

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/M/42

13 December 1967

Limited Distribution

COUNCIL
6 November 1967

MINUTES OF MEETING

Held at the Palais des Nations, Geneva
on 6 November 1967

Chairman: Mr. R. Rothschild (Belgium)

	<u>Page</u>
<u>Subjects discussed:</u> 1. Turkish stamp duty	2
2. United States subsidy on unmanufactured tobacco	2
3. Provisional agenda for twenty-fourth session	3
Article VI - Countervailing duties	3
Article XVIII	3
Consular formalities	4
Application of Article XXXV to Japan	4
Malawi Schedule	4
Reports under waivers	5
(i) Ceylon/duty increases	5
(ii) Italian waivers/Libya and Somalia	5
(iii) United States import restrictions	5
(iv) United States automotive products	6
Provisional accession of Tunisia and the United Arab Republic	6
Newly-independent States	6
Financial and administrative questions	7
4. Report of the Council to the CONTRACTING PARTIES	7

The Chairman informed the Council that the Government of the Republic of Korea had advised the Director-General of its desire to accept membership in the Council and had nominated Mr. Han, its Ambassador in Geneva, as its representative. On behalf of the Council, the Chairman welcomed the Republic of Korea as a member.

1. Turkish stamp duty (L/2824)

A request by the Government of Turkey for an amendment and an extension of the waiver granted on 20 July 1963 to maintain the stamp duty at an increased rate was referred by the Council to the Committee on Balance-of-Payments Import Restrictions (C/M/41).

The Committee's report (L/2824) was presented to the Council by Mr. Ontaka (Japan) who recommended that it be read in conjunction with the consultation report (POP/P/11). In the light of the discussion and taking into account the assessment provided by the International Monetary Fund, the Committee recommended that the request of Turkey for an amendment and extension of the previous waiver be granted. It expressed the expectation, however, that the Government of Turkey would make every effort to maintain the stamp duty at as low a level as possible.

The Council adopted the report and approved the text of the draft decision annexed to the report; it would be recommended to the CONTRACTING PARTIES that a vote be taken at the twenty-fourth session.

2. United States subsidy on unmanufactured tobacco (L/2856)

The Chairman informed the Council that in February the Government of Malawi (joined by Canada, India and Turkey) had carried out with the Government of the United States a consultation under paragraph 1 of Article XXII concerning the subsidy on exports of unmanufactured tobacco which had been introduced by the United States Government in June 1966. In October 1967, the Government of Malawi advised that it now wished to have recourse to the provisions of paragraph 2 of that Article (L/2856).

The representative for Malawi made a statement (L/2897) in support of his Government's request for the appointment of a working party under the terms of paragraph 2 of Article XXII to examine Malawi's complaint and to report to the CONTRACTING PARTIES at the twenty-fourth session. The Council agreed to appoint a working party with the following terms of reference:

"To conduct on behalf of the CONTRACTING PARTIES consultations under Article XXII:2 with respect to the export subsidy on unmanufactured tobacco introduced by the Government of the United States in June 1966 and to report to the CONTRACTING PARTIES."

The following membership was agreed:

Canada	Malawi
Germany, F.R.	Switzerland
India	Turkey
Jamaica	United Kingdom
Japan	United States

The Commission of the European Communities will participate in the working party.

Chairman: Mr. A. Mahmood (Pakistan)

It was further agreed that the report on the consultation which has previously been held under Article XXII:1 should be submitted to the working party for information together with any other relevant documents.

3. Provisional agenda for the twenty-fourth session (L/2854/Rev.1)

The Council reviewed the items listed in the provisional agenda for the twenty-fourth session with a view to doing as much preparatory work as possible in order to expedite the work of the CONTRACTING PARTIES. On several items the Council took certain decisions, or other action, and established two Working Parties, as follows:

Article VI - Countervailing duties

The Chairman recalled that, during the Kennedy Round when the Anti-Dumping Code was being prepared, it had been suggested that the possibility of drawing up rules to govern the imposition of countervailing duties should also be examined. The Trade Negotiations Committee had referred this suggestion to the CONTRACTING PARTIES (L/2868).

The representatives for the United States and Denmark said they would have proposals to put forward, but having not received final instructions they would prefer to wait for discussion in the session.

Article XVIII

A statement by the Government of Ceylon on the measures which it had applied for many years under section C of Article XVIII had been distributed in document L/2878, but these measures had not been in force since November 1966.

The Council took note of this statement and recorded that the last of the measures applied under section C had been withdrawn.

Consular formalities

Contracting parties still regularly requiring consular formalities in connexion with importation have been again invited to submit reports on their reasons for maintaining this requirement and on their future policy vis-à-vis the recommendations adopted by the CONTRACTING PARTIES that consular formalities should be abolished.

The Chairman reported that only three of the eight governments concerned had so far submitted reports and urged that the five outstanding reports be submitted by the governments concerned in time for consideration of this item at the session.

Application of Article XXXV to Japan

The representative for Japan thanked Trinidad and Tobago, Guyana and Barbados for their recent disinvocation of Article XXXV against his Government. He drew attention to the fact that there still remained a large number of countries which continued to apply that Article against Japan. This abnormal situation posed a problem for the Japanese customs administration. The fact that Japan had no legal GATT relations with a number of contracting parties stood in the way of efforts by the Government of Japan to develop with them the significant trade relations it shared with other contracting parties, but his Government felt that many of these countries did not maintain the invocation as a conscious act of policy. He therefore appealed for early disinvocation.

Several representatives associated themselves with this appeal and hoped that their own satisfactory experience after disinvocation would encourage others to do the same. The representative for the United Kingdom called the Council's attention to the recent disinvocation of Article XXXV against Japan on behalf of ten dependent territories (L/2896).

Malawi Schedule

Following the introduction of a new customs tariff on 1 January 1967 the Government of Malawi had requested a waiver of its obligations under Article II pending the completion of renegotiations which it wished to conduct in 1968. The Council agreed to appoint a working party with the following terms of reference:

"To examine the request of the Government of Malawi to be authorized to maintain in effect the increased duties on items bound in Schedule LVIII and any increased margin of preferences pending renegotiation of such increases and examination of the new customs tariff; and to report to the CONTRACTING PARTIES."

The following membership was agreed:

Argentina	South Africa
India	Sweden
Ivory Coast	United Kingdom
Japan	United States
Malawi	European Economic Community
Nigeria	

Mr. Lyrtoft Petersen (Denmark) was appointed Chairman of the Working Party.

Reports under waivers

(i) Ceylon/duty increases (L/2871)

The Council took note of the report by the Government of Ceylon on the waiver which remained valid until the end of next year.

(ii) Italian waiver/Libya and Somalia (L/2894 and L/2895)

The Council noted that the waivers granted to Italy authorizing special treatment for certain products imported from Libya and Somalia would both expire on 31 December 1967.

The representative of Italy informed the Council that his Government wished to present to the CONTRACTING PARTIES a request for the extension of these waivers for a further period.

It was agreed that the requests would be considered at the twenty-fourth session.

(iii) United States import restrictions (L/2881)

An annual report had been received from the Government of the United States under the Decision of 5 March 1955.

At the request of a member of the Council it was agreed to set up a working party which would meet after the CONTRACTING PARTIES had had an opportunity to discuss the report. The following terms of reference and membership were agreed:

"To examine the twelfth annual report (L/2881) submitted by the Government of the United States under the Decision of 5 March 1955 and to report to the CONTRACTING PARTIES."

Argentina
Australia
Belgium
Canada
Denmark
France

Germany, F.R.
Ghana
Italy
Netherlands
New Zealand
United Kingdom
United States

The Commission of the European Communities will participate in the Working Party.

Mr. B. Laczowski (Poland) was appointed Chairman of the Working Party.

(iv) United States automotive products

The Chairman recalled that the Decision of 20 December 1965 authorizing the United States to eliminate customs duties on certain automotive products from Canada, requires the United States Government to submit an annual report.

As the operation of the waiver is to be reviewed by the CONTRACTING PARTIES two years after its entry into force, which was just before the end of 1965, the Council agreed that it would arrange for the conduct of this review in the spring of 1968 when the trade statistics of the first two years (1966/67) would be available. The Council took note of the report submitted.

Provisional accession of Tunisia and the United Arab Republic
(L/2899 and L/2869)

The representative of Tunisia informed the Council that, although negotiations for full accession had been initiated, it was unlikely that his Government would have acceded to the GATT by the end of the year at which time the present arrangement for provisional accession would expire. It was therefore his Government's hope that the arrangement for provisional accession would be extended for a further year.

The Council noted that a similar request had been received from the United Arab Republic and agreed to refer these two requests to the CONTRACTING PARTIES for consideration during the session.

Newly-independent States (L/2757)

The Chairman recalled that there are at present eight newly-independent States, to whose territories the GATT was previously applied, which are now applying the GATT under the de facto arrangement. This arrangement provides

for de facto application for a period of two years which is extended upon request for a further year; thereafter it has been necessary for the CONTRACTING PARTIES to agree annually upon further extensions and, in some cases, the de facto status has been operative for more than six years. In a note distributed in March the Director-General had proposed a revised recommendation which would allow this arrangement to run on for a longer period without annual renewal. The application in respect of any territory could be reviewed at any time and the Director-General would submit a report at the end of three years.

The Council approved the text of this new recommendation and agreed to recommend its adoption by the CONTRACTING PARTIES.

Financial and administrative questions (L/2872)

Mr. Schnebli (Switzerland), the Chairman of the Committee on Budget, Finance and Administration, submitted the report of the Committee and drew the Council's attention to the expenditure and income estimates for 1968, to the Recommendation concerning the Working Capital Fund and to the statement by the Director-General to the Committee reproduced in Annex E of the report.

The Council approved the report, including the recommendations contained therein, and the draft resolution on expenditure for 1968, and recommended its adoption by the CONTRACTING PARTIES.

The representatives of India and Cuba reserved the right to comment on the report at the session.

4. Report of the Council to the CONTRACTING PARTIES (C/W/116)

The secretariat's draft of a report on the Council's activities since the twenty-third session (C/M/36-41) was approved and the secretariat was requested to bring this up-to-date, by incorporating notes on the decisions taken at this meeting, so that the full report could be presented to the CONTRACTING PARTIES at the twenty-fourth session.