

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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COUNCIL
15 April 1969

MINUTES OF MEETING

Held at the Palais des Nations, Geneva
on 15 April 1969

Chairman: Mr. Erik THRAANE (Denmark)

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1. Membership of Council

The Chairman announced that the Government of Trinidad and Tobago had requested membership in the Council. On behalf of the Council, the Chairman welcomed Trinidad and Tobago as a member and Mr. Charles H. Archibald as its representative.

2. United Kingdom import deposits (L/3193)

The Chairman recalled that a working party had been established to examine the Import Deposit Scheme introduced by the United Kingdom and its implications. The Working Party had been requested to present a first report to the Council by 21 January 1969. At its meeting on 21 January the Council had heard a report by the Chairman of the Working Party, in which he had explained why the Working Party had not been able to complete its work by the date set.

Mr. Besa, Chairman of the Working Party, presented the first report which had been distributed in document L/3193. The Working Party, in its examination, had had before it a report requested from the International Monetary Fund in pursuance of Article XV of the General Agreement. He drew attention to the substantive part of the report contained in the four concluding paragraphs thereof. Mr. Besa acknowledged the full co-operation the Working Party had received from the representatives of the United Kingdom and of the International Monetary Fund.

The representative of the United States said he could accept the report, which was confined to an examination of the United Kingdom measures. He felt, however, that the CONTRACTING PARTIES might at some point in the future wish to examine the unresolved, more general, legal question of the relationship of import deposits to the provisions of the General Agreement.

The representative of India expressed the understanding and spirit of co-operation of his Government to help the United Kingdom in rectifying the difficult situation of the British economy. He appreciated that the British Government had taken account of the serious balance-of-payments situation of developing countries and had made deliberate efforts to exclude from the Import Deposit Scheme products of principal interest to these countries. In spite of this, the inclusion of certain products in the Scheme was a matter of great concern to his Government. He drew attention to paragraph 19 of the report in which the United Kingdom had stated that, if circumstances allowed, the measures would be terminated or alleviated before the expiry of one year and that in any review of the measures by the United Kingdom, special attention would be given to the interests of the developing countries. It was his understanding that such a review would be undertaken and he hoped that it would be possible for the United Kingdom to examine whether, if products supplied by India only marginally affected the British economy, such products could be withdrawn from the Scheme.

The Council adopted the report and noted that the Working Party, in accordance with its terms of reference, would keep the matter under review and would meet again before July.

3. Balance-of-payments import restrictions

(a) Reports on consultations with Korea (BOP/R/30) and Iceland (BOP/R/31)

Mr. Petrie (Canada), Chairman of the Committee on Balance-of-Payments Import Restrictions, presented the reports on the consultation with Korea under paragraph 12(b) of Article XVIII (BOP/R/30) and with Iceland under paragraph 4(b) of Article XII (BOP/R/31). These were the first two consultations of the 1969 programme of work of the Committee. The consultation with Korea had not been held on the expanded basis. Nonetheless, on the basis of supplemental material prepared by the Government of Korea and by the secretariat, the Committee had been able to give particular attention to obstacles to a further expansion of Korea's export trade.

The Council adopted the reports. The Chairman thanked the representatives of the International Monetary Fund for their contribution to the work of the Committee.

(b) Work programme of the Committee (C/81)

In document C/81 the secretariat had put forward proposals for further consultations to be carried out by the Committee during 1969. The Council agreed with the proposals, and the Chairman requested the secretariat to make the necessary arrangements, in consultation with the International Monetary Fund and the countries concerned, for the conduct of the consultations.

The Chairman recalled the suggestion made at the twenty-fifth session that the membership of the Committee might be increased to provide more adequate representation of developing countries. He invited any developing country wishing to accept membership in the Committee to indicate its interest.

4. Renegotiations under Article XXVIII

(a) Extension of Brazil waiver (L/3190)

The representative of Brazil recalled that a waiver had been granted on 27 February 1967, in order to enable his Government to implement its new Customs Tariff. The new Tariff had been introduced in the context of a set of measures adopted with a view to meeting the increased requirements of Brazil's economic development. These measures had resulted in significant increases in imports into Brazil since their adoption in 1964.

Under the waiver Brazil was required to conduct negotiations in conformity with the relevant procedures of Article XXVIII. The time-limit for the termination of the negotiations had been extended by the CONTRACTING PARTIES until 30 March 1969. The representative of Brazil stated that with two of the fifteen interested contracting parties negotiations had now been definitely completed. As of that day negotiations on initial negotiating rights had been concluded with eleven other contracting parties. Only with two contracting parties the negotiations had not yet been concluded even on initial negotiation rights, which prevented the definitive closing of the negotiations with the other contracting parties.

The Government of Brazil had therefore requested, on 12 March 1969, a further extension of the time-limit provided for in the waiver, until the end of the twenty-sixth session. This request had been distributed in document L/3190.

The Council agreed to recommend a further extension of the time-limit for Brazil to complete the negotiations before the end of the twenty-sixth session. The Council approved the text of a draft decision laid down in document C/W/137. The secretariat distributed ballot papers and representatives who had authority to vote on behalf of their governments were invited to do so at the close of the meeting. Contracting parties not represented would receive ballot papers by post.

(b) Request by Austria

The Government of Austria had requested authority, under Article XXVIII:4, to enter into renegotiations for the withdrawal of an item from its Schedule. Contracting parties had been informed of this request in document SECRET/186.

The representative of Austria explained the special circumstances underlying the request. Until 1967 all imports of the product concerned had been used for processing and subsequent re-exportation. In 1968 imports increased up to three times the value in 1967, and a large proportion were imports which remained in Austria. Prices of the imported products were declining. These circumstances greatly damaged the Austrian producers. He emphasized that his Government would not impede normal commercial transactions. The concession had initially been negotiated with the Federal Republic of Germany, while Czechoslovakia had for a number of years been the principal supplier. His Government was prepared to enter into renegotiations with all contracting parties concerned and to complete the negotiations as soon as possible.

The representative of Czechoslovakia said that the product concerned was a very important export item for his country. Exports from Czechoslovakia to Austria had not increased in comparison with preceding years and were moreover limited by import restrictions. He expressed the hope that this trade would not be hampered by any new measures Austria might envisage to introduce.

The representative of the European Communities expressed his preparedness to enter into renegotiations.

The Council considered that there were special circumstances in the sense of Article XXVIII:4 and agreed to grant the authority requested.

The Chairman requested that any contracting party which considered that it had a principal supplying interest, or a substantial interest, as provided for in article XXVIII:1, should communicate its claim in writing and without delay to the Austrian Government and at the same time inform the Director-General. Any such claim recognized by the Government of Austria would be deemed to be a determination within the terms of Article XXVIII:1.

(c) Request by New Zealand

The Government of New Zealand had requested authority under Article XXVIII:4 to renegotiate three items in its Schedule. Contracting parties had been informed of this request in document SECRET/185.

The representative of New Zealand explained that the object of the renegotiation was to correct an anomalous situation which became evident after the reclassification of the New Zealand tariff from SITC to BTN.

The representative of the United States concurred with the New Zealand request on the understanding that the tariff changes the New Zealand Government contemplated would not involve any increase in preferential margins beyond the maximum permitted under Article I of the General Agreement.

The representative of New Zealand confirmed this understanding.

The Council considered that there were special circumstances in the sense of Article XXVIII:4 and agreed to grant the authority requested.

The Chairman requested that any contracting party which considered that it had a principal supplying interest or a substantial interest, as provided for in Article XXVIII:1, should communicate its claim in writing and without delay to the New Zealand Government and at the same time inform the Director-General. Any such claim recognized by the Government of New Zealand would be deemed to be a determination within the terms of Article XXVIII:1.

(d) Israel Schedule

Pursuant to the authority under Article XXVIII:4, granted by the Council in November 1968, the Government of Israel is conducting negotiations concerning several concessions in the Israeli Schedule. In document SECRET/182/Add.3 the delegation of Israel made certain changes in the list of concessions to be modified or withdrawn, which had been circulated in document SECRET/182.

The representative of Israel pointed out that only four items covering \$215,000 in terms of trade significance on the basis of 1967 figures, were added to the list of concessions to be modified or withdrawn. The contracting parties having initial negotiating rights for these items had been informed. On the other hand, seven items had been withdrawn from the renegotiations. These items covered \$4,860,000 in terms of trade significance on the basis of 1967 figures. Thus, the net effect of the adjustments amounted to a decrease of over \$4.6 million worth of trade in items for modification or withdrawal under Article XXVIII.

The Council agreed to the changes in the authority granted.

5. Consultation with Switzerland

The Chairman recalled that under paragraph 4 of its Protocol of Accession the Government of Switzerland had reserved its position with regard to the application of the provisions of Article XI of the General Agreement to permit it to apply certain import restrictions pursuant to existing legislation. The Protocol called for an annual report by Switzerland on the measures maintained

consistently with this reservation, and required the CONTRACTING PARTIES to conduct a thorough review of the application of the provisions of paragraph 4 every three years. The first two annual reports by the Government of Switzerland, which covered the years 1966 to 1967 respectively, had been distributed when they became available (documents L/2903 and L/3076). It was his understanding that the Swiss Government would be in a position to make available in May the basic documents for the first triennial review by the CONTRACTING PARTIES.

The Council agreed to establish a working party with the following terms of reference and membership:

Terms of Reference:

"To conduct the first triennial review of the application of the provisions of paragraph 4 of the Protocol for the Accession of Switzerland, and to report to the Council."

Membership:

Argentina	European Communities	Spain
Australia	Japan	Switzerland
Austria	New Zealand	United Kingdom
Canada	Norway	United States
Denmark	Poland	Yugoslavia

Mr. S. Kennan (Ireland) was nominated Chairman of the Working Party.

6. Malawi tariff preferences

(a) Appointment of Working Party

The Chairman recalled that the CONTRACTING PARTIES in their decision of 20 November 1967 had suspended the application of the provisions of Articles I and II of the General Agreement to the extent necessary to enable the Government of Malawi to apply new rates of duty. The CONTRACTING PARTIES had also decided to examine the extent and nature of changes in preferential margins arising out of the new customs tariff. In Airgram 705 of 7 March 1969 the Director-General had informed contracting parties that the Government of Malawi had arranged for a delegation to be in Geneva as from 18 March to assist in this examination. The Director-General had suggested that the Council would probably wish to appoint a working party to carry out this examination. In order to avoid convening a special meeting of the Council he had proposed, after consultation with the Chairman, that certain contracting parties be invited to meet with the representatives of Malawi and that their appointment as members of a working party be confirmed at the Council's next meeting.

The Council confirmed the appointment of a working party with the following terms of reference and membership:

Terms of Reference:

"To examine the extent and nature of any changes in preferential margins arising out of the customs tariff introduced by the Government of Malawi on 1 January 1967, and to report to the Council."

Membership:

Australia	India	Nigeria
Canada	Ivory Coast	South Africa
Chile	Japan	Sweden
European Communities	Malawi	United Kingdom
		United States

Chairman: Mr. R. Peltonen (Finland)

(b) First report of the Working Party (L/3194)

The Chairman called on Mr. Lewis, Assistant Director-General, to present the first report of the Working Party, in the absence of the Chairman of the Working Party.

Mr. Lewis said that the Working Party had reviewed the information made available by the representative of Malawi showing the effect of the tariff reform on margins of preferences. The information obtained, as well as the views expressed by members of the Working Party, were summarized in document L/3194. Recognizing that more time was required in certain capitals to study the legal and factual aspects of the question, but recognizing also the justification of the wish of Malawi to regularize the legal position of its customs tariff, the Working Party had decided to meet again in June in order to continue discussions and to prepare its final report.

The Council adopted the report and noted that the Working Party had not yet completed its examination of the changes in preferential margins and would present a final report after its next meeting in June.

7. Administrative and financial questions (L/3185)

The Chairman drew attention to document L/3185 in which the Director-General had provided a report on the final 1968 budget position. Referring to the list of contributions in arrears, as set out in Annex A, he informed the Council that since 1 January 1969 contributions had been received in full from Cuba, Gabon, India, Italy and Niger, while Cambodia, Congo and Malaysia had remitted part of their arrears. The Chairman invited representatives of the other contracting parties listed in Annex A to urge their governments to meet their liabilities as early as possible.

In paragraph 8 of the document the Director-General had proposed certain transfers between sections of the budget in order to cover excess expenditure over approved budget appropriations, as set out in detail in Annex B.

The Council approved the proposal in paragraph 8 authorizing the Director-General to increase certain appropriations accordingly.

The representative of the United Kingdom referred to the Director-General's intention (paragraph 10) to put proposals to the Committee on Budget, Finance and Administration for the disposal of the unappropriated surplus in 1968. He asked that these proposals be made as much in advance of the meeting of the Committee as possible, so as to give delegations sufficient time to consult their governments.

8. Programme of meetings (C/W/136)

The Chairman drew attention to a tentative programme of meetings for the period April to June 1969, circulated in document C/W/136. In addition to the meetings listed there would undoubtedly have to be one or two meetings of the Council at dates to be determined in due course.

Several representatives pointed out that certain meetings were to be convened for the same period and that the scheduled meeting of the Committee on Industrial Products would coincide with an important meeting of UNCTAD.

The Director-General said that if possible, meetings would be held alternately; however, it could not be excluded that some of the meetings would have to be held simultaneously. The secretariat made continuous efforts to arrange for meetings so as to avoid coinciding with sessions of other international organizations. In view of the great number of meetings being held in Geneva, however, a clash of dates with meetings of other organizations was practically unavoidable. In the particular case referred to, the Chairman of the Committee, when determining the dates for the meeting, had been aware of the coincidence. Nevertheless, the secretariat would seek to arrange the matter as far as possible.

The Council approved the programme of meetings (C/W/136).

9. Turkish stamp duty (L/3196)

The representative of Turkey informed the Council of a series of measures which the Turkish Government had recently adopted in order to meet the financing requirements of the Turkish Development Plan and to alleviate pressure on the balance of payments. These measures included an increase in the rate of the stamp duty from 15 to 25 per cent ad valorem on all imports. The terminal date for the maintenance in force of this duty remained unchanged at 31 December 1972.

The Turkish Government therefore requested an amendment of the waiver granted on 11 November 1967, to the extent necessary to permit it to raise the stamp duty on imports to 25 per cent. This request had been distributed in document L/3196. (The full text of the statement of the Turkish representative will be circulated in document L/3196/Add.1.)

The Council agreed to include this item in the agenda of its next meeting.

10. Conference accommodation in Villa Le Bocage

The Chairman announced that a conference room had been set up and equipped in the Villa Le Bocage, so that it would be possible in future for many committees and working parties to hold their meetings on GATT premises. In view of the parking problem, he suggested that delegates attending meetings in the Bocage should leave their cars in the nearby parking area of the Palais des Nations.