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SUMMARY RECORD OF THE THIRD MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 14 November 1968, at 3 p.m.

Chairman: Mr. S.Chr. SOMMERFELT (Norway)

	<u>Page</u>
<u>Subjects discussed:</u>	
1. Report of Council	16/17
2. Implementation of the Poland Accession Protocol	18
3. Committee on Anti-Dumping Practices	27
4. European Free-Trade Area	28
5. New Zealand/Australia Free-Trade Area	30
6. United Kingdom/Ireland Free-Trade Area	31
7. Australia/Preferences Waiver	32
8. United States/Agricultural Restrictions Waiver	34
9. Trade Arrangements between India, the United Arab Republic and Yugoslavia	39
10. Financial and Administrative Questions	41
(a) Allocation of United Nations contribution to the International Trade Centre in 1968	41
(b) Financial position at 30 September 1968	41
(c) Conference room at Villa le Bocage	42
(d) Report of Committee on Budget, Finance and Administration	42

1. Report of Council (L/3115)

Mr. BESA (Chile), Chairman of the Council of Representatives, presented the report of the Council on the work carried out since the twenty-fourth session (L/3115). The Council had held nine meetings at which it had dealt with a large number of matters requiring attention during this intersessional period.

At the last session, when the CONTRACTING PARTIES had agreed upon their programme of future work, they had authorized the Council to supervise all aspects of the programme. Basing itself upon the conclusions adopted by the CONTRACTING PARTIES, the Council, soon after the last session, had established the Committee on Trade in Industrial Products and the Agriculture Committee. It had also set up a Working Party on Dairy Products and a Working Party on Poultry to conduct consultations on urgent situations affecting world trade in these products. During the course of the year, the Council had been kept informed of the work being undertaken in respect of the Committee on Trade in Industrial Products, the Committee on Agriculture and the Committee on Trade and Development. Reports by the Chairmen of the Committees and of the Working Party on Dairy Products had been presented to the CONTRACTING PARTIES in the previous days.

At its meetings in March and June the Council had taken account of the possible repercussions on commercial policy of the serious balance-of-payments situation which had arisen in the United States and in France. The Council was concerned that these situations and the temporary measures which were taken to assist in resolving them should not prevent the implementation of the agreements reached in the Kennedy Round trade conference and should not lead to a reversion to national protectionism in trade policy. It was a relief that contracting parties had generally refrained from imposing new restrictions on their foreign trade.

During the year, the Council had established several working parties to examine matters of particular importance. He referred particularly to the working party which had conducted the first consultation with the Government of Poland under the Protocol of Accession and the working party which had examined the Trade Expansion and Economic Co-operation Agreement which had been entered into by the Governments of India, the United Arab Republic and Yugoslavia. The reports of these working parties had been approved by the Council and, on its recommendation, would be presented to the CONTRACTING PARTIES for adoption.

He also referred to the application by the Government of Romania for accession to the General Agreement, which had been considered by the Council at its meeting earlier that week. This application had been warmly received and the Council had established a working party to examine it.

The report was adopted.

2. Implementation of the Poland Accession Protocol (L/3093)

The CHAIRMAN said that a working party appointed by the Council had conducted the first consultation on the development of trade with Poland in accordance with paragraph 5 of the Protocol of Accession. The report of the Working Party (document L/3093) had been approved by the Council at its meeting on 11 November, and the Council had recommended the report for adoption by the CONTRACTING PARTIES.

Mr. LACZKOWSKI (Poland) recalled that he had briefly referred in the Council to the positive aspects of the report. Those deserved being emphasized, but he wished at this occasion to examine the report in more detail. He pointed out that the Working Party had noted in paragraph 27 of the report that the consultation had been held in conformity with the relevant provisions of the Accession Protocol, including paragraph 5 and Annex A to the Protocol. It was important to note, in view of the originally sceptical or rather negative attitude of an important group of countries, that it has thus been recognized that the Protocol was being implemented.

Another important aspect was that, as could be seen from the figures in Annex VII, Poland had fulfilled or even surpassed its commitments under the Protocol by increasing its imports in the course of the first six months of 1968 by 7.6 per cent in comparison with the same period of 1967. It was expected that this rate would be maintained during the whole of 1968. If so, Poland's total imports in 1968 from the GATT countries would amount to \$1,250 million. In the Committee on Trade and Development the Polish Delegation had given some data regarding Poland's imports from developing countries, which had been circulated in document COM.TD/60/Add.13. It could be seen there that those imports had increased by 25 per cent from the first six months of 1967 to the same period of 1968. The share of semi-finished and finished goods had increased particularly rapidly.

The third important positive aspect was that the preliminary estimates for 1969 showed - as could be seen from Annexes VI and VII - that Poland's total imports from GATT countries would amount to \$1,350 million in 1969. Taken with the data for 1968, it illustrated the stability of the Polish effort. The estimates for 1969 were, however, subject to the reservations mentioned in paragraphs 11 and 12 of the Report of the Polish Accession Working Party, i.e. inter alia the development of Poland's exports to the GATT countries. In this connexion, it was somewhat disturbing to note that Polish exports to GATT countries had increased more slowly in the first six months of 1968 than Polish imports from those countries. In this connexion it should also be noted that it was said in paragraph 26 of the Report that it did not seem likely that the present balance-of-payments situation of Poland would interfere with the fulfilment of its commitments for 1968 under the Accession Protocol. In the course of the negotiations for the accession of Poland to GATT, the East-West trade experts in some European countries had maintained that it would not be possible to remove quantitative restrictions on imports from Poland because Poland on its side would doubtless immediately invoke balance-of-payments difficulties. Those fears had so far been unfounded.

The last important aspect was that a number of countries had notified that they did not maintain discriminatory restrictions on imports from Poland and that some other countries had indicated, as appeared from Annex V, that they had taken steps towards a liberalization of such imports.

The representative of Poland said that he also wished to comment briefly on the methods of work in the course of the consultation. He pointed out that Poland had considered it as a concession when it agreed in the accession negotiations to the establishment of a forum for the supervision of the development of trade between Poland and the contracting parties. It had been the idea of the Polish Government that the discussions in that forum should deal with real problems and that the aim should be to create a basis for a mutually advantageous development of trade. Mainly because some countries had been unwilling to supply information on their discriminatory restrictions, a kind of procedural battle had been going on most of the time in the Working Party. It was to be regretted that the consultation therefore had not become a real dialogue and that the elements of confrontation had often been more prominent than the elements of co-operation. He did not, however, wish to give the impression that the results on the whole were predominantly negative. The Working Party had collected a great amount of useful information and had laid a good ground for future consultations. There were also in the Report positive declarations of intent. The representative of Poland referred in particular to paragraph 15, where the members of the Working Party concerned stated that it was their firm intention to continue removing discriminatory restrictions on imports from Poland, and to paragraph 19, where the Working Party had stated that it sympathized with the aim of the Polish Government to multilateralize trade relations between Poland and other contracting parties and had expressed its desire to move in that direction.

The representative of Poland concluded by reminding those countries who had declared that they would remove existing discriminatory restrictions only gradually that the second consultation in 1969 would be the last one before the 1970 consultation when the date should be fixed for the termination of the transitional period for the abolition of discriminatory restrictions on imports from Poland.

Mr. GARCIA-INCHAUSTEGUI (Cuba) said that his Government, not having been represented in the Working Party, wished to thank Poland for all information supplied therefrom which it could be clearly seen that Poland had fulfilled its commitments.

Mr. EASTERBROOK-SMITH (New Zealand) referred to paragraph 11 of the Report and said that his country should be included among those countries which did not maintain any restrictions which discriminated against Poland. In the administration of New Zealand's balance-of-payments quantitative restrictions Poland enjoyed the same rights as other contracting parties.

It was the desire of New Zealand to develop trade with Poland. Imports in recent years had not been large but they had shown an encouraging upward trend. With the liberalization of New Zealand's import licensing system, there were increasing opportunities for Poland to promote the sales of its goods to New Zealand and there were, therefore, good prospects for the improvement to continue. On the other hand New Zealand's exports to Poland had been declining. Naturally New Zealand wanted to reverse that trend by having the opportunity to compete for Poland's requirements of imported goods. One important condition therefore was that Poland must be able to conduct its trading relations with contracting parties to an increasing extent on the multilateral basis, which was the cornerstone of the General Agreement and the objective of the Protocol of Accession.

When examining the Report from that viewpoint, one must express some disappointment. The representative of New Zealand fully appreciated that Poland had only recently acceded to the GATT; that those contracting parties who had special bilateral arrangements felt that there were problems which could only be overcome over a period of time; and that the first review in a sense had been only a preliminary one which in part prepared the way for future reviews. But taking all this into account the first review did not on the whole give cause for complete satisfaction.

Perhaps paragraph 15, where it was stated that members of the Working Party affirmed their intention to continue to remove discriminatory restrictions, should be looked upon as a beacon of hope. But when reading paragraph 19, one wondered how bright that beacon was going to shine and how gradual and progressive the move towards the multilateralization of Poland's trade relations with other contracting parties would be. Furthermore in paragraph 17 there was the view held by some contracting parties that new discriminatory restrictions could be created. He found it very hard to understand that view. He further noted that the Working Party had failed to reach agreement on the basic information considered necessary for future reviews.

Annex V of the Report contained material which differed greatly from country to country in its usefulness. And the last sentence of paragraph 13 stated: "other members pointed out that the Protocol of Accession did not specify the form in which data required for the annual review were to be communicated, and they therefore considered that they could retain some latitude in the matter". He wondered how much latitude. If it was of the kind evidenced in Annex V, then he would urge those concerned to give further thought to it. The strength of GATT lay not only in the extent to which each contracting party conformed to the obligations concerning its trading practices but it was also a question of frankness and willingness to provide the most comprehensive information possible in the discussion of the problems. If the accession of Poland to GATT was to have its full meaning, then not only was it necessary to make progress in removing the obstacles to multilateral trade, but all parties to the consultations must establish mutual confidence through the provision of adequate information.

The representative of New Zealand trusted that the second review would result in a report which indicated more clearly that Poland's trading relations with contracting parties were moving at a significant and meaningful rate towards a multilateral basis in accordance with the obligations of the Protocol of Accession

Dr. KHALLAF (United Arab Republic) said that his country had important trade relations with Poland, and trade was increasing. He wished to pay tribute to Poland for its efforts to facilitate access to its market for exports of developing countries and recalled in this context the reassuring statement made in the Committee on Trade and Development by the Polish representative. With regard to the first consultation with Poland under the Accession Protocol, he wished to congratulate Poland for progress made in its trade relations with contracting parties. He expressed the hope that remaining discriminatory restrictions on imports from Poland into certain GATT countries would soon be removed which would have a favourable effect on trade with Poland in particular but also on international trade in general.

Dr. BURESCH (Austria) said that his Government attached great importance not only to the results which were achieved in the Working Party but also to the future development of the trade between Poland and the other contracting parties particularly during the transitional period provided for in the Accession Protocol. Austria had very close and satisfactory trade relations with Poland due to its geographical situation and to tradition. They were regulated in a long-term trade agreement which took already into account the full membership of Poland to the GATT. The Austrian Government and the Polish Government had stated in the Trade Agreement that they had agreed on the long-term settlement concerning their mutual trade exchange within the sense of the principles contained in the Protocol for the Accession of Poland to the GATT. Both parties to the Agreement had expressed their willingness to undertake all suitable measures in order to ensure a development as liberal as possible of their mutual trade. According to the Agreement Austria granted to Poland the most-favoured-nation tariff rates negotiated under GATT as from 1 January 1968. The Agreement also provided for the elimination of quantitative restrictions for a considerable part of the imports from Poland. As could be seen in the Report, the volume of imports from Poland which had been free of restrictions before Poland became a full GATT Member amounted to 30 per cent of total imports, whereas after the accession of Poland to GATT, 77 per cent of total imports from Poland were free of restrictions. Austria had therefore made a considerable step towards the objectives of paragraph 3 of the Accession Protocol. The Austrian Government was prepared to move further in that direction. It was willing to grant further relaxations on imports from Poland as provided for in paragraph 3 of the Protocol on the assumption that mutual trade relations could be improved and expanded in both directions to the mutual benefit of both countries.

Mr. KIRKWOOD (Canada) recalled that Canada, in the negotiations leading to the Polish Protocol of Accession, with a number of other contracting parties had pressed vigorously to obtain to the fullest extent possible the multilateralization of Poland's trading arrangements with all GATT countries. Canada granted Poland full GATT rights and its concern had naturally been that the discriminatory bilateral trading arrangements which continued in force between Poland and a number of contracting parties should not deprive it of GATT treatment in the Polish market. Poland had now accepted a collective commitment to all contracting parties which effectively replaced, or should soon replace, the individual Polish commitments to various contracting parties undertaken earlier through bilateral trade agreements. Canada had been somewhat disturbed during the meetings of

the Working Party on Trade with Poland to see that bilateralism between Poland and a number of other contracting parties was far from dead. Certain contracting parties continued to look upon their trade with Poland as a strictly bilateral affair and it had been suggested that the further removal of restrictions maintained against Poland could only take place when Poland had increased imports from the individual contracting parties concerned. However, as was pointed out in the Report, the Polish import commitment was a concession granted to all of the contracting parties on a most-favoured-nation basis.

Many contracting parties had made available to the Working Party full details on their bilateral arrangements with Poland and Canada would want to express its appreciation to those countries. A number of important contracting parties had, however, failed to make available the details which Canada considered essential if the Working Party was to examine in any meaningful way the action taken or envisaged by contracting parties in accordance with paragraph 3 of the Protocol of Accession. Canada wished to reiterate the statement in the Working Party report that mere references to numbers of tariff items liberalized without accompanying trade figures were of very limited value. The representative of Canada, was, however, pleased to recall that some members had indicated that they were prepared to examine the possibilities of submitting more complete notifications. In emphasizing the problem of discriminatory quantitative restrictions he had very much in mind that maintenance of discriminatory and in some cases unidentified restrictions against Poland was not only prejudicial to the interests of Poland but also to the interests of other contracting parties.

Canada, with others, had expressed the view that the information to be furnished by Poland regarding its import targets should be sufficient to ensure that the foreign trade plan did in fact provide for imports from the contracting parties as a group at a level not less than 7 per cent above the previous year. In that regard his Government felt that some breakdown of the target as between GATT and non-GATT countries would be necessary for the Working Party to be in a position to reach agreement on Polish import targets as envisaged in paragraph 5 of the Protocol.

The representative of Canada recalled that the consultation under discussion was the first since Poland's accession to GATT. It was clear that the plan for annual review could not fully apply in this first consultation. Canada looked forward to a more complete and more meaningful consultation in 1969 in keeping with Annex A of the Protocol of Accession and expected that in accordance with paragraph 3 a termination date for the transitional period in which contracting parties might continue to impose restrictions against Poland in derogation of Article XIII would be fixed by 1970, and that in the meantime progress would be made in the elimination of bilateral trade restrictions on the part of other contracting parties on Polish goods.

Mr. PRADHAN (India) said that he was well aware of the complexity of the task of the Working Party in conducting the first consultation with Poland. There were two features of the report to which he wished to draw the attention of the CONTRACTING PARTIES.

Firstly: Poland's efforts to multilateralize its trade with other contracting parties and to participate fully in GATT would be greatly facilitated if discriminatory quantitative restrictions maintained by other contracting parties were removed at an early date.

Secondly: many contracting parties, particularly developing countries, had bilateral trade and payments agreements with Poland. Under the Indian-Polish agreement India's exports to Poland had increased by 25 per cent annually in the past two years. In the multilateralization of trade with Poland, account should be taken of the fact that the bilateral mechanism had in many cases facilitated trade expansion, and multilateralization should not be allowed to slow down the growth of trade. India was confident that Poland's commitments under GATT taken together with the commitments of the Socialist countries resulting from UNCTAD II would correct the present imbalance in its trade with India. In that connexion the representative of India also recalled the statement of the Polish representative on clearing arrangements, contained in paragraph 18 of the Report.

Mr. BEECROFT (Nigeria) congratulated Poland for the steps taken in order to fulfil its GATT commitments and for the information supplied in the Working Party. Nigeria's trade with Poland was developing in a satisfactory way. It was essential for the multilateralization of trade with Poland that the discriminatory quantitative restrictions maintained by many contracting parties on imports from Poland were removed as soon as possible.

Dr. RYAN (Australia) said that the report was a particularly important document. He thanked the Polish delegation for the information supplied in particular in respect of certain listed imports. He supported the views expressed in paragraph 21 of the Report on the information to be furnished by Poland regarding its import targets. With regard to the removal of discriminatory quantitative restrictions, it was essential that contracting parties notified the restrictions maintained by them on the base date, i.e. 30 June 1967. The information submitted on liberalization measures taken was also in many cases insufficient to enable the Working Party and the CONTRACTING PARTIES to get a clear picture of progress achieved. The maintenance of discriminatory restrictions was not only an obstacle to multilateralization of trade between Poland and the contracting parties, but also prejudicial to the interests of third countries.

Sir EUGENE MELVILLE (United Kingdom) pointed out that with the exception of Czechoslovakia, the United Kingdom was both Poland's largest market and her main supplier among the contracting parties. The United Kingdom could, therefore, justifiably claim to have played a leading rôle in the development of Polish trade. The United Kingdom provided Poland with sterling for the purchase of not only British goods, but also from third countries both inside and outside the

Sterling Area. Between 1945 and 1967 the United Kingdom had made available to Poland no less than £270 million for expenditure outside the United Kingdom. While many contracting parties had contributed generously to Poland's revival since the end of the Second World War, the United Kingdom could claim to have provided Poland with multilateral facilities to an outstanding degree.

It was therefore with considerable disappointment that the United Kingdom noted that its exports to Poland had declined sharply in 1968, at a time not only when those by contracting parties as a whole had continued to increase, but when total United Kingdom exports had also been rising strongly. Whereas Poland's imports from all GATT countries were expected to be about 8 per cent higher in 1968 than in 1967, those from the United Kingdom would be about 13 per cent lower than in 1967. His Government had made clear to the Polish Government its disappointment at the position disclosed by those figures.

Turning to the general picture revealed in the Report, he pointed out that the Working Party had met with two difficulties in conducting the first of the annual reviews provided for in the Protocol of Accession. Firstly, there had been a lack of information about the discriminatory import restrictions maintained by a number of countries, although some contracting parties, the United Kingdom among them, had made a very full disclosure of their restrictions. Secondly, there had been difficulty in deciding upon the most effective machinery for reviewing the discharge of Polish commitments under the Protocol. Both points were to be the subject of studies to be made by the secretariat in time for the next annual review.

As to the restrictions which had yet to be disclosed to the Working Party, as several representatives had pointed out, it would be possible, if necessary, for the secretariat to collect a good deal of information from already published documents. The representative of Poland had said, in paragraph 7 of the Report, that the texts of all bilateral agreements had been published by Poland in conformity with the requirements of Article X of the GATT. It was to be hoped, therefore, that the Polish delegation would give the fullest assistance to the GATT secretariat in making such publications available for the purposes of the study proposed in paragraph 16.

On the other question dealt with in the Report - the fulfilment of Polish import commitments under the Protocol - the United Kingdom was pleased to note, from Annex VII, that in 1968 Poland's imports from GATT countries were expected to increase by 7.8 per cent, and in 1969 by a further 7.2 per cent. This was in accordance with the import commitment in Annex B to the Protocol. The Polish representative had, however, said in the Working Party that there was no geographical breakdown of planned imports, and that purchases were made on purely commercial grounds. It was to be hoped that this would not prevent the Polish authorities from implementing their commitment to increase their imports from contracting parties, as distinct from other countries, by the amount fixed. It was implicit in the undertaking that appropriate machinery existed to enable the Polish authorities to implement it. Appropriate assurances on that point should be given in future reviews.

In that connexion there was a discrepancy in Polish import intentions for 1969 which required examination. Thus, in Annex VI it was stated that the overall value of imports into Poland in 1969 was expected to show an increase of 9.9 per cent as compared with the Plan for 1968. In Annex VII, however, it was stated that Poland's imports in 1969 from GATT countries were expected to increase by 7.2 per cent over the estimate for 1968. Those figures seemed to indicate that the Polish authorities were expecting that during 1969 the share of the GATT countries in the Polish market would go down, and that the share of the non-GATT countries would go up. No doubt other contracting parties, as well as the United Kingdom, would wish to discuss with the Polish representative at next year's review whether the Polish authorities' expectations of the increase in Poland's imports from contracting parties in 1969 could be brought somewhat closer to the planned increase in imports from the world as a whole.

The United Kingdom shared the disappointment already expressed by a number of delegations that the first review had been less complete than it might otherwise have been and that information had often been supplied too late for it to be properly evaluated. The representative of the United Kingdom joined with others in hoping that next year's review might lead to a more systematic collection of data and exploration of what needed to be done to meet the requirements of the Protocol. A great deal would depend upon the thoroughness with which the secretariat was able to undertake its proposed studies. In the light of experience at the 1968 review, it would be true to say that the Working Party could not usefully meet to begin the next review until such studies were available and contracting parties had had a reasonable time in which to consider what was said therein. The United Kingdom would of course continue to co-operate as closely as possible with the secretariat in supplying full information.

Mr. GARRONE (Italy, speaking on behalf of the member States of the European Economic Community) underlined the interest of the Community in the consultation with Poland. When judging the positive and negative aspects of the Report, it should be remembered that the consultation was the very first one under the Protocol. The Community would continue to co-operate in a constructive way in future consultations and in the studies to be undertaken by the secretariat.

Mr. BESA (Chile) pointed out that Chile should be added to the list of countries not maintaining any discriminatory restrictions on imports from Poland. He said that Poland deserved praise for its efforts to fulfil its commitments in accordance with the Accession Protocol. It was evident that certain procedural difficulties had emerged in this very first consultation but it was to be hoped that they would be overcome in following consultations. Most important for the further development of trade between Poland and other contracting parties was on the part of Poland a continuing multilateralization of trade and, on the part of other contracting parties, the removal of discriminatory restrictions which were not only prejudicial to the interests of Poland but also to those of other contracting parties.

Mr. RAIMONDI (Argentina) said that Argentina had supported the participation of Poland in GATT as a move towards the expansion of international trade on a multilateral and non-discriminatory basis and as an important step towards the universality of GATT. The terms of the Protocol of Accession of Poland were a typical example of the pragmatic approach that characterized GATT. He said that the trade between Argentina and Poland developed in an orderly way; Argentina did not maintain any restrictions which discriminated against Poland. According to the information transmitted to the Working Party, it appeared that Poland had fulfilled its commitments. It seemed, however, that adequate reciprocity was lacking since other contracting parties had not removed discriminatory restrictions to the extent foreseen, which was furthermore prejudicial to the interest of third countries not maintaining such restrictions. It was to be hoped that rapid progress would be made towards liberalization of trade as promised in the Working Party and that Poland, despite the abnormal situation, would be able to continue increasing its imports from countries maintaining a liberal system.

Mr. LACZKOWSKI (Poland) thanked the contracting parties for their assistance to Poland in its efforts to establish closer relations with GATT and to multilateralize trade. With regard to the figures mentioned by the representative of the United Kingdom, he said that there was probably a statistical error. An examination of the data on pages 21 and 23 of Annex II showed that Poland had a surplus in its balance of trade with the United Kingdom of \$31.1 million in 1965, but that in 1966 it had a deficit of \$15 million and in 1967 a deficit of \$20.4 million. Furthermore, one could not consider an adverse balance of trade as a form of assistance, especially if account were taken of the structure of Polish exports to the United Kingdom composed mainly of raw materials and semi-finished goods, while its imports from the United Kingdom were mainly composed of capital goods and manufactures. There were very important Polish imports of raw materials produced in other sterling countries but bought from the United Kingdom.

The representative of Poland said that there seemed to be on all sides the best intentions for the next consultation; Poland certainly was firmly determined to continue to contribute in a positive way in future reviews.

The CHAIRMAN said that some very constructive statements had been made and that they would be taken into account in the studies to be made by the secretariat and in the forthcoming consultation.

The Report of the Working Party on Trade with Poland was adopted.

3. Committee on Anti-Dumping Practices (W.25/1)

The CHAIRMAN recalled that the Agreement on the Implementation of Article VI, incorporating the Anti-Dumping Code, was one of the instruments drawn up in the course of the Kennedy Round and that it had entered into force on 1 July 1968. The parties to the Agreement had requested the CONTRACTING PARTIES to establish, as foreseen in Article XVII of the Agreement, a Committee on Anti-Dumping

Practices. It was provided in Article XVII that the Committee was to be composed of the governments which had accepted the Agreement; the mandate of the Committee was also set out in that Article.

It was agreed to establish the Committee on Anti-Dumping Practices and to elect Mr. A. Langeland (Norway) its Chairman.

Mr. PRADHAN (India) said that his Government was examining the possibility of subscribing to the Agreement. Meanwhile he sought clarification on two points. Firstly, he would like to have from the Director-General an opinion on the legal position with regard to the application of its provisions by the parties to the Agreement to countries which had not subscribed to it. Secondly, he recalled that the membership of the Committee was limited to governments that had accepted the Agreement. He said that it would be useful if the Committee could find a solution that would enable governments which had not signed the Agreement to participate in its work.

The CHAIRMAN said that the Director-General would look into the legal aspects of the application of the Code as requested. With regard to the possibility for governments not parties to the Agreement to participate in the work of the Committee, he suggested that the Committee should consider this matter at its first meeting on 15 November.

4. European Free Trade Area (L/3094)

Dr. BURESCH (Austria) referred to the report on the activities of the European Free Trade Association and the association with Finland since the previous year. Further information would be found in the eighth Annual Report of the EFTA and in a publication covering the trade of EFTA countries. During the period covered by the current report (L/3094) the main activities of the EFTA had been directed to ensuring the functioning of the free trade arrangements, to defining more precisely certain obligations of member States towards each other, and to giving a maximum support to all efforts leading to freer world trade.

He emphasized that the creation of the Free Trade Area had stimulated trade both between the member States of EFTA and with third countries. From 1959 to 1967 internal EFTA trade had increased by 132 per cent, while EFTA imports from countries outside the Area had increased by 65 per cent. During this period imports from non-EFTA countries had increased substantially more than exports. The result had been a trade deficit of \$6.3 billion in 1967 compared with \$3 billion in 1959. EFTA trade with developing countries too showed a large surplus in favour of the developing countries. It had been \$1,185 million in 1967 compared with \$600 million in 1959. It followed from these statistical data that the setting up of the European Free Trade Association had not only promoted trade within the Area but had also been a significant stimulus on member States' trade with third countries. The EFTA countries attached great importance to the future work of GATT as regards the further liberalization of world trade.

Mr. BRODIE (United States) emphasized the considerable importance his Government attached to the annual reports on developments in the EFTA. He welcomed especially the indication that EFTA members intended to follow liberal and expansive policies in their relations with third countries. His Government had taken note of implementation of a number of bilateral trading arrangements in agricultural products among some EFTA countries. His delegation would very much appreciate receiving information on the scope and trade effects of those arrangements.

Mr. PRADHAN (India) thanked the Nordic members of the EFTA for their consistently liberal trade policy especially in respect to some products of special interest to India. Appropriate and satisfactory solutions had been found last year for some questions, particularly for the trade in hand-loom fabrics. Referring to the special relationships between his country and the United Kingdom he emphasized the constructive and helpful spirit with which this question had been treated. These were only one or two problems which had arisen from the membership of the United Kingdom in the EFTA which were at present discussed bilaterally. He expressed the hope that the discussion would result in satisfactory solutions at an early date.

Dr. RYAN (Australia) raised the question of the possible effects of bilateral agreements between member countries of the EFTA. His delegation had noted the amendment to the agreement between Denmark and Portugal mentioned in the report (L/3094). It was desirable that the CONTRACTING PARTIES should be informed of any amendments to existing bilateral arrangements or new agreements that might be concluded. His delegation would therefore be pleased if it could be confirmed that there were no other new bilateral arrangements or new developments in relation to earlier arrangements other than the one referred to in the report (L/3094).

Dr. BURESCH (Austria) confirmed that no other agricultural agreements had been concluded since the report had been issued and no amendments to existing arrangements had been made, other than those listed in the report (L/3094). Regarding the bilateral agricultural agreements in general he said that they constituted one of the means within the framework of the Stockholm Convention to facilitate an expansion of trade which would provide reasonable reciprocity to those member States whose economies depended to a great extent on exports of agricultural products. Looking at the effects of those agreements on the trade between member countries and non-member countries of the Free Trade Area, it could be stated that the member States of EFTA had kept in mind not only their legal GATT obligations but also the interests of traditional exporters supplying their markets. Maximum effort had therefore been made to ensure that those arrangements within the Free Trade Area had not done injury to third countries. This fact could be illustrated by a few statistical data: from

1961 to 1967, EFTA countries' agricultural imports from each other had increased from \$501 million to \$735 million, while EFTA's imports of agricultural goods from countries outside the Area had increased from \$5,261 million to \$6,270 million. This meant that 90 per cent of EFTA's agricultural imports came from non-EFTA countries, and that those imports had in absolute terms increased four times more than imports from member countries during the existence of the Free Trade Area.

The CONTRACTING PARTIES took note of the report.

5. New Zealand/Australia Free Trade Area (L/3104)

Mr. EASTERBROOK-SMITH (New Zealand) presented the annual report on the New Zealand/Australia Free Trade Area (L/3104). The trade statistics in paragraph 3 showed that there had been some fluctuation in the total value of trade between Australia and New Zealand. New Zealand's imports from Australia had been lower in 1967/68 in value of trade than in the two preceding years. This was a reflection of New Zealand's balance-of-payments difficulties in 1966/67 and 1967/68 and to some extent of changes in the pattern of production in New Zealand. For instance, the value of wheat imports from Australia had fallen sharply by 1967/68 as pasture lands in New Zealand had been turned over to wheat production because of low world prices for livestock products. On the other hand, the percentage of New Zealand's imports from Australia of goods in Schedule A had increased from 40.6 per cent in 1965/66 to 44.4 per cent in 1967/68; this trend was expected to continue.

Australia's imports from New Zealand showed an overall increase in value from year to year but a declining percentage in terms of Schedule A goods. This was probably a reflection of New Zealand's enhanced competitive position arising from devaluation, accompanied by trade growth arising from Article 3:7 arrangements as well as the greater confidence of New Zealand manufacturers and producers as they gained experience in the Australian market. Both countries were confident that as further items were added to Schedule A, and as duties were phased out on items already included, the percentage of Schedule A trade to total trade would increase steadily.

Paragraphs 4, 5, 6 and 7 of the report indicated the firm intention of both Governments to proceed steadily with expansion of the items included in the Free Trade Agreement and this expansion would be all the more realistic as the New Zealand Government continued with its announced policy of dismantling the present import licensing structure.

Referring to paragraph 8, he said that there had been a growth of trade although still a small percentage of total trade, on items which were not in Schedule A, but to which special measures beneficial to trade provided for in Article 3:7 of the agreement had been applied. These special measures had allowed trade to develop to a substantial degree in items that had not formally been traded between the two countries. This was giving producers in each country experience in exports that they had not had formerly; it was encouraging rationalization in production, and should assist in facilitating the addition of items to Schedule A. The action taken under Article 3:7 was, of course, merely the development of the situation explained at the twenty-third session.

There was now a well organized and fully operative procedure of regular consultation between the two countries. Both countries had had full regard in these regular consultations to the views expressed by contracting parties two years ago at the twenty-third session. Both countries were prepared to continue regular reporting to the CONTRACTING PARTIES on the progress they made.

Mr. BRODIE (United States) thanked the representative of New Zealand for this second report on the operation of the Free Trade arrangement. He regretted that member States had not yet been able to formulate a comprehensive plan and schedule for completing the arrangement, but welcomed repetition of the assurance that the participants accepted the obligation to apply and develop the agreement so as to achieve a Free Trade Area.

The CONTRACTING PARTIES took note of the report.

6. United Kingdom/Ireland Free Trade Area (L/3111)

Mr. KENNAN (Ireland) presented the report on the United Kingdom/Ireland Free Trade Area (L/3111) and said that the information set out in this document had been agreed upon by the two Governments and related to the second year of operation of the Agreement.

The development of the Free Trade Area was proceeding in accordance with the Agreement. On 1 July 1968 the United Kingdom, which had ceased to apply protective duties to Irish goods on 1 July 1966, had eliminated protective elements in fiscal charges applicable to Irish goods. On the same date, the Irish Government had made the third annual 10 per cent reduction in protective duties and in protective elements in certain fiscal charges.

Elimination of Irish quantitative restrictions on imports of United Kingdom origin was generally proceeding in accordance with the agreed time-table. The temporary arrangements made to deal with difficulties which had arisen in one sector of Irish industry has been continued with the ready co-operation with the Government of the United Kingdom.

Total trade between the two countries had grown since the agreement entered into force; in value terms, the increases recorded were 12 per cent in the first year and 15 per cent in the second year. This growth in trade between the two countries had not however been achieved at the expense of trade with other contracting parties. Both countries had recorded substantial increases in imports from other countries in the period under review.

From the results to date, it was the confident expectation of both Governments that the continued operation of the agreement would contribute to the sustained development of their economies, and to the expansion of their trade with other contracting parties.

The CONTRACTING PARTIES took note of the report.

7. Australia/Preferences Waiver (L/3082)

The CHAIRMAN recalled that on 28 March 1966, the CONTRACTING PARTIES had adopted a decision waiving the provisions of paragraph 1 of Article I to permit the Government of Australia to accord preferential treatment to certain goods of less-developed countries under prescribed terms and conditions. Under paragraph 6 of the Decision the CONTRACTING PARTIES had agreed to review annually the operation of the waiver. In connexion with such reviews, the Government of Australia was required to report annually to the CONTRACTING PARTIES on the action taken by it under the Decision and to provide information regarding imports into Australia from all sources of the products listed in the annex to the Decision.

Dr. K.W. RYAN (Australia) presented the report to the CONTRACTING PARTIES. He referred to the report submitted at the twenty-fourth session at which a statement was made explaining in particular how the system was being administered and the results achieved through it in the first year of its operation. Further action taken by Australia was described in the second annual report (L/3082) to which statistics on the operation of the system (relating to preferences in operation prior to 1 July 1968) were annexed. The scheme covered selected manufactures and semi-manufactures, subject to annual quotas and certain hand-made products of cottage industries admitted duty-free without quota limitations.

The total value of quotas available had increased from \$13.3 million per annum in the first year to approximately \$26.6 million now. In addition, there had been reductions in some of the rates of duty applicable to preferential suppliers and increases in the product coverage of many of the quotas. The number of types of handicraft product admissible at the preferential duty-free rate - in lieu of normal most-favoured-nation rates averaging something in excess of 30 per cent ad valorem - had also been considerably increased.

The rapid increase in quota allocations and import clearances was demonstrated by the fact that in 1966/67 total quotas issued under the system amounted to \$3.7 million and in 1967/68 quota allocations stood at \$9 million. Relative to 1966/67, preferential imports from developing countries showed an increase of over 150 per cent in 1967/68.

All of the products to which preferences were applied had been designated by developing countries, or by importers in Australia, as being of actual or potential export interest. Requests for further products to be added to the system and for increases in quota limits could be made by any interested party. It remained the intention of the Australian Government to seek to further assist developing countries by progressively widening the scope of the system and all requests would be the subject of careful and sympathetic consideration.

Australia regarded the protection of interests of third countries as an essential element in any preferential system. Paragraphs 4 and 5 of the Decision of the CONTRACTING PARTIES provided for consultations with any contracting party which considered that action taken or proposed by Australia under the Decision would cause or threaten substantial injury to its trade with Australia in the relevant goods. In the two cases where consultations had been requested, the Australian Government was pleased to be able to state that they had been satisfactorily concluded.

The administration of the system had been described in some detail at the last session and its possible improvement was under continuing examination. In this context he wished to emphasize three points. Firstly, any Australian importer interested in importing goods covered by the system could apply for a quota; these were not restricted to traditional importers. Secondly, procedures had been implemented to ensure that quotas were not wasted upon importers who applied for and received them, but were not able to use them effectively. And thirdly, all developing countries eligible for the preferences were accorded an equal opportunity to share in the allocations.

While recalling that the system had been in operation since mid-1966, he felt that it was now firmly established and functioning successfully. The Australian Government felt that the scheme had resulted in a significant increase in exports from the developing countries to Australia, of items covered by the system.

Mr. NARASIMHAN (India) recalled the support given by his Government at the time the initiative was taken by the Australian authorities some years ago and expressed appreciation for the efforts made by the Australian authorities in considering various requests from India and other developing countries and trying to accommodate them in their pioneering efforts by extending preferential treatment to the products of developing countries. Certain administrative questions had been taken up with the Australian authorities with a view to improving administrative and other procedures which sometimes affected the free flow of goods. One matter his Government would have liked to be brought to the notice of the Australian authorities was that their customs valuation procedures were acting as a hindrance to the free flow of goods, particularly in dealing with preferential imports. He felt that a similar initiative should be taken by other major developed countries.

Miss H. HARELI (Israel) said that from the figures in the report it appeared that overall actual imports of the items originally included in the preferential list had increased by 10 per cent, while imports from developing countries had increased by 63 per cent. The absolute share of the developing countries in these imports was still small, although there was clearly a move in the right direction. The administration of the scheme had been continuously improved. Her Government appreciated this generous and forward-looking policy.

Mr. CISTERNAS (Chile) said that the scheme had greatly influenced trade between Australia and Chile. Chilean exports, during the first six months of 1968, had totalled \$760,000. Increased opportunities had contributed to the setting up of a regular shipping line between Australia and Chile. This showed clearly how important and how effective a preferential system could be without causing prejudice to other contracting parties.

Mr. YON CHOL AHN (Republic of Korea) said that his country had greatly benefited and would continue to benefit from the system. His delegation hoped that other developed countries, particularly in Asia, would follow the example of the Australian practice.

The CONTRACTING PARTIES took note of the report.

8. United States/Agricultural Import Restrictions Waiver (L/3098)

The CHAIRMAN recalled that in accordance with the Decision of the CONTRACTING PARTIES of 5 March 1955, the Government of the United States had submitted its thirteenth annual report on the restrictions on imports of certain agricultural products. This report had been distributed in document L/3098.

Mr. BRODIE (United States) introducing the report said that it included a brief review of the current situation with respect to Section 22 of the United States Agricultural Adjustment Act, and descriptions of steps taken in the United States to solve the problem of agricultural surpluses. These steps had followed the same general lines as in previous years. Import regulations under Section 22 were in effect on wheat and wheat products, cotton of certain specified staple lengths, cotton waste and cotton picker lap, peanuts and certain dairy products and all of these commodities were subject to continuing regulations.

In 1968, further action under the provision of Section 22 had been taken for certain dairy products (document L/3043); temporary import quotas were imposed on evaporated and condensed milk and cream in June, and on certain cheeses in September (document L/3072). Furthermore, the President had directed the Tariff Commission to investigate and report to him on the need for permanent quotas on these products and other dairy products not covered by quotas. The actions taken had been necessitated by a sharp increase in imports of cheese and of chocolate crumb, and by a sudden threat of imports of canned milks at prices far below that of the comparable domestic product.

The CHAIRMAN suggested that the CONTRACTING PARTIES would probably wish, as usual, to refer the report to a working party for detailed examination.

Mr. THRANE (Denmark) supporting this proposal expressed his Government's deep concern that the United States had not found it possible so far to loosen the import restrictions on dairy products, but had instead intensified them further in 1968 by imposing quantitative restrictions on imports of dairy products which had previously not been subject to such restrictions. Noting that it had been the intention to exempt high quality cheeses from the restrictions, he considered that the price limit of 47 cents per pound f.o.b. was too high and, therefore, not equitable. He hoped that the United States Government would take account of these problems in view of the increasingly difficult situation in the dairy products market.

Mr. TALVITIE (Finland) shared the concern expressed by Denmark and recalled that this issue had been on the agenda for the CONTRACTING PARTIES since 1955. He doubted whether the new restrictions imposed on cheese imports in September 1963 in order to check the upward trends in imports of cheese, were justified as imports covered only a very small part of the capacity of the United States market. He considered that as the upsurge in imports had resulted in a fear of impending restrictions, a later date for the introduction of the measures would have allowed imports to return to more normal levels. The existing limitation of quantities that could be imported by one particular importer, to 30 per cent of the total quota of any country, was particularly disastrous to Finland and Sweden whose trade channels would be disrupted as they had only one cheese exporter each and had the same importer for the United States market. In the Kennedy Round negotiations, Finland had made a comprehensive agricultural offer to the United States which it was understood would be compensated for by enlarged quotas on Finnish cheese. The United States should therefore avoid all measures putting Finland into a worse position than before those negotiations.

Mr. WILLENPART (Austria) while grateful for the report also drew particular attention to the emergency action taken by the United States on imports of dairy products in September 1968. These measures limited imports of certain types of cheese of particular interest to Austria such as Emmenthal and Gruyère. The quota

restrictions combined with a minimum import price affected seriously Austrian exports of cheese to the United States, especially in the case of Emmenthal even of high quality, and such exports had been reduced to the half of their level in 1967. The import limitations thus seriously impaired the tariff concession which the United States had granted in the Kennedy Round negotiations, on these types of cheese. He pointed out that the increase in low priced cheese imports into the United States was not due to Austrian exports and expressed the hope that the United States Government would seriously reconsider the quota restrictions in the bilateral consultations which were already initiated in order to arrive at an acceptable solution.

Mr. von SYDOW (Sweden) shared the concern expressed by the Finnish delegation with respect to the restrictive measures recently taken by the United States Government regarding imports of cheese and especially with regard to the limitation of imports for the last quarter of 1968 to 30 per cent of provisional annual quotas.

Mr. EASTERBROOK-SMITH (New Zealand) expressed appreciation for the comprehensive report, but noted with regret and continued concern that there had been no improvement in the position for dairy products. Though the defence for the further intensification of the import restrictions over the past seemed fair and reasonable he remained firmly convinced that the United States had failed to meet its obligations, both under the waiver and in relation to its trading partners of the GATT. He considered it a misuse of the waiver to employ quantitative restrictions against all suppliers, regardless of whether they subsidized or not, as a defence against dumping of dairy products. There was nothing in the terms of the waiver, nor had there presumably been anything in the minds of those who had been prepared to grant the waiver, which might suggest that it could be used that way. Even though the waiver did not exclude such action, it had been granted within the context of the General Agreement, which contained specific and reasonable provisions for countries to protect themselves against harmful dumping and subsidized exports. He felt that New Zealand had been unfairly harmed by the actions taken by the United States Government which had interfered with normal trade in dairy products and had given no recognition to the fact that New Zealand exports were not subsidized. He acknowledged that there had been a downward trend in production and that efforts had been made to ensure that the disposals of dairy products outside the United States did not unduly affect normal commercial trade. However, consumption in the United States had been declining since 1965. United States support policies had thus not succeeded in achieving a better balance between domestic production and consumption. If the consumption level of 1964 had been maintained there would at present have been growing opportunities for traditional exporters of dairy products. Instead the market was virtually sealed off from the rest of the world, leaving only diminishing residual markets for a non-subsidizing exporter such as New Zealand.

Mr. LANGE LAND (Norway) joined in the concern with the action taken by the United States in September 1968. This action had been taken without prior notice or consultation. The decision had been motivated by a very sharp increase in imports of certain dairy products. Norway had maintained fairly stable exports of cheese to the United States, and felt it had been hit and harmed by the measures imposed in order to cope with difficulties for which it was not responsible.

Mr. LUYTEN (European Economic Community) stated that as the products in question were covered by the common agricultural policy the interest of the Community was directly concerned. The situation created by the granting of a global waiver without any time-limit to the United States represented a disequilibrium between the rights of the one and the obligations of the others as regards the rules of the General Agreement; the particular problems in the market made it increasingly urgent to arrive at a solution. Because of the interdependence of markets and policies solution to agricultural trade problems should not be sought in protection measures taken by individual countries if the aim was to arrive at a general and equitable solution based on international co-operation and discipline.

The report presented by the United States, showed that in spite of the considerable efforts made in order to limit production, the progress in the productivity resulted in a further increase in the production volume, while domestic consumption was falling more and more behind. If the experience of the United States foreshadowed the evolution in other countries, it could be understood how urgent and indispensable it was to make greater efforts in the study of the bases and the rules for a world policy for agriculture including all its aspects and not only those of trade. The planned work of the Agricultural Committee, in which the Community intended to participate actively and seriously should provide an opportunity to arrive at results which might permit instruments such as Section 22 of the United States Agricultural Adjustment Act to be abandoned.

Mr. SCHNEBLI (Switzerland) said that although at first sight the more intensive restrictions on imports of cheese into the United States might not seem to affect Swiss exports, his delegation wished to discuss these matters in the working party.

Sir EUGENE MELVILLE (United Kingdom) expressed surprise that it should be necessary to restrict United Kingdom exports of speciality cheese to the United States. These exports were not subsidized and did not constitute any threat to the American price support programme. In the United States, domestic consumption of cheese in contrast to other dairy products was rising, and the reason for the increase in United Kingdom exports which were minimal in volume and in relation to United States production was the result of a strong rise in consumer demand. He hoped that the deliberations by the United States Tariff Commission would result in the elimination of the quota regulations before long. The

United Kingdom was not opposed to the continuation of the waiver, but in taking any action under this waiver the United States Government should pay particular attention to the need to avoid measures affecting legitimately competitive trade, especially when it related to products which had little or no effect on its domestic support arrangements.

Mr. MEERT (Australia) expressed appreciation for the comprehensive report, but emphasized his delegation's continued concern that no action had been taken to liberalize the import restrictions imposed by the United States on dairy products. In fact, the restrictions were being progressively extended. He hoped that it would be possible for the United States Government to move towards providing reasonable access for imports of dairy products simultaneously with actions elsewhere which aim at finding solutions to the problems of international trade in dairy products.

Mr. RAIMONDI (Argentina) said that the report submitted contained topics of special interest to the Argentinian delegation, which would reserve its comments for the working party.

The CHAIRMAN thanked the United States delegation for its comprehensive report. It was agreed to establish a Working Party, with the following terms of reference and membership;

Terms of Reference

"To examine the thirteenth annual report, L/3098, submitted by the Government of the United States under the Decision of 5 March 1955, and to report to the CONTRACTING PARTIES."

Membership

Argentina	European Economic Community	Netherlands
Australia	Finland	New Zealand
Austria	France	Poland
Belgium	Federal Republic of Germany	Switzerland
Canada	Ghana	United Kingdom
Denmark	Italy	United States

Chairman

Mr. S.P. Kennan (Ireland).

9. Trade Arrangement between India, the United Arab Republic and Yugoslavia (L/3032)

The CHAIRMAN said that in December last year the Government of India, the United Arab Republic and Yugoslavia had signed a Trade Expansion and Economic Co-operation Agreement, and had submitted the text to the CONTRACTING PARTIES. The Council of Representatives had established a Working Party to examine the Agreement in the light of the relevant provisions of GATT. The Working Party's report (L/3032) of 25 June 1968 had been subsequently approved by the Council which had recommended its adoption by the CONTRACTING PARTIES. He drew attention to the next but last sentence in paragraph 16 of the report, which read "the representative of Cuba reserved the position of his delegation on the draft decision which is annexed to the document as Annex C". Cuba had withdrawn that reservation in the Council meeting on 13 September - so that sentence should now be regarded as deleted.

H.E. Dr. H.G. ESPIELL (Uruguay), speaking in his capacity of representative for Uruguay, said that he had had the honour to chair the Working Party. The report was the result of negotiations made possible by the goodwill of all members of the Working Party and especially of the representatives of the three participants to the Agreement. The Working Party's conclusions were contained in the report. It should be noted that many members had expressed their sympathy, both in the Working Party and during the Council meeting, for the intention expressed by the signatory States to contribute in a positive way to the trade expansion and economic co-operation among developing countries. The report referred to different aspects of the problem and clearly set out the position of the signatory States with regard to some doubts which had been raised as to the scope and interpretation of certain of its articles.

Annex C of the report contained a draft decision which the Council had recommended to the CONTRACTING PARTIES for adoption. The draft decision reiterated the desire of the signatory States to consult with any contracting party which considered that the Agreement impaired its benefits under the General Agreement or which considered that it had detrimental effects on its trade. Pursuant to the terms of the decision the signatories of the Agreement would raise no obstacles to an examination of the Agreement, subject to the conditions and procedures laid down in the decision for submission of information and consultation with the CONTRACTING PARTIES. The information which the signatory States to the Agreement would have to submit to the CONTRACTING PARTIES on the application and operation of the Agreement would serve as a basis for a new examination of the decision at the twenty-sixth session.

His delegation had analyzed all the legal aspects of this Agreement and was of the opinion that it did not violate Article I of the General Agreement as it should now be interpreted, taking into account the principles of Part IV. Finally, he said that his delegation was in full agreement with the conclusions drawn up by the Working Party and with the recommendation of the Council that the CONTRACTING PARTIES adopt the decision.

Mr. BRODIE (United States) said that it was the view of the United States Government that the Agreement was inconsistent with Article I of the GATT. The United States view differed from that of the Chairman of the Working Party in this respect. His delegation had participated in the Working Party and its views in this regard were duly recorded in the Working Party's report. His delegation supported the adoption by the CONTRACTING PARTIES of the report and of the draft decision.

Miss HARELI (Israel) said that her delegation had participated in the Working Party and in the course of its discussions had pointed out that Article IX of the Agreement contained an arbitrary definition of "developing countries" which was foreign to the General Agreement in view of its discriminatory nature. Although the text of the Agreement had not been changed, her delegation had taken note of the statements made in the Working Party on behalf of the participating States, which had found expression in paragraph 4 of the preamble of the draft decision, which recorded the intent of the participating States:

"(b) to seek the extension of the concessions embodied in the Agreement to all other developing countries by appropriate negotiations and to make their best endeavours to integrate these concessions within the framework of multilateral arrangements elaborated within the Trade Negotiations Committee of Developing Countries which will be reported to the CONTRACTING PARTIES for their consideration in due course."

This expression of intent constituted for her delegation a condition as important as those set out in operative paragraph 1, sub-paragraphs (a), (b) and (c) of the draft submitted for the approval of the CONTRACTING PARTIES. On the assumption that the intent would be implemented, the Agreement could in her view, be of significance for the developing countries.

Mr. YON CHOL AHN (Korea) said the trade arrangement in question was a positive expression of regional economic co-operation among developing countries. He therefore welcomed the arrangement in principle and wished it a successful outcome. It was to be hoped however that the concessions envisaged would in the near future apply to all developing countries. He wished it put on record that his delegation hoped that the concessions accruing from the trading arrangements would be integrated in the results of the trade negotiations among developing countries within the framework of the GATT.

The CHAIRMAN referred to the draft decision in Annex C of the report which was to be taken up for consideration. It was his interpretation of the debate that no contracting party intended to vote against the decision and, if this was a correct interpretation, he suggested it be declared adopted.

There being no further debate, the decision was adopted.

Mr. PAPIC (Yugoslavia) expressed his delegation's appreciation for the constructive attitude of the Working Party, of its Chairman, of the Director-General and of the CONTRACTING PARTIES.

Mr. PRADHAN (India) conveyed his Government's appreciation for the adoption of this Decision. The provision for a review at the twenty-sixth session allowed, to his mind, too short a period; however, he hoped that the work of the Trade Negotiations Committee of Developing Countries would have progressed sufficiently by then to enable the three participants to carry out the integration of concessions in a multilateral framework.

Dr. KHALLAF (United Arab Republic) also thanked the members of the Working Party and its Chairman for their efforts. His delegation wished to emphasize once more its firm intention to implement the provisions of the Decision which had just been adopted. He hoped for an early and successful outcome to the trade negotiations among developing countries so that the tripartite Agreement could at the earliest date be integrated in the results of these negotiations.

Mr. BRODIE (United States) said that his delegation wished it put on record that the Government of the United States considered that the requirements of paragraph 5 of Article XXV had been met.

The report as a whole was adopted.

10. Financial and administrative questions

(a) Allocation of United Nations contribution to International Trade Centre in 1968 (L/3095)

The CHAIRMAN referred to document L/3095 in which the Director-General reported that the amount of \$90,000 had been received from the United Nations towards meeting expenses arising directly from the conversion of the International Trade Centre into a joint UNCTAD/GATT Centre. In the document the Director-General proposed that the amount should be used for the purpose of increasing original appropriations for 1968 under certain headings of the budget.

The proposals by the Director-General were approved.

(b) Financial position at 30 September 1968 (L/3103)

The CHAIRMAN said that in document L/3103 the Director-General had provided information concerning the financial position as at the end of September. At that time, some twenty contracting parties had not yet paid all or part of their 1968 contribution (the total amounting to some \$262,000) although, as recorded in paragraph 9, some of these payments had since been received; namely from Argentina, Brazil, Israel and Spain. The secretariat had been advised that payment would be forthcoming from India. In addition, about \$127,000 were still outstanding for previous years.

The Chairman emphasized the importance of prompt payment of contributions.

The information provided in document L/3103 was noted.

(c) Conference room at Villa Le Bocage (L/3106)

In document L/3106 the Director-General had proposed to create a conference room in Villa Le Bocage, the cost not to exceed \$24,000 and this amount to be absorbed in the 1968 budget.

The proposal of the Director-General in L/3106 was approved.

(d) Report of the Committee on Budget, Finance and Administration (L/3080, Part A)

Mr. SCHNEBLI (Switzerland), Chairman of the Committee, presented Part A of the report, and said that Part B would be discussed later under the item dealing with the International Trade Centre. The Committee which had been appointed by Council in June 1968 had met during four days, from 8 to 11 October 1968. The Committee had first examined the financial report on the 1967 GATT accounts and the report of the external auditors. This report had not raised any comments from the members of the Committee. He remarked that those contracting parties which were late by more than three years in the payment of their contributions were mentioned in paragraph 7 of the report.

In general contracting parties had paid their contributions in time. This was reflected in the substantial figure under Miscellaneous Income which resulted from short-term investments of general funds temporarily available. This situation had also allowed the secretariat to reduce the total amount of contributions assessed on contracting parties for 1969. In other words, prompt payment of contributions resulted in benefits for all contracting parties.

The budget estimates for 1969 had been carefully examined; they had not generally given rise to any difficulties. The Committee had recognized that it had before it a modest budget. However, slight reductions had been proposed, and later accepted by the Director-General. These reductions were mentioned in paragraphs 23 and 30 of the report.

The estimate of Miscellaneous Income deriving mainly from investment of funds, had been set at \$75,000 in the 1969 budget. It was the largest amount under this post ever set out in a budget presented to the CONTRACTING PARTIES.

The high Miscellaneous Income estimates together with the relatively large balance on the Surplus Account which had been entirely allocated to the 1969 income budget, had made it possible to reduce assessment on contracting parties.

The CONTRACTING PARTIES subsequently approved the recommendations contained in paragraphs 8, 35, 36, 41 and 42 of the report and also adopted the Resolution on the Expenditure of the CONTRACTING PARTIES in 1969 and the Ways and Means to Meet Such Expenditure, annexed to the Report. Part A of the report was thereupon adopted.

Representatives from several Spanish-speaking countries expressed appreciation for the increased use of interpretation into Spanish in meetings of the CONTRACTING PARTIES and also for the increase in the number of documents translated into Spanish. They hoped that this would be a continuous development. The Director-General in reply stated that personally he had been pleased to note that the Spanish language was now frequently used in meetings of the CONTRACTING PARTIES and its various organs. Whilst financial possibilities had not yet permitted the full introduction of interpretation into Spanish in all meetings it was his intention to provide for such interpretation as much as possible. Full Spanish interpretation would in any event be provided at the twenty-sixth session.