

GENERAL AGREEMENT ON TARIFFS AND TRADE

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COUNCIL

4 February 1966

MINUTES OF MEETING

Held at the Palais des Nations, Geneva,
on 4 February 1966

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

Subject discussed: Australian request for authority under Article XXVIII:4 to enter into negotiations for the withdrawal of certain concessions

At its meeting on 24 January 1966, the Council had agreed to postpone consideration of the Australian request for authority under paragraph 4 of Article XXVIII to negotiate the withdrawal of certain concessions from the Australian Schedule (GATT/AIR/529 and CORR.1(SECRET)) to provide governments with sufficient time to examine the request and to brief their delegations in Geneva.

The representative of Japan expressed the deep concern and apprehension of his Government over the proposed withdrawal of concessions by Australia. This action would, it was feared, impair the stability of Australia's GATT concessions. In these circumstances, what assurance was there that Australia would not soon seek to withdraw concessions on related products? It was noteworthy, moreover, that the Australian Government had requested the withdrawal rather than the modification of GATT concessions, whereas in the Ministerial Resolution of May 1963 mention was made of the importance of the stability of tariff concessions. It was regrettable that Australia had taken such action during the Kennedy Round on items which were included in her preliminary offers. The products in question were of great export interest to Japan and any withdrawal of GATT concessions on them would have serious repercussions on the offers of the Japanese Government in the Kennedy Round and, should the Japanese Government find it necessary to modify its own offers, this would affect the interest of third countries participating in the trade negotiations. Whatever the legal justification for the proposed action by Australia, he would earnestly appeal to the Australian Government to reconsider its request.

The representative of Czechoslovakia said that his Government was deeply concerned over the repeated requests for renegotiations by Australia. The withdrawals proposed would have a far-reaching impact on Czechoslovakia's exports to Australia. In the case of one item, of particular interest to Czechoslovakia, Australia had offered a duty reduction in the Kennedy Round. He would, therefore, request Australia to reconsider the envisaged changes.

The representative of the Commission of the European Economic Community, speaking on behalf of the Community, said that the Community was not convinced that the circumstances outlined in GATT/AIR/529 were such as to justify the action proposed. Whilst the Community sympathized with the objective of the Australian Government to create new industries, it had become concerned over the frequency with which Australia was requesting the renegotiation of bindings on industrial products. This concern was reinforced in the case of Australia since her market was distant and exporters attempting to establish themselves in it required an element of long-term security. Recent actions by Australia could not inspire this necessary confidence. The Community had doubts as to the applicability of paragraph 2 of the interpretative notes of paragraph 4 of Article XXVIII to Australia. He would enjoin the Australian Government to reconsider its request.

The representative of the United States said that his Government had serious misgivings over the Australian request. The proposed withdrawal of concessions could not but have important repercussions on the Kennedy Round. In fact it was possible that the withdrawals in question were such "as to threaten the stability of the Schedules to this Agreement or lead to an undue disturbance of international trade", in terms of paragraph 2 of the interpretative notes to paragraph 4 of Article XXVIII. The United States would, at least, appreciate an assurance that Australia was contemplating the granting of satisfactory compensation for the withdrawals and he would welcome an indication as to the areas where such compensation might be expected. In conclusion he hoped that the Australian Government would be able to reconsider the proposed withdrawals.

The representative of Australia said that he had taken note of the concern expressed by previous speakers. The decision by the Australian Government to request authority to withdraw concessions had not been taken lightly. The consideration of the duties in question had been going on for a considerable period and the special circumstances behind the request were set out in GATT/AIR/529. The industries involved were important to the Australian economy, both as employers of skilled personnel and as outlets for capital investment. Australia had given its full support to the Kennedy Round and could not accept that its proposed action would adversely affect the evolution of the trade negotiations. He was not in a position to give any undertaking as regards the nature of compensation for the withdrawals, but this was not, he submitted, relevant at that point. The General Agreement contained provisions to deal with the question of compensation and with the action that could, if necessary, be taken by countries which regarded the compensation offered as inadequate.

After summing up the debate, the Chairman suggested that the Council should grant the Australian Government the authority to renegotiate as requested, but should express its concern, in general, over invocations of Article XXVIII at a

time when the Kennedy Round was proceeding. Note could also be taken of the serious concern expressed by some representatives regarding the possible effects on trade and the stability of the GATT Schedules consequent upon the withdrawals proposed by Australia. At the same time the Council could request the Australian Government to take fully into account, in its future proceedings, the views expressed during the meeting.

The Council so agreed.

The representative of Japan stated that as the Australian Government intended to withdraw rather than to modify concessions, was not prepared to give an undertaking concerning the maintenance of concessions on certain products related to those contained in its present request, and had given no undertaking concerning its preparedness to provide adequate compensation, Japan could not participate in the decision of the Council.

The representative of the Commission of the European Economic Community, speaking on behalf of the Community, indicated that the Community would also disassociate itself from the decision of the Council.

