

RESTRICTED

C/M/31

30 November 1965

Limited Distribution

# GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL

19 November 1965

## MINUTES OF MEETING

Held at the Palais des Nations, Geneva  
on 19 November 1965

Chairman: Mr. N.V. Skak-Nielsen (Denmark)

<u>Subjects discussed:</u>	<u>Page</u>
1. United States request for a waiver in connexion with the Canada/United States Agreement on Automotive Products	1
2. Next meeting of the Council	3
1. <u>United States request for a waiver in connexion with the Canada/United States Agreement on Automotive Products (L/2509 and Corr.1)</u>	
The Chairman recalled that a Working Party had been established a month before (C/M/29) to consider a request by the Government of the United States for a waiver under paragraph 5 of Article XXV in connexion with the Agreement concluded between Canada and the United States concerning trade in automotive products and that the Working Party has submitted its report in document L/2509 and Corr.1.	

The Chairman of the Working Party in introducing the report said that the Working Party had obtained clarification of specific questions and had conducted a discussion of issues raised by the United States presentation of its request. He drew attention in particular to paragraph 17 of the report. In this paragraph certain members had indicated that their governments were unable at that stage to indicate immediate approval of the application or to agree to any precise form of words for an eventual waiver. The Working Party had felt that it was for the CONTRACTING PARTIES to judge the merits of the case for a waiver as presented in the relevant documentation and as elaborated in the present report. The Working Party had proceeded to consider what might be the appropriate terms and conditions for such a waiver and had formulated the text contained in Annex B to the report for submission to the CONTRACTING PARTIES. Certain understandings on the text were set out in paragraphs 18 to 20 of the report.

The representative of the United States said that, in the opinion of his delegation, the draft of a decision which had been formulated by the Working Party and reproduced in the Annex to L/2509 and Corr.1 was an appropriate one to put to

the CONTRACTING PARTIES. The draft recognized the exceptional circumstances underlying the request for a waiver and contained provisions designed to safeguard the trade interests of contracting parties. His delegation hoped that a decision would be taken by the CONTRACTING PARTIES by 20 December 1965, the date on which the United States was due to carry out its part of the Canada/United States Agreement on Automotive Products. He therefore proposed that the Council should submit the draft decision to an immediate vote by postal ballot, giving contracting parties the standard thirty days to record their votes.

Reference was made to the assurances given by the representative of Canada in paragraph 15 of the report of the Working Party and clarification was requested on the nature of the consultation which Canada and the United States might have under sub-paragraph (b) of Article IV of their Agreement on the designation of a manufacturer by the Government of Canada as being entitled to the benefit of duty-free treatment under paragraph 3 of Annex A of that Agreement. The representatives of Canada and the United States, while questioning the relevance of this matter in the present context, said that the consultation procedure referred to was not intended to provide for more than an exchange of views and that its existence would in no way invalidate the assurances given at the earlier Working Party which were set out in paragraphs 10 and 20 of its report (L/2409).

The representative of Argentina recalled that some members of the Working Party had, in paragraph 13 of the report, expressed their concern that preferential treatment was being instituted by one highly developed country in favour of another. The representative of India drew attention to the points made by certain less-developed countries in paragraph 16 of the report of the Working Party.

In reply to questions the representative of the United States confirmed the statement made by his delegation and reproduced in paragraph 10 of the report that his country had made a sweeping offer of tariff reductions in the automotive products sector in the Kennedy Round, that it would later be willing to consider the further reduction or elimination of United States duties on these products, and that neither a unilateral nor a multilateral approach could now be ruled out.

The representative of the United States confirmed the understanding of several representatives that the granting of a waiver based on the text annexed to the report of the Working Party would not prejudice the rights of contracting parties under the General Agreement, including rights under Article XXIII.

Referring to statements that paragraph 2 of the text of the waiver did not seem to provide for consultations in cases where the granting of the waiver had adversely affected the chances of a new exporter trying to enter the United States market, the representative of the United States said that his Government would, as had been its custom in the past, consult with any contracting party on request.

The understanding recorded in paragraph 20 of the report of the Working Party made it clear that the term "substantial interest" in paragraph 2 of the waiver text would be given a liberal interpretation and would not be used to prevent consultations from taking place in cases where a real problem existed.

Some members drew attention to the apparent inconsistency of the attitude of the United States to applications for waivers from the provisions of Article I of the General Agreement. Some members said that the speed with which the request of the United States was being dealt with was in marked contrast with the handling of another request for a waiver from the provisions of Article I. It was suggested that some deferment might not be unreasonable to allow time for consideration of the request by governments. It was pointed out however that the text of the Canada/United States Agreement had been circulated to contracting parties in January and that governments had had some time to consider what their attitude would be to a request for a waiver.

After some discussion, the Council approved the text of the draft decision contained in L/2509 and Corr.1 and agreed that it should be submitted to an immediate vote. Representatives who had the authority to do so recorded their vote. The Chairman requested the secretariat to distribute ballot papers to contracting parties not represented at the meeting to be completed and returned by 19 December.

## 2. Next meeting of the Council

The Chairman informed the Council that a number of matters, mostly of a routine nature, would require the attention of the Council before the end of the year and that, accordingly, a meeting would be convened for early in December.

