

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE SECOND MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 2 November 1972 at 10 a.m.

Chairman: Mr. G. SMOQUINA (Italy)

Subject discussed: Report of the Council (L/3761 and Add.1)

Mr. ARCHIBALD (Trinidad and Tobago), Chairman of the Council, stated that the Report of the Council in document L/3761 and addendum 1 was the third report since the CONTRACTING PARTIES had decided in November 1968 that the task of the Council should be enlarged. The report showed that in the intersessional period the Council not only dealt with a great number of routine matters, but it also brought out the extent to which the Council had operated as a body, to be convened at short notice, and which could deal effectively with matters of great urgency as well as with matters of major importance to a very great number of contracting parties or to the CONTRACTING PARTIES as a whole. It was apparent from the short agenda for this session that the Council was able to relieve the CONTRACTING PARTIES of a considerable burden and permitted them to concentrate on major problems. The Report covered the eight meetings held by the Council since the last session, during which the Council had considered well over fifty subjects of varying nature.

The following comments were made in connexion with the items dealt with in the Report of the Council.

Item 4 - Cotton Textiles Committee

Mr. TAK CHAE HAN (Korea) recalled that Korea had obviously never shown any enthusiasm for prolonging restrictions on the exports of cotton textiles from developing countries, because developing countries were heavily dependent on these exports for their foreign exchange earnings.

His delegation, therefore, was not in favour of the frequent and almost routine extensions of the Long-Term Arrangement, which originally was intended to be of a short term only and was assumed to provide improved access to the markets of

developed countries. His delegation was strengthened in this opinion because export restraints were usually imposed upon developing countries through a unilateral declaration of market disruption.

Item 5 - Working Party on Trade in Textiles

Mr. STALBERG (Sweden) recalled that the Working Party on Trade in Textiles had been appointed to make a factual study regarding the elements which influenced world trade in textiles. His Government attached great importance to this work and was looking forward to seeing the final results. He hoped that the report would serve as a good basis for future activities in this important field. On the basis of the report discussions should be initiated with a view to exploring the possibilities of creating better conditions for trade in this field.

Mr. PRYOR (Australia) stated that his delegation supported the efforts being made to prepare a study of world trade in textiles. The GATT would need to continue to give its close attention to this trade sector with a view to ensuring that world trade expanded, but without serious disruption to the textile industries of contracting parties. Some structural changes might prove to be necessary but the study would undoubtedly help to illustrate that important economic, social and political factors were involved. The completion of this study should have high priority so that contracting parties would be in a position to consider policy measures for the orderly expansion of trade in textiles.

Mr. TAK CHAE HAN (Korea) expressed certain apprehensions about the rôle the study of the Working Party was to play in relation to the future trade in textiles. He recalled his delegation's position at the meeting of the Council on 27 June (C/M/78) and expressed the hope that the Working Party would not lead towards further strengthening in the future of the restraints on exports of textile products from developing countries.

Item 6 - Anti-dumping practices

Mr. DUNKEL (Switzerland) said that his delegation had taken note of the Committee's report with interest and satisfaction, for, in accordance with the wish expressed by his delegation at the last session of the CONTRACTING PARTIES, the report reflected more fully the Committee's discussions. In his delegation's view, it was the Committee's duty to draw the attention of the CONTRACTING PARTIES to any problem or development likely to divert anti-dumping policies from their specific purposes. Differing interpretations of fundamental points in the Code might in the end have a negative impact on trade policies. It was important that the CONTRACTING PARTIES should be made aware in good time through the Committee's reports of what still had to be done to overcome existing difficulties.

Moreover, such vigilance was justified, because the experience gained in applying the Code would be useful when it came to envisaging the negotiation of other similar codes of good conduct as between GATT members. Solutions to many new international trade problems should in fact be based on principles of that kind. The Anti-Dumping Code could provide a model for the future; it was therefore important to ensure that it was strictly applied and that its basic principle was preserved intact.

Mr. AMAYA (Japan) said that determinations of injury and calculations of margins of dumping in a country signatory to the Anti-Dumping Agreement, had sometimes been made - and were also likely to be made in the future under proposed modified regulations in that country - without due regard to the criteria established in the Code, although the country in question had on several occasions expressed its intention to respect the provisions of the Code. Japan considered that the country concerned should reconsider its practices in those respects in the light of the discussions in the Committee on Anti-Dumping Practices. He also wished to draw attention to what was said in paragraphs 11 and 12 of the Committee's report about the care that should be exercised in determinations of injury in cases where export control agreements were in force. Finally he wished to emphasize the importance of a wide acceptance of the Code.

Mr. PEARCE (United States) recalled that when the Anti-Dumping Code was developed the United States delegation made clear that it could not agree to any obligations which required changes in United States legislation. This condition was accepted, and the Code was developed on the understanding that its provisions were fully consistent with the United States Anti-Dumping Code.

Since the Code came into force in 1968, United States actions in all anti-dumping cases had been in full conformity with its requirements. The questions raised about determination of injury had been discussed in considerable detail during the September meeting of the Committee on Anti-Dumping Practices. He repeated that in no instance could it be demonstrated that the injury suffered by the United States industry was less than material, nor that the dumped imports were not the principal cause of the injury to the United States domestic industry.

Questions had also been raised about proposed amendments to United States Treasury Department anti-dumping regulations. Although these proposed amendments were still under consideration, the United States delegation had agreed to an informal discussion of their provisions in the Anti-Dumping Committee in view of the interest expressed by other members of the Committee. He considered it inappropriate however, to continue the discussion in this forum.

In conclusion, he expressed appreciation for the interest of other contracting parties - both developing and developed - in acceptance of the Anti-Dumping Code.

Mr. LUYTEN (European Communities) said that the European Communities associated themselves with the Swiss representative's remarks. He drew attention to the importance of the Anti-Dumping Code as a precedent for other work in the future on non-tariff barriers. He did not entirely agree with the United States representative's description of the way in which the problem of compatibility between the Anti-Dumping Code and United States domestic legislation had arisen at the time when the Code was drafted.

Mr. SOLBERG (Norway) recalled Norway's concern to ensure the greatest possible conformity in the application by contracting parties of the provisions of Article VI. His delegation had associated itself with the Swiss suggestion that the work of the Anti-Dumping Committee, as far as problems of substance were concerned, should be better reflected in the report of the Committee. The 1972 report of the Committee was more satisfactory, but could still be improved without disclosing confidential information. He expressed concern about the number of anti-dumping cases reported by the United States as compared with other countries. This could indicate that United States regulations were enforced with more rigour than in other countries. He noted that dumping was closely related with the maintenance of high duties and the operation of safeguard clauses. Developments in this field consequently called for great attention.

As regards the participation of other countries, his delegation proposed that, if the discussions which were still going on did not lead to a satisfactory conclusion, these countries and in particular the developing countries, should be invited to attend the meetings of the Anti-Dumping Committee as observers.

Item 7 - International Trade Centre

Mr. STALBERG (Sweden) stated that in the view of his delegation, the International Trade Centre had an essential function to fulfil in the promotion of trade of developing countries. The primary aim should be to assist the developing countries in building up their own export promotion machinery and services and in solving concrete export problems. This task was to be carried out in accordance with the recipient countries' own long-term trade development plans and strategies. It was of great importance that the Centre, by participation in the UNDP country programming, should integrate assistance in the foreign trade sector in overall economic development objectives. It was also necessary to maintain close co-operation with other international organizations operating in related fields.

He considered that special attention should be paid to the trade promotion problems of the least developed countries and welcomed the efforts by the Centre to evolve new methods of assistance that would be more appropriate to their special circumstances. The improvement of the export promotion infrastructure, including training of personnel, was a basic long-term objective in respect of the least developed countries. His Government was willing to continue to give substantial financial and other support to the International Trade Centre.

Item 8(b) - South African Import Restrictions

Mr. ALLOT (United Kingdom) referred to the statement made by the South African representative to the Council on 25 October and noted with regret that, although South Africa no longer invoked Article XII, it had not in fact removed all the restrictions which were imposed in November 1971. He hoped that South Africa would soon remove the remaining quantitative restrictions. He requested that the Balance-of-Payments Committee of the Council examine early next year the progress made by South Africa towards further liberalization.

Mr. CLARK (Canada) supported the comments made by the representative of the United Kingdom. He urged that South Africa remove the remaining restrictions and requested an early meeting of the Balance-of-Payments Committee to review the situation.

Item 12(d) - United Kingdom - Dollar area quotas

Mr. PEARCE (United States) indicated that the consultations that had taken place with the representatives of the United Kingdom under Article XXIII:1 of the General Agreement had terminated without leading to a satisfactory adjustment of the matter. The Government of the United Kingdom had been notified of this termination on 24 October. He requested that the Council take appropriate action in pursuance of Article XXIII:2 of the General Agreement at its next meeting.

Items 14-20 - Customs Unions and Free Trade Areas; Regional Agreements

Mr. PRYOR (Australia), in commenting on the general question of customs unions, free-trade areas and regional agreements, noted the increasing importance of such arrangements in the world trading scene. This was reflected in the frequency with which this type of question appeared on the Council's agenda. Australia had expressed misgivings about the compatibility of some of these agreements with the GATT.

In particular, he drew attention to the proliferation of various types of arrangements which might well be preferential in character and might have the effect of discriminating against other third countries, including developing countries. He welcomed the implementation of the decision taken at the last Session regarding regular reporting in respect of such arrangements. He also noted the adoption by the Council of procedures for the early notification of such arrangements and their examination in GATT.

Item 14 (a) - Procedures on notification of newly-established customs unions and free-trade areas

Mr. KITAHARA (Japan) recalled that his delegation had supported the approach of the United States delegation for the procedural handling of basic information concerning newly-established free-trade areas or customs unions. The proposal, which, in the view of his delegation, was merely designed to ensure a full adherence to one important GATT article and should present no serious problem to the parties concerned, had since undergone successive amendments which merited positive consideration.

His delegation considered that the decision of the Council taken in this respect represented a realistic approach to that essentially procedural question. It would serve to ensure the fullest practicable application of Article XXIV:7(a) and would be conducive to the smooth operation of that Article as a whole.

Mr. SOLBERG (Norway) said, that his Government was in agreement with the Council decision to adopt the procedure suggested by the European Economic Community for the notification of new agreements establishing customs unions or free-trade areas. However, his Government felt it desirable that parties to such agreements not only ask for the inclusion of such items on the agenda but also at the same time, supply the fullest information on the form and contents of such agreements, as the more complete the information the easier the task of the Council in determining the most suitable procedure.

Item 16 - European Economic Community - Accessions

Mr. PRYOR (Australia) recalled that, subject to ratification, the Treaties of Accession to the European Communities of important new countries were scheduled to be implemented on 1 January 1973. Because the enlargement of the EEC had such tremendous implications for world trade and for the GATT, his Government had welcomed the early establishment, in March 1972, of the Working Party on EEC Accessions in the expectation that the examination would have been largely completed before the actual process of enlargement began. The Working Party had held a number of meetings, but progress so far had been disappointing due, no doubt, in

part to the time required to produce the necessarily voluminous documentation that had recently been provided by the parties to the enlargement. His delegation, however, continued to be seriously concerned that basic questions such as the methodology to be used by the Working Party in the examination should remain unsettled.

He expressed the view that this particular GATT activity in its own way was hardly less important than the work being devoted to preparations for the 1973 multilateral trade negotiations. It needed to be advanced no less quickly, and in such a way that a full and objective examination was seen to be carried out. He felt sure that the parties to the enlargement would want that to be done and that no one would want to see the process of enlargement of the Communities begin next year under a cloud of suspicion.

Mr. KITAHARA (Japan) stated that the enlargement of the EEC from six to nine countries was an event of major significance. At this stage, all the implications of that event could not be foreseen but his delegation felt that it was incumbent upon the member States of the enlarged Community to pursue a liberal and outward-looking trade policy vis-à-vis non-member States, in view of the preponderant weight of the enlarged Community in world trade.

Thus, Japan attached particular importance to the examination of the instruments of accession in the light of Article XXIV and hoped that it would be possible to conduct the examination in an efficient manner. He acknowledged the amount of work involved in view of the complex nature of the examination, but hoped that the work could be finished at an early date, so that full attention could be devoted to preparations for the coming multilateral negotiations.

Mr. PEARCE (United States) stated that his delegation would like to use the services of the secretariat in consolidating the information to be supplied by the European Communities and other members so that the Working Party could proceed more rapidly. He also hoped that the CONTRACTING PARTIES would consider at this session the matter of the necessary negotiations under Article XXIV:6 of the GATT. His delegation asked that the discussion on this subject be held open so that they might speak again to it, if necessary, later in the session, after consultation with other interested delegations.

Mr. LUYTEN (European Communities) expressed understanding for the interest shown by a number of countries in the question of the enlargement of the Community and thanked those delegations who recognized the tremendous task involved in documentation. His delegation intended to participate fully in the Working Party. He had no objection to leaving this subject open for further discussion as requested by the United States.

Mr. LAI (Malaysia) believed that the accession of new countries to the EEC would have an impact on world trade, and almost certainly an adverse impact on Malaysia's trade. His delegation felt that to assess the impact, adverse or otherwise, it was necessary to consider the Commonwealth preferences in existence prior to the establishment of the Customs Union. His delegation could not agree with the interpretation by the enlarged EEC of Article XXIV:5(a) which excluded the incidences obtained under the Commonwealth preferential system.

Mr. SALIBA (Malta) also felt that preferences enjoyed by third countries should not be affected.

The CONTRACTING PARTIES agreed that the discussion on this item could be resumed later in the session, if necessary.

Item 17 - European Free-Trade Area Agreements

Mr. PEARCE (United States) recalled that the CONTRACTING PARTIES had been informed of the establishment of six free-trade area agreements, and noted that the texts of some of these agreements had been communicated. He urged that final texts of the other agreements be also submitted as soon as possible since these agreements were to enter into force on 1 January 1973. He expressed the expectation of his Government that the parties to these agreements would make whatever adjustments might be necessary to redress the impairment of third countries' trade interests. His delegation believed that as the final texts of these agreements were becoming available it would be appropriate to establish at the present session a working party to examine the texts in the light of the relevant provisions of the General Agreement.

Mr. LUYTEN (European Communities) stated that, as had already been indicated to the Council, the texts were being finalized and would be transmitted to the CONTRACTING PARTIES as soon as they became available - some might be transmitted during this session.

Mr. CLARK (Canada) noted that only two of the final texts of the European Free-Trade Area Agreements had been transmitted to the GATT and that to date no GATT action had been taken to review them. He expressed concern that GATT examination of the compatibility would not be taking place well before these agreements were scheduled to come into effect and urged the session to establish a working party to begin this work. His delegation would expect that if the working party decided that the agreements, or aspects of them, should be moderated to bring them into line with GATT obligations, appropriate action would be taken, even if the agreements had already come into effect.

The CHAIRMAN suggested that the question of establishing a working party to examine the provisions of the Free-Trade Area Agreements as proposed by some delegations, should be reverted to later in the session.

This was agreed.

Item 19 - Association between the EEC and Tanzania, Uganda and Kenya

Mr. PEARCE (United States) referred to the important differences of view amongst contracting parties regarding the compatibility of the association agreement with the provisions of the GATT. The view of the United States was reflected in the Minutes of the Council. He wished to repeat the United States request that the parties to the arrangement bring their trade policies into line with their GATT obligations. His delegation considered it a disservice to the GATT for the CONTRACTING PARTIES to fail to deal adequately with so flagrant a violation of GATT rules. The United States reserved its rights under the General Agreement with respect to this matter and intended to revert to it again at an appropriate time.

Mr. LUYTEN (European Communities) referred to the third paragraph under this item in the report of the Council (L/3761) in which the parties to the agreement were urged to recognize that the Association did not lead towards a free-trade area. This could be interpreted to represent the view of the Council, but should of course be attributed to the one, or perhaps some, representatives who had spoken.

As regards the question of assessing the compatibility of the Agreement with the rules of the General Agreement, he repeated the statement reproduced in the Report of the Council, that the Agreement would be subject to renegotiation, and his delegation was convinced that the problem of compatibility could not be raised in the same terms following the renegotiation.

Mr. BARVE (Kenya) supported the views expressed by the delegate of the EEC. His delegation's understanding was also that the sentence relating to the interpretation of the Association Agreement of East Africa with the EEC was the view of some of the contracting parties and not of the Council. However, as the delegate of the EEC had pointed out, the Agreement was of an interim nature and the question of renegotiation was already being examined. He said that the new agreement would again be in conformity with the provisions of the General Agreement.

Mr. CLARK (Canada) stated that this Association raised one of the most fundamental issues facing the GATT, being the latest of a long series of examples of the EEC negotiating special, bilateral preferential arrangements. His delegation seriously questioned the conformity of this arrangement with the member's obligations under the GATT. He noted that the Agreement was to be renegotiated, and the comments of the delegate of the EEC that the new agreement would be in line with the General Agreement. He expressed regret that, at the time of examination by the Working Party, three of the signatory countries had not been able to have representatives present.

Item 23(f) - United States Agricultural Import Restrictions

Mr. CLARK (Canada) recalled that the United States had obtained a waiver seventeen years ago to permit it to maintain import restrictions on certain agricultural commodities. He expressed concern that the United States had recently been making increased use of the waiver and had extended restrictions against imports under it. In the light of the movement towards trade liberalization and the envisaged trade negotiations he believed that the time had arrived to examine the need for the United States to continue applying the waiver. He believed that the waiver should be examined before the beginning of the new negotiations since it was not an issue to enter into an assessment regarding compensation, payment or balance of advantage.

Mr. MEERE (Australia) associated his delegation with the statement made by the representative of Canada about the possible need for a review of the necessity for the United States to continue the usage of this waiver and in particular in relation to restrictions that had been maintained on dairy products.

Mr. ALLOT (United Kingdom) pointed out that the United Kingdom had a particular interest in relation to one item affected by the United States waiver. The item concerned was chocolate crumb, which was sold in the United States on competitive terms. It met a demand from smaller United States firms which were unable to obtain supplies from United States sources. Repeated representations had been made by the United Kingdom Government without success. In fact, in 1971 further restrictions had been introduced. It was the view of the United Kingdom that this action contravened the General Agreement by exceeding the terms of the waiver granted in 1955 and by nullifying a concession granted in the Kennedy Round. The United Kingdom delegation therefore supported the views expressed by the Australian and Canadian delegations that the time had come to look at the need for this waiver. This should perhaps be done fairly soon, if necessary by means of a working party.

Mr. PROPPS (United States) replied that while the waiver had been in effect since 1955 the United States had fully observed the conditions laid down and had reported faithfully on action under the waiver. With respect to the implication that the United States had made increasing use of the waiver he pointed out that while the first report covered eleven items, the last report covered only four: cotton, wheat and wheat products, peanuts and certain unmanufactured dairy products. The need for continued control of the products was set forth fully in the report to the CONTRACTING PARTIES.

He also stated that the United States continued to maintain controls on domestic production and marketing of cotton, wheat and peanuts. So long as controls existed on domestic production and in the light of the world supply situation the United States felt that import controls should be continued. Control measures in these circumstances were permitted by provisions under the General Agreement. With regard to dairy products he pointed out that world supply remained in excess of commercial demand. There was again evidence of mounting surpluses and unless positive measures were taken by surplus producers the situation that surpluses were seeking markets at any price would recur. The United States used its surplus milk production for domestic relief and welfare programmes and kept it from the world markets. At the same time the United States was the target of surplus production from other countries which themselves continued to maintain control on imports. In these circumstances it had been necessary for the United States to maintain a continued control on imports of certain dairy products.

Item 25(c) - Accession of Bangladesh

Mr. KITAHARA (Japan) stated that his delegation supported the request of Bangladesh to accede to the GATT. Bangladesh had continued to apply the GATT provisions in its relationship with contracting parties and it was prepared to take over in full the obligations which were in effect prior to its independence. In this light the procedures which normally required the setting-up of a working party and full negotiations with the CONTRACTING PARTIES for the establishment of a new schedule, did not seem to be necessary.

The CHAIRMAN recalled that the CONTRACTING PARTIES had decided to add a separate item to this agenda concerning the accession of Bangladesh and suggested that further discussion on the matter be reserved until later.

Mr. NAIK (Pakistan) stated that he reserved the position of his delegation with respect to this item. The delegation of Pakistan would speak to the problem when the CONTRACTING PARTIES would deal with it under item 5.

Item 26 - Consultation with Poland under the Protocol of Accession

Mr. JODKO (Poland) drew the attention of the CONTRACTING PARTIES to the fact that, although Poland had been a contracting party for five years, the Working Party set up to consult with Poland under the Protocol of Accession was, although the matter was now considered for the third time, still not in a position to reach an agreement on the establishment of a date for the termination of the transitional period and for the elimination of all discriminatory restrictions being applied by some contracting parties to imports from Poland. In his view this situation was very regrettable especially since Poland had fully implemented its GATT obligations and had even significantly exceeded its import commitment. For example, Polish imports from other GATT contracting parties had increased by 18 per cent in 1971 over the previous year level. He wished to convey to the CONTRACTING PARTIES his authorities' deep concern over this distortion of the balance of mutual rights and obligations. He referred to Poland's position, presented on pages 23-24 of the report of the Council, which had been shared by many contracting parties.

In this connexion, he stated that recently some contracting parties had undertaken in bilateral negotiations to eliminate by the end of 1974, restrictions inconsistent with Article XIII of the General Agreement on imports from Poland. This seemed to be a convincing evidence that with good will, difficulties facing other contracting parties could be overcome, and he hoped sincerely that these countries would reconsider their position in this respect.

In the view of his delegation this important matter constituted, to some extent, a test case of GATT's effectiveness as an international, multilateral trade agreement and could not be postponed indefinitely. He requested the CONTRACTING PARTIES to urge the countries concerned to intensify their efforts so as to permit the transitional period to be terminated by the end of 1974.

Mr. PATEL (India) shared the concern expressed by Poland that, as yet no terminal date had been set for the maintenance of discriminatory restrictions against imports from Poland, despite the fulfilment of Poland's commitment. The Council report did not bring out the fact referred to in the Council Minutes (C/M/81) that a number of delegations, of which India was one, had supported the proposal that the date for expiry of the transitional period should be 31 December 1974.

Mr. HAZUMI (Japan), Mr. PRYOR (Australia), Mr. LLINAS CASTANON (Cuba), Mr. TOMIC (Yugoslavia), Mr. CUBILLOS (Chile), Mr. SANTAMARIA (Spain), Mr. EL GOWHARI (Egypt), Mr. BABIS (Czechoslovakia), Mr. EASTHAM (Canada), Mr. OLIVERI LOPEZ (Argentina), Mr. PETRESCOU (Romania) and Mr. PEARCE (United States) associated their delegations with the request by the delegation of Poland regarding the end of the transitional period and the abolition of discriminatory restrictions. They also expressed satisfaction that Poland had been able to considerably exceed its import commitment in 1971.

Mr. WILLENPART (Austria) expressed the hope that a solution to the problem of the termination of the transitional period could be arrived at in connexion with the next consultation with Poland. He pointed out that Austria had met the requirements under the Protocol of Accession. Austria had recently liberalized 162 items and enlarged existing quotas on imports from Poland and from the beginning of 1973 there would be further liberalization in this regard.

Mr. SOLBERG (Norway) expressed satisfaction that Poland had fulfilled and in fact exceeded its obligations under the terms of accession and, also that over the past year there had been a further reduction of trade barriers facing Polish exports. He urged the contracting parties concerned to follow the pragmatic approach traditionally adopted in the GATT by working out a mutually satisfactory solution before the date of the next consultation with Poland.

Mr. NUNES de CARVALHO (Portugal) said that he fully understood the concern of Poland but also the concerns of other contracting parties. He associated his delegation with the views expressed by the representative of Norway that the contracting parties concerned should seek a pragmatic solution to the problem of the termination of the transitional period before the next consultation.

Mr. LUYTEN (European Communities) said that he regretted that it had not been possible to accept the compromise formula proposed in the Working Party regarding the termination of the transitional period. On that point, the report of the Council did not fully reflect all the shades of the discussion that had taken place. Indeed, some representatives had stated that they could not concur in the interpretation according to which the provisions of the Protocol in respect of the date for termination of the transitional period had not been observed. They had pointed out that the Protocol required that question to be re-examined at each annual consultation until a date was fixed. That being so, there was, therefore, no non-observance and no inconsistency in the situation resulting from the last consultation in respect of that question which would have to be taken up again at the next consultation.

Mr. BUXTON (United Kingdom) supported the views expressed by the representative of the European Communities. His delegation had noted with satisfaction that Poland had fulfilled its commitment under the Protocol of Accession. In his view those contracting parties which still maintained quantitative restrictions had also met their commitments as they had continued to seek a mutually acceptable terminal date to the transitional period in the manner provided for in the Protocol. He shared the view expressed by the representative of the European Communities in that the views of these latter contracting parties had not been adequately presented in the report of the Council. The United Kingdom representative recalled that there was no provision in the Protocol of Accession linking the fulfillment of the import commitment by Poland to the removal of discriminatory quantitative restrictions by any firm date.

Mr. STALBERG (Sweden) regretted that it had not been possible to agree upon a terminal date to the transitional period in conformity with Article 3 of the Protocol of Accession and that the formula proposed by several delegations to which the representative of the European Communities had referred had not been acceptable to all members of the Working Party. He noted that Sweden had recently concluded a bilateral agreement with Poland along the lines of this proposal and expressed the hope that a mutually acceptable solution could be found at the sixth consultation with Poland under the Protocol of Accession.

Item 28 - Canada - Import Documentation

Mr. LUYTEN (European Communities) said that the Communities regretted the situations which had led the Canadian Government to introduce a new import formality because that decision went against the efforts toward reducing documentary requirements on imports.

Item 29 - Application of Article XXXV to Japan

Mr. HAZUMI (Japan) wished to express his delegation's appreciation to the Governments of Gambia, Spain, Portugal, Dahomey and Burundi which had recently disinvoked Article XXXV. Despite the fact that this further progress had been made since the last session of the CONTRACTING PARTIES, the fact remained that as many as seventeen contracting parties were still applying that Article to Japan as indicated in document L/3763. The Japanese delegation wished to make a strong appeal once again to these seventeen contracting parties to disinvoke Article XXXV and to enter into normal GATT relations with Japan as soon as possible. He reiterated the position of the Japanese Government concerning the extension of the Generalized Scheme of Preferences to those countries which were applying Article XXXV against Japan. As had been stated in the twenty-seventh session of the CONTRACTING PARTIES, the extension of the Generalized Scheme of Preferences by Japan to any of those countries would, in principle, be suspended if the beneficiary did not cease to apply Article XXXV within the period of three years from

1 August 1971, the date of implementation by the Japanese Government of its Generalized Scheme of Preferences.

Mr. EASTHAM (Canada) noted with satisfaction that since the twenty-seventh session five contracting parties had ceased to invoke Article XXXV against Japan but was distressed that this Article was still applied against Japan by seventeen others. In his view it was in the interest of not only Japan but all contracting parties that the trade relations of all contracting parties be governed by the provisions of the General Agreement.

Mr. PEARCE (United States) urged the seventeen countries concerned to cease to invoke Article XXXV against Japan as soon as possible.

Mr. NUNES de CARVALHO (Portugal) pointed out that Portugal was among those contracting parties which had recently disinvoked Article XXXV against Japan. He supported the appeals that had been made by other delegations that all contracting parties cease to apply Article XXXV in their trade relations with Japan.

Mr. WILLENPART (Austria) noted that his country still applied Article XXXV in respect to Japan. In December 1971 Austria and Japan had agreed to conduct bilateral discussions with a view to solving the remaining difficulties facing disinvocation of Article XXXV.

Mr. NIYI (Nigeria) stated that since the liberalization measures in April 1971, imports from Japan received virtually identical treatment to those from other GATT members; thus, Nigeria's application of Article XXXV against Japan had almost no practical effect. His country, however, had not considered the time appropriate to formally disinvoke article XXXV in view of the adverse balance against Nigeria in its trade with Japan. He urged that Japan take steps to improve access to the Japanese market for Nigerian exports in order to rectify this unfavourable trade situation.

Mr. BARVE (Kenya) recalled that Kenya was also among the contracting parties still applying Article XXXV against Japan. Kenya's formal resort to this Article had no practical effect but served to illustrate his country's concern at its unfavourable bilateral trade balance which was about eight to one in favour of Japan. The representative of Kenya urged Japan to allow more imports from Kenya by reducing non-tariff barriers.

Mr. KITAHARA (Japan) stated that he had listened with interest to the encouraging statements which had just been made by representatives of certain contracting parties applying Article XXXV against his country. He expressed hope that the remaining problems might be solved before the next session of the CONTRACTING PARTIES.

Item 31 -- Status of Protocols

The CHAIRMAN drew attention to the text of the draft decision, annexed to the Council Report, extending the closing date for acceptance of the Protocol Introducing Part IV of the General Agreement until the close of the twenty-ninth session.

Mr. NIYI (Nigeria) appealed to those contracting parties that had not accepted Part IV of the General Agreement to do so before the next session.

The Decision, was adopted.

Item 32 - Administrative and Financial Questions

The CHAIRMAN drew attention to sub-item (c) dealing with the Report of the Committee on Budget, Finance and Administration. As indicated in document L/3761/Add.1, the Council had approved the recommendations made in the report and had recommended the adoption of the report by the CONTRACTING PARTIES.

Mr. NIYI (Nigeria) expressed the concern of his authorities that his country's contribution to the budget had increased by 50 per cent. He hoped that the resources would be used to help developing countries in the preparations for the multilateral trade negotiations, so that they would be able to take a more active part in these negotiations than had been possible during the Kennedy Round.

The CONTRACTING PARTIES adopted the Report of the Committee on Budget, Finance and Administration (L/3747), including the recommendations contained therein and the Resolution on the Expenditure of the CONTRACTING PARTIES in 1973 and the Ways and Means to meet such Expenditure.

Having adopted the individual items the Chairman asked whether the Report of the Council as a whole could be adopted.

The Report of the Council was adopted.

The meeting adjourned at 1 p.m.