GUIDANCE FOR PRESS CORRESPONDENTS
ON THE AGENDA OF THE TWELFTH SESSION

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GENERAL AGREEMENT ON TARIFFS AND TRADE

Twelfth Session of the Contracting Parties

Guidance for Press Correspondents
on the Agenda of the Twelfth Session of the
Contracting Parties to the General Agreement on Tariffs and Trade

The Twelfth Session of the Contracting Parties to the General Agreement on Tariffs and Trade opened at Geneva on 17 October 1957. The Session is expected to continue for 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.
ELECTION OF OFFICERS

Early in the Session the Contracting Parties will elect a chairman and vice-chairmen, who will hold office until the Thirteenth Session of the Contracting Parties. At present, these officers are:

Chairman: Sir Claude Corea, High Commissioner of Ceylon in the United Kingdom

Vice-Chairmen: Dr. Andrés Vargas Gomez, Ambassador Extraordinary and Plenipotentiary, Director of International Economic Affairs, Cuban Ministry of State


MEETING OF MINISTERS

At the Eleventh Session it was agreed in principle that it would be advantageous if Trade Ministers were to attend Sessions of the Contracting Parties and the Intersessional Committee was instructed to arrange for such a meeting at the Twelfth Session. At its meetings in August and September 1957 the Intersessional Committee made arrangements for a meeting of Trade Ministers during the course of the Twelfth Session. This meeting will open on Monday, 28 October.

EUROPEAN CUSTOMS UNION

Treaty establishing a European Economic Community

One of the main items on the agenda of the Session is the consideration of the Treaty establishing the European Economic Community. This Treaty - known as the Rome Treaty - was signed on 25 March 1957 by Belgium, France, Federal Republic of Germany, Luxemburg, the Netherlands and Italy. The Treaty was submitted for ratification in the respective parliaments and it seems probable that these ratifications will be completed by the end of 1957. The Treaty would then enter into force on 1 January 1958.

The Treaty provides for the creation, at the end of a transitional period of twelve to fifteen years, of a single customs territory among the six countries. This implies the elimination of customs duties between the six Member States and the creation of a common customs tariff. The Treaty provides for the elimination of quantitative restrictions on imports between the Member States; there are also special provisions regarding agriculture. Part of the Treaty deals with the proposed association of certain overseas countries and territories with the Community.

Following the signature of the Rome Treaty, it was submitted to the Contracting Parties for consideration in accordance with the terms of GATT Article XXIV, paragraph 7. Close working relations between the GATT secretariat
and the Interim Committee for the Common Market have been established with a view to clarifying and defining the issues involved for consideration by the Contracting Parties, in particular regarding those provisions of the Rome Treaty which are relevant to the obligations set out in the GATT. On the basis of the preliminary work that has been done by the Intersessional Committee the Contracting Parties will proceed to examine the Treaty in the light of the provisions of the GATT.

EUROPEAN FREE-TRADE AREA PROPOSALS

At the Eleventh Session the Contracting Parties were informed that the Organization for European Economic Cooperation had established a special Working Party to study the possible forms of association between the proposed Customs Union of the Six Countries (forming the European Economic Community) and other OEEC Member countries, and in particular, the creation of a free-trade area which would include the Customs Union and these Member countries. Close collaboration was established between the GATT secretariat and the OEEC in order to follow developments in this field, and it is expected that a progress report will be made at this Session.

FRANCO-GERMAN TREATY ON THE SAAR

This Treaty, which entered into force on 1 January 1957, contains certain provisions with respect to trade between the territories which are not in conformity with Article I of the General Agreement. The Governments of France and the Federal Republic of Germany have requested that this question should be placed on the agenda of the Session and have suggested the adoption of solutions which would seem to be appropriate.

CUSTOMS TARIFFS, CHARGES, ETCETERA

(a) Brazilian Tariff and Schedule

At the Eleventh Session the Contracting Parties were informed that a new Brazilian customs tariff, changing over from specific to ad valorem duties, had been submitted to the Brazilian Congress. The Contracting Parties examined the effects which the introduction of this tariff would have on Brazil's obligations under the GATT and on the interests of other contracting parties. By a Decision, they granted Brazil a temporary waiver from the provisions of Article II, paragraph 1, so as to permit the Brazilian Government to put into force its new customs tariff immediately following its enactment by the Brazilian Congress. The Contracting Parties also decided to establish a Brazilian Tariff Negotiations Committee to make arrangements for the conduct of tariff negotiations with Brazil on the basis of the new tariff.

The new Brazilian tariff was approved on 14 August 1957 and entered into force immediately and the Brazilian Tariff Negotiations Committee has already given preliminary consideration to the fixing of a date for the start of the tariff negotiations between Brazil and interested contracting parties.

MORE
(b) **Cuban Tariff Reform**

At the Ninth Session the Contracting Parties were informed that the Government of Cuba had initiated a tariff reform with the dual purpose of adjusting the obsolete Customs Tariff to modern nomenclatures and techniques and of fostering the economic development of the country. The Cuban Council of Ministers has decided that the new Customs Tariff should be applied as from 1 January 1958 and the Cuban Government has proposed this item for the agenda of this Session.

**PLANS FOR TARIFF REDUCTION**

It was agreed at the Eleventh Session that plans for tariff reduction should be included in the agenda of the Twelfth Session.

**COMMODITY TRADE**

(a) **Review of Trends and Developments**

At the Eleventh Session the Contracting Parties, by a Resolution, recognized that under the relevant provisions of the Agreement, the Contracting Parties are competent to deal with special difficulties arising in connexion with international trade in primary commodities. They therefore decided to review at every Session the trends and developments in international commodity trade.

(b) **Disposal of Commodity Surpluses**

This item stems from the Resolution on the Disposal of Surpluses, of 4 March 1955, in which the Contracting Parties noted that it was the intention of individual contracting parties to liquidate agricultural surpluses in such a way as to avoid provoking disturbances on the world market, and considered that any contracting party making arrangements for disposal of surplus agricultural products should consult with the principal suppliers of those products so as to achieve an orderly liquidation.

The experiences of the contracting parties under this Resolution were discussed at the Tenth and again at the Eleventh Session when it was shown that there was continuing concern regarding the existence of large surpluses and the policies for their disposal. It was emphasized that the consultation procedures could be more effective in safeguarding the interests of other contracting parties. It was agreed to put the matter on the Twelfth Session agenda.

(c) **Chairman of ICCICA**

The Contracting Parties are required to nominate the Chairman of the Interim Co-ordinating Committee for Intergovernmental Commodity Arrangements. The present Chairman, who was nominated at the Eleventh Session, is Sir Edwin McCarthy, Deputy Australian High Commissioner in London.
BALANCE-OF-PAYMENT IMPORT RESTRICTIONS

(a) Consultations under Article XII:4(b)

The background of this programme lies in the decision of the Contracting Parties which was taken at the Eleventh Session to invite individual contracting parties which find it necessary to restrict imports in order to safeguard their balance-of-payments situation to enter into consultations under the terms of Article XII:4(b) before the end of the Twelfth Session. The Contracting Parties appointed a Consultations Committee to conduct the consultations. In conducting these consultations the Committee has before it comprehensive reports specially prepared by the GATT secretariat as well as the results and documentation from the consultations of the International Monetary Fund with the countries concerned. Representatives of the Fund participate in the work of the Committee.

The first stage of the consultations programme was undertaken in June when the following countries took part: Denmark, Norway, Sweden, Italy, Greece, the Netherlands, Austria and the Federal Republic of Germany.

During the consultations a number of the countries announced measures to reduce the incidence of their restrictions, including in some cases the complete freeing of a wide range of goods from import control.

The remaining consultations will be held from 16 October. They are expected to be completed before the end of November. The countries that will enter into consultation are Finland, Brazil, Turkey, the United Kingdom, the Federation of Rhodesia and Nyasaland, India, Pakistan, Ceylon, New Zealand, Australia, Union of South Africa, France and Japan. Finland, India and France have also been invited to consult on the intensification of their import restrictions this year.

(b) Consultations under Article XIV:1(g)

In accordance with the provisions of the General Agreement the Contracting Parties will hold at this Session consultations with four Governments on the discriminatory aspects of the import restrictions which they apply for the purpose of safeguarding their balance of payments and monetary reserves. The four Governments are Australia, New Zealand, the Federation of Rhodesia and Nyasaland and the United Kingdom. The purpose of the consultations is to afford an opportunity for examining the discriminatory restrictions in the light of the relevant provisions and criteria of the Agreement, and for the exchange of views on the problems facing the countries whose exports are affected by such restrictions as well as those faced by the countries imposing the restrictions.

As provided for in the General Agreement, the Contracting Parties, in conducting these consultations, will also consult fully with the International Monetary Fund, and the representatives of the Fund will participate in the consultations conducted by the Contracting Parties.

As required by the Agreement, the Contracting Parties will draw up at this Session the Eighth Annual Report on discriminatory import restrictions.
KBPORTS AND CONSULTATIONS UNDER WAIVERS

(a) 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, so as to enable them to establish the Community.

At the Seventh Session in 1952 the Contracting Parties granted the waiver required and it was agreed that from the date of the creation of the common market for coal products until the end of the transitional period (10 February 1958) the six countries would submit an annual report to the Contracting Parties on the progress made towards the full application of the Treaty. The Fifth Annual Report will be considered at this Session.

(b) Italy/Libya

In 1952 Italy obtained a waiver which allowed her to grant, for a period of three years, exemption from Italian customs duties for a definitive list of Libyan exports. In 1955 the waiver was extended for a further three years and some modifications to the list of products covered by the waiver were agreed. At this Session the Contracting Parties will consider the Fifth Annual Reports submitted by the two governments respectively.

(c) Australia/Papua-New Guinea

In 1953 Australia obtained a waiver in order that she might provide duty-free entry, for the primary products of the Territory of Papua-New Guinea for the purpose of promoting the economic development of the Territory. Australia has acted under this waiver in respect of various forestry products. At the Eleventh Session the Contracting Parties decided to extend the waiver so that it may also apply to "products of the Territory substantially derived from primary products". The Government of Australia will report at this Session that no action has been taken under this waiver in the past year.

(d) United Kingdom/Article I

In 1953 the United Kingdom obtained a partial waiver from the rules of Article I regarding tariff preferences to relieve the United Kingdom of the need, in certain circumstances, to impose duties on duty-free goods from the Commonwealth as and when the United Kingdom may have occasion to increase duties on foreign goods. The Government of the United Kingdom will report at this Session that no action has been taken under this waiver in the past year.
(e) United Kingdom/Dependent Overseas Territories

In 1955 the United Kingdom obtained a waiver giving her the right to give special assistance to the products of her colonial territories which depend largely on the United Kingdom market, through actions which would otherwise be inconsistent with the rules of the Agreement. These rights apply only to cases where the industry or branch of agriculture in the colonial territory would be benefited, but not industry or agriculture in the United Kingdom or any other Commonwealth country. The Government of the United Kingdom will report at this Session that no action has been taken under this waiver in the past year.

(f) United States/Agricultural Adjustment Act

In the course of the Review of the Agreement in 1954/55 the Contracting Parties dealt with the conflict which may arise between some actions 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, (5 March 1955) which recognizes the difficulties arising from the terms of Section 22 of the United States Agricultural Adjustment Act, permits the United States to restrict imports under this legislation without being in violation of its obligations under the Agreement, but at the same time preserves the right of a contracting party whose trade is damaged by such action 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 review annually action taken by the United States under this legislation, and at this Session they will consider the Third Annual Report by the Government of the United States.

(g) Belgium/Import Restrictions

In December 1955 Belgium obtained a Decision under the so-called "hard-core" waiver of March 1955. This waiver permits a contracting party, which is obliged under Article XI to refrain from using quantitative restrictions on imports for protective purposes, to maintain an authorized list of restrictions for a limited period of time, if their sudden removal might result in substantial injury to the domestic industries. At this Session, in accordance with the terms of the Decision, the Contracting Parties will consider the Second Annual Report submitted by the Government of Belgium, showing the progress made towards the relaxation and elimination of the import restrictions still being maintained.

TRADE AND CUSTOMS REGULATIONS

(a) Consular Formalities

At the Eleventh Session the Contracting Parties decided to maintain their Recommendation of 7 November 1952 that consular formalities (consular invoices, consular visas for commercial invoices, certificates of origin etcetera) should be abolished and requested those contracting parties which still apply such formalities to examine urgently the possibility of introducing measures for
their abolition or reduction at the earliest possible date. At this Session the Contracting Parties will review the progress that has been achieved in this direction.

(b) Marks of Origin

At the Eleventh Session a working party studied various technical proposals submitted by the International Chamber of Commerce which outlined guiding principles for an international arrangement regarding the use of marks of origin. At this Session the matter will be reviewed by the Contracting Parties.

ANTI-DUMPING AND COUNTERVAILING DUTIES

The Contracting Parties have instructed the secretariat to prepare a study of the laws and regulations of contracting parties which provide for the levy of anti-dumping and countervailing duties. This study will be considered by the Contracting Parties at this Session.

TRADE RESTRICTIONS ON ORTHOPAEDIC APPLIANCES

At the Eleventh Session the Committee of Ministers of the Council of Europe referred to the Contracting Parties a recommendation that Member States should grant exemption from customs duties and import restrictions for artificial limbs and orthopaedic equipment and that customs formalities should be reduced to a minimum. Examination of the question was deferred to the Twelfth Session and contracting parties were asked to furnish details of relevant import duties and import restrictions.

REQUEST BY CEYLON FOR RELEASES UNDER ARTICLE XVIII

Article XVIII provides a means whereby a contracting party in the early stages of economic development may seek authority to impose non-discriminatory protective measures to assist the establishment of new industries. The Government of Ceylon has indicated that it intends to apply at this Session for releases which will enable Ceylon to regulate the import of a short list of products where she is establishing local production of similar goods.

COMPLAINTS

(a) Brazilian Internal Taxes

At the Eleventh Session the Working Party which examined the effects of introducing the new Brazilian tariff (see above) also considered the long outstanding complaint, originally made by France and the United Kingdom, regarding the discriminatory application of certain Brazilian internal taxes against certain French and United Kingdom exports. Assurances were given by the Brazilian delegation regarding the enactment of a new excise law which would eliminate the discriminatory aspects of the present legislation. At this Session the Brazilian Government will report on the situation.
(b) French Special Compensation Tax on Imports

Under a Decree of 17 April 1954 a special compensatory tax was levied on imports from all countries outside the French Union of certain products which had been liberated from quantitative restrictions when imported from Member countries of the OEEC. At each subsequent session the Contracting Parties have urged the French Government to accelerate the process of reducing and eliminating this tax and calling on the government to report on measures taken to reduce and abolish it.

In view of the deterioration of the economic situation and of the balance-of-payments crisis in particular, the French Government decided on 10 August 1957 to eliminate the special temporary compensation tax on all products to which it previously applied and to substitute a uniform levy amounting to 20 per cent of the value, expressed in French francs, of all imported products paid for in foreign currency. This levy is suspended in the case of certain products.

In view of the elimination of this tax the Intersessional Committee decided to recommend that this complaint can be withdrawn.

(c) French Stamp Tax

At the Tenth Session it was found that the increase in the French Stamp Tax from 2 to 3 per cent was contrary to the provisions of Articles II and VIII of the Agreement. At the Eleventh Session the French representative recognized that the increase was contrary to the provisions of the Agreement and announced the intention of the French Government to reduce the rate of tax. A statement by the French Government will be considered at this Session.

(d) Greek Discrimination in Credit Facilities for Imported Goods

This is a new complaint. The item has been proposed by the Federal Republic of Germany. A reference to this item will be made in due course.

(e) Italian and French Discrimination against Imported Agricultural Machinery

This is a new complaint. These items have been proposed by the United Kingdom. A reference to these items will be made in due course.

NICARAGUA - EL SALVADOR FREE-TRADE AREA

At this Session the Contracting Parties will consider the Sixth Annual Report submitted by Nicaragua on the functioning of the Free-Trade Treaty with El Salvador.

FRANCO-TUNISIA CUSTOMS UNION

On 1 January 1956 a customs union between France and Tunisia became effective, and a new common customs tariff came into force since that date. The Contracting Parties agreed at the Eleventh Session that the customs
union arrangements would have to be reviewed. The Intersessional Committee which examined the matter considered that it should be dealt with at the Twelfth Session.

FREEDOM OF CONTRACT IN TRANSPORT INSURANCE

At the Tenth Session a working party submitted a draft recommendation on the elimination of restrictions in the field of transport insurance, to the effect that governments should avoid measures in the transport insurance field which have a restrictive effect on trade and that governments now applying such measures should seek to eliminate them as rapidly as circumstances permit. Consideration of this recommendation, which has received the approval of the International Chamber of Commerce, will be resumed at this Session.

ACCESSION TO THE AGREEMENT AND RELATED MATTERS

Ghana, Malaya: Admission as Contracting Parties

The Government of Ghana has requested the Government of the United Kingdom to sponsor its accession to the General Agreement in accordance with the provisions of Article XXVI:4(c). A similar request for accession has been made by the Government of Malaya.

Accession of Switzerland

At the Eleventh Session the Contracting Parties examined the request of the Swiss Government for an opportunity to accede provisionally to the General Agreement. They agreed to the request of the Swiss Government to enter into tariff negotiations with a view to provisional accession. The tariff negotiations will be based on the new Swiss customs tariff when it has been approved by the Swiss Government.

The method of provisional accession was agreed to in order not to delay the participation of Switzerland in the work of GATT, thus allowing further time for finding a solution to the particular problem of Swiss import restrictions on agricultural products which would be compatible with the basic provisions of the General Agreement.

At the meeting of the Intersessional Committee in September 1957 the Swiss observer stated that his Government was now prepared to enter into tariff negotiations in accordance with the procedures agreed upon at the Eleventh Session and that the new customs tariff would be available shortly.

Application of Article XXXV to Japan

In September 1955 Japan acceded to the General Agreement and at that time fourteen contracting parties invoked Article XXXV, thereby refraining from undertaking GATT obligations towards Japan. At the end of the Tenth Session the chairman recommended that consultations, which had already been initiated, should be continued between Japan and the governments concerned. At the Eleventh Session
the Contracting Parties reaffirmed the recommendation that consultations should continue and instructed the Intersessional Committee to keep the matter under review and to report to the Twelfth Session.

Since the Eleventh Session, the Government of Brazil reported on 22 August 1957 that it had withdrawn its reservation under Article XXXV.

The thirteen countries which continue to invoke Article XXXV are Australia, Austria, Belgium, Cuba, France, Haiti, India, Luxemburg, Netherlands, New Zealand, Federation of Rhodesia and Nyasaland, Union of South Africa and the United Kingdom.

RESTRICTIVE BUSINESS PRACTICES

At the Eleventh Session the Contracting parties discussed two proposals, submitted by the Norwegian and German delegations relating to the effect on trade of business practices which restrict competition, and to the possibility of establishing controls over such practices. Both proposals were referred to the Intersessional Committee. In July 1957 the Norwegian Government submitted a new proposal, constituting a draft agreement to supplement the GATT. The matter is on the agenda of this Session.

STATUS OF AGREEMENT AND PROTOCOLS

The Contracting Parties will examine the current status of legal instruments which lack the acceptances that are necessary to bring them into force.

The Executive Secretary has informed the Contracting Parties that the Protocol Amending the Preamble and Parts II and III of the General Agreement entered into force on 7 October 1957, following receipt of the required number of signatures. This means that all the important substantive amendments to the Agreement, as agreed upon in the Review Session in 1955, have now entered into force.

The Contracting Parties will also review the status of the Agreement which would establish the Organization for Trade Cooperation and the acceptances needed to bring it into being.

ADMINISTRATION OF THE AGREEMENT

Under this general heading fall such items as:

(a) financial statement for 1957 and budget estimates for 1958
(b) affiliation to the United Nations Staff Pension Fund
(c) trainee programme
(d) arrangements for the conduct of business between Sessions
(e) date of the Thirteenth Session.