1. The Working Party has examined the Third Annual Report submitted by the Government of Australia, under the Decision of 24 October 1953, which requires Australia to notify the CONTRACTING PARTIES of action taken under the waiver in granting duty-free treatment to primary products of the Territory of Papua-New Guinea provided the most-favoured-nation rates of duty are not the subject of tariff concessions in Schedule I. This Report records that the Australian Government recently completed action on the recommendations of its Tariff Board with respect to certain forestry products of the Territory. Duty-free treatment has now been applied to products falling under a further seven forestry items of the Australian tariff in addition to those covered by the supplementary waiver granted by the CONTRACTING PARTIES in their Decision of 25 November 1955.

2. The Working Party discussed the point raised by the representative of Australia, when presenting the Third Annual Report to the CONTRACTING PARTIES on 19 October 1956, which arises from the fact that some of the seven items on which action has been taken since the Tenth Session are not primary products. In view of the numerous provisions in the waiver for safeguarding the interests of other contracting parties, the representative of Australia suggested that a satisfactory way of dealing with this question would be to delete the word "primary" from the Decision of 24 October 1953.

3. The Working Party considered this suggestion and agreed that to amend the waiver in the manner proposed would not materially alter its purpose or effect and would avoid any similar difficulty arising in the future, provided the amended text makes it clear that the waiver is applicable only to indigenous products of the Territory and to products substantially derived therefrom.

4. Accordingly, a draft decision has been prepared to amend the Decision of 24 October 1953. The draft is annexed to this report and is recommended by the Working Party for adoption by the CONTRACTING PARTIES.

5. Finally, the Working Party recommends that the CONTRACTING PARTIES take note of the Third Annual Report submitted by the Government of Australia.
ANNEX

DRAFT DECISION TO AMEND THE DECISION OF 24 OCTOBER 1953
RELATING TO SPECIAL CUSTOMS TREATMENT ACCORDED BY AUSTRALIA
TO PRODUCTS OF PAPUA - NEW GUINEA

WHEREAS the CONTRACTING PARTIES, by their Decision of 24 October 1953,
waived the provisions of paragraphs 1 and 4(b) of Article I of the General
Agreement to the extent necessary to permit the Government of Australia to
grant or continue to accord duty-free treatment to primary products of
Papua - New Guinea, not then specified in Schedule I to the General Agreement,
without regard to the rates of duty applicable to like products of any other
contracting party;

HAVING RECEIVED from the Government of Australia a request for authority
to grant duty-free treatment to imports from Papua - New Guinea of certain
forestry products which, though not specified in Schedule I, could not be
classified as "primary products";

TAKING NOTE of the obligations of the Government of Australia as Trustee
for the Trust Territory of New Guinea;

CONSIDERING that a prerequisite for further investment of capital in the
Territory of Papua - New Guinea is the reasonable assurance of a market in
Australia;

CONSIDERING the assurances given by the Government of Australia that the
further action proposed is intended to assist the economic development of Papua -
New Guinea without causing material injury to the competitive trade of any other
contracting party and without protecting domestic production in Australia; and

CONSIDERING that an extension of the scope of the Decision of 24 October
1953 to cover products of the Territory of Papua - New Guinea substantially
derived from primary products of that Territory would promote the economic
development of that Territory and would not materially alter the purpose or
effect of the waiver;

THE CONTRACTING PARTIES, acting pursuant to Article XXV:5(a) of the
General Agreement;

DECIDE that paragraph 1 of the Decision of 24 October 1953 shall be
amended to read as follows:

"1. Subject to the provisions of paragraphs 2 and 3 of this Decision, the
provisions of paragraphs 1 and 4(b) of Article I of the General Agreement
shall be waived to the extent necessary to permit the Government of Australia
to grant or continue to accord duty-free treatment to primary products of the
Territory of Papua - New Guinea and to products of that Territory substantially
derived from such primary products not then specified in Schedule I to the
General Agreement, without regard to the rates of duty applicable to like
products of any other contracting party."