FIRST ROUND-UP OF ANNECY TRADE MEETING

1. The Third Session of the Contracting Parties to GATT, which opened at Annecy, France, on 8 April 1949, has made substantial progress in its scheduled agenda.

2. A number of items have been initially discussed as to policy and procedure among the 23 Contracting Parties and have either been settled already or sent to smaller working groups for detailed study. Among these items are the following:

(a) problems arising from the "accession to" or joining of GATT by the so-called "acceding" countries. These are the 11 countries which are negotiating tariff concessions at Annecy with the original 23 countries and among themselves.

One of the problems arises from the fact that the 1947 tariff concessions negotiated at Geneva will, under the terms of GATT, become open for revision early in 1951. The general feeling has already been expressed at Annecy that both the 1947 Geneva concessions and the concessions negotiated at Annecy should become open for review at the same time: that is, early in 1951. It has also been emphasized in the discussions that this would not imply any likelihood of wholesale revision or renegotiation of the tariff concessions in 1951.

These problems of accession will, it is expected, be resolved through one or more protocols to GATT which will become open for signature at the end of this session, or subsequently.

The 23 original contracting parties are Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, South Africa, Southern Rhodesia, Syria, United Kingdom, United States. For the purpose of tariff negotiations, Belgium, Luxembourg and the Netherlands take part as the Benelux Customs Union, and Lebanon and Syria also take part as a customs union.

The 11 acceeding countries are Colombia, Denmark, Dominican Republic, Finland, Greece, Haiti, Italy,
Liberia, Nicaragua, Sweden and Uruguay. In addition, Ecuador, El Salvador, Peru and Venezuela have sent observers.

(b) the examination by the Contracting Parties of statements in support of measures notified under Article XVIII of GATT. This article, in part, allows a Contracting Party to maintain in strictly defined circumstances certain specified types of restrictions on imports which were in force before September 1947. In order to maintain such restrictions a contracting party must notify them so that they can be examined by the Contracting Parties in order to reach a decision as to whether they may or may not be maintained. In accordance with the terms of GATT the details of the actual cases are kept secret.

(c) in accordance with the terms of GATT, South Africa informed the other contracting parties that they had been obliged to impose import restrictions owing to their balance of payments difficulties. The working group which was set up to examine the situation has made an interim report on the effects of the restrictions on the trade of the other contracting parties. Representatives of the International Monetary Fund have taken part in the consultations, as provided for in the GATT.

South Africa has consulted the Contracting Parties before adopting a new import restriction scheme intended to be introduced in July. Consultations on the effect of these measures on the trade of the Contracting Parties will be continued.

(d) South Africa and Southern Rhodesia notified the Contracting Parties of the agreement for the restoration of the customs union between the two countries. The Contracting Parties are now examining this agreement to see if it conforms with GATT article XXIV which deals with interim agreements for customs unions.

In this connection it may be noted that since this session opened the Contracting Parties have also been notified of the following, projected Customs Unions: first, the Scandinavian group comprising Denmark, Norway, Sweden and possibly Iceland; secondly, the Colombian group, comprising Colombia, Venezuela, Ecuador and Panama; thirdly, the customs union between France and Italy.

(e) another working group is examining certain internal taxes imposed by Brazil on products of foreign origin. This originated in a complaint by France as to the effect of Brazilian taxes on certain French exports, which were included in the 1947 Genoa negotiations.
a working group representing both the Contracting Parties and the acceding governments keeps watch on the actual tariff negotiations now in progress. The latest report from this group, dated 11 May 1949, states that 45 negotiations are in progress, 50 more negotiations are planned, 40 exploratory talks are in progress and a further 34 exploratory talks are intended. 2 negotiations have been completed.

There is a theoretical maximum of 276 negotiations which could be undertaken at Annecy. But of these it is expected that some 80 to 90 negotiations will not take place owing to the lack of products entering into bilateral trade which can form the basis of mutually advantageous negotiation.

3. Among the items on the agenda of the contracting parties still to be dealt with are the following:

(a) a complaint by Pakistan that India has failed to carry out its GATT obligations, and has applied measures which conflict with most favoured nation treatment under GATT article I. This refers to the unwillingness of India to allow rebate of excise duty on exports of goods to Pakistan while allowing rebate on similar exports to other countries.

(b) most favoured nation treatment for occupied areas, Japan in particular.

(c) emergency measures to allow Cuba to resolve the crisis in the Cuban textile industry.

(d) a request by Czechoslovakia for a decision as to whether the United States has failed to carry out its GATT obligations through its administration of the issue of export licences.

(e) the contracting parties may take action on a request by the Director General of UNESCO for assistance and advice on the problem of reducing trade barriers on educational, scientific and cultural materials.

4. The Contracting Parties have already issued a declaration stating that the United Kingdom is no longer a contracting party with regard to the customs territory formerly included in the mandated territory of Palestine. Any contracting party can withdraw, in whole or in part, any concession which was negotiated in 1947 with the United Kingdom in respect of the above mentioned territory, provided that it notifies the other contracting parties and, if requested, consults contracting parties which have a special interest in any product concerned.

5. Finally, the Contracting Parties at this session will consider the holding of a third series of tariff negotiations at a future date, to be decided.