

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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CONTRACTING PARTIES
Fiftieth Session

SUMMARY RECORD OF THE SECOND MEETING

Held at the International Conference Centre, Geneva,
on Friday, 9 December 1994, at 10.30 a.m.

Chairman: Mr. A. Szepesi (Hungary)

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Report of the Council (continued)

Point 31. Administrative and financial matters

Sub-point 31(a)(ii). Committee on Budget, Finance and Administration
- Reports

The CHAIRMAN drew attention to documents PC/W/8 - W.50/11 and Corr.1 and 2, PC/W/13 - W.50/20, and PC/W/14 - W.50/21/Rev.1.

Mr. Gosselin (Canada), Chairman of the Budget Committee, proposed that the CONTRACTING PARTIES approve the Committee's resolution in paragraph 15 on the revised expenditure in 1995 of the CONTRACTING PARTIES of the GATT and the Members of the World Trade Organization (WTO) and the ways and means to meet such expenditure together with the specific recommendations in paragraphs 21 and 22 of its report (PC/W/8 - W.50/11) and adopt the Committee's report in PC/W/8 - W.50/11 and Corr.1 and 2 including the recommendations contained therein. He also proposed that the CONTRACTING PARTIES approve the administrative measures applicable to contracting parties which since 1989 had accumulated more than three years arrears in the payment of their contributions as set in sub-paragraphs 7(a), (b), (d) and (e) of document PC/W/13 - W.50/20. The financial and accounting implications mentioned in sub-paragraphs (c) and (f) would require further consultation and should be considered in 1995 by the WTO's relevant bodies. He then proposed that the CONTRACTING PARTIES approve that Botswana's accumulated contributions to the GATT budget for the period 1987 to 1992 inclusive amounting to Sw F. 286,279 be cancelled once Botswana had paid its contributions for 1993 and 1994 (as well as its advance to the Working Capital Fund), amounting to a total of Sw F. 115,660. He also proposed that the CONTRACTING PARTIES approve the recommendation in paragraph 4 of document PC/W/14 - W.50/21/Rev.1 on financial obligations of states or separate customs territories that were observers to the WTO, with the understanding that these financial obligations would not apply to states or separate customs territories that were GATT 1947 contracting parties in the process of ratification of the WTO Agreement, but which had not yet become Members. Finally, he proposed that the CONTRACTING PARTIES approve the audited accounts for 1993 as contained in document L/7559 and convey their thanks to the external auditors for the valuable assistance given to the CONTRACTING PARTIES in the audit of these accounts.

The CONTRACTING PARTIES so agreed.

Point 34. Issuance and derestriction of GATT documents

The CHAIRMAN recalled that at the Forty-Ninth Session in January 1994, he, as Chairman of the CONTRACTING PARTIES had been invited to pursue informal consultations with interested delegations with a view to revising current GATT procedures for issuance and derestriction of documents in order to provide greater transparency in the process. In pursuance of a process begun in 1993 as a result of a proposal by the United States, he had met with delegations on several occasions over the past few months. Despite significant progress, delegations were unable to reach consensus on revised procedures before the last meeting of the Council on 10 November 1994, because some delegations were interested primarily in the treatment of documents to be issued in the future under the auspices of the WTO, while other delegations thought that any modification of current procedures should not apply to past GATT documents, since they had been issued on the basis of certain expectations with respect to confidentiality. It had therefore become increasingly less clear to a number of delegations whether the GATT Council represented the appropriate forum for consultations on this important issue. Accordingly, they had proposed that informal consultations be held in the near future to establish

procedures for issuance and derestriction of WTO documents. In the light of such consultations, procedures for issuance and derestriction of GATT 1947 documentation could then be reviewed.

Mr. Haran (Israel) believed that there was a strong possibility that the number of documents issued under the WTO would increase, given the large number of committees and agreements that would have to be serviced. He proposed that in future consultations that would be held regarding the derestriction of WTO documents, some consideration be given to the idea that documents of different bodies and committees be issued in different colours, a practice found in other organizations. This would enable Members to separate documents according to subject matter and quickly identify those of particular interest to them.

The CONTRACTING PARTIES took note of the statements.

Additional items raised by delegations in the context of the consideration of the Report of the Council

Point 15. Canada - Article XIX action on boneless beef

Mr. Kenyon (Australia), referring to the Article XIX action by Canada on imports of boneless beef, reiterated the consistent Australian position that these restrictions could never be justified under Article XIX. He understood that Canada would not renew its present action beyond the current year. Should this not happen, Australia would seek to preserve its Article XIX rights on this issue.

Mr. Gosselin (Canada), reiterated that the Canadian action had been taken in a GATT-consistent way, following an enquiry by the Canadian International Trade Tribunal (CITT) on the impact of a surge in boneless beef imports on Canada's beef industry. That enquiry had found that the surge threatened serious injury to Canadian slaughterers, boners and cattle producers. Sensitive to trade needs, Canada had increased the tariff quotas on two occasions, in response to specific situations. As part of its Uruguay Round commitments, Canada had announced on 3 November that its MTN régime for beef and veal would come into effect on 1 January 1995 and would be administered in a manner fully consistent with Canada's international obligations. Canada did not intend to renew its current safeguard régime for 1995.

The CONTRACTING PARTIES took note of the statements.

Point 19. Monitoring of implementation of panel reports under paragraph I.3 of the April 1989 Decision on improvements to the GATT dispute settlement rules and procedures (BISD36S/61)

Mr. Kenyon (Australia), expressed the hope for concerted efforts in 1995 in the United States aimed at the full implementation of the Panel report on United States measures on alcoholic and malt beverages (DS23/R).

Mr. Gosselin (Canada), said that although the efforts of the United States Administration over the more than two-year period since the adoption of the Panel report on United States' measures on alcoholic and malt beverages were appreciated, Canada was nevertheless disappointed with the minimal level of progress reported on bringing U.S. Federal and State measures into conformity with GATT obligations. Except for two tax measures in Mississippi and Michigan, no progress had been achieved on the sixty-two Federal and State measures. He therefore urged the United States to renew its efforts, and even renew its strategy, to implement the report.

Mr. Lampreia (Brazil), referred to the Panel report on the US denial of m.f.n. treatment to imports of non-rubber footwear from Brazil (DS18/R). He said that during the three years since the report had been issued and circulated, Brazil had constantly raised the issue in the Council. It therefore gave him great pleasure to inform the CONTRACTING PARTIES that a satisfactory solution had been found.

Mr. Gardner (United States), confirmed the Brazilian statement. As indicated earlier in the GATT Council, the Uruguay Round implementing legislation passed by Congress and signed by President Clinton the previous day, contained a section authorising the United States Government to address all outstanding issues in the GATT dispute with Brazil concerning non-rubber footwear. He understood that the legislation implementing the Panel report constituted a mutually satisfactory adjustment of the subject in accordance with Article XXIII of the General Agreement.

Mr. Manhusen (Sweden), welcomed the satisfactory transitional arrangements regarding GATT 1947 and WTO that had been reached which ensured that ongoing disputes would not disappear into the "infamous black hole". Sweden had fought hard for the implementation of adopted panel reports and for the adoption of presented panel reports, since Swedish exporters had suffered from anti-dumping measures and continued to suffer from economic losses due to measures wrongly and negatively affecting them.

The CONTRACTING PARTIES took note of the statements.

United States - Export Enhancement Programme

The CHAIRMAN had noted earlier that this matter had not come up before the Council during 1994, but had been placed on the Agenda of the present meeting at the request of Canada.

Mr. Gosselin (Canada), said that significant progress had been made in the Uruguay Round on agricultural export subsidies. For the first time such subsidies had been clearly defined and contracting parties had undertaken to reduce both the volume of, and expenditures on, products benefiting from export subsidies. However, the Round did not prohibit export subsidies on agricultural products, nor prevent the targeting of specific markets. Canada continued to pursue its position in various fora towards international disciplines prohibiting the use of agricultural export subsidies and looked forward to the support of all contracting parties towards this end. The current concern of Canada was the recent announcement by the United States of the 1994/95 Export Enhancement Programme Initiative (EEP) for subsidized sales of 2.6 million tonnes of feed barley and malting barley to thirteen countries or regions. Canada which had repeatedly expressed its concern of the United States' use of EEP for subsidized sales of grain, believed that the recent announcement which targeted a number of important Canadian markets would depress international grain prices to the detriment of producers in both importing and other exporting countries. Of particular concern was the targeting of Korea for feed barley for 50,000 tonnes. After years of Canadian effort, Korea had agreed, as a first step, to allow importation of 100,000 tonnes of feed barley in 1994. Canada appreciated this decision by Korea and looked forward to increased access in the near future. However, the EEP allocation of 50,000 tonnes of feed barley to Korea by the United States had effectively halved the access opportunities for commercial sales. The standard rationalization given by the United States for its targeting of specific markets had been its retaliation to the use of export subsidies by other major exporting countries. In this case however, the Korean market had been, until recently, closed. Such trade-disruptive action taken by the United States before commercial market factors had come to bear, were therefore unacceptable.

Mr. Kenyon (Australia), said that Australia had consistently sought the reduction and elimination of export subsidies in agriculture. The agreement to reduce the impact of export subsidies on world agricultural markets in the Uruguay Round was an important first step. The extension of subsidized exports to new markets or targeting particular markets was neither consistent with that objective, nor in the spirit of the Agreement and supported Canada's position on this question. The latest United States decision to extend EEP for feed barley sales to Korea would adversely impact Australian exports. The Korean market was central to Australia's present and future marketing plans. Korea, an established market for Australian malting barley, had only recently opened its market for feed barley. This market provided good present and future prospects for Australian feed barley sales. He expressed disappointment that the EEP had been extended to grain barley sales in Korea before the United States had established that its exporters could not compete on normal commercial terms.

Mr. Sanchez Arnau (Argentina), said that his country's position was no different from those of other efficient exporters, who have seen their export possibilities adversely affected by competition from subsidized exports. He agreed with the statement made by Canada on this subject. He expressed concern over the extension of the EEP to other markets where it was not necessary to subsidize and create situations of unfair competition in order to have access.

The CONTRACTING PARTIES took note of the statements and adopted the Council's report (L/7571 and Add.1/Rev.1).

Activities of GATT (continued)

The following general statements were made:

Mr. D. Kenyon Ambassador, Permanent Representative of Australia	SR.50/ST/5
Mr. M.S. Onaner Deputy, Permanent Representative of Turkey	SR.50/ST/6
Mr. S. Ho Ambassador, Permanent Representative of the Republic of Korea	SR.50/ST/7
Mr. M.J. Berthet Ambassador, Permanent Representative of Uruguay	SR.50/ST/8
Mr. J.F. Misle Minister Counsellor, Permanent Mission of Venezuela	SR.50/ST/9
Mrs. N. Raharimalala Counsellor, Permanent Mission of Madagascar	SR.50/ST/10

Mr. S. Harbinson Economic and Trade Office, Permanent Representative of Hong Kong	SR.50/ST/11
Mr. A. Lecheheb Deputy Permanent Representative of Morocco	SR.50/ST/12
Mr. T. Johannessen (on behalf of the Nordic countries) Ambassador, Permanent Representative of Norway	SR.50/ST/13
Mr. R. Gauto Counsellor, Chargé d'affaires a.i. of Paraguay	SR.50/ST/14
Mr. M. Baati Counsellor, Chargé d'affaire a.i., Permanent Mission of Tunisia	SR.50/ST/15
Mr. G. Waas Director-General, Federal Ministry for Economic Affairs of Austria	SR.50/ST/16
Mr. K. Ntambi Ambassador, Permanent Representative of Uganda	SR.50/ST/17
Mr. N. Osorio Londoño Ambassador, Permanent Representative of Colombia	SR.50/ST/18
Mr. Long Yongtu Assistant Minister, Foreign Trade and Economic Cooperation, China (speaking as an Observer)	SR.50/ST/19

Action on reports submitted to the CONTRACTING PARTIES

Referring to the report of the Committee on Trade and Development, Mr. Lampreia (Brazil), speaking on behalf of the MERCOSUR countries -- Argentina, Brazil, Paraguay and Uruguay -- announced that as a follow-up to the notification of the Treaty of Asuncion under the provisions of the Enabling Clause, the common external tariff provided for in that Treaty was expected to be implemented as of 1 January 1995. Further information and details on the common external tariff would be provided to the Director-General in due course.

The CONTRACTING PARTIES took note of this information.

The CONTRACTING PARTIES then adopted the report of the Committee on Trade and Development (L/7567) and took note of the reports of the MTN Committees and Councils (L/7557, L/7558, L/7556, L/7562, L/7561, L/7564, L/7553, L/7554 and L/7565).

The meeting adjourned at 1 p.m.