The following communication, dated 11 May 1964, has been received from the Government of the United States. This matter will be included in the agenda for the next meeting of the Council.

By a decision which became effective on 20 July 1963, the CONTRACTING PARTIES granted to the United States a waiver from the provisions of Article II, making it possible for the United States to give effect to the revised Tariff Schedules of the United States before having completed the necessary renegotiation of Schedule XX in accordance with Article XXVIII. These revised Tariff Schedules were accordingly made effective on 31 August 1963.

On 30 September 1963, the contracting parties were informed by the Executive Secretary that the United States was prepared to resume the negotiations which had been initiated a year before. By that time the United States had completed the task of providing to the contracting parties a total of nearly 10,000 pages of cross-reference and statistical material which indicated in precise detail for each product included in Schedule XX the relationships between the former tariff provisions and statistical classifications and the new designation in the Tariff Schedules of the United States (TSUS).

Negotiations were actively resumed in Geneva in October 1963. Between mid-October and mid-December, a special United States delegation presented offer lists to delegations of the twenty-seven contracting parties which responded to the United States invitation. Since then, offers have also been presented to the other three countries which have rights of initial negotiation to products included in the existing Schedule XX. These offers represented a careful transposition to the new United States tariff nomenclature of concessions previously negotiated on the basis of the now obsolete tariff provisions (Tariff Act of 1930). To our knowledge, in no case was the scope of an existing concession restricted; on the contrary, many previous concessions will be expanded by the United States offers as a result of the policy adopted by the United States of offering concessions on a whole five-digit tariff item or a seven-digit statistical sub-item, if any part thereof had previously been included in Schedule XX.

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In the case of many contracting parties, the rate reductions outweigh the incidental rate increases; therefore, the general level of concessions offered is more favourable to trade than the concessions existing before the opening of the negotiations. In the case of other contracting parties, the United States has made compensatory offers which are designed to have the same effect.

To this date, final agreements have been reached with six contracting parties. In eighteen cases active negotiations have been undertaken but have not been completed. In six cases the other contracting party has not responded to our offers.

The United States is proceeding with the renegotiation of Schedule XX as rapidly as circumstances permit. Clearly, it will not be possible to complete all these negotiations prior to the expiration of the present waiver on 30 June 1964.

A realistic appraisal of the time required to complete these complex negotiations and to bring together the results in a single, consistent consolidated Revised Schedule XX makes it necessary for the United States to request a one-year extension of the existing waiver and to ask that the Council take the necessary action to enable the CONTRACTING PARTIES to take a decision by postal ballot on the United States request as far in advance of the expiration of the present waiver as is possible.