GUIDANCE FOR PRESS CORRESPONDENTS
ON THE AGENDA OF THE TENTH SESSION

Attached hereto is a draft Guidance for Press Correspondents on the main items of the Agenda. This draft is restricted.

Representatives of Delegations who wish to make corrections to the draft are requested to send their corrections to the Information Officer, at the Conference Office, A 660, telephone extension 3034, before 12.00 noon on Saturday, 29 October.
The Tenth Session of the Contracting Parties to the General Agreement on Tariffs and Trade opened at Geneva on 27 October 1955. The Session is expected to continue for five or six weeks.

There are thirty-five countries which are contracting parties to the GATT. These are listed, together with other governments and intergovernmental agencies represented at this Session, on the final page of this guidance.

The Chairman of the Contracting Parties is Mr. L. Dana Wilgress, Canadian Ambassador to the North Atlantic Council and the Organization of European Economic Co-operation.

In the comments which follow on the main items of the agenda, a rough and ready division has been made into

(a) Items arising out of the operation of the Agreement, including items falling under the complaints procedures,
(b) Tariffs and tariff negotiations,
(c) Administrative barriers to trade,
(d) Commodity problems and surplus disposal,
(e) Status of the Agreement and Protocols,
(f) The administration of the Agreement.
(a) **Items arising out of the operation of the GATT, including items falling under the complaints procedures**

**BALANCE OF PAYMENT IMPORT RESTRICTIONS**

Under the General Agreement, any contracting party introducing or substantially intensifying import restrictions for the purpose of safeguarding its balance of payments or monetary reserves is required to consult the Contracting Parties. Australia initiated a consultation in connection with the new restrictions which it put into force in April 1955. The consultation was carried out in June through a working party appointed by the Intersessional Committee, and the report of the Working Party on the consultations has been submitted for approval at this Session. In the meantime, however, Australia has further intensified its restrictions, and it has been proposed that the consultation required in connection therewith should be carried out at this Session.

The Contracting Parties are also required to hold consultations with governments on the discriminatory aspects of the import restrictions applied under specific provisions of GATT. At this Session such consultations will be held with Australia, Ceylon, New Zealand, the Federation of Rhodesia and Nyasaland and the United Kingdom.

These provisions for consultations with individual governments are one of the special features of the General Agreement, and one of the chief purposes of consultations on import restrictions is to afford an opportunity for an exchange of views on the problems facing the countries imposing the restrictions and the difficulties created for exporting countries by the restrictions.

As provided for in the Agreement the Contracting Parties will consult with the International Monetary Fund and representatives of the Fund will participate in the consultations conducted by the Contracting Parties.

It is expected that, as on previous occasions, a working party on Balance of Payment Import Restrictions will be set up early in the Session, which will also undertake the task of preparing the 1954 Report, required under the Agreement, on discriminatory restrictions.
ANNUAL REPORTS ON WAIVERS

European Coal and Steel Community

In April 1951, Belgium, the Federal Republic of Germany, France, Luxemburg, Italy and the Netherlands concluded a Treaty constituting the European Coal and Steel Community and a Convention containing the transitional provisions. The Treaty came into force on 23 July, 1952. The establishment of the common market involves the abolition as between the six countries of import and export duties and of quantitative restrictions on the movement of coal and steel between the territories of the six countries of the Community.

The six Member States (all of them being contracting parties to the GATT) therefore submitted to the Contracting Parties a request for a release from certain of their obligations under the GATT, in particular the most-favoured-nation clause contained in Article I and the rule of non-discrimination regarding the application of quantitative restrictions in Article XIII.

At the Seventh Session in 1952 the Contracting Parties granted a waiver and it was agreed that from the date of the creation of the common market for coal products (10 February 1953) until the end of the transitional period (15 February 1958) the six countries would submit an annual report to the Contracting Parties on the progress towards the full application of the Treaty. The first report was considered at the Eighth Session in October 1953 and the second report at the Ninth Session. The third report, it is expected, will be examined by a working party to be set up early in this Session.

Australia/Papua - New Guinea

At the Eighth Session in October 1953 the Contracting Parties granted to the Australian Government a waiver of obligations under Article I in order that Australia might provide certain advantages for primary products of the Territory of Papua-New Guinea when these products are imported into Australia, for the purpose of promoting the economic development of the Territory. In granting the waiver the Contracting Parties took into consideration the assurances given by the Government of Australia that the waiver would be utilized for the development of the Territory in such a manner as not to cause material injury to the competitive trade of any other contracting party.
At the Ninth Session the Australian Government furnished its first annual report on the operation of the waiver, which indicated that, in fact, no measures had been taken by Australia on the use of the waiver. The second annual report will be submitted at this Session, and the Australian Government has given notice that it will request an extension of the waiver, under the terms of Article XXV, to enable Australia to give duty-free treatment to certain kinds of timber imported from the Territory.

**Italy/Libya**

At the Seventh Session in 1952, Italy supported by the Government of Libya obtained authority to grant, for a period of three years, exemption from Italian customs duties for a definitive list of Libyan exports. (Preferential treatment by Italy for Libyan goods dates back as far as 1911.) During this period the Italian Government has submitted annual reports on the operation of the special régime and the Government of Libya has submitted annual reports on its plans for economic development.

The second annual report was presented at the Ninth Session, and the third annual report will be presented at this Session. The Government of Italy has advised that it will request an extension of the waiver, which is due to expire this year.

**United Kingdom/Article I**

At the Eighth Session in October 1953 the Contracting Parties took a Decision providing facilities to relieve the United Kingdom Government of the need, under the rules of Article I regarding tariff preferences, to impose duties on duty-free goods from the Commonwealth as and when they may have occasion in the future to increase the "unbound" duties on foreign goods. In asking for these facilities, the United Kingdom made it clear that it was not their intention to use them for the purpose of diverting trade away from foreign to Commonwealth countries. The Contracting Parties granted the waiver, subject to procedures for consultation and, where necessary, arbitration as to whether proposed tariff changes would be likely to cause such a diversion of trade. In granting the waiver the Contracting Parties requested the United Kingdom
Government to furnish an annual report of action taken under the waiver. In March 1955 the waiver was extended to include "bound" items.

In its first report, submitted at the Ninth Session, the United Kingdom indicated that the waiver had been used in connection with increases made in the "unbound", most-favoured-nation rates of duty on certain fresh and preserved fruit and vegetables and on certain flowers, foliage and nursery stock. At this Session the United Kingdom will furnish the second annual report.

United Kingdom Dependent Overseas Territories

The Contracting Parties, by a Decision (5 March 1955), extended to the United Kingdom the right, effective immediately, to give special assistance to the products of its colonial territories which depend largely on the United Kingdom market, through actions which would otherwise be inconsistent with the provisions of the Agreement. These rights apply only in cases where the industry or branch of agriculture of the colonial territory would be benefited, but not industry or agriculture in the United Kingdom or any other country. The United Kingdom undertook to report annually to the Contracting Parties on any such measures adopted; the first report, which will be submitted at this Session, states that the United Kingdom Government has taken no action under the terms of the Decision.

United States Agricultural Adjustment Act

In the course of the Review of the Agreement which was concluded in March 1955, the Contracting Parties dealt with the conflict which may arise between action required under United States legislation and the provisions of the Agreement dealing with quantitative restrictions and additional charges on imports. The Contracting Parties adopted a Decision, dated 5 March 1955, which recognized the difficulties arising from the terms of Section 22 of the United States Agricultural Adjustment Act, permitted the United States to apply measures under this legislation, but at the same time preserved the right of a contracting party whose trade is damaged by import restrictions or additional charges imposed under that Act to have recourse to the procedures of the Agreement for adjusting the balance through negotiation or otherwise. Under the terms of the Decision the
Contracting Parties will review annually action taken by the United States under this legislation, and at this Session the United States will submit its first report.

REQUESTS FOR WAIVERS AND RELEASES

Requests by Belgium and Luxemburg for Waivers from Article XI

The Governments of Belgium and Luxemburg informed the Contracting Parties in May 1955 that, although all exchange restrictions on imports have been eliminated, they wished to maintain a number of quantitative restrictions on imports, contrary to the provisions of Article XI. The imports in question comprise specified agricultural and fisheries' products.

Preliminary examination of this request was made by a working party of the Intersessional Committee in June 1955.

Request by Haiti for Extension of Waiver under Article XVIII

By a Decision of 27 November 1950 the Contracting Parties granted the Republic of Haiti a release under Article XVIII for the maintenance of a state monopoly in respect of the purchase and production of and trade in tobacco, cigars and cigarettes. This release is due to expire in November 1955 and the Government of Haiti has requested an extension.

Request by Ceylon for Releases under Article XVIII

Article XVIII provides that a contracting party may seek authority to impose non-discriminatory protective measures for the promotion of economic development. Ceylon is among the countries that have already taken advantage of this provision and the Ceylonese Government have indicated that they will apply at this Session for releases under Article XVIII for certain petroleum products and ceramic ware.

COMPLAINTS

The complaints which have been made at previous sessions are listed first; complaints presented for the first time are grouped afterwards.
Brazilian Internal Taxes

This complaint, originally made by France and the United Kingdom, concerns the element of discrimination in certain Brazilian internal taxes against certain French, United Kingdom and United States exports such as cognac, aperitifs, watches and clocks, beer and cigarettes.

At the Ninth Session the Brazilian delegate reported that his Government felt unable at that time to resolve the matter satisfactorily. His Government recognized the right of the injured parties to have recourse to the procedures for nullification or impairment of benefits under Article XXIII. The Brazilian Government hoped that the complaint would be settled as a result of a solution of the entire problem of the tariff structure. The Brazilian delegation also stated that a Bill was under consideration by the Brazilian Congress whereby the situation would be corrected in 1955.

It was agreed that the delegations concerned would hold consultations and would report to the Contracting Parties at the Tenth Session.

French Special Compensatory Tax on Imports

Under a French Decree of 17 April 1954 a special compensatory tax was introduced on certain imported goods when imported into the French customs territory. (This tax is levied on products which have been recently liberated from quantitative restrictions when imported from member countries of the Organization for European Economic Co-operation).

At the Ninth Session the Contracting Parties adopted a Decision which stated, inter alia, that the tax had increased the incidence of customs charges in excess of the maximum rates bound under Article II and had also increased the maximum margins of preference permissible under Article I. The Contracting Parties instructed the Intersessional Committee to follow closely the undertaking of the French Government to remove the tax as soon as it is possible to do so. The Intersessional Committee, however, was not able to give more than a preliminary review of the information supplied by the French authorities.

At this Session the Contracting Parties will be concerned to see the extent to which this tax has been reduced or abolished.
German Discrimination in Coal Imports

At the Ninth Session the United States Government drew attention to certain regulations applied by the Federal Republic of Germany which had the effect of limiting imports of coal from the United States. In the view of the United States these restrictions were inconsistent with the obligations of the Federal Republic towards the United States under the General Agreement. Consultations were held during the Session between the two delegations. At the end of the Session it was stated that consultations were continuing and in view of the willingness of the Federal Republic to find a solution, it was agreed to carry forward the matter to the Tenth Session.

Swedish Anti-dumping Duties

The Government of Sweden has advised that the special regulations with regard to the imposition of anti-dumping duties on imported ladies' nylon stockings, which were the subject of a complaint by the Government of Italy at the Ninth Session, have been abrogated. This action appears to dispose of the complaint.

United States Dairy Products

At the Ninth Session the Contracting Parties adopted a Resolution (prior to the Waiver granted on 5 March 1955 - see under "Waivers") to the effect that although some progress had been made by the United States Government towards correcting the harmful effect of import restrictions on dairy products, a number of contracting parties continued to suffer serious damage. The Resolution affirmed the right of contracting parties to have recourse to the appropriate provisions of Article XXIII and authorized the Netherlands to limit its imports of wheat flour from the United States during 1955 and requested the United States Government to report to the Tenth Session.

United States Export Subsidy on Oranges

At the Eighth Session in October 1953 Italy alleged that the granting by the United States of subsidies on exports of oranges to certain countries, in particular, European countries, had a serious effect on her export trade.
The delegation of South Africa also claimed that there were difficulties in marketing South African oranges in Europe owing to the effect of the United States subsidy, and the United Kingdom delegation referred to the interest of certain dependent countries in the matter.

It was stated at the end of the Ninth Session that the matter was being taken up in Washington, and the delegations affected by the subsidy reserved the right to place the matter on the Tenth Session agenda if no satisfactory solution was reached in the meantime.

**French Stamp Tax on Imports**

The following item has been put on the agenda at the request of the United States Government.

In August 1955 the French Government increased the stamp tax on customs receipts from 2 per cent to 3 per cent, with the specific provision that the proceeds of the increase are to be applied to the budget for agricultural social benefits.

In the view of the United States, increases in this tax beyond the level existing when the tariff concessions bound under the Agreement were negotiated are inconsistent with the obligations of France under Article II and are also inconsistent with Article VIII, to the extent that the proceeds are for fiscal purposes other than defraying the cost of services rendered in connection with importation.

**Hawaiian Regulations affecting Sales of Imported Eggs**

The following item has been put on the agenda at the request of the Australian Government.

The legislature of the United States Territory of Hawaii on 24 May 1955 enacted Bill number 167 requiring that retail establishments should display a sign reading "we sell foreign eggs" if the eggs are imported from abroad. Restaurants serving imported eggs are likewise required to exhibit a sign reading "we serve foreign eggs".

The Australian Government is of the opinion that this enactment is contrary to paragraph 4 of Article III of the General Agreement and that it cannot be justified under Article IX dealing with marks of origin.
Italian Import Duties on Greek Cotton

(Information to be supplied later.)

(b) Tariffs and Tariff Negotiations

ARRANGEMENTS FOR A TARIFF NEGOTIATING CONFERENCE

One of the most important matters to be discussed at this Session will be the arrangements for a tariff negotiating conference which, it is expected, will open on 18 January 1956, at Geneva. This will be the fourth tariff conference held under GATT; the previous conferences were held at Geneva in 1947, Annecy in 1949 and at Torquay in 1950-51. At this Session the Contracting Parties will have before them the report of a working party which was set up at the close of the Ninth Session to study future action for the reduction of the general level of tariffs and to recommend rules and regulations for the conduct of the negotiations.

Under the terms of the Trade Agreements Extension Act of 1955 the United States President was granted new powers for reducing the United States tariff through negotiation. Under one authority he may reduce any rate of duty that is in excess of 50 per cent ad valorem down to that figure. Under the other authority he may reduce rates of duty by up to 5 per cent of their 1 January 1955 level in each of the next three years. The authority to make the first 5 per cent reduction lapses unless it is used before 1 July 1956.

Twenty-six contracting parties will participate in the tariff negotiations. These governments are already exchanging lists of requests for tariff concessions which they hope to obtain.

THE FEDERATION OF RHODESIA AND NYASALAND

At the Ninth Session the Contracting Parties recognized the Government of the Federation of Rhodesia and Nyasaland as a contracting party. The Federation has taken over the obligations under the Agreement formerly assumed by Southern Rhodesia. On 1 July 1955 the new customs tariff of the Federation came into force. At this Session the Contracting Parties will consider the new Federal tariff, as modified by the trade agreements between the Federation and Australia and South Africa, respectively.
At the same time, the Customs Union Agreement of 1947 between the Union of South Africa and Southern Rhodesia has been abrogated and has been replaced by the new Trade Agreement with the Union of South Africa, referred to above.

NICARAGUA - EL SALVADOR FREE-TRADE AREA

At this Session the Contracting Parties will consider the fourth annual report submitted by Nicaragua on the functioning of the Free-Trade Treaty with El Salvador.

ANTI-DUMPING AND COUNTERVAILING DUTIES

The Norwegian Government has pointed out that as a result of increasing international competition the question of levying anti-dumping and countervailing duties has become more and more pressing and has proposed that, as a first step, the Contracting Parties should institute a survey of these problems and should take steps to bring together the various national laws and regulations relating to this topic.

(c) Administrative Barriers to Trade

For the past six years the Contracting Parties have been tackling customs formalities and various administrative barriers to trade. At this Session the Contracting Parties will consider reports from some member governments which still charge fees for consular invoices on the steps taken to abolish this practice. Further work may be undertaken towards drafting uniform rules for determining the nationality of imported goods.

In February 1953 the Contracting Parties drew up the International Convention to facilitate the Importation of Samples and Advertising Materials, the broad purpose of which is to minimize the costs and reduce the formalities and delays which traders and merchants have to face in sending samples and advertising material from one country to another. Fifteen governments have now joined the Convention and in accordance with the terms of the Convention it will shortly enter into force.
DISCRIMINATION IN TRANSPORT INSURANCE

In April 1953, the United Nations Economic and Social Council referred a study on discrimination in transport insurance to the Contracting Parties for possible action. At the Ninth Session the Contracting Parties considered a report by the Executive Secretary on the issues involved. The report discussed the nature and extent of discrimination and included proposals for international action. The Contracting Parties agreed to continue further study of the effects of these practices on international trade at the Tenth Session.

(d) Commodity Problems and Surplus Disposal

COMMODITY PROBLEMS

At the Ninth Session the Contracting Parties established a Working Party on Commodity Problems to consider proposals for intergovernmental action to overcome problems arising in the field of international trade in primary commodities. The working party has submitted to the Contracting Parties a draft Agreement, with the recommendation that it be accepted by them as embodying the criteria to which intergovernmental commodity arrangements should conform.

SURPLUS DISPOSAL

At the close of the Review of the Agreement, in March 1955, the Contracting Parties adopted a Resolution on the Disposal of Surpluses, of which the following is the operative paragraph:

"The Contracting Parties consider that when arranging the disposal of surplus agricultural products in world trade contracting parties should undertake a procedure of consultation with the principal suppliers of those products and other interested contracting parties, which would contribute to the orderly liquidation of such surpluses, including where practicable disposals designed to expand consumption of the products, and to the avoidance of prejudice to the interests of other contracting parties, and that they should give sympathetic consideration to the views expressed by other contracting parties in the course of such consultations."

The Government of Australia has proposed that experience under this Resolution should be discussed at this Session.
(e) **Status of the Agreement and Protocols**

At each Session the Contracting Parties examine the current status of protocols, which lack the acceptances needed to bring them into force.

At this Session there will be particular interest in reviewing the status of the Protocols embodying the revisions of the Agreement which were opened for signature at the end of the Ninth Session in March 1955, as well as the Agreement which would establish the Organization for Trade Cooperation.

As at previous Sessions the Contracting Parties will set up a working party to consider rectifications which any contracting party wishes to have made in its schedules of tariff duty concessions.

**ACCESSION OF JAPAN**

On 10 September 1955 Japan became the thirty-fifth contracting party to the General Agreement. The Contracting Parties will examine the extent to which the tariff concessions negotiated between Japan and certain contracting parties have become operative. The Japanese Government has asked that the position that has arisen following the invoking of Article XXXV by fourteen contracting parties should be examined. (This Article permits a contracting party to withhold application of the Agreement from another contracting party with which it has not entered into tariff negotiations.)

(f) **Administration of the Agreement**

Under this general heading fall such items as:

(a) the election of Chairman and Vice-Chairmen of the Contracting Parties: their terms of office expire at the opening of the Session;

(b) the financial statement for 1955 and the budget estimates for 1956;

(c) the renewal of intersessional arrangements for the administration of the GATT; and

(d) the date of the Eleventh Session.
LIST OF COUNTRIES AND INTERGOVERNMENTAL AGENCIES

REPRESENTED AT THE TENTH SESSION

*Australia
*Austria
*Belgium
*Brazil
*Burma
*Canada
*Ceylon
*Chile
*Cuba
*Czechoslovakia
*Denmark
*Dominican Republic

*Egypt
*Finland
*France
*German Federal Republic
*Greece
*Haiti
*India
*Indonesia
*Iran
*Israel

*Italy
*Japan
Libya
*Luxemburg
Mexico
*Netherlands
*New Zealand
*Nicaragua
*Norway
*Pakistan
*Peru

*Portugal
*Rhodesia & Nyasaland
*Sweden
Switzerland
*Turkey
*Union of South Africa
*United Kingdom
*United States
*Uruguay
Venezuela
Yugoslavia

United Nations
International Labour Organization
Food and Agriculture Organization
International Monetary Fund

Organization for European Economic Co-operation
Council of Europe
High Authority of the Coal and Steel Community
Customs Co-operation Council

* Contracting party to the General Agreement on Tariffs and Trade.