

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Chairman: Mr. N.V. SKAK-NIELSEN (Denmark)

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1. Membership of the Council

The Chairman said that a request for membership had been received from the Government of Poland which had declared its willingness to accept the responsibilities of membership and to make arrangements for effective participation. The Council welcomed Poland as a member under the terms of the Decision of the CONTRACTING PARTIES of 9 November 1959 on Relations with the Polish People's Republic (8S/11), whereby the Government of Poland was invited "to participate in sessions of the CONTRACTING PARTIES and of subsidiary bodies established by the CONTRACTING PARTIES". The Chairman said that Poland would collaborate on the same basis as it participates in the work of the CONTRACTING PARTIES.

The Chairman drew the attention of the Council to the fact that the persons originally nominated by many members to represent them on the Council had moved away from Geneva, and that the governments concerned had not yet nominated other persons to replace them. In order that the membership of the Council might be re-established in good order, it was desirable that the governments concerned should submit in writing to the Director-General the names of those who would serve as their representatives in 1966.

2. Balance-of-payments import restrictions

(a) Reports on consultations

In the absence of the Chairman of the Committee on Balance-of-Payments Import Restrictions, the Deputy Director-General presented to the Council the reports on the consultations with Finland (L/2510), Iceland (L/2436), Israel (L/2492), New Zealand (L/2490), South Africa (L/2435), Tunisia (L/2500), Turkey (L/2437), United Arab Republic (L/2498), Uruguay (L/2503) and Yugoslavia (L/2494). He pointed out that there was a seemingly increasing difficulty in obtaining background documents from capitals sufficiently in advance of meetings of the Committee to permit a thorough study. He stressed that a better performance on timing of documentation would greatly improve the quality of the consultations to the mutual benefit of all concerned.

The representative of Australia said that he fully shared the preoccupations of the Deputy Director-General regarding the delay in the submissions of background documents. The CONTRACTING PARTIES had agreed that documentation should be submitted one month before the meetings of the Committee; if there was no improvement in the timing of the documentation, Australia would have to reconsider its position in the Committee.

The Council agreed to recommend the ten reports of the Committee on Balance-of-Payments Import Restrictions for adoption by the CONTRACTING PARTIES at their twenty-third session.

The representative of Australia said that his Government had put some questions to Tunisia in the course of the consultation with that country on the consistency with the General Agreement of certain discriminatory import restrictions. The Australian Government was not entirely satisfied with the replies given and might have to come back to those questions.

(b) Arrangements for consultations in 1966 (L/2519)

The Chairman said that a note on the balance-of-payments consultations in 1966 had been circulated in document L/2519. As in past years two series of consultations - in the spring and in the autumn - were foreseen, the timetable to be arranged by the secretariat in consultation with the International Monetary Fund and the countries concerned.

In reply to a question the Chairman said that the countries referred to in paragraph (c) of L/2519 were the same as in the previous year.

The proposals in document L/2519 were approved.

3. Indian regulatory duty (L/2501)

The Chairman recalled that in February the Government of India had imposed a special duty on imports and at a meeting of the Council in July (C/M/27) the representative of India had explained the reasons underlying the imposition of this duty. The Council had taken note of that statement and had requested the Committee on Balance-of-Payments Import Restrictions to examine the matter and to present a report on the balance-of-payments aspect of the duty. The Committee's report had been distributed in document L/2501.

The Deputy Director-General, in the absence of the Chairman of the Committee, introduced the report and pointed out that it was a purely factual report which did not make any suggestions for further action.

The report of the Committee on Balance-of-Payments Import Restrictions was adopted.

The Chairman suggested that the Committee should be requested to include, so long as the duty was maintained, a review of the operation of the duty in future consultations with the Government of India under Article XVIII. This was agreed.

4. Uruguayan import surcharges (L/2504)

The Chairman recalled that at their session in March 1965 the CONTRACTING PARTIES had extended until the end of 1965 the waiver granted to Uruguay to authorize the maintenance of certain surcharges imposed on imports of items bound in the Uruguayan Schedule and at the same time had authorized it to maintain the increased rates of surcharge which had been introduced in November 1964. The CONTRACTING PARTIES had requested the Committee on Balance-of-Payments Import Restrictions to examine the balance-of-payments aspects of the surcharge and had authorized the Council to deal with Uruguay's request for a further extension of the waiver on the basis of any recommendation that might be submitted by the Committee. The Committee had examined this matter and its report had been distributed in document L/2504.

The Deputy Director-General, in the absence of the Chairman of the Committee, presented the report. He said that the Committee had found that the balance-of-payments situation of Uruguay justified an extension of the waiver. It thus recommended to the Council that Uruguay should be authorized to maintain until the end of the first regular session of the CONTRACTING PARTIES in 1967 its import surcharges as modified by the Decree of 24 November 1964, subject to the relevant terms and conditions of the original waiver of 8 May 1961. The Committee had also prepared a draft decision, annexed to document L/2504, which it submitted for adoption by the Council in accordance with the Decision of the CONTRACTING PARTIES on 23 March 1965.

The representative of Uruguay recalled that his Government had originally asked for a three-year extension of the waiver. It was not likely that the balance-of-payments situation would change to such an extent before March 1967 that the surcharges could be removed by then. He asked that the waiver should be extended for a further period of three years as originally requested.

Several representatives of Latin American countries supported this request.

Some other representatives pointed out that they had instructions which only allowed them to vote for an extension up to the end of March 1967 as proposed by the Committee.

In reply to a question put by the representative of Australia, the Chairman said that it was clear that the words "the relevant terms and conditions of the Decision of 8 May 1961" in the last paragraph of the draft decision annexed to document L/2504 related not only to the "Terms and Conditions" of the 1961 Decision but also to the provisions of the operative part of that Decision.

The representative of Australia said that flag discrimination was not allowed under the rules of GATT and should be removed from the Uruguayan surcharge legislation. The representative of Uruguay said that it was the conviction of his delegation that the Merchant Navy Bill now before the Uruguayan Congress should meet the wishes of the contracting parties in this connexion.

The representatives of Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxemburg, Netherlands, Norway and Sweden said that they were not in a position to vote in favour of an extension of the waiver as long as Uruguay maintained the element of flag discrimination in its surcharge legislation.

The report in document L/2504 was adopted.

The Council adopted, acting under the authority conferred on it by the CONTRACTING PARTIES in their Decision of 23 March 1965, the draft decision annexed to document L/2504.

5. Italian customs treatment for imports of Somalian products.

The Chairman recalled that the waiver which had been granted to the Government of Italy on 19 December 1960, to authorize special customs treatment for imports of certain products from Somalia, would expire on 31 December 1965. The Decision provided that it should be reviewed by the CONTRACTING PARTIES before expiry.

The representative of Italy said that on 1 January 1965 his Government had abolished the import monopoly for bananas - by far the most important product imported from Somalia - and had established a provisional import régime. In view of that fact it had found it difficult to prepare the report on the development of the trade with Somalia, which it should have submitted in September, and to decide whether to request an extension of the waiver. A decision on these matters was, however, soon to be taken; in the meantime his Government suggested that the waiver should be temporarily extended until the end of the following session of the CONTRACTING PARTIES.

The representatives of the United States and Israel supported the Italian request.

The Council approved the text of a draft decision (C/W/97) extending the waiver until the end of the twenty-third session of the CONTRACTING PARTIES. Representatives, who had the authority to do so, recorded their votes. The Chairman requested the secretariat to distribute ballot papers to contracting parties not represented at the meeting.

6. Luxemburg agricultural import restrictions (L/2479)

The Chairman recalled that the waiver from the provisions of Article XI which had been granted to Luxemburg in 1955 and reviewed in 1960 was to be reviewed again by the end of 1965. He drew attention to a report by the Government of Luxemburg on the implementation of the Decision which had been distributed in document L/2479.

The representative of Luxemburg recapitulated the history of the waiver and of his country's efforts to make its agricultural production more competitive. He stated that while some progress had been made and some import restrictions had been eased, the process was not yet complete. Since a review of Luxemburg's agricultural policies is to take place within the European Economic Community in 1970, he suggested that the CONTRACTING PARTIES might wish to defer their examination of the waiver to that time, although his country was of course ready to participate in an earlier examination and to supply any additional information which might be required.

The representative of New Zealand indicated that his country would prefer that the waiver be reviewed at the twenty-third session. The representative of the United States, while expressing interest in various procedural and substantive matters, stated that his Government was prepared either to participate in an earlier review of the waiver or to wait for a review in 1970. In particular, the United States would welcome an opportunity to discuss the new Luxemburg law on agricultural orientation, which appeared to be an enabling act only. Details would be welcome, especially concerning what is proposed as to the size of agricultural holdings. The representative of Australia, for his part, felt that there might be advantage in the establishment of a working party which might meet during the twenty-third session, with interested contracting parties possibly presenting their questions to the Government of Luxemburg in advance. Australia was, for example, interested in re-examining the reporting requirements of the waiver.

It was agreed to recommend to the CONTRACTING PARTIES that the waiver be reviewed during the twenty-third session.

7. Reports under waivers

(a) Turkish stamp duty (L/2472)

The Chairman recalled that by Decision of 20 July 1963 the CONTRACTING PARTIES had granted a waiver to the Government of Turkey authorizing the maintenance of a 5 per cent ad valorem stamp duty on imports of products subject to concessions in the Turkish Schedule. The waiver required the Government of Turkey to submit an annual report on the operation of the stamp duty in relation to the implementation of the Five-Year Development Plan. The report submitted in September had been distributed in document L/2472.

The representative of Sweden asked if, in view of the recent tariff increases in Turkey, it would be possible to remove the stamp duty shortly. The representative of Turkey said that the duty was of a purely temporary nature and would be removed by the end of 1967, i.e. by the time the waiver would expire.

The Council took note of the report.

(b) France and Germany/Trade with the Saar (L/2523)

The Chairman recalled that the reports submitted by the Governments of France and the Federal Republic of Germany, under the Decision of 22 November 1957, had been distributed in document L/2523.

The Council took note of the reports.

8. Australian request for a waiver to grant preferences to less-developed countries

The Chairman noted that the Working Party on the Australian request for a waiver to grant preferences to less-developed countries has not completed its work so that this item could not be dealt with at the present meeting of the Council. He invited discussion on how the Council wished to proceed with the matter.

The representative of Australia agreed that discussion of the item could not take place immediately but expressed the hope that the report of the Working Party a draft waiver might be ready by the time of a further meeting of the Council before the end of the current week; he proposed that the way be held open for a meeting of Council late in the day on 17 December.

Representatives of a number of other countries felt that it was unrealistic to believe that the Working Party report would be ready in time for a useful meeting within a matter of days, and in any case, they considered that no decision could be made on the report until after there had been careful consideration of this important matter in capitals. Others felt that even preliminary consideration of the matter before governments had had an opportunity to review the report would not be useful, though sympathy was expressed for the desire of Australia to obtain a decision in this matter as soon as possible. Appreciation was also expressed for this important Australian initiative, but for some the very importance of the problem was itself a reason for allowing governments an opportunity to study the report carefully prior to Council discussion.

It was agreed that Council would meet at a date to be fixed by the Director-General about mid-January to discuss the Working Party report.

9. Protocol introducing Part IV (C/W/94)

The Chairman said that the Protocol introducing Part IV of the General Agreement, which had been opened for acceptance at the Second Special Session, had not yet been accepted by the requisite number of contracting parties to bring the new chapter into force; only thirty-four had accepted, whereas forty-four were required to bring the chapter into effect. At present, under paragraph 2, this

Protocol was open for acceptance only until 31 December 1965, but the period for acceptance could be extended by a decision of the CONTRACTING PARTIES. As there had been indications that a number of countries expected to be able to accept it early in 1966, a draft decision extending the time-limit until the twenty-fourth session had been drawn up and circulated in Annex A to C/W/94. If the Council approved the text, it could be submitted to a vote by postal ballot. The Chairman reminded the Council that the constitution and terms of reference of the Committee on Trade and Development would have to be revised if the Protocol should not become effective.

A number of contracting parties supported the extension of the period within which the Protocol might be accepted. Regret was expressed that many contracting parties had not yet been in a position to accept the Protocol. The representative of Sweden informed the Council that the Swedish Parliament had approved Sweden's acceptance and that therefore Sweden's signature could be expected within a few days.

The Director-General, replying to comments which had been made, confirmed that he would write to those contracting parties which had not yet accepted the Protocol urging them to do so without delay. He pointed out that one reminder had already been sent in November. Referring to a further comment, the Director-General said he hoped that contracting parties would not regard the addition of Part IV to the General Agreement as a defensive measure by the CONTRACTING PARTIES but as a constructive contribution which would open the way to positive and practical measures in an important sector of their activities.

The Council approved the text of the decision. Ballot papers were distributed to the representatives present and the secretariat was requested to send ballots to other contracting parties.

The Chairman then drew attention to Annex B to C/W/94, which contained a companion draft declaration extending for the same period the de facto implementation of Part IV. He noted that no new issues were involved. The text of the new declaration was approved.

The Chairman proposed that, unless any representatives indicated to the contrary, the countries represented at the meeting which were parties to the present Declaration be recorded as having accepted the new declaration. This was agreed and the Director-General was requested to communicate with governments of other contracting parties to enquire whether they would also subscribe to the new declaration.

The representative of Japan entered a technical reservation to his Government's position on acceptance of the new declaration since a new decision by the Japanese Cabinet would be required.

10. Provisional accession of Iceland, Tunisia and Yugoslavia (C/W/92)

The Director-General had drawn the attention of the Council in document C/W/92 to the fact that the arrangements for the provisional accession of Iceland, Tunisia and Yugoslavia would expire at the end of the year. Since there was no possibility of full accession being achieved this month the question arose whether these arrangements should be prolonged. The Governments of Iceland and Tunisia had requested an extension and the Working Party on the Accession of Yugoslavia had recommended that Yugoslavia's provisional accession should also be extended. In document C/W/92 the Director-General had provided drafts of instruments to achieve the proposed extensions of the relevant declarations. For Iceland and Tunisia the extension was proposed for two years, i.e. until the end of 1967, while for Yugoslavia, whose accession was at present the subject of examination in a Working Party, the period proposed was six months.

The Council agreed that the provisional accession of the three countries should be prolonged for the periods proposed and approved the texts contained in C/W/92.

The Chairman said that the three instruments would be opened for acceptance within a few days. He drew attention to the importance of early acceptance of the instruments in order to avoid a lapse of contractual commitments between the provisionally acceding governments and the other parties to the Declarations.

The Council approved the texts of the draft decisions contained in C/W/92 extending for the same periods the invitations to Iceland, Tunisia and Yugoslavia to participate in the work of the CONTRACTING PARTIES. Members of the Council who had authority to vote on behalf of their governments, recorded their votes. The Chairman requested the secretariat to distribute ballot papers to contracting parties not represented at the meeting.

11. Negotiations under Article XXVIII (C/W/95)

The Director-General had reported to the Council in document C/W/95 that a number of contracting parties, which had been conducting negotiations for the modification or withdrawal of concessions under the provisions of paragraph 1 of Article XXVIII, had indicated that they would not be able to conclude these negotiations within the time fixed by the CONTRACTING PARTIES, i.e. by the end of 1965. These governments had asked for a further extension of the time-limit and it was suggested by the Director-General that the Council might wish to consider extending the limit to the end of the twenty-third session.

This was agreed.

The representative of South Africa, in welcoming the extension of the time-limit, stressed the importance of concluding outstanding negotiations in a reasonably short time. The negotiations had been notified more than two years ago. He understood the difficulties of some of South Africa's negotiating partners but he wished to underline once more the necessity of expediting matters. The representative of the United Kingdom said that there had been some delay on the part of her Government, but it was now prepared to conduct the negotiations with South Africa with all possible speed.

12. Financial and administrative questions

(a) Salaries of the professional categories and above (L/2513)

The Chairman said that the General Assembly of the United Nations had decided that a revision of salary scales should be implemented on 1 January 1966. The Director-General requested authority to apply the corresponding scales to GATT staff on the same date (paragraph 4 of L/2513) and proposed the means of meeting this additional expenditure in 1966 (paragraph 5)

Some representatives supported the request by the Director-General, while one representative expressed the concern of his Government over rising expenditure in international organizations and said that he could not support the proposal.

The Council approved the recommendations in paragraphs 4 and 5 of document L/2513.

(b) Additional assessments (L/2502)

Recommendations concerning the assessment of contributions to the 1965 budget by Burundi and the Gambia and also advances to the Working Capital Fund by these countries were put forward by the Director-General in paragraphs 1 and 4 of document L/2502.

The Council approved the recommendations in paragraphs 1 and 4 of document L/2502.

13. Arrangements for the twenty-third session (C/W/93)

The Director-General informed the Council of his misgivings concerning the utility of a lengthy session of the CONTRACTING PARTIES in March 1966. Although it was difficult to foresee what would be the situation in March, from the list of items for the agenda of the session, as distributed in document C/W/93, it appeared that there would be only four or five items of policy importance requiring

the attention of the CONTRACTING PARTIES at that time. Moreover, it was likely that at that time the Kennedy Round of trade negotiations would require the attention of senior officials. For these reasons, he suggested that CONTRACTING PARTIES might prefer to concentrate their consideration of the policy issues in a short session which, it could reasonably be expected, senior officials would attend. The other items on the agenda could be considered in the first instance by the Council at a two or three-day meeting, held in advance of the session, and the Council's report and recommendation on all these items could be submitted to the session for approval. If these proposals met with approval, it might be agreed that the session would be held from about 28 March to 6 April. The Director-General reviewed the agenda items, as listed in C/W/93, indicating the type of action that they required, and suggesting tentatively those which might be considered in the first instance by the Council.

The Council agreed in principle to the Director-General's proposal to hold a short session toward the end of March, preceded by a meeting of the Council to take up as many of the agenda items as possible. There was some discussion of the best manner of presenting the agenda items and for dealing with them, and the Director-General was requested to put forward a plan for consideration at a meeting of the Council to be held about mid-January.

14. Programme of meetings, January-March 1966 (C/W/96)

It was agreed to defer this item for consideration, in the light of final plans for the session and on the basis of a new paper to be presented by the secretariat, at the meeting of Council in January.

