AGENDA FOR THE FOURTH SESSION OF THE CONTRACTING PARTIES, WITH EXPLANATORY NOTES.

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.

Switzerland 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 discriminate against Swiss exports.

In their reply the Swiss Government 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, countries which import a considerable amount of Swiss products have lately raised, or are raising their customs tariff.

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

The invitation 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 open to modification after 1 January 1951. The U.K.
proposal is that means should now be discussed whereby these concessions would be "revalidated" in September, when the third round of tariff negotiations will open, thus avoiding the need to renegotiate in 1951.

(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. Through the appropriate authorities, offers have been received concerning Cannes, Geneva, Monte Carlo, Torquay and Bordighera.

4. Notifications under Article XVIII

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

Paragraph 11 of Article XVIII provides that any such measure which was in force on a certain date could be maintained after notification to the Contracting Parties. Haiti - the first of the countries to accede following the Annecy negotiations - has notified such a measure to the Contracting Parties.

A decision of the Contracting Parties is also needed regarding a certain measure maintained by Syria-Lebanon, on which no adequate information was 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 to 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
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.


(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 to have these Protocols accepted by all contracting parties and so establish a common text of the General Agreement.


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 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 fact that the Australian Government was paying a subsidy on sulphate of ammonia, thus damaging the market in Australia for Chilean nitrate, on which Australia had granted Chile freedom from customs duties under the Agreement.

For some years, the Chilean delegation pointed out, the Government of Australia had been subsidising imports of nitrate from Chile and of ammonium sulphate in order that Australian farmers could obtain their nitrogenous fertilizers at the lowest possible price. A recent measure, involving a subsidy of approximately £500,000 prejudices Chilean nitrate to such an extent that its sale without the subsidy in the Australian market will be impossible in competition with subsidised ammonium sulphate, this latter product being a competitor of Chilean nitrate.

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 question of a discriminatory 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 unavoidable delays resulting from 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 consultations. They "shall invite any contracting party substantially intensifying such restrictions to consult within 30 days.

In December 1949 the Chairman informed all Contracting Parties that certain among them had recently intensified their import restrictions thus giving rise to the need for consultations in accordance with their obligations as stated above, and suggested that consultation 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.


Under the obligations of the Agreement assumed by contracting parties which are obliged to impose discriminatory quantitative restrictions for balance of payments reasons, there are in the Agreement two alternative procedures involving reporting. This is a proposal that these procedures for reporting should be brought into

14. Review of Application of Quantitative Restrictions on Imports designed to afford Protection to Domestic Ind.
been in effect for a number of years and are 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 the purpose of dealing with a current balance-of-payments difficulty, almost invariably have a significant protective incidence.

It is a fundamental principle of the GATT Agreement that quantitative restrictions on imports should not be used as a protective device. The United States, which has proposed this item, considers that some significant progress can be made in meeting this problem if the matter were to be explored fully and frankly among the contracting parties.

15. **Review of Application of Quantitative Restrictions on Exports designed to stimulate Exports or to Afford Protection to Domestic Industry.**

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 profitably take stock of the existing export restrictions which the individual contracting parties are maintaining in effect. In recommending that the Contracting Parties should begin a review of the problem at this Session, the United States, which has proposed this item of the agenda, is of the opinion that the problem continues to be a significant one for many of the contracting parties, on which initial progress can best be made through a general review by the Contracting Parties.

16. **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. Ceylon has already accepted its Special Exchange Agreement. Pakistan and Burma will report on their position, it is expected. The position of New Zealand and Haiti will need to be reviewed.

17. **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 this Fourth Session the suggestion that means should be found for bringing into operation the section of the Havana Charter, namely Chapter VI, dealing with intergovernmental commodity agreements.

18. **Budget Report for 1949/50**
21. **Further Examination of the Requests of the Director-General of UNESCO which were discussed at the Third Session.**

This refers to a request by the Director General of UNESCO that the contracting parties in future series of tariff negotiations should take into consideration the need for reducing trade barriers affecting items of cultural value.

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

This item has been suggested by France.

23. **Meeting of the Contracting Parties required by Article XXIX.**

24. **Date of Fifth Session.**

25. **Other business.**