GENERAL AGREEMENT ON TARIFFS AND TRADE

Agenda for the Fourth Session of the Contracting Parties, with explanatory notes.

Note: This guidance for correspondents will be supplemented by an additional release on items which have already been dealt with or on which discussions have opened since the Fourth Session opened.

1. Election of Chairman and Vice Chairman

As already announced, Mr. L. Dana Wilgress, Canada, has been elected Chairman and M. Max Suetens, Vice Chairman, for a period of one year.

2. Adoption of Agenda.

3. 1950 Tariff Negotiations.

(i) Enquiry from Switzerland re participation.

Switzerland was among the countries to which enquiries were sent regarding participation in the 1950 Tariff negotiations. The Government of Switzerland, in their reply, asked whether the special situation of Switzerland could be taken into account. They pointed out that there is hardly any country today which sets up as few barriers to trade as the Swiss Confederation; with very few exceptions Switzerland does not impose quantitative restrictions. In addition, the Swiss Government pointed out, certain countries which import a considerable amount of Swiss products have lately raised, or are raising their customs tariff.

Switzerland, they state, is one of the few countries which, today, is not in balance of payments difficulties. Switzerland is also a hard currency country which depends on her export trade to maintain her economic position. If Switzerland were to become a Contracting Party to the General Agreement she would not be able to impose quantitative restrictions for balance of payments reasons while other countries which have balance of payments difficulties would be able to restrict and discriminate against Swiss exports.

At the United Nations Conference on Trade and Employment held at Havana in 1947, the Swiss delegation pointed out that Switzerland would be prevented by the terms of the General Agreement, which are virtually identical with...
The so-called Swiss problem was referred to the Interim Commission of ITO for examination and it has been reviewed by a subcommittee of the Executive Committee of ICITO, under M. Max Suetens, Chairman.

(ii) Communication from Czechoslovakia re participation of Western Germany.

The invitation of the Contracting Parties to the Federal Republic of Western Germany to join in the 1950 Tariff negotiations was accepted in December 1949. Czechoslovakia has maintained its previous objection to the invitation and also considers that the acceptance is not valid on the ground that it was received after the agreed deadline for acceptance, namely 15 November 1949.

(iii) Proposal by the United Kingdom to revalidate the Geneva and Annecy Schedules.

In order to provide a firm basis for the tariff negotiations with the acceding countries (that is, those countries which are negotiating for the first time with a view to joining the General Agreement), the United Kingdom has proposed that an arrangement should be made in advance to prolong the concessions negotiated at Geneva in 1947 and Annecy in 1949, in order to achieve continuity. Under the terms of the Agreement the Geneva and Annecy concessions are at present open to modification after 1 January 1951. The U.K. proposal is that means should now be discussed whereby these concessions would be "revalidated" for a further period.

(iv) Determination of venue.

In accordance with the Third Session decision, the contracting parties at their Fourth Session will have to decide on the site for the 1950 tariff negotiations. Offers have been received concerning Bordighera, C. Genova, Monaco, Torquay.

4. Notifications under Article XVIII.

Article XVIII states that any contracting party within introduce any non-discriminatory measure affecting imports the purpose of fostering economic development, must apply Contracting Parties as a whole for a release from its obligation under the Agreement. Southern Rhodesia has given advance that they would make such an application for a particular product.

Paragraph 11 of Article XVIII provides that any such which was in force on a certain date could be maintained notification to the Contracting Parties. Haiti - the first the countries to accede following the Annecy negotiations notified such a measure to the Contracting Parties.
A decision of the Contracting Parties is also needed regarding certain measures maintained by Syria-Lebanon, on which adequate information was not available at the Third Session.

5. Rectification and Modification of Schedules

(i) Ceylon. At the Third Session Ceylon requested permission, under Article XVIII, to restrict importation of a wide range of products. Among these were five products which had been the subject of tariff concessions negotiated under the General Agreement. The Contracting Parties agreed that negotiations on these five items should be carried out among certain contracting parties materially affected by the proposed restriction. As a result of these negotiations certain items will need to be added to the Schedule for Ceylon and the Contracting Parties will have to consider the form and procedure.

(ii) Czechoslovakia. At the Third Session the Contracting Parties were informed that a Decree of the Czechoslovak Government of July 12, 1949, had made certain modifications in the text of the Customs Tariff. The modifications were aimed at making the Tariff clearer and more logical without prejudice to the rates of duty bound in the Schedule of the Agreement. It was agreed that the changes should be examined by the Contracting Parties with a view to incorporating them in a separate protocol of rectifications.

(iii) Pakistan. Pakistan obtained the agreement of the Contracting Parties at the Third Session to the withdrawal of certain concessions made during the 1947 negotiations. The list of products involved was included in the First Protocol of Modifications, with the exception of one product which was inadvertently omitted. The necessary action for giving formal effect to this omitted item will be taken at the Fourth Session.

(iv) Annecy Schedules. Several suggested rectifications, i.e., changes of detail, to the Annecy Schedules have been received by the Secretariat. It is therefore proposed that a Fourth Protocol of Rectifications should be drawn up at the Fourth Session.
6. **Status of the Agreement and Protocols.**

   (i) **Note by the Executive Secretary.**

   This lists the various Protocols to the General Agreement and shows which are in force and which lack enough acceptances to bring them into force.

   When this item is discussed an explanatory background on the Protocols will be issued.

   (ii) **Proposal by South Africa.**

   This is a suggestion that every effort should be made, by means of a formal invitation to have all outstanding Protocols accepted by all contracting parties and so establish a common text of the General Agreement.

7. **Application of Annecy Schedule XIV (Norway)**

   Norway at the Third Session of the Contracting Parties requested an extension of time - owing to its parliamentary programme - from April 30, 1950 to June 30, 1950, for notifying the Secretary General of the United Nations of Norway's intention to apply the Annecy tariff concessions. It was then agreed that this question should if necessary be considered at the Fourth Session.

8. **Australian Subsidy on Ammonium Sulphate.**

   At the Third Session Chile drew the attention of the contracting parties to the possible effect that the Australian subsidy on sulphate of ammonium might have upon the market in Australia for Chilean nitrate. The subsidy involves a payment of approximately £ 500,000 to Australian farmers in order to keep down the cost of production of certain basic foodstuffs.

   Discussions between Australia and Chile were started at the Third Session; it was decided that discussions should continue after the end of the Session and that the item should be put on the agenda for the Fourth Session.

9. **Review of Brazilian Internal Taxes.**

   At the Third Session, at the request of France, the Contracting Parties examined the effects of new legislation involving a tax on imported products imposed by Brazil in order to determine whether this tax was consistent with Brazil's obligations under the General Agreement. The measures reviewed related to watches and clocks, beer, spirits, liqueurs, aperitifs and cigarettes respectively. On completing their examination the Contracting Parties noted that the Brazilian Government had already called the attention of the Brazilian Congress to all existing laws providing for different levels of taxation with respect to domestic and imported products, in order to bring these laws into conformity with Article III of the General Agreement. The Brazilian delegation also stated that their Government was willing to send a further message to the Congress asking it to proceed as soon as possible with the amendment of all such laws and in particular the law of 1948.
In view of the time required under Brazilian constitutional procedures the Contracting Parties decided to review the question at the Fourth Session in the light of action taken by the Brazilian Government.


A comment on this item will be issued later when the item comes up for discussion.

11. Intensification of Import Restrictions under Article XII.

Under Article XII, paragraph 4 (b), of the General Agreement the Contracting Parties as a whole may invite any contracting party which is applying import restrictions for balance of payments reasons to enter into consultation. They "shall invite any contracting party substantially intensifying such restrictions to consult within 30 days."

The question of holding such consultation in respect of the measures taken by certain countries was raised at the Third Session last summer.

In December 1949 the Chairman of the Contracting Parties suggested that such discussions should be held over to the present meeting.


Under Article XIV, paragraph 1 (g), of the General Agreement, the Contracting Parties are required to report before 1 March, 1950, on discriminatory administration of import restrictions which are now being maintained to safeguard their balance of payments. A draft report has been prepared by the Secretariat on the basis of information received from the contracting parties.

13. Arrangements for regular Reporting in accordance with paragraph 2 of Annex J and for Reporting in accordance with Article XVI.

Under the terms of the Agreement, contracting parties which are eligible to impose discriminatory quantitative restrictions on imports for balance of payments reasons may elect to be governed by alternative sets of provisions. One of these alternatives, known as Annex J, contains a provision which calls for regular reporting on the part of a contracting party which has resort to such discriminatory restrictions. The United States has proposed that the Contracting Parties keep this unique requirement in mind in connection with their review of the discriminatory restrictions of the contracting parties undertaken in accordance with agenda item 12. The problems which the Contracting Parties will encounter in such a review may suggest the desirability of obtaining supplementary information on a regular basis from countries subject to the provisions of Annex J.

Article XVI of the General Agreement states that Contracting Parties which maintain subsidies which operate to increase exports are to notify the Contracting Parties as a whole.

At the present time, many of the Contracting Parties are maintaining quantitative restrictions on imports. These restrictions have now been in effect for a number of years and are in the view of the U.S. exerting a significant influence on the pattern of international trade. Most systems of import control tend to determine not only the volume but also the composition of the imports of the controlling country. It follows, therefore, that most systems of quantitative restrictions on imports, even though developed for other purposes almost invariably have a significant protective incidence. The U.S. has suggested a consideration of the problem in the light of the fundamental principle of the General Agreement that quantitative restrictions on imports should not be used as a protective device.

In recent months, many of the acute shortages of commodities which have heretofore provided the principal reason for the maintenance of export restrictions by member countries have begun to disappear. As the problem of commodity shortages declines in intensity, it brings the time closer when the contracting parties might in the view of the U.S. profitably consider the existing export restrictions in relation to the provisions of the General Agreement.

The Contracting Parties have agreed that, when a Working Party is set up to consider this item, it should be instructed "to explore the application of the provisions of the Agreement to (a) quantitative restrictions and (b) quantitative export restrictions, which are being applied for protective, promotional or other commercial purposes."
Special Exchange Agreements and procedural arrangements for their implementation.

At the Third Session, a draft of a Special Exchange Agreement to be concluded by the Contracting Parties as a whole with any contracting party not a member of the International Monetary Fund was worked out. It was agreed that at the Fourth Session the Contracting Parties should consider the procedural arrangements that will be necessary to implement the provisions of the Special Exchange Agreements.

Consideration of Proposals to give effect to the Provisions of Chapter VI of the Havana Charter.

At the Third Session the Contracting Parties agreed to review again at their Fourth Session the suggestion that means should be found for bringing into provisional operation the section of the Havana Charter, namely Chapter VI, dealing with intergovernmental commodity agreements.

Budget Report for 1949/50

Distribution of Documents

Restriction of Documents

These items are of an administrative character.

Further Examination of the Requests of the Director-General of UNESCO which were discussed at the Third Session.

This refers to various requests by the Director-General of UNESCO and, in particular to one that the contracting parties in future series of tariff negotiations should take into consideration the desirability of reducing trade barriers affecting items of cultural value.

The work undertaken by the European Customs Union Study Group on customs nomenclature and questions of customs regulations.

The European Customs Union Study Group has proposed a common system of nomenclature for use in customs tariffs and is preparing a scheme for common tariffs with rates attached, with the purpose of facilitating a Customs Union in Western Europe. The Contracting Parties will, under this item which was proposed by France, have an opportunity to hear a review of this work.

Meeting of the Contracting Parties required by Article XXIX.

Date of Fifth Session.

Other Business.