The Fifth Session of the Contracting Parties to the General Agreement was held at Torquay, from November 2 to December 16, 1950.

The Session was attended by 29 of the 32 countries which comprise the Contracting Parties. Syria, Lebanon and Nicaragua were not represented; 13 governments were represented by observers; and four international organisations were also represented. A list of these countries and organisations is given on the final page of this summary.

During the course of the session eleven working parties were set up to examine in greater detail the items which were submitted to them and one further working party will meet between the Fifth and Sixth Sessions.

In this summary an attempt is made to set out the substantive items of the Session in four categories; this is an entirely informal arrangement for the possible convenience of members of the press:

A. Arrangements for implementing the results of the Torquay Tariff Negotiations and for prolonging the assured life of the Geneva and Annecy tariff concessions.

B. Matters arising out of the operation of the General Agreement.

C. The continuing administration of the General Agreement and other administrative matters.

D. Miscellaneous items.
A. ARRANGEMENTS FOR IMPLEMENTING THE RESULTS OF THE TORQUAY TARIFF NEGOTIATIONS AND FOR PROLONGING THE ASSURED LIFE OF THE GENEVA AND ANNECY TARIFF CONCESSIONS.

One of the important tasks accomplished during the Fifth Session was the preparation of legal instruments which will serve to bring into force the tariff concessions negotiated at Torquay, to prolong until January 1, 1954, the assured life of the Geneva and Annecy schedules of concessions, including such limited renegotiations of these concessions as are undertaken, and to admit as contracting parties the governments which are negotiating at Torquay to accede to the General Agreement.

These instruments are of necessity somewhat complex. Briefly, there will be a Final Act which will serve to authenticate the results of the tariff negotiations as well as the texts of the following instruments:

(a) Decisions agreeing to the accession of the acceding governments. These are to be opened for signature by the contracting parties at the close of the negotiations.

Among the arrangements for the accession of further governments to the Agreement was one permitting Uruguay, which undertook negotiations at Annecy in 1949 but did not subsequently accede, to sign both the Annecy and Torquay Protocols.

(b) The Torquay Protocol embodying the results of the Torquay negotiations and the terms on which the new governments will be able to accede.

(c) A Declaration by the Contracting Parties that they undertake not to invoke, before January 1, 1954, the provisions of Article XXVIII of the General Agreement; in effect this establishes, subject to the limited renegotiations mentioned above, the prolonging of the assured life of the tariff concessions for a further period of three years.

A further explanatory press release on these procedural arrangements will be issued at the time when the Torquay negotiations are completed.
B. MATTERS ARISING OUT OF THE OPERATION OF THE GENERAL AGREEMENT

CONSULTATIONS HELD WITH CERTAIN GOVERNMENTS UNDER ARTICLE XII:4(b) OF THE GENERAL AGREEMENT

Under Item 8 of the Agenda, consultations were held with the Governments of Australia, Ceylon, Chile, India, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom with respect to their import restrictions in accordance with Article XII:4(b) of the General Agreement. In accordance with Article XV:2 of the Agreement, the Contracting Parties also consulted with the International Monetary Fund.

There was a full and frank discussion between the Contracting Parties, the consulting countries and the Fund, in which full information was presented and views and opinions were freely expressed.

During the course of the consultations, the representatives of Belgium, Cuba, Canada and the United States expressed the view that the time had come when, with all due caution in the light of the uncertainties of the present situation, a progressive relaxation of the hard currency import restrictions of Australia, Ceylon, New Zealand, Southern Rhodesia and the United Kingdom might begin. This view was based upon their analysis of the favourable current situation of these countries and the prospects for the coming year. Based on its analysis made available to the Contracting Parties the Fund expressed the opinion that such relaxation would be feasible in these cases, but should be undertaken with due caution having regard to present uncertainties.

The representatives of Australia, Ceylon, New Zealand and the United Kingdom expressed the opinion that although the gold and dollar reserves of the sterling area had markedly improved, these views gave undue weight to the favourable factors in the developments of the past 12 months and that insufficient attention had been paid to the adverse factors operating in the present situation, the full force of which would not be felt until 1951. The representatives of Australia, New Zealand and the United Kingdom referred in particular to the new responsibilities which would be undertaken under the current rearmament programme.

No suggestion was made during the consultations that it would be appropriate for Chile, India or Pakistan to engage in any further general relaxation of their restrictions on imports from the dollar area, and the Fund was also of the opinion that no further relaxations in the cases of these countries were feasible in the present circumstances.

The consultations accomplished a useful interchange of information and opinion, and the representatives of the governments whose restrictions were the subject of the consultations said that they had taken full note of the views expressed by other contracting parties and that these views would be conveyed to their governments for their consideration.

REVIEW OF IMPORT RESTRICTIONS AND SECOND REPORT ON DISCRIMINATORY APPLICATION OF RESTRICTIONS

The Contracting Parties completed the text of a questionnaire to obtain the necessary information for a review of import restrictions applied under Article XII - i.e. for balance of payments reasons - and for the Second Report on the discriminatory application of restrictions under the transitional period arrangements of Article XIV.
Although the Agreement contains a general ban on the use of prohibitions and restrictions on imports or exports, certain exceptions are provided to permit the use of restrictions in defined circumstances, of which the most important is the need to safeguard a country's external financial position and balance of payments. Paragraph 4(b) of Article XII requires the Contracting Parties to review all such restrictions in force in March 1951.

The Agreement also provides special arrangements in Article XIV for the discriminatory application of balance of payments restrictions during the post-war transitional period. Under paragraph 1(g) of Article XIV the Contracting Parties are required to report annually on action taken under these arrangements. The first report was issued in March 1950.

The questionnaire, which relates only to contracting parties applying import restrictions in the foregoing circumstances, will bring together the information needed to fulfill both the objectives referred to above for study at the Sixth Session.

SPECIAL EXCHANGE ARRANGEMENTS

The general purpose of the Agreement is to reduce tariffs and ultimately to eliminate other barriers to trade. The value of the reductions can be impaired, however, by a country which resorts to currency practices of various kinds. It is therefore essential that the contracting parties should each adhere to certain generally accepted principles of international monetary policy. But the countries which comprise the Contracting Parties are not necessarily all members of the International Monetary Fund. Accordingly, the Agreement provides that any contracting party which is not a member of the Fund shall enter into a "special exchange agreement" with the Contracting Parties, which contains obligations in the exchange field analogous to those contained in the Articles of Agreement of the International Monetary Fund.

At the Fifth Session the Contracting Parties reviewed the position of the countries which are not yet members of the Fund and have not entered into Special Exchange Agreements. They also established procedural arrangements for the administration of Special Exchange Agreements.

QUANTITATIVE EXPORT RESTRICTIONS

It was agreed that the collection of information on the application of quantitative export restrictions which are permitted to be used under circumstances as defined in the Agreement, would be useful, and the Executive Secretary was authorized to invite contracting parties to submit statements on their export restrictions.

ARTICLE XVIII - Notification of existing protective measures by Denmark, Haiti and Italy.

Article XVIII of the Agreement recognizes the need for special measures "to promote the establishment, development or reconstruction of particular industries or branches of agriculture", and deals in detail with the kind of restrictions which may be used, the time limits on their use and various safeguards against their misuse. The last paragraphs of the Article contain special provision for the maintenance of existing measures, subject to the approval of the Contracting Parties.
At the Fifth Session the Contracting Parties had before them notifications from three Annecy acceding governments: Denmark, Haiti and Italy.

In the case of Haiti, the purpose of the measure - namely the development of the growing of raw tobacco - was considered and after examining all the relevant data the Contracting Parties granted permission to maintain the protection by a system of licensing for the importation of tobacco, cigars and cigarettes, for five years.

The applications made by Italy and Denmark were withdrawn, since it was determined that they did not fall within the types of protective measures envisaged under Article XVIII.

AUSTRALIAN SUBSIDY ON AMMONIUM SULPHATE

At the Fourth Session, the Contracting Parties examined with the delegations of Australia and Chile the situation resulting from the removal of sodium nitrate from the pool of nitrogenous fertilizers which is subsidized by the Australian Government, while continuing to subsidize domestic ammonium sulphate. While determining that the Australian action was not a breach of the General Agreement, the Contracting Parties took into consideration the fact that both subsidies had been in effect at the time when Australia granted a concession on sodium nitrate in the 1947 tariff negotiations. They recommended that Australia should consider, with due regard to its policy of stabilizing the cost of production of certain crops, means to remove any competitive inequality between sodium nitrate and ammonium sulphate for use as fertilizers which may in practice exist as a result of the removal of sodium nitrate from the operations of the subsidized pool of nitrogenous fertilizers.

At the Fifth Session the Contracting Parties were informed that the two governments had entered into consultation and that they had reached a satisfactory agreement.

BRAZILIAN INTERNAL TAXES

At their Third Session the Contracting Parties dealt with the discrimination in Brazilian internal taxes against certain French, United Kingdom and United States exports, such as cognac, aperitifs, watches and clocks, beer and cigarettes. Subsequently Brazil gave an assurance that the laws would be amended and, at the Fifth Session, the Contracting Parties were asked to examine a draft law modifying the present legislation on consumption taxes which had been prepared and submitted to the Brazilian legislature and to advise on the conformity of the draft law with relevant provisions of the General Agreement and the Protocol of Provisional Application.

The matter was examined by a working party which reported that the draft law would, in so far as they were able to judge from the information supplied and except in certain circumstances, remove the new and increased internal tax discrimination introduced since October, 1947, and bring Brazil's consumption tax legislation into conformity with the General Agreement as applied under the Protocol of Provisional Application.

THE EFFECT OF THE UNITED KINGDOM PURCHASE TAX ON CERTAIN IMPORTS INTO THE UNITED KINGDOM WITH REFERENCE TO ARTICLE III

The utility system has been in force in the United Kingdom since 1941 and
is applicable to a wide range of consumer goods. Goods made in the United Kingdom and eligible for classification as utility are for the most part exempt from purchase tax; but these exemptions have not in general been extended to goods of comparable quality and price imported from abroad. In the view of the Netherlands Delegation, at whose request this item was placed on the agenda, this constitutes a discriminatory levy of purchase tax in the United Kingdom on the imported goods in question, in relation to the provisions of Article III of the General Agreement.

The United Kingdom delegate said that the utility system had admittedly come to have some protective effect in practice, though it was not intended for this purpose. The United Kingdom Government had for some time exempted from purchase tax certain classes of imported goods comparable with domestic utility products, and were now able to authorize him to state that they were very hopeful that it would be possible before long to remove the discrimination. It was agreed that the matter should be placed on the agenda for the Sixth Session of the Contracting Parties, in case it should prove necessary to discuss it further at that stage.


In accordance with the Declaration of the Contracting Parties of May 18, 1949, the Customs Union Council's First Annual Report was submitted jointly by the governments of South Africa and Southern Rhodesia for their information. Under Article XXIV of the Agreement the Contracting Parties are mainly concerned with two points, first, whether the Agreement is likely to result in the formation of a full Customs Union, and secondly, whether the interim period is a reasonable one. The Contracting Parties took note of the Report and expressed the hope that the work would proceed expeditiously and that in the next Report there would be fuller consideration of the problem of the removal of restrictions in the trade between the two countries.

ASSURED LIFE OF THE TARIFF CONCESSIONS: Withdrawal by the United States under the provisions of Article XIX.

During the Fifth Session the Delegation of Czechoslovakia drew attention to the withdrawal by the United States of a concession which had been negotiated in 1947 on parts of item 1526(a) of the United States tariff - women's hats and hat bodies made of fur felt - under the provisions of Article XIX. The relevant part of this Article states that: "If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession."

The Government of the United States had previously announced, on November 1, that in accordance with the findings of the United States Tariff Commission and in accordance with the provisions of Article XIX of the General Agreement, the tariff concessions which had been granted by the United States on the above products would be withdrawn on December 1, 1950. These concessions were granted by the United States as part of the United States tariff concessions which were negotiated at Geneva in 1947 and which were incorporated in Schedule XX of the General Agreement.
Consultations were held among the contracting parties mainly concerned, namely Czechoslovakia, France, Italy and the United States, but the results of the consultations between Czechoslovakia and the United States did not prove acceptable to the Delegation of Czechoslovakia. In order to give the Contracting Parties an opportunity to examine the facts of the case a working party was set up to examine between the Fifth and Sixth Sessions the contention of the Czechoslovak Delegation that in withdrawing a part of item 1526 from Schedule XY the United States has failed to fulfill the obligations of Article XII: l(a) and report back to the Contracting Parties.

EXAMINATION, UNDER THE PROCEDURES PROVIDED IN ARTICLE XXIII, OF ACTUAL CASES OF QUANTITATIVE RESTRICTIONS APPLIED FOR PROTECTIVE PURPOSES

In accordance with the procedure provided in Article XXIII of the Agreement, Belgium requested that an examination of actual cases of quantitative restrictions applied by certain countries for protectionist purposes which, in the view of the Belgian Government, were causing unnecessary damage to the Belgian economy, should be undertaken. The Belgian request concerned restrictions imposed by the United Kingdom and France.

With regard to the restrictions imposed by the United Kingdom, consultations were held between the United Kingdom and Belgian delegations and, in accordance with the spirit of Article XXIII, a bilateral agreement was arranged. In the case of the restrictions imposed by France, bilateral consultations were held and formal assurances were given by the French representatives that they would seek a satisfactory settlement of the question before the end of 1950.

FRENCH EXPORT RESTRICTIONS ON HIDES AND SKINS

At the request of the United States Government an item was placed on the agenda of the Fifth Session relating to restrictions of exports of raw hides and skins maintained by the French Government. Discussions between the respective delegations were held during the Fifth Session, as a result of which the United States Government decided not to request consideration of this item at the Fifth Session.
0. THE CONTINUING ADMINISTRATION OF THE AGREEMENT AND OTHER ADMINISTRATIVE MATTERS

During the Fifth Session the Contracting Parties considered a proposal by the Canadian Delegation that they should establish a standing committee to deal with certain business between their regular full Sessions and to do preparatory work to facilitate and expedite the work of these Sessions. A study of the matter was prepared by a working party; it was agreed that this should be transmitted to Governments for their examination with a view to a fuller consideration at the Sixth Session of the proposal for a standing committee and of establishing a permanent secretariat.

During the consideration of this item the United States Delegation submitted a statement of policy which was issued on December 6 by the U.S. Department of State. This indicated that the executive agencies of the U.S. Government had reviewed the status of the legislation affecting American participation in the General Agreement. As a result of this review the interested agencies had recommended and the President had agreed, that while the proposed Charter for an International Trade Organization should not be resubmitted to the United States Congress, appropriate legislative authority would be sought to make American participation in the General Agreement more effective. It was felt that the many serious legislative problems now facing the United States Congress require concentration on the trade programmes that are most urgently needed and will most quickly produce concrete results. To meet the need for improved organization, the United States stated that it would suggest to the other governments concerned the creation of the necessary administrative machinery, including a small permanent staff, and would seek appropriate legislative authority for this purpose in connection with renewal of the trade agreements programme.

SIXTH SESSION OF THE CONTRACTING PARTIES

It was decided that the Sixth Session would open at Geneva on September 17, 1951.
D. MISCELLANEOUS ITEMS

STANDARD PRACTICES FOR IMPORT AND EXPORT RESTRICTIONS AND EXCHANGE CONTROLS

The General Agreement recognizes that governments will need to exercise control over the import and export of goods during periods when they are in balance of payments difficulties. Such controls and restrictions, however necessary they may be, present great problems to the trading and financial communities, and sometimes the way in which they are administered makes them unnecessarily onerous.

The Contracting Parties examined this question at the Fifth Session with the object of reducing the uncertainties and hardships to merchants resulting from the changing and unpredictable operation of trade controls. A code of standard practices was worked out and formulated, based on the best practices of those governments which have given careful study to the method of operating these controls.

The Contracting Parties made clear their wish that governments should review their present practices in the administration of import and export controls and, if possible, improve their practices in line with the code of standard practices which they have recommended. They requested individual governments to bring the code of standards to the attention of those responsible for administering import and export restrictions and exchange controls.

The Code of Standard Practices will be published on December 27, 1950, and will be obtainable as a printed leaflet from the Secretariat.

DRAFT AGREEMENT ON THE IMPORTATION OF INSECTICIDES

The World Health Organization at its Third Assembly in May 1950 adopted a resolution directed towards ensuring a "free flow" of insecticides, raw materials used in their manufacture and the equipment required for their application. The Secretariat of the World Health Organization felt that an international agreement, by which customs duties and tariffs on the products in question would be waived by the states becoming a party to it, might contribute to this end.

The Contracting Parties examined - through a committee of experts - in consultation with the representatives of the World Health Organization the feasibility of a draft agreement having as its aim the reduction of
trade barriers affecting the importation of insecticides and certain apparatus and materials necessary for campaigns against insects which are carriers of diseases of man. The views of the committee of experts will be transmitted to the Director-General of the World Health Organization, together with the draft of an amended agreement. There was, however, no unanimity of opinion among those who considered the matter that such a draft agreement would be workable or effective.

POSITION OF INDO-CHINA IN RELATION TO THE AGREEMENT

The Contracting Parties were informed that negotiations between France and the Associated States of Indo-China had resulted in the completion of draft arrangements for the establishment of a customs union between Cambodia, Laos and Viet-Nam, which define the powers devolving upon these States in the realm of external trade. A draft Convention has been drawn up and will be submitted for ratification. After the signature of the Convention, the Associated States of Indo-China will be entitled, on the one hand, to negotiate commercial agreements with foreign countries and on the other hand, to establish their own legislation and customs regulations.

The French Government has undertaken to facilitate the accession of those countries to international trade agreements and it will be the responsibility of those countries to decide, within the framework of the general economic policy of the French Union, what their position will be in regard to the General Agreement.

THE PROPOSED EUROPEAN COAL AND STEEL AGREEMENT

The French delegation stated that negotiations towards the completion of the proposed European Coal and Steel Agreement were still continuing. In any case, if the proposed Agreement affected in any way the text of the General Agreement or its application, the French Government would not fail to inform the Contracting Parties and to submit to them any question which might arise.
List of Governments and Organizations which had the right to participate in the Fifth Session of the Contracting Parties

### 32 Contracting Parties to the General Agreement

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### 13 Governments as Observers

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### 4 International Organizations

- The United Nations
- The International Monetary Fund
- The Organization for European Economic Cooperation
- The World Health Organization