

normally require some time to consider their commercial policies and their relations with GATT. The Contracting Parties agreed at that time to continue to apply the General Agreement *de facto* in their relations with such territories, provided there was reciprocity. At the twentieth session, the Contracting Parties decided to extend this arrangement until the close of the last ordinary session in 1963, and to review the status of the GATT relation with the states in question in 1963.

EEC Common Agricultural Policy

The Contracting Parties considered a report of another of GATT's standing committees (Committee II) on the effects of trade in agricultural products resulting from the progressive implementation of the Common Market Agricultural Policy. They examined five groups of products — cereals, pig meat, eggs, poultry, and fruit and vegetables. The principle exporting countries, including Canada, expressed concern that the import system envisaged in the proposals of the European Economic Community, combined with a high level of internal price supports, would generate increased levels of production, which, in turn, would lead to a serious displacement of imports from third countries, and eventually create problems of surplus production within the EEC itself. It was pointed out that, if the EEC area were to be enlarged, it would be increasingly able to exert a predominant influence on world trade in agricultural products. The Committee stressed that the main element in determining the impact on international trade of the Common Agricultural Policy was the general price policy to be laid down by the EEC Commission. It received assurances from the representative of the EEC that the Community would be willing to discuss with third countries any difficulties arising from the implementation of the CAP regulations, and that the Community was prepared to discuss with Committee II of GATT regulations on other agricultural products as they came into force.

Canadian Import Surcharges

The Contracting Parties considered the action taken by the Canadian Government in June 1962 in imposing temporary import surcharges and the circumstances which necessitated this action. The Contracting Parties welcomed the steps already taken by Canada in the elimination of the temporary surcharges and the stated intention of Canada to eliminate the remainder as quickly as circumstances permitted. They also recommended that the remaining surcharges be eliminated expeditiously, and requested that Canada report to the Contracting Parties in the early part of 1963 on action taken to this end.

The Minister of Finance informed the House of Commons on November 15 of the decision of the GATT Contracting Parties, and said that the Canadian delegation was instructed to support this decision, which was fully in accord with the policy of the Canadian Government.