

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MINUTES OF MEETING

Held at the Palais des Nations, Geneva,
on 30 June 1969

Chairman: Mr. Erik THRAND (Denmark)

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When proposing the agenda for adoption the Chairman referred to the request submitted by the Government of Denmark for the CONTRACTING PARTIES to consult with the Government of Spain pursuant to paragraph 2 of Article XII concerning imports of codfish into Spain (L/3221). He announced that the delegation of Denmark had informed the Director-General that after further consultations Spain had agreed to open a quota for traditional suppliers on the basis of past performance and to hold consultations with these suppliers before the end of October. While reserving the right to revert to this question again, if necessary, the Danish delegation now wished to withdraw the item from the agenda of the Council.

1. United Kingdom import deposits

The Chairman recalled that the Working Party on United Kingdom Import Deposits was to meet again before July. After consultations with the Chairman of the Working Party and the countries principally interested, it had been considered more expedient not to hold a second meeting of the Working Party at this stage, but to have a discussion on the situation in the Council.

The representative of the United Kingdom recalled that in January the International Monetary Fund had advised the CONTRACTING PARTIES that the United Kingdom import deposit scheme did not go beyond the extent necessary, in conjunction with other measures, to achieve a reasonable strengthening of the United Kingdom's reserve position. In the Working Party which had been set up to consider the scheme he had explained the effects which the scheme would have upon the liquidity of the private sector and had given an account of the reasons which had determined the categories of goods covered by the scheme. The scheme had been introduced for a period of twelve months with the aim of accelerating the improvement in the underlying balance-of-payments position. The report of the Working Party, which had been adopted by the Council in April, included the requirement to keep the matter under review.

The representative of the United Kingdom informed the Council that the flow of deposits over the first six months of the scheme had been broadly in line with the flow which had been foreseen on its introduction. The deposits were automatically reimbursable after 180 days. The six-months' period having elapsed, repayments were now being made and had been operating smoothly since the last few days of May. While it was not possible to offer a specific quantitative assessment of the effects of the scheme on the level of imports, his Government believed that the scheme had had a useful, if marginal, effect on imports of goods in the affected categories. The scheme had tended to reinforce the application of the existing controls over the extension of credit and, to the extent that deposits had been financed by overseas suppliers, it had had a beneficial, although temporary, effect on the United Kingdom's balance of payments. Some anxieties had been expressed about the way in which the scheme might affect the flow of supplies and the processes of customs clearance, but experience had shown that there had been no dislocation of supplies nor any serious delays in clearance through customs of imported goods.

The representative of the United Kingdom recalled that the scheme had been introduced under the terms of special legislation which would expire one year after it was enacted on 5 December 1969. His authorities had stated that it was essentially a short-term measure designed to have an early impact and to assist the balance of payments over a transitional period. He was authorized to reaffirm that his authorities stood by these statements. His Government considered that the scheme was designed and had operated in such a way as to reduce to a minimum any prejudice to the interest of its trading partners and that it had played and was playing a useful part in contributing to an improvement in the performance of the United Kingdom economy and in the United Kingdom's balance of payments.

The Chairman thanked the representative of the United Kingdom for his statement and the Council noted that the Working Party, in accordance with its terms of reference, would continue to be available for consultation as necessary.

2. Malawi tariff preferences (L/3218)

The Chairman recalled that in their Decision of 20 November 1967, the CONTRACTING PARTIES had decided to examine the extent and nature of any changes in preferential margins arising out of the new customs tariff of Malawi. The final report of the Working Party conducting the examination had been circulated as document L/3218. The Chairman called on Mr. Lewis, Assistant Director-General, to present the report in the absence of the Chairman of the Working Party.

Mr. Lewis said that the Working Party had studied the effect of the changes in the Malawi tariff on the preferential margins, limiting itself, for practical reasons, to items in which annual trade amounted to \$75,000 or more. The Working Party had concluded that evidence tended to show that the number of cases where preferential margins had been reduced exceeded the number of cases of increases and that the amount of trade affected by reductions in preferences exceeded that affected by increases. Considering (a) that Malawi had declared itself willing

to adjust increases in preferential margins which occurred inadvertently and which adversely affected the trade of any contracting party; and (b) that any contracting party which considered itself adversely affected by any adjustment might, at any time, bring the matter before the CONTRACTING PARTIES, the Working Party did not find it necessary to recommend that Malawi take further action at this time to ensure that the new customs tariff was in conformity with its obligations under Article I of the General Agreement.

The Council approved the findings and adopted the report of the Working Party.

The Chairman informed the Council that the renegotiations of the Malawi Schedule had also been concluded, with agreement being reached between the Government of Malawi and the contracting parties primarily concerned. The result of these renegotiations, i.e. the new Schedule LVIII - Malawi, would be circulated shortly.

3. Canadian Schedule - request under Article XXVIII:4

The representative of Canada informed the Council of a request by his Government for authority under Article XXVIII:4 to renegotiate an item in its Schedule. The request will be circulated as document SECRET/189. The Council agreed to revert to this matter at its next meeting.

4. Date of the twenty-sixth session

The Chairman recalled that at the last Council meeting the Director-General had explained that, while much work had already been done in preparation for the twenty-sixth session, he had come to the conclusion that a session in November would probably be too early for the CONTRACTING PARTIES to have a really fruitful examination of the work achieved in the various sectors of activities, such as agriculture, non-tariff barriers, the tariff study, trade and development, etc. The Director-General had therefore asked the Council to consider whether it would not be more appropriate to postpone the twenty-sixth session until the second half of February 1970.

The Chairman now proposed the period of 16 to 28 February 1970.

The representative of Australia said that his Government could go along with the proposal, but he emphasized that the extra time allowed for the preparatory work should not be wasted. The representative of the United States, while accepting the proposed dates, said that the postponement should not give rise to any disappointment about lack of progress, nor should it be taken to have any implications with respect to the possibilities of the CONTRACTING PARTIES taking any particular line of action at the twenty-sixth session.

The Council agreed to fix the dates for the twenty-sixth session from 16 to 28 February 1970.