Fifteenth Session of the CONTRACTING PARTIES,
Tokyo, October - November 1959

SOME NOTES
ON THE AGENDA OF THE SESSION
The GATT Programme for Expansion of International Trade

At the thirteenth session, in November 1958, following the discussions in which a number of trade ministers took part - discussions which were based largely on the Haberler Report - the CONTRACTING PARTIES decided to formulate a co-ordinated programme of action directed towards the further expansion of international trade and they established three Committees to carry out the programme.

Committee I was to examine the possibility of arranging a further general round of multilateral tariff negotiations within the frame-work of the GATT. The work of Committee II covered the agricultural policies of Member governments and in particular it was charged with examining the effects of agricultural protectionist measures on international trade. Committee III had before it the broad problem of the difficulties which face the less-developed countries in expanding their export trade with the rest of the world, thus enabling them to earn the income necessary to promote their economic development.

Committee I has made recommendations on the basis of which the CONTRACTING PARTIES have decided to convene a tariff conference, commencing in September 1960. The scope of this conference will include several types of negotiations, including:

(i) negotiations among contracting parties for new tariff concessions;

(ii) renegotiations with Member States of the European Economic Community, pursuant to GATT Article XXIV:6; i.e. negotiations for adjustments to be made in the Common Tariff of the Community to make up for changes in rates of duty bound under the GATT;
(iii) negotiations with countries invited to negotiate with a view to acceding to the GATT.

The CONTRACTING PARTIES decided that the conference will be held in two phases. The first phase, up to the end of 1960, will be largely concerned with renegotiations with the European Economic Community. The second phase, opening at the beginning of January 1961, will be concerned with negotiations for new concessions and negotiations with countries wishing to accede to GATT.

This world-wide tariff conference will be held at Geneva. It follows earlier GATT tariff conferences (Geneva 1947; Annecy, France, 1949; Torquay, England, 1950, etc.) at which tariff rates have been reduced and stabilized on thousands of items entering into international trade.

Committee II has adopted a plan for regular consultations with all contracting parties about their agricultural policies. These consultations are focussed on the effects of agricultural policies on international trade. Each contracting party consults in its turn and there is, first, an examination of its general agricultural policy followed by more detailed discussion of its policies in relation to specific commodities.

The objective is to complete the consultations with all contracting parties over the next twelve months. In September 1959 consultations were held with the first group of countries, namely, Australia, France, the Netherlands, Switzerland, the Union of South Africa and the United Kingdom.
At the Tokyo session a second group of countries will enter into consultations, namely, Burma, Ceylon, Chile, Indonesia, Malaya, Pakistan, and the Federation of Rhodesia and Nyasaland.

Committee III. In the third part of the programme the difficulties faced by less-developed countries in expanding their export earnings are being tackled on a product-by-product basis. There has already been a detailed study of the obstacles facing exports of such products as vegetable oils and seeds, tobacco, cotton manufactures, tea, coffee, cocoa, jute manufactures, timber, lead, etc. These obstacles are encountered in the form of customs tariffs, internal revenue duties, quantitative import restrictions, etc. Committee III will probably have a short meeting at the Tokyo session and will meet again early in 1960.

The Application of Article XXV to Japan

In September 1955 Japan acceded to the General Agreement and at that time a number of contracting parties invoked Article XXV, thereby refraining from undertaking GATT obligations towards Japan. Consultations between Japan and the governments concerned were initiated and at each session since that time the Government of Japan has reported on the situation.

At the present time there are fourteen contracting parties which apply Article XXV towards Japan, namely: Australia, Austria, Belgium, Cuba, France, Ghana, Haiti, Luxemburg, Federation of Malaya, Kingdom of the Netherlands, New Zealand, Federation of Rhodesia and Nyasaland, Union of South Africa, United Kingdom.
Since 1955, two countries have withdrawn the application of Article XXXV towards Japan. These are Brazil (in 1957) and India (in 1958).

The text of Article XXXV reads as follows:

"Non-application of the Agreement between particular contracting parties

1. This Agreement, or alternatively Article II of this Agreement shall not apply as between any contracting party and any other contracting party if:

(a) the two contracting parties have not entered into tariff negotiations with each other, and

(b) either of the contracting parties, at the time either becomes a contracting party, does not consent to such application.

2. The CONTRACTING PARTIES may review the operation of this Article in particular cases at the request of any contracting party and make appropriate recommendations."

The Rome Treaty establishing the European Common Market

The Rome Treaty establishing the European Economic Community entered into force on 1 January 1958. The Community comprises six countries namely France, Italy, the Federal Republic of Germany, Belgium, the Netherlands and Luxemburg. All these countries are GATT Members.
The six countries of the EEC will, after a transitional period of about twelve to fifteen years, have a customs union, within which there will be no restrictions on the flow of trade and which will apply a common external tariff to imports from outside the Community.

The GATT contracting parties and the six EEC countries have adopted procedures for consultation between the Community and those contracting parties which believe that their trade interests may be adversely affected as a result of measures decided on by the Community. Consultations have been held in 1958 and 1959 on trade in coffee, tea, cocoa, tobacco and bananas.

At the fourteenth session in May 1959, as at earlier sessions, a number of contracting parties stressed their fears that the association of the overseas territories of the six Member States with the European Economic Community would lead to damage to existing patterns of international trade and that, in particular, the countries producing tropical products would suffer accordingly. They indicated disappointment at the lack of progress, so far, in the consultations undertaken concerning trade in certain products. The spokesman of the European Economic Community emphasized the obligations undertaken in the Rome Treaty looking towards the harmonious development of world trade; he indicated that the Community was prepared to continue the consultations and was willing to undertake consultations on further products. He also indicated that the Community was willing to envisage practical measures in cases of damage to trade of other countries.

The Rome Treaty is on the agenda of the Tokyo session.
Latin American Integration

In 1958 Chile and Brazil informed the CONTRACTING PARTIES of the studies which were being conducted in Latin America with a view to the gradual establishment of a regional market.

At the fourteenth session in May 1959 Chile, Brazil and Uruguay supported by the observer from Argentina, announced that their Governments had initiated studies on the gradual and progressive integration of their economies, being confident that other Latin American countries would join them as soon as feasible. They stated that as soon as the Latin American Governments concerned had agreed on a final text of a free-trade area arrangement the matter would be brought before the CONTRACTING PARTIES.

(GATT Article XXIV provides rules relating to customs unions and free-trade areas. In particular it lays down conditions to ensure that a customs union or free-trade area shall in effect lead to the reduction and elimination of barriers to trade within the area without raising new barriers to trade with the outside world.)
Import Restrictions maintained for the purpose of protecting Balance of Payments

Among the most important functions which the GATT performs are the regular consultations with individual Member countries on the import restrictions which they maintain to safeguard their balance of payments. Such consultations are held regularly and the purpose is to provide an opportunity to discuss whether there is a continued need for a country to maintain the restrictions and to explore measures which could be taken by the country to create conditions in which such restrictions could be reduced or eliminated. These consultations are conducted by a committee of thirteen Member countries. The International Monetary Fund supplies certain documentation and its representatives participate in the consultations.

Consultations of this type with a number of Member countries will be held in Tokyo from 12 to 24 October. These countries are Australia, Italy, Japan, Malaya, Federation of Rhodesia and Nyasaland, and Sweden.

During the Tokyo session the reports on all the consultations held since the previous session will be considered, and arrangements for further consultations in 1960 will be made.

Reports on Waivers granted to certain contracting parties

From time to time waivers from specific GATT obligations are granted to Member countries in order to enable them to maintain restrictions on trade, which would otherwise be contrary to the rules of GATT. At the Tokyo session the CONTRACTING PARTIES will consider reports on several waivers granted at earlier sessions. Among these are the following:
(a) **Import Restrictions maintained by the Federal Republic of Germany**

The Federal Republic of Germany is no longer entitled to maintain import restrictions for balance-of-payments reasons, and at the fourteenth session in May 1959 the Federal Republic undertook to relax the restrictions she continues to impose on certain imports. The Federal Government undertook to consult annually with the CONTRACTING Parties on the steps taken to liberalize the remaining restrictions on imports. The first of these consultations will take place at the Tokyo session.

(b) **Agricultural Import Restrictions maintained by the United States**

In accordance with the terms of a waiver granted in 1955 the United States will make an annual report on the restrictions she imposes on imports of agricultural products, under the terms of Section 22 of the United States Agricultural Adjustment Act.

(c) **Belgium Import Restrictions**

Under the terms of a waiver granted in 1955 Belgium, which is no longer justified in retaining quantitative controls on imports for balance-of-payments reasons, will report on the progress made towards eliminating the remaining restrictions. Belgium has agreed that all such controls will be eliminated by the end of 1962.

**Tariff Reforms**

From time to time GATT Member countries find it desirable to change the structure of their customs tariffs in order to bring them up to date and into line with modern customs practice.
At this session the agenda includes items concerning tariff reforms proposed by Cuba, Finland and Greece respectively.

The impact of Commodity Problems upon International Trade

The importance of trade in primary commodities to many GATT Member countries, in particular the less-developed countries, has led to an annual review, by the CONTRACTING PARTIES, of trends and developments in such trade. When considering this subject in 1958 it was agreed that, in future, these reviews should be directed towards a better understanding of the impact of commodity problems upon world trade in general. A working party will be set up at this session to examine background documentation on this topic, so as to provide a basis for the annual review in 1959.

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 unduly 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.

At this session — as at the previous four sessions — it is expected that the United States delegation will report on the United States disposal programme for surplus agricultural products, under the terms of Public Law 480 and other legislation.
Relations with Poland

In March 1959 the CONTRACTING PARTIES were informed of the desire of Poland to accede to the General Agreement. This was supported by a statement in plenary session by the representative of Poland in which he said that if it were to prove impossible for Poland to be admitted as a full member, his Government would be prepared to accept some other suitable form of closer co-operation with the CONTRACTING PARTIES.

A working party has examined the request of Poland for a closer form of association and will make a proposal for consideration at this session.