NOTES ON THE AGENDA OF THE SIXTEENTH SESSION
OF THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT
ON TARIFFS AND TRADE, OPENING 16 MAY AT GENEVA

REGIONAL INTEGRATION

European Economic Community

It is expected that the representatives of the Community will present a report on the recent developments in the activities of the Common Market and of the steps taken in the various fields in which the action of the Community developed during recent months.

European Free Trade Association

The EFTA Convention was approved at Stockholm by the seven participating governments on 20 November 1959 and in accordance with the assurances given by the representative of the Seven at the GATT Tokyo session the text of the Convention was made available to the contracting parties to GATT without delay. The contracting parties formulated a number of questions concerning the terms of the Convention and the way in which it will operate. These were consolidated in the form of a questionnaire which was submitted to the parties to the Convention. Replies to this questionnaire have been received. This exchange of questions and answers will form the basis for the examination of the Convention at this GATT session. Some preliminary work will be undertaken by the GATT Intersessional Committee during the week beginning 9 May.

Six of the governments participating in the EFTA are members of GATT - Denmark, Norway, Sweden, Austria, Switzerland and the United Kingdom; Portugal has been represented by an observer.

Latin American Free Trade Area

Seven Latin American countries signed at Montevideo on 18 February 1960.
a treaty which will eventually establish a free trade area. The signatory countries are Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. Of these Brazil, Chile, Peru and Uruguay are contracting parties to GATT. The Treaty sets up the administrative framework within which, over a period of twelve years, negotiations leading to reciprocal progressive tariff reductions and the establishment of a free trade area will be undertaken. The Treaty will be open to accession by other Latin American countries.

As in the case of the EFTA Convention, the other GATT member countries have submitted to the Latin American group a number of questions concerning the terms and operation of the Montevideo Treaty.

**THE GATT PROGRAMME FOR TRADE EXPANSION**

At this session the Contracting Parties will review the progress made so far in the operation of this programme.

**Tariff Reduction** Arrangements for the GATT world tariff conference, due to open at Geneva on 1 September 1960, were practically finalized at the Tokyo session in November 1959. However, it is possible that during the current session the committee which is responsible for the preparations may hold a short meeting to review the arrangements and to recommend any further organizational measures that may be needed for the tariff negotiations.

**Agricultural Policies** The Contracting Parties will have before them a report from the Committee whose work has been concerned in general with the agricultural policies of Member governments, and in particular with the effects of agricultural protectionist measures on international trade. This Committee has followed a plan for consulting with each member government about its agricultural policy; so far, there have been consultations with twenty-four governments. The Committee will meet on 9 May to draw up its report and will undertake further consultations during the sixteenth session.

**Expansion of Trade in less-developed Countries**

In the third part of the programme the difficulties faced by the
less-developed countries in expanding their export earnings are being tackled on a product by product basis. Reporting at the Tokyo session on the first phase of its work, the Committee charged with this task recommended that contracting parties, particularly industrialized countries, should examine tariffs, revenue duties and internal charges, quantitative restrictions and other measures which they apply, with a view to facilitating an early expansion of the export earnings of the less-developed countries. These recommendations were based on detailed studies of the obstacles facing exports of such products as vegetable oils and seeds, tobacco, cotton manufactures, tea, coffee, cocoa, jute manufactures, timber, lead etc.

The Committee met again in March 1960 and made further progress in four spheres. First there was a further examination of the detrimental effects on particular exports of less developed countries of high levels of revenue duties and internal fiscal charges, differential tariffs against imports of processed goods in favour of raw materials, severe quantitative restrictions against less developed countries, State monopolies and price support policies. Secondly, a new list of products for examination was established - light engineering goods, hides and skins and leather and leather goods, iron ores, aluminium and sporting goods. Thirdly, regarding the channelling of expansion in existing industries or the starting of new industries by less developed countries into directions where such countries will be economically efficient producers, the Committee called upon the less developed countries for information about plans which may exist. Fourthly the Committee considered the steps that might be taken by the less developed countries to improve their own marketing techniques and invited the industrialized countries to state what in their view constituted the main difficulties to the marketing of specific commodities.

**IMPORT RESTRICTIONS**

As at previous sessions the Contracting Parties will have to consider reports on consultations on balance of payments restrictions, in particular consultations which have been held with Austria, Brazil,
Greece, India, Malaya, South Africa and Uruguay. In his opening remarks the Chairman says, "we shall have before us encouraging evidence that the Tokyo decisions on non-discrimination have found rapid reflection in national policies. We can also take considerable satisfaction that the list of countries invoking Article XII as a justification for import restrictions is steadily declining". In dealing with all matters which relate to the balance of payments and the monetary reserves, the Contracting Parties consult fully with the International Monetary Fund, which supplies the necessary documentation and whose representative participates in the discussion.

**Italian Import Restrictions**

At the fifteenth (Tokyo) session, following a Decision by the International Monetary Fund that, in view of the improvement in the balance of payments and monetary reserves situation, the maintenance by Italy of import restrictions was no longer justified for balance of payments reasons, the Italian government undertook to submit a report on the measures taken and the programme proposed for the progressive elimination, in accordance with the procedures and provisions of GATT, of the remaining restrictions. This report will be considered at the sixteenth session.

**German Import Restrictions**

The Federal Republic of Germany will make a further report under the terms of the Decision of 30 May 1959 granting a waiver under which the Federal Republic of Germany agreed to progressively relax and liberalize the restrictions it imposes, in accordance with certain terms and conditions.

**Belgian Import Restrictions**

At the Tokyo session several delegations expressed serious concern about the lack of progress made by Belgium, during the preceding year, towards the removal of import restrictions which is required under the terms of a waiver granted in 1955. It was agreed that the Belgian government should re-examine its position under the waiver and advise
Avoidance of Market Disruption

During the discussions at the Ministerial level at the Tokyo session, the representative of the United States drew attention to the fact that sharp increases in imports, over a brief period of time and in a narrow range of commodities, can have serious economic, political and social repercussions in the importing countries. He pointed out that the problem is to find the means to ameliorate the adverse effects of an abrupt invasion of established markets while continuing to provide steadily enlarged opportunities for trade. The discussions made it evident that the apprehension that such situations might arise had led some countries to maintain or impose import restrictions against particular imports from some countries.

It was agreed that in view of the complicated nature of the problem the question should be deferred until the sixteenth session when the Executive Secretary will present a factual report.

Application of Article XXXV to Japan

As in previous sessions, Japan has requested that the application of Article XXXV to Japan should be included in the agenda. At the Tokyo session the Japanese delegate said that it was the intention of his government to speed up consultations with each of the fourteen countries applying Article XXXV. These countries are Australia, Austria, Belgium, Cuba, France, Ghana, Haiti, Luxembourg, Federation of Malaya, Kingdom of the Netherlands, New Zealand, Federation of Rhodesia and Nyasaland, Union of South Africa, United Kingdom.

Status of Togo and Cameroons

This item is included at the request of France.

Reports by Panels and Group of Exports

The Contracting Parties will consider reports on restrictive business practices, subsidies, state trading enterprises and anti-dumping duties respectively.