DRAFT REPORT ON SECOND ANNUAL REVIEW

1. The Working Party was appointed by the Council at its meeting on 1 May 1963 and was instructed "to conduct the second annual review under paragraphs A:4 and B:3 of the Declaration of 9 November 1959 on relations between contracting parties and Poland and to submit a report to the Council." The scope of the review as defined by the Council in 1962 was as follows:

   (a) efforts made and progress achieved, in the expansion of trade between Poland and the signatories to the Declaration;

   (b) any problems arising from the trade relations between Poland and the signatories; any representations or consultations that may have been made or carried out pursuant to paragraphs A:2 or B:2 of the Declaration; and

   (c) action taken or arrangements made by Poland for making public its laws, regulations, judicial decisions, administrative rulings and agreements as well as statistics pertaining to trade, as provided in paragraph A:3 of the Declaration.

2. At the meeting of the Council on 21 June 1963, the representative of Poland made a statement on trade relations between contracting parties and Poland (L/2026) which the Council agreed should be used as a basis for the present review.

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3. A number of signatory governments supplied the Working Party, either in writing or orally during its deliberations, with data relevant to the first two subjects of the review. The secretariat has been asked to reproduce this material, together with any similar material that might be received from other signatories after the close of the Working Party meeting, as "country notes" which would be appended to this report for submission to the Council. The principal general points covered in the review are noted in the following paragraphs.

Expansion of Trade with Poland

4. The Working Party noted from the material supplied to it by the Polish authorities that the year 1962 had been less favourable for the Polish economy than 1961, mainly due to the effect of bad weather conditions on agriculture. The commercial exchanges of Poland had, however, further risen in 1962, by about 10 per cent. On the export side, the share of machinery and equipment goods had increased, while that of raw materials (including coal) and semi-manufactures had fallen. The share of GATT contracting parties in Poland's total foreign trade had decreased somewhat in 1962 (from 48 per cent in 1961 to 46 per cent in 1962). Agricultural products still constituted about half of the total exports of Poland to the countries of Western Europe.

5. The Polish representative explained that the foreign trade programme of Poland formed an integral part of the country's economic planning. Import commitments undertaken by Poland towards the socialist countries of Eastern Europe generally constituted firm buying obligations and were taken to be definite elements in the Five-Year Plans. The import quotas provided for the market economy countries were, on the other hand, only indicative in nature and there could be no certainty of their being always taken up in actual trade. The current Plan envisaged that the share of the GATT contracting parties in the total foreign trade of Poland would remain at the same level of about 46 per cent in the next five years. But this would depend on the market conditions for Polish exports. Polish exports of agricultural products and coal to EEC countries had been particularly disappointing in the last two years and the uncertain prospects of exports
to Western countries in general had made it necessary for Poland to reduce somewhat her imports from these countries. The trade deficit with GATT countries amounted to $139 million in 1961 and $111 million in 1962 (or $123 million and $58 million respectively, excluding Czechoslovakia). The magnitude of this deficit and its persistency were the principal limiting factors in Poland's trade with Western countries.

6. In discussing this problem the Polish delegation referred specifically to the regulations introduced in July 1962 by the EEC under the Common Agricultural Policy, and noted that Polish exports to the Six had suffered a sudden decline immediately upon the introduction of those regulations and that the total of its trade for 1962 as a whole would have been even lower had it not been for the anticipatory buying on the part of EEC importers immediately before the agricultural regulations came into force.

7. The Working Party discussed with the representative of Poland the policy being pursued by his Government with regard to the direction in which production and exports were to be expanded, and was informed that on account of the expected difficulties in the future expansion of agricultural exports, specialization was being concentrated on the industrial sector, particularly in the production of complete industrial plants. In fact, Poland had been selling sugar works to several countries, and various types of heavy machinery were being exported, notably to less-developed countries.

8. The attention of the Working Party was called to the developments in Poland's trade relations with less-developed countries. The representative of Poland said that the share of the developing countries in the imports into Poland had been fairly low in the immediate post-war period, mainly because of the urgent need to import capital goods required for economic reconstruction. In recent years, imports from the less-developed countries had shown a steady increase, and at present represented about 23 per cent of Poland's total imports from non-socialist countries. In 1962, imports into Poland from the less-developed countries had increased more (by 8 per cent against 1 per cent) than its exports to these countries. The trade balance for 1962 showed a deficit for Poland in favour of the less-developed countries of $3.5 million.
In this connexion the representative of Poland recalled the statement made by the Polish Vice-Minister for Foreign Trade, Mr. Modrzewski, at the meeting of Ministers in May, that "Poland will continue its efforts to increase its trade with the developing countries, which is already rising faster than that with any other group of countries" and that "Poland recognizes the need to increase the consumption of goods imported from the developing countries and in that direction it formulates its plans for future years".

**Representations and consultations on specific problems**

9. The Working Party noted that no specific problem of the kind envisaged in paragraphs A:2 or B:2 of the Declaration had been reported for attention by the CONTRACTING PARTIES; nor had there been reference to any representations or consultations which should be covered in section (b) of this review. It wishes in this connexion to recall its observations on the occasion of the first review as noted in paragraph 10 of its report on that review.\(^1\)

10. The representative of the United States informed the Working Party of the efforts being made by the Administration of the United States to restore the authority to grant most-favoured-nation treatment to Poland and Yugoslavia; the question was, however, still under consideration by the United States' Congress.

**Publications of laws, regulations, etc. by Poland**

11. The Polish representative reaffirmed that the requirements of paragraph A:3 of the Declaration had been fully met, as noted in paragraph 11 of the report on the first review.

12. In reply to a request for information on Poland's participation in COMECON, the Polish representative referred to statements made at the Preparatory Committee of the United Nations Conference on Trade and Development as noted in E/CONF.46/PC/SR.38, dated 13 June 1963, which in

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\(^1\)See BISD, Eleventh Supplement, pages 74-75.
his view gave an adequate exposé on the mechanism of COMECON. The Polish Government was prepared to furnish further information, if desired. Members of the Committee interested in this question indicated that the information referred to by the Polish representative was adequate for the present purposes.

General

13. Some members of the Working Party referred to the statement made by Mr. Modrzewski at the ministerial meeting in May concerning the establishment of closer trade relations with GATT countries on the basis of counterpart obligations to be undertaken by Poland in exchange for tariff reduction benefits. They took the opportunity to seek additional information concerning the intent and purpose of certain aspects of the Vice-Minister's statement. The Polish representative participated in this exchange of views. The Working Party noted that any substantive discussion of these questions would have to take place in another organ of the CONTRACTING PARTIES.

List of Annexes

Annex I: Country-by-country notes
(This will be a revision and enlargement of L/1753 and Addenda, taking account of all the factual information supplied by participating countries in writing or orally at the Working Party meeting. The text will be completed by the secretariat after the meeting.)

Annex II: Statement by the Polish representative at the Council meeting on 1 May 1963
(This reproduces the text of L/2026.)

Annex III: Trade statistics of 1961 and 1962 supplied by Poland
(This will reproduce the table in Spec(63)216, together with additional data on trade with the socialist countries, and will be preceded by the following note.)

"The following table was supplied by the delegation of Poland. In the course of its discussion the Working Party found that there were in some cases considerable discrepancies between the figures in this table and the corresponding figures in the national statistics of the countries concerned. In some cases these discrepancies could be explained by the fact that the Polish trade statistics referred to countries of consignment and delivery (i.e. countries from which the goods were bought and to which they were sold), whereas the statistics of the countries concerned mostly referred to countries of origin and of final destination. In some cases, the discrepancy might also be caused by the lapse between the dates of exportation and importation."