth session and a programme for consultations in 1962 was established.

**RESIDUAL IMPORT RESTRICTIONS**

At the seventeenth session the Contracting Parties adopted procedures for dealing with import restrictions which were no longer justified under the terms of the General Agreement. The operation of these procedures is due to be reviewed and it was agreed that the Council should make appropriate arrangements for this review in 1962.

At this session the Contracting Parties also agreed to extend for one year the possibility of recourse to the so-called "hard-core" waiver, which enables a country to maintain on a temporary basis and subject to certain obligations, import restrictions for reasons other than balance-of-payments difficulties.
IMPACT OF COMMODITY PROBLEMS ON INTERNATIONAL TRADE

Under the Resolution of 17 November 1956, the Contracting Parties review annually the trends and developments in trade in commodities, giving particular attention to the impact of commodity problems on international trade. To provide a basis for this year’s review the Commodities Working Party submitted a report. The report points out that commodity problems fall into three groups: (a) problems due to short-term fluctuations in the export value and volume of certain commodities; (b) problems due to the low level of export earnings and the insufficient growth in trade in primary commodities; and (c) problems in connexion with the long-term trends in commodity prices and volume of exports, as well as changes in the purchasing power of primary products in relation to manufactures. The second group of problems, which raises the question of the removal of barriers to the exports of primary producing countries is, it was agreed, essentially a matter for the GATT and falls within the province of Committees II and III.

The Working Party, in its report, suggested the possibility of broadening the concept of a "commodity" to include not only primary commodities which had undergone a certain degree of transformation, but also products where processing had been carried to an advanced stage. It was pointed out that exports to African countries from a country like Brazil, for example, were hardly likely to consist of tropical products; the best chance for such exports lay in the field of semi-finished or finished products. It was agreed that Committee III might be invited to study (a) market conditions for exports of semi-finished and finished products which could be produced by less-developed countries and (b) possible new trends in trade in these products between the various less-developed regions of the world. Committee III was also invited to study the repercussions of the present situation in the copper market on the export earnings and the economies of the producing and exporting less-developed countries and the means whereby the adverse effects of such repercussions could be reduced.

After considering, in the Working Party, a note by the International Chamber of Commerce on futures markets it was agreed that the Contracting Parties should (a) invite governments to examine their regulations and see to what extent they could modify such regulations so as to facilitate the operation of futures markets both in their own and in other countries and (b) invite governments to inform the GATT secretariat of the result of this examination.

DISPOSAL OF COMMODITY SURPLUSES

This item, which has been on the agenda of the Contracting Parties regularly since 1955, has been broadened to cover both the disposal of surpluses and the liquidation of strategic stocks. At this session a number of
countries had submitted reports on the action they had taken in this field and there followed a discussion in which many contracting parties stated their views. Both the bilateral and multilateral aspects of disposal were reviewed. Attention was drawn to the importance that receiving countries attached to surpluses, both for economic development and humanitarian reasons. Several delegations, in addition to discussing the trade effects of surplus disposal and of surplus utilization programmes, commented on the growing tendency towards a multilateral approach to the problems. The activities of FAO in this field, especially with regard to the consultative procedures and principles adopted by that organization, were given considerable attention. In order to keep in touch with these developments the Chairman requested the Executive Secretary to follow closely the action being taken in this field and to report regularly to the Contracting Parties. Finally, it was agreed to continue the system of annual reporting by individual contracting parties on action taken in regard to surplus disposals and to maintain this item on the agenda of the next session.

REGIONAL ARRANGEMENTS
(a) EUROPEAN ECONOMIC COMMUNITY

1. Information on the Community. As on three previous occasions the representative of the Commission of the EEC made a statement concerning recent developments and achievements of the Community. (The statement was published in full in press release GATT/627.) After a review of the economic evolution of the Community since its inception, the speaker dealt with the progress of "tariff disarmament" within the Community, the progress towards abolishing restrictive trade regulations still applicable to intra-Community trade and the gradual introduction of the common customs tariff, and the steps being taken to formulate a common trade policy and the common agricultural policy. After referring to other aspects of economic life with which the Community is actively concerned - free movement of workers, the right of settlement and the liberalization of capital movements, for example - the speaker referred to "a political event of fundamental importance in the relations between the Community and overseas associated countries and territories: the accession to independence in 1960 of sixteen of these territories. In order to make full allowance for their independence, the Community immediately recognized the need for an institutional adjustment of the association relationship as laid down in the Rome Treaty. This practical adjustment, which is designed to enable questions involving the interests of associated States to be discussed with the participation of those States, has been approved by the governments concerned. These adjustments do not, however, in any way prejudice the new association arrangements which will have to replace the present Implementing Convention when it expires on 31 December 1962".

In the light of these principles, he said, the Commission has given its views on the new regime of association, with particular reference to accelerated trade liberalization as regards both tariffs and quotas, measures
of assistance for tropical products in the form of loans adapted to the current market situation, participation in international price stabilization agreements, and a new Development Fund for participation in public and private investment and in technical co-operation. Furthermore, in the past year the existing Implementing Convention has continued to be applied on normal lines, as have the association articles of the Treaty regarding the liberalization of trade between member States and the associated countries. In the tariff sphere member States have extended to the associated countries the internal reductions effected under Article 14. For their part, the associated States and territories have fulfilled their obligations under the Rome Treaty and under the Implementing Convention as regards quota and tariff disarmament within the Community, and some of them have even gone beyond those obligations.

In conclusion the speaker expressed deep satisfaction concerning the signature on 9 July 1961 of the Association Agreement between the Community and Greece (see page 9). He added that he had just been informed that the Council of the EEC had agreed to the association with the Community of Surinam and the Netherlands Antilles.

The ensuing discussion in which many delegations took part showed that there were several important matters of concern - the effect of the EEC on trade patterns, and in particular on the earnings of less-developed countries resulting from their exports of primary products and raw materials. As regards the common agricultural policy a number of delegations asked for detailed information. The spokesman for the EEC agreed to provide information on any important development in agricultural policy; but certain matters required internal discussions which should not be presented to an international body such as the GATT. He repeated an earlier statement in which the EEC acknowledged that, in constructing a common agricultural policy, it wanted to take into account the problems of third countries, but it was beyond the possibilities of the Commission to make any special commitments at this point.

Summarizing the discussion the Chairman said that the importance for GATT of this movement towards integration should not be minimized. The economic progress of the EEC had been encouraging. He hoped that, in future, precise information would enable the Contracting Parties to follow more closely events in one of the largest economic entities in the world.

2. Association of Overseas Territories. In the course of a discussion on problems arising from the Association of Overseas Territories with the EEC, several delegations referred to the difficulties of third country producers of tropical products and expressed the hope that the Community could deal with this problem in a manner which would enable all less-developed countries to enjoy the benefits of international trade. The representative of the Commission of the EEC said that sixteen associated countries had already become independent and could express their own wishes on the
terms and conditions of their association with the EEC. The EEC wished - in considering the form of association, now under discussion - to take into account the interests of third countries. He felt that fears that damage might be caused in the future were somewhat exaggerated.

3. Examination of the common tariff under Article XXIV:5(a). Early in 1961 the Tariff Negotiations Committee carried out a review of the common tariff of the European Economic Community, as is required under the terms of Article XXIV, which provides regulations for the setting up of customs unions. The report was discussed at the eighteenth session, but for a number of reasons, including differences of view as between the EEC and other contracting parties on the legal interpretation of the relevant clauses of the Article, the matter was deferred to a subsequent meeting of the Council, which decided that if governments wished to pursue the matter it could be discussed at the nineteenth session. Following an exchange of views the Executive Secretary proposed - and it was so agreed - that the matter should be examined in two parts. The first would relate to the juridical question of the interpretation and application of Article XXIV:5(a) and this could be taken up at the next session. The second would give an opportunity to those contracting parties which felt that they were suffering through the application of the Treaty of Rome or whose export interests were being damaged or threatened with damage, to bring forward points for discussion in accordance with accepted procedures.

4. Association of Greece with the EEC. The Contracting Parties were informed by the Council of the EEC and the Government of Greece that an Agreement creating an Association between Greece and the Community had been signed on 9 July. In accordance with the procedures laid down in Article XXIV the text of the Agreement had been submitted to the Contracting Parties for examination. For this purpose the Contracting Parties established a working party which will convene on 29 March 1962.

(b) EUROPEAN FREE TRADE ASSOCIATION

1. Information furnished by the member States. When, at the seventeenth session, the conclusions of the examination of the Stockholm Convention were adopted, member States of EFTA offered to furnish further information as the evolution of the Association proceeded. At this session the delegate of Austria, on behalf of the EFTA countries, described the good progress made in the first year of EFTA's existence towards the achievement of a free market in industrial goods among the member States and the expansion of trade in agricultural and fisheries products, through the reduction of import duties, the protective elements in a number of revenue duties and the relaxation of the remaining quantitative import restrictions. Co-operation between the EFTA countries, he said, had not resulted in increased tariffs against third countries.
In conclusion, the spokesman for the group said that the creation of a single European Market embracing more than 300 million people, had from the beginning been one of the main objectives of EFTA. Contracting Parties were aware that some member States of EFTA had formally applied under Article 237 of the Treaty of Rome for membership of the EEC, and that all the member States of EFTA had declared their intention to examine with the EEC the ways and means by which all members of EFTA could take part together in a single market. Any agreements reached would, of course, be submitted to the Contracting Parties in accordance with established procedures.

A number of delegations expressed interest in various aspects of the report and the spokesman for the EFTA countries replied to questions relating to agricultural arrangements, quantitative restrictions and bilateral arrangements.

2. Association of Finland. At the eighteenth session a Working Party was appointed to examine the Agreement of Association between the member States of EFTA and Finland. Basing their views on the report of the Working Party the Contracting Parties adopted conclusions similar to those adopted in November 1960 with regard to the Stockholm Convention. They took note of the determination of the governments concerned to establish, within the time-limits provided, a free-trade area in the sense of Article XXIV. As there remained some legal and practical issues which could not fruitfully be discussed at this stage, it was not found appropriate to make recommendations as to whether the Agreement is or is not consistent with the provisions of Article XXIV.

(c) LATIN AMERICAN FREE TRADE AREA

On 6 November 1961 the Executive Secretary was advised that Colombia and Ecuador had acceded to the Montevideo Treaty. Since details of this development had not been received it was agreed to place the matter on the agenda of the next session of the Council.

(d) CENTRAL AMERICAN FREE TRADE AREA

Nicaragua, the only contracting party which is a member of the CAFTA, applied for a three-year waiver to enable it to implement the provisions relating to the General Treaty for Central American Economic Integration. The Contracting Parties granted this request.

(e) NICARAGUA - EL SALVADOR FREE TRADE AREA

The Contracting Parties took note of the annual report of Nicaragua regarding her participation in a free-trade area with El Salvador.
(f) BORNEO FREE TRADE AREA

The text of an agreement to create a free-trade area comprising the territories of Sarawak and North Borneo was submitted to the Contracting Parties by the United Kingdom Government, for consideration under Article XXIV. It is intended that the free-trade area will be established on 1 January 1962 and that there will be no "transitional period".

ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

At the eighteenth session the Contracting Parties noted that the Organisation for Economic Cooperation and Development would be established in the near future and they requested the Executive Secretary to consult with the Secretary-General of the new Organisation regarding the proposed activities of the OECD in the trade field and the relationship between the OECD and GATT. Following the report by the Executive Secretary on his discussions with the Secretary-General of the OECD, the Contracting Parties heard a statement by Mr. Thorkill Kristensen (Secretary-General of OECD). After reviewing the implication of the change-over from the OEEC to the OECD, Mr. Kristensen laid stress on the final paragraph of the communiqué which had been issued a few days earlier by the ministerial Council of OECD, as representing the spirit in which the Organisation had embarked on its work. This paragraph referred to "a collective effort that must extend increasingly beyond the relationships among their own countries and the material well-being of their citizens. Member countries will pursue the three objectives of the OECD Convention pertaining to economic growth, aid and trade, in order to ensure a sound expanding world economy". Regarding their trade activities, he said, they did not see them in isolation. Certainly, the OECD had given to its trade aim an eminent place; this was natural since, after all, the exchange of goods and services is the principal expression of international economic interdependence. The Ministers had also stressed "the importance of reducing barriers to the exchange of goods and services, in particular on the part of the more industrialized countries, as a means of promoting economic growth and of providing expanding markets". And it was again firmly stated that "the aim of the Organisation should be to contribute to the maximum freedom of trade and to enable the less-developed countries to obtain increasing export revenues".

Mr. Kristensen went on to emphasize one fundamental difference in the trade field, between the OECD and its predecessor, the OEEC. There was no longer an objective called "intra-European liberalization" and the OEEC Code of Liberalization of Trade went out of force at the inception of the OECD. The economic progress achieved largely by means of the OEEC had now put its members in a position to approach trade matters on a world-wide basis and in full conformity with their obligations in the GATT.

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After referring to the mandate formulated for the OECD Trade Committee, Mr. Kristensen stated in conclusion, "I think, that it will be quite clear to you, from the description I have given you of the aims of the OECD and of the orientation provided at our first ministerial Council that we have no intention whatsoever of infringing upon the responsibilities of the GATT. We believe that our work in the trade field is complementary to yours and as virtually all our members are contracting parties to the GATT it is inconceivable that the trend of our respective endeavours could be at variance. Furthermore, it is our intention that if our work in the trade field should give rise to a need for formal contractual obligations, then these should be of a world-wide character and should be proposed for adoption within the GATT framework".

Many delegates welcomed the statement of Mr. Kristensen and the reassuring answers that he gave to questions raised in the discussion which followed. In his summing up the Chairman noted that there were still lingering doubts concerning the implementation in practice of the statutes of OECD, and he expressed the hope that the OECD would bear in mind that its own objectives would be more easily attained by the strengthening of the GATT. It was clear that contracting parties attached importance to the proposed work of the Trade Committee and to the Development Aid Group. While it was premature to establish, at this stage, formal arrangements between the OECD and GATT, it was agreed that there would be an exchange of representatives whenever matters of mutual interest were under discussion.

**SUBSIDIES**

At the seventeenth session the Contracting Parties drew up and opened for signature a Declaration which will have the effect of prohibiting the use of export subsidies on industrial products. This Declaration will enter into force when fourteen industrial countries have accepted it. Five acceptances are still lacking.

The operation of the provisions of Article XVI, dealing with subsidies, will be reviewed in 1962.

**TRADE IN COTTON TEXTILES**

The Contracting Parties were informed that at a meeting in July 1961 of the principal countries engaged in the exportation and importation of cotton textile products, these countries had drawn up a short-term arrangement and had agreed that it would be desirable to arrange for discussions looking toward a longer-term arrangement. The Contracting Parties were now invited to approve the creation of a Cotton Textile Committee, with terms of reference that would enable it to undertake work on a long-term solution based on the guiding principles on which the short-term agreement was based. The establishment of this Committee was approved.

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During the course of the nineteenth session contracting parties were informed that acceptances of the Cotton Textile Arrangements had been received from all the countries which took part in the July meeting.

LONGER-TERM SOLUTIONS TO BUTTER MARKETING PROBLEMS

At the suggestion of the New Zealand delegation, and with the support of other interested delegations, it was agreed that early steps might be taken towards a solution of the problem of the longer-term aspects of the marketing of butter. To this end there would be value in a further discussion of measures adopted by individual contracting parties towards removing the basic causes of the problem. It was therefore agreed that the participants in the butter consultation held in June 1961 should meet as a working group on 22 January 1962, in order to review further the actions and plans of contracting parties regarding their internal policies affecting consumption, production, domestic prices and imports.

APPLICATION OF ARTICLE XXXV TO JAPAN

At the eighteenth session the Contracting Parties appointed a Working Party to conduct a review, under paragraph 2 of Article XXXV, of the operation of that Article with respect to Japan. Significant points in the Working Party's report were as follows:

1. Of the fourteen countries which had invoked Article XXXV against Japan, only two withheld most-favoured-nation customs treatment from Japan,

2. With respect to import regimes and controls there were great variations in the regimes applied to Japanese exports by the various countries,

3. The invocation of this Article as such did not necessarily constitute an inhibition to the expansion of trade between the countries concerned; however, where Japanese exports were faced with such restrictions not applicable to other countries, imports from Japan would tend to stay at a relatively lower level or to increase at a slower rate compared with imports from other sources. Regarding the relevance of Article XXXV to the efforts being made by Japan to dismantle its import restrictions, the Working Party considered that there would be an advantage for Japan as well as for contracting parties generally if the possibility of disinvoking the Article could be further explored. Finally the Working Party examined the problem arising from the invocation of Article XXXV by countries acceding to the General Agreement.

Following a discussion of the Working Party's report it was agreed to defer the matter until after the meeting of Ministers. In the event, the ministerial Conclusions referred to the fact that some Ministers expressed the hope that early action could be taken to enable Japan to participate fully in the General Agreement and agreed that early action to disinvoke Article XXXV towards Japan would greatly add to the effectiveness of the Agreement.
Reverting to the subject before the close of the session, Japan suggested that further time was desirable. The Contracting Parties adopted the report of the Working Party and decided to retain the subject on the agenda; they instructed the Council to follow developments in the light of any reports made by the countries concerned.

WAIVERS

1. Belgium. The sixth annual report by Belgium on the waiver (granted in 1955) enabling that country to maintain certain import restrictions, was examined in a working party. Subsequently, in plenary session, several delegations welcomed the progress made by Belgium. The Belgian delegation gave an assurance that every effort to remove the remaining quantitative restrictions by the end of 1962 would be made. Since the waiver will expire at that time, it was agreed that it would be helpful if Belgium would consult with the Council at its meeting next spring.

2. Germany. Under the terms of the waiver granted to the Federal Republic in May 1959, a consultation was held during the nineteenth session regarding the import restrictions which have not yet been removed. Although some progress had been made in dismantling restrictions, it was recognized that much remained to be done and that moves towards liberalization should be accelerated. Some delegations felt that in view of the expiry of the waiver towards the end of 1962 there would be practical value in a consultation with the Council at its May session. The delegate of the Federal Republic stated that these and other views expressed would be carefully considered by his Government.

3. United States. Under the waiver of March 1955 the United States made its seventh annual report on import restrictions in effect under Section 22 of the United States Agricultural Adjustment Act, and this was examined in a working party. It was noted with appreciation that since the last report had been submitted import restrictions on peanut oil, flax seed, linseed oil, and rye, rye flour and rye meal, had been removed. Import restrictions currently in force applied to wheat and wheat products, cotton and cotton waste, peanuts, tung nuts and tung oil, and a number of dairy products. Turning to the problem of surplus agricultural products, members of the working party felt that the existing high level of support prices tended to inflate the return of the more efficient farm units and to stimulate over-production. They stressed that the price support policy being pursued by the United States Government was one of the factors, if not the principal factor, contributing to the existence in the United States of very substantial stocks of surplus agricultural products. The general view of members of the working party was, therefore, that further action should be taken by the United States Government with a view to avoiding excessive agricultural production. Members of the working party stressed that even a relatively small degree of relaxation by the United States of the existing import controls and a marginal reduction in support price levels would be expected not only to bring about greater possibilities for access to the United States market but also to achieve the afore-mentioned objective.
In concluding the review the working party, while appreciating the problems confronting the United States in its agricultural policy, stressed the urgent need for more progress to be made by the United States in dismantling the remaining Section 22 import controls maintained under the Waiver. It was again recognized by the working party that such progress towards the removal of import restrictions by the United States would be an encouragement to other countries to take similar action and would have desirable effects on international trade generally and, particularly, on the export opportunities of countries highly dependent upon agricultural exports.

Before the report was adopted many delegations - and in particular those representing countries with an important interest in the export of agricultural and dairy products - expressed their disappointment at the slow progress in dismantling import restrictions maintained under Section 22.

4. Peru. In November 1958 Peru was granted a waiver which enabled that country to introduce surcharges on imports as an emergency measure to meet balance-of-payments difficulties. Since that time the economic situation has improved; however, the Peruvian Government felt that it was not practicable to terminate the system of surcharges by June 1962 when the waiver will expire. Accordingly, the Contracting Parties agreed to grant an extension of the waiver to the end of April 1963.

5. Chile. In May 1959 Chile was authorized to impose surcharges which were additional to the import duties specified in the Chilean Schedule. In view of the current difficulties which are facing that country's economy, including its monetary reserves and balance of payments, Chile was granted an extension of permission to maintain the surcharges until the end of 1962.

6. Italy/Libya. At its meeting in October 1961 the Council examined a request by Italy that the Decision taken in October 1952, by which Italy grants special customs treatment for certain Libyan products, and which will expire at the end of 1961, should be extended for a further three years. The Council recommended that this request should be accepted and the Contracting Parties took an appropriate Decision.

RELATIONS WITH YUGOSLAVIA

Under the terms of the Declaration of May 1959 a working party conducted the second annual review on the development of mutual relations with Yugoslavia. The scope of the review was as follows:

(a) development in the possibilities for progress towards the application of GATT by Yugoslavia;
(b) the extent to which contracting parties apply GATT to Yugoslavia; and
(c) concrete and practical problems arising in trade with Yugoslavia.

After a thorough examination of the above points the working party made general comments along the following lines. In examining the progress that had been made by Yugoslavia towards the formation of a trading system under
which Yugoslavia would be able to move into closer association with GATT, the working party noted in particular the introduction of the new Provisional General Customs Tariff covering the entire range of imports, the abolition of the multiple exchange rates, the simplification of trade controls and the policy of reducing reliance upon bilateralism. The working party welcomed these advances. It agreed with the statement by the Yugoslav Government that "the full effect of the changes will become apparent only in future years and only then will it be possible to make a more valid assessment of the result of the reform". It also noted the statement that "on the basis of that assessment, it will be possible to take further decisions regarding the future development of the foreign exchange and external trade system". These future changes would presumably include the adoption of a definitive customs tariff, the gradual transfer to the liberalization list of products now subject to restriction, the reduction and abolition of the export premium system, and further reduction of the reliance on bilateralism. The working party expressed the hope that progress along these lines would be made in the near future.

ITALIAN RESTRICTIONS ON IMPORTS FROM ISRAEL

Earlier in 1961 Israel held a consultation with Italy regarding the discriminatory treatment by Italy of certain exports from Israel. This consultation was not regarded as satisfactory by Israel, which requested a consultation by the Contracting Parties, under paragraph 2 of Article XXII, during the course of the nineteenth session. The working party which undertook this consultation expressed concern at the continued maintenance of import restrictions by Italy contrary to its obligations under GATT and urged Italy to take steps as soon as possible to dismantle these particular restrictions against Israeli products and to remove at least the element of discrimination. The Italian representatives gave specific undertakings to remove some of the restrictions before the end of 1961 and agreed to report to the Contracting Parties not later than 30 April 1962 on the progress made in removing the restrictions. The working party took note of the Israeli statement that, failing an indication of satisfactory progress before the end of April 1962, the Government of Israel reserved its right to pursue the matter further under the relevant provisions of the GATT.

APPLICATION OF GATT TO INTERNATIONAL TRADE IN TELEVISION PROGRAMMES

At the suggestion of the United States delegation and after a discussion in plenary session it was decided to set up a working party to consider the application of GATT to international trade in television programmes. The working party, which will meet in March 1962, is called upon:

(a) to examine the relation between the existing provisions of the GATT and measures affecting international trade in material for showing on television programmes, and

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(b) in the light of this examination, to consider whether these GATT provisions adequately deal with the problem of access to markets and, if not, what action should be taken in the matter.

PROVISIONAL ACCESSION OF SWITZERLAND

At the seventeenth session the Contracting Parties initiated the consultation with Switzerland which is provided for under the arrangements that were made for Switzerland's provisional accession dated 22 November 1958. The consultation was continued by a Special Group, appointed by the Council, which reported to the nineteenth session. The Swiss Government considered that the Contracting Parties should now accept its accession under Article XXXIII. The Group, however, was unable to recommend full accession. Following the suggestion of the Group the Contracting Parties decided to extend the arrangement for provisional accession for three years, until the end of 1964. They also extended for three years the invitation to Switzerland to participate in the work of the Contracting Parties.

ACCESSION

1. On 9 December 1961 Tanganyika became a contracting party to the General Agreement, in conformity with paragraph 5(c) of Article XXVI of the Agreement. Under the terms of this provision the United Kingdom sponsored the application of Tanganyika. This accession brings the number of contracting parties to forty.

2. At their meeting on 9 December the Contracting Parties took two Decisions under which they agreed to the accession of Israel and of Portugal, in accordance with the terms of Article XXXIII of the General Agreement. The Contracting Parties agreed to the accession of Israel and Portugal on the basis of the results of the tariff negotiations which their governments have undertaken during the course of the 1960/61 Tariff Conference. Israel and Portugal will become contracting parties thirty days after they have signed the respective Protocols of Accession.

3. The Contracting Parties were informed, on 9 December, that Spain and Cambodia had not yet completed their tariff negotiations for accession.

4. The Contracting Parties were also informed that Tunisia was not proceeding at present with tariff negotiations looking towards accession and it was agreed to extend the existing status of provisional accession for a further two years. Earlier in the session it was made known that Ireland was not at present seeking accession to the Agreement.
NEWLY-INDEPENDENT STATES

A number of dependent territories to which the GATT has been applied for many years achieved independence and autonomy in the conduct of their external commercial relations in 1960. In order to afford the governments of these new States an opportunity to consider their future commercial policy and their relations with the GATT, the Contracting Parties recommended in November 1960 that contracting parties should continue to apply the GATT to these new States, provided that they in turn continue to apply the GATT to their trade with the contracting parties. This Recommendation is effective, in respect of each State, for a period of two years from the date of its independence. Requests for an extension of the time-limit have already been received from two of these States. In order to meet these and other possible requests the Contracting Parties agreed upon an automatic extension for one year of the two-year Recommendation of 18 November 1960 for any of these States which request such an extension before the expiry of the time-limit.

PROGRAMME OF MEETINGS IN 1962

The Contracting Parties agreed to a programme of meetings in 1962 which calls for one meeting of the Contracting Parties from 25 September to 19 October and two meetings of the Council of Representatives, starting on 22 February and 21 May.
LIST OF COUNTRIES AND INTER-GOVERNMENTAL AGENCIES REPRESENTED
AT THE NINETEENTH SESSION

Argentina
*Australia
*Austria
*Belgium
Bolivia
*Brazil
*Burma
Cambodia
Cameroon
*Canada
Central African Republic
*Ceylon
*Chile
Colombia
Congo (Brazzaville)
Congo (Leopoldville)
Costa Rica
*Cuba
*Czechoslovakia
Dahomey
*Denmark
*Dominican Republic
*Finland
*France
*Federal Republic of Germany
*Ghana
*Greece
*Haiti (not represented)

*India
*Indonesia
Iraq
Ireland
Israel
*Italy
Ivory Coast
*Japan
Libya
*Luxemburg
Madagascar
*Federation of Malaya
Mali
Morocco
Mauritania
Mexico
*Kingdom of the Netherlands
*New Zealand
*Nicaragua
Niger
*Federation of Nigeria
*Norway
*Pakistan
*Peru
Philippines
Poland
Portugal
Rumania

*Countries marked with an asterisk are contracting parties to GATT.
*Federation of Rhodesia and Nyasaland
Senegal
*Sierra Leone
Somalia
*South Africa
Spain
Switzerland
*Sweden
*Tanganyika
Tchad
Tunisia
*Turkey

United Arab Republic (Egyptian Region)

*United Kingdom of Great Britain and Northern Ireland

*United States
*Uruguay
Venezuela
Yugoslavia

Note

1. On 9 December the Contracting Parties took a Decision which will enable Israel and Portugal to become full contracting parties, following their participation in the 1960/61 Tariff Conference.

2. The following countries are still participating in the Tariff Conference with a view to full accession: Cambodia, Spain.

3. The following countries have acceded provisionally: Argentina, Switzerland, Tunisia.

4. The following countries participate in the work of the GATT under forms of association: Poland, Yugoslavia

*Countries marked with an asterisk are contracting parties to GATT