

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

C/M/68
7 May 1971

Limited Distribution

COUNCIL
21 April 1971

MINUTES OF MEETING

Held in the Palais des Nations, Geneva
on 21 April 1971

Chairman: Mr. Erik THRANE (Denmark)

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Adoption of agenda

With regard to item 9 of the proposed agenda (United States - Agricultural Import Restrictions) the representative of the EEC asked for a postponement of the matter to the next meeting of the Council. The Council agreed to this request.

1. Membership of the Council

The Chairman announced that in connexion with the consideration of item 6 (Association between the EEC and Malta) the Government of Malta was co-opted as a member of the Council for the present meeting.

2. Ceylon - Increase in bound duties (L/3486)

The Chairman recalled that in October 1970 the Government of Ceylon had implemented a new tariff, as a result of which a number of tariff changes had been introduced. At its meeting of 2 February 1971 the Council had received a request from the delegation of Ceylon for a waiver in order to enable the Government of Ceylon to maintain in force the tariff changes in so far as these affected the obligations of Ceylon under the General Agreement. Pending the receipt of further details the Council had agreed to revert to the matter at an early meeting. Further information and trade data had now become available in document L/3486/Add.1. The Ceylonese request for a waiver, already made in January in document L/3486, was therefore again open for consideration by the Council.

The representative of Ceylon referred to his statement made at the Council meeting of 2-3 December 1970 (C/M/65), in which he had said that as a result of reductions in margins of preferences there was no longer any inconsistency with Article I. He now wished to point out that in respect of one item, the tariff reform introduced on 26 October 1970 had in fact resulted in an increase of the margin of preference. This concerned BTN 08.02 - oranges, tangerines and mandarines. It was, however, to be noted that there was only question of an increase in the margin for part of the year, i.e. from 1 November to 30 June from 5 to 10 per cent.

Referring to the detailed information on trade coverage given in document L/3486/Add.1, he noted that the tariff reform had resulted in reducing the duties below the bound rates on sixty-one items in the most-favoured-nation schedule and thirty items in the preferential schedule, while tariffs had been increased only on forty-seven items in the most-favoured-nation schedule and eight items in the preferential schedule. The total number of items in the most-favoured-nation schedule was 115 and in the preferential schedule forty-two. The trade coverage of the items on which the duties had been reduced below the bound rates, both in the most-favoured-nation tariff and in the preferential tariff was very substantially in excess of the trade coverage of the items on which duties had been increased above the bound rates.

He drew attention to the draft text of a waiver circulated by the secretariat (C/M/176) and pointed out that for item Serial Number 16 in Annex I (ex 27.10 - mineral oils n.e.s.) the present specific rate was in fact lower than the originally bound rate. A waiver for this item would, therefore, not be necessary.

The Council approved the text of the draft Decision, with the deletion of Serial Number 16, and recommended its adoption by the CONTRACTING PARTIES. The waiver, as proposed, would expire by the end of the year. The representative of Ceylon hoped to be able to conclude the negotiations required before that time. In case this should prove to be impossible, he hoped that the Council would, in due course, consider sympathetically the possibility of an extension of the waiver.

The draft Decision was submitted to a vote and the Chairman invited members of the Council having authority to vote on behalf of their governments to do so. Ballot papers would be sent by mail to those contracting parties not represented at the meeting.

The Chairman invited the Government of Ceylon to initiate the negotiations as soon as possible. Should it appear that the negotiations would not be finished in time, the Council would consider the matter of a possible extension of the waiver in the light of the circumstances. In this connexion, it was noted that the rights of contracting parties affected by this situation were safeguarded in paragraph 2 of the Decision.

3. Import restrictions (L/3391/Rev.1)

The Chairman recalled that in January 1970, the Council established the Joint Working Group on Import Restrictions as a temporary, ad hoc body to enter into consultations with contracting parties on the maintenance of import restrictions. These consultations were carried out in April 1970. After a first discussion in the Council in July 1970 it was agreed that the Working Group should finalize its documentation and that the Council would revert to the report of the Group when all documentation had been completed. The revised and completed report of the Group was circulated in document L/3391/Rev.1.

Mr. Colliander (Sweden) presented the report on behalf of the Chairman of the Joint Working Group, Mr. Pasin (Turkey), and recalled that one significant contribution of the Group had been to gather systematically comprehensive data on quantitative restrictions maintained by a number of contracting parties. The report of the Joint Working Group had now been circulated along with its annexes in a revised and complete form. The annexes were up to date as of 1 February 1971, apart from the agricultural chapters (1-24) of Annex I which showed the position as of 31 October 1970.

Mr. Colliander explained that the Consolidated Table showed not only the BTN headings for which certain contracting parties maintained restrictions, but also the type of the restrictions in each case, whether a definite target date for its removal had been established or whether there was a possibility of its removal, and whether the restriction was of interest to developing countries.

As mentioned in paragraph 8 of the report, the annexes did not contain restrictions maintained on health and sanitary or security grounds, but the Group had agreed that for industrial products in Chapters 25-99, information on such restrictions would be submitted separately. It had also been agreed that for future revisions, countries not applying the BTN or those using more than four digits in BTN should supply precise tariff lines for incorporation in the documents. It was gratifying to note that since the table of import restrictions was first compiled a number of countries had taken steps to liberalize imports. In the case of Japan, 1971 target dates have been given for removal of the restrictions.

At its December meeting, the Group had briefly discussed the manner of keeping the documentation up to date. Some countries had expressed the desire to have regular reviews of quantitative restrictions. Others, while in favour of maintaining the data bank up to date considered that the question of future consultations could not be considered in isolation but had to be judged in the light of the overall work programme of the GATT.

The Director-General said that it remained for the Council to decide what action had to be taken on the report of the Joint Working Group. Concerning the question of keeping up to date the information compiled by the Group, he thought that most countries would agree that the "data bank" assembled by the Joint Working Group was a very useful compendium of information. It would be regrettable if this progressively lost its value and it might therefore be useful to keep this information up to date. If this was correct, the method for keeping these data up to date should be decided upon. He suggested a system of regular notifications by contracting parties, whereby they would submit corrections to the material from time to time. The thirtieth of September every year, for example, seemed an appropriate time, considering that the Agriculture Committee had already decided upon that date as the target date for up-dating their material for this year. Thus, the material provided by the Agriculture Committee could be incorporated in a Joint Working Group document should it be decided that a consolidated document was desirable.

The second problem to which the Council might wish to address itself was the usefulness of having a continuing body, in the form of the Joint Working Group, which could supervise the collection of this material and conduct periodic reviews and consultations with a view to finding solutions. This would not, of course, affect the work on quantitative restrictions on products of export interest to developing countries that had been going on in the Committee on Trade and Development and its Group on Residual Restrictions. The question of the continued existence of the Joint Working Group and possible extension of the documentation to include additional developed countries had been left open until the present, but now was perhaps the moment to revert to it. In this connexion, he said that it should be kept in mind that there was an existing obligation for all contracting parties to report quantitative restrictions inconsistent with the provisions of GATT and not authorized by the CONTRACTING PARTIES (decision of 16 March 1960). In his view, an up-to-date "data bank" on quantitative restrictions supervised by a Joint Working Group could be a useful contribution to the work of the CONTRACTING PARTIES in this regard. Finally, he suggested that the Group could meet from time to time, as required.

One delegation expressed support for the Group's decision that in future revisions of documentation, countries not applying the BTN or those using more than four digits in BTN, should supply precise tariff lines for incorporation in the document. Another delegation expressed support for the idea that developed contracting parties who had not yet made submissions for the documentation should do so in the future. The opinion was also expressed that because quantitative restrictions were especially numerous in the agricultural field and therefore an obstacle to the trade of developing countries, it would be desirable in the process of review to look first at the agricultural restrictions. Another delegation stated that if in the future it were not possible to dismantle all quantitative restrictions, contracting parties should consider special action to dismantle quantitative restrictions affecting the trade of developing countries.

Several delegations expressed support for the suggestion that the information assembled by the Joint Working Group should be kept up to date and agreed that contracting parties should be invited to notify annually, on 30 September, any changes which should be made concerning the restrictions contained in the consolidated document. There was also wide support for the idea that the Group would review annually or every second year quantitative restrictions notified.

One delegation was able to support the consolidation of the data assembled by the Joint Working Group and by the Agriculture Committee, and could accept a continuation of the Joint Working Group to seek mutually acceptable solutions to the problems posed by these restrictions including those in the agricultural sector; they were opposed, however, to simply continuing the existing Joint Working Group with its present mandate.

The Council agreed that the question of whether the task should be carried out by the Joint Working Group under its present terms of reference or by some other body should be left open and would be examined again at the next meeting.

4. Committee on Trade and Development. (L/3487)

Mr. Papic (Yugoslavia), Chairman of the Committee on Trade and Development, introduced the Committee's report on its activities since the twenty-sixth session, circulated in document L/3487. He noted that while little substantive progress had been made in the past year, there appeared to be awareness of the urgency of finding solutions to problems of developing countries and a willingness on the part of developed countries to give serious consideration to these problems.

The Committee had agreed that work on ways of securing removal of trade barriers on products singled out for priority treatment carried out by the Group on Residual Restrictions should be continued and extended to other products of interest to developing countries. The Committee had recommended continued attention to the use of adjustment assistance measures as an important means of adaptation to increased imports from developing countries. It had further reviewed work undertaken in the Special Group on Tropical Products in regard to the imposition by developed countries of internal charges and revenue duties. Finally, the Committee had recently made a special effort to stimulate urgent and positive action on developing country trade problems through the establishment of the Group of Three.

The Committee had been impressed by many statements of developing countries to the effect that urgent and wide-ranging action was necessary to increase their foreign trade earnings. They had recalled the Conclusions adopted at the twenty-sixth session of the CONTRACTING PARTIES and had expressed frustration at the lack of adequate action in GATT. They had viewed with concern the disquieting developments on the international trade scene. It had been their view that if it was not possible to enter into new negotiations on a world-wide basis at the moment, serious efforts should be made to initiate positive action in favour of developing countries, especially in regard to the most urgent problems, already identified in GATT. The Group of Three had, therefore, been requested by the Committee to present proposals for concrete action that might be taken to deal with trade problems of developing countries and a preliminary report by the Group was expected shortly.

The Council took note of the report.

5. Balance-of-payments import restrictions

Reports on consultations with New Zealand (BOP/R/52),
Ghana (BOP/R/53) and Israel (BOP/R/54) and Israeli import
surcharges

The Chairman recalled that in March 1971 the Committee on Balance-of-Payments Import Restrictions had carried out consultations with New Zealand, Ghana and Israel on the import restrictions maintained by them for balance-of-payments reasons. In accordance with the Decision of the Council made in September 1970, the Committee had also examined the temporary import surcharge introduced by Israel in August 1970. The reports on the three consultations and on the Israeli import surcharge had been distributed in documents BOP/R/52-54.

Mr. Abbott (United Kingdom), Chairman of the Committee on Balance-of-Payments Import Restrictions, introduced the report. With regard to the consultations with New Zealand, he stated that the Committee had expressed gratification over the liberalization of New Zealand's imports in the past year. It had, however, noted that roughly a third of imports remained subject to restriction and had recommended that New Zealand be urged to expedite the process of eliminating the remaining restrictions. Members of the Committee had commented on the complex and rigid character of the whole import control system. The Committee had been of the view, inter alia, that despite certain measures taken, the present system still operated to the advantage of established importers. It had been suggested that the Government should bear in mind the need to provide new importers with an adequate opportunity to participate in trade.

With regard to Ghana, the Committee had welcomed the results achieved by Ghana in improving its balance of payments, in diversifying production and exports, and in accelerating economic growth. The Committee hoped that further improvements in the economy and in the balance of payments would make it possible to eliminate remaining restrictions and to reduce or remove the import surcharge. The Government of Ghana was also urged to reduce or remove the current import credit regulation and to liberalize the controls on the repatriation of profits and dividends.

With regard to Israel, the Committee had expressed the hope that the efforts started by Israel to restrain the growth of internal demand would continue to be successful, so that the pressures on the balance of payments would be sufficiently reduced to enable further progress in the field of trade liberalization. The Committee had hoped that the import deposit would be further reduced and that the scheme would be abolished as early as possible before the end of 1971. In respect of the Israeli import surcharge, the Committee had not examined the legal implications of this measure in relation to the General Agreement. It had noted that the measure was contrary to Article II to the extent that it applied to products on which tariff concessions had been granted in the Israeli Schedule. The Committee had formulated a recommendation set forth in paragraph 26 of the report. The Committee had agreed with the view expressed by one delegation that the recommendation was not to be regarded as a precedent for future cases.

The Council adopted the reports on the consultations with New Zealand and Ghana. The Council took note of the situation with respect to the temporary import surcharge applied by Israel and agreed to keep this situation under review. In doing so the Council invited the Government of Israel to notify the CONTRACTING PARTIES in advance of any change in the level or duration of application of the import surcharge, which the Council would examine without delay; urged Israel to eliminate the measure as early as circumstances permitted and in any case not later than 31 March 1972; agreed that the use of this surcharge by Israel should be subject to all the conditions and criteria embodied in the appropriate provisions of the General Agreement governing the use of quantitative import restrictions for balance-of-payments reasons; and noted that this would in no way preclude appropriate action by any contracting party which considered that any benefit accruing to it under Article II was nullified or impaired as a consequence of the measure.

The Chairman stressed and confirmed that, as noted in paragraph 27 of the report in BOP/R/54, the disposition taken by the Council on the Israeli import surcharge was not to be regarded as a precedent; it had been formulated after careful consideration of the particular circumstances and merits of this case, and was not intended for application in other instances in the future.

The Council adopted the report on the consultation with Israel and on the examination of the import surcharge.

6. Association between European Economic Community and Malta (L/3512)

The representative of Malta in introducing the Agreement of Association (the text of which had been circulated in document L/3512) stated that the Agreement's objective was the progressive elimination of obstacles with respect to substantially all the trade between the parties and the establishment of a customs union. This was to be achieved in two steps of five years each. It was his Government's opinion that the Agreement was in full conformity with the requirements of Article XXIV, paragraphs 5-9 of the General Agreement. To establish closer links with Europe was a logical step for Malta, justified by its

geographic proximity and its belief in the idea of a more widely integrated Europe. Although his Government was aware of a general movement towards integration, Malta's request for an Association with the EEC had been made independently from other countries' association. The European Economic Community would provide a big market and therefore open up new opportunities for Malta's economic growth.

The representative of the EEC stated that the Agreement aimed at progressively eliminating obstacles with respect to substantially all the trade between the parties. It was envisaged that during the course of the second stage a customs union would be established. The EEC was already absorbing a growing part of Malta's exports. During the first stage, tariff dismantlement would reach 87 per cent of the EEC's total dutiable imports from Malta and 69 per cent of Malta's total dutiable imports from the EEC. Furthermore, 13 per cent of Maltese imports into the EEC and 33 per cent of EEC imports into Malta were duty free. The parties to the Agreement considered it to be covered by the provisions of Article XXIV providing for provisional arrangements concluded in view of the establishment of a customs union.

The Chairman proposed that the customary procedure for an examination of this type of Agreement be initiated. Contracting parties wishing to submit questions in writing to the parties to the Agreement were being given the opportunity to do so. It was suggested that such questions should be sent in to the secretariat by 21 May 1971 at the latest.

The Council established a Working Party for the examination of the text of the Agreement, with the following terms of reference and membership:

Terms of Reference:

To examine, in the light of the relevant provisions of the General Agreement, the provisions of the Agreement Establishing an Association between the European Economic Community and Malta of 5 December 1970, and to report to the Council.

Membership:

Argentina	Ghana	Portugal
Australia	Greece	Spain
Brazil	Ivory Coast	Switzerland
Canada	Jamaica	Tunisia
Ceylon	Japan	Turkey
European Communities and their member States	Malta	United Kingdom
	Nordic countries	United States

Chairman: Mr. M. Mohsin (Pakistan)

7. Anglo-Irish Free Trade Area Arrangement (L/3504)

The representative of Ireland, in introducing the fourth report on the development of the Anglo-Irish Free Trade Area (submitted in document L/3504) stated that the development of the Free Trade Area had proceeded in accordance

with the Agreement. Ireland had made further cuts in certain duties and charges and had continued to eliminate on a global basis quantitative restrictions which had remained in operation after 1 July 1966 on goods in the free-trade sector. Exports from Ireland to the United Kingdom had risen by 60 per cent and those from the United Kingdom to Ireland by 87 per cent since the Agreement had come into operation. Trade with other contracting parties had also increased.

The Council took note of the report.

8. New Zealand-Australia Free Trade Arrangement (L/3502)

The representative of New Zealand, in introducing the third report on action taken under the New Zealand-Australia Free Trade Agreement (circulated in document L/3502) stated that in 1969/70 total trade between New Zealand and Australia had increased from \$231.7 million to \$283.5 million. From 1965/66 to 1969/70 Schedule A trade had increased by 59.5 per cent and total trade by 55.9 per cent. A further duty phase-out on the initial Schedule A items had taken place at the beginning of last year. Since the trade year ending June 1966, New Zealand's imports of Schedule A goods from Australia had increased by nearly 75 per cent whereas Australia's Schedule A imports from New Zealand had increased by 38 per cent. In the same period New Zealand's total imports from Australia had increased by nearly 46 per cent and Australia's total imports from New Zealand had increased by 84 per cent. Over the last trade year, the percentage of New Zealand imports from Australia under Schedule A had increased from 44.3 per cent in 1968/69 to 48.6 per cent in 1969/70. Annual reviews of Schedule A had resulted in some 375 tariff items being added to the Schedule since 1966. A number of items nominated were still the subject of negotiation or Tariff Board hearings in the two countries. Discussions were also proceeding on increasing free trade in the motor vehicle industries and on widening the scope of Article 3/7 of the Agreement, to further assist in liberating trade in goods which it was not yet practicable to include in Schedule A.

The representative of the United States pointed out that in his Government's view, New Zealand's licensing system applied in the context of the Agreement was discriminatory and contrary to Article XIII of the General Agreement. He proposed that the Committee on Balance-of-Payments Import Restrictions discuss this matter more extensively at its next year's consultation with New Zealand.

The Council took note of the report.

9. European Free Trade Association and Finland-EFTA Association (L/3519)

The representative of Finland, in introducing information furnished by the member States of the European Free Trade Area and of the Finland-EFTA Association on developments under these two Association Agreements (circulated in document L/3519) stated that the main schedule of tariff and quota dismantlement within the Free Trade Area had been completed and that only minor transitory measures were still in force. Attention devoted to the elimination of non-tariff barriers to trade had resulted in the drawing-up of the Convention for the Mutual

Recognition of Inspections in respect of the Manufacture of Pharmaceutical Products and in the development of the Schemes for the Reciprocal Recognition of Tests and Inspections carried out on Pressure Vessels and on Certain Equipment for Ships. It was to be noted that the creation of the Free Trade Area had stimulated trade not only among member States but also with countries outside the Area. From 1959 to 1970 internal EFTA trade had increased by 245 per cent, while imports from countries outside the Area had increased by 120 per cent. Imports from non-EFTA countries had increased at about the same rate as exports. The trade deficit of the Area as a whole with the rest of the world amounted in 1970 to \$7,000 million compared with \$3,000 million in 1959. Noteworthy was, finally, the fact that in 1968 EFTA trade with developing countries showed a surplus of approximately \$1,000 million in favour of the developing countries.

The Council took note of the report.

10. Trade Arrangement between India, the United Arab Republic and Yugoslavia

The Chairman recalled that under a Decision of 20 February 1970, the three Governments participating in the Trade Expansion and Economic Co-operation Agreement were entitled to continue implementation of the Agreement subject to specified conditions and procedures. Paragraph 1(c) of the provisions required the CONTRACTING PARTIES to review annually the Decision on the basis of a report by the participating States on the operation of the Agreement. The report on the second year of operation of the Agreement had been distributed in document L/3510.

The representative of the United Arab Republic, in introducing the report, stated that it contained full statistical data on imports of the seventy-seven items which had originally been included in the common list. With regard to the fifty-seven items included by the 1969 Protocol data had been furnished to the extent possible.

The report showed that while the exchange of special tariff concessions had had only a modest impact on expansion of trade between the three countries, it had certainly led to the creation of new and additional trading opportunities, especially in non-traditional products, for the trade of the participating countries. As regards the effect of the Arrangement on the trade of third countries, it was worth mentioning that since the bringing into force of the Agreement on 1 July 1968, no contracting party had approached the participating States with any complaint. This supported the conviction of the three participating States that they had taken in advance due and adequate care to ensure that operation of the Agreement did not create special difficulties or undue injury to the trade of third contracting parties.

The Chairman pointed out that hereby the annual review provided for in paragraph 1(c) of the Decision had been carried out. The Decision would be reviewed again in 1972.

The Council took note of the report.

11. Questionnaire on import licensing procedures

The Chairman recalled that at its meeting in March the Group on Licensing of the Committee on Trade in Industrial Products had drawn up a questionnaire concerning import licensing procedures to be sent to all contracting parties. The Group had also discussed whether the questionnaire was to apply to all products or whether information on licensing and similar administrative procedures regarding agricultural products were rather to be referred to the Agriculture Committee. It had not been possible to resolve this question at that time.

The Chairman said that since that time informal discussions on this question had continued. It was his understanding that, after consultations between interested delegations, it had been agreed that contracting parties would reply to the questionnaire adopted by the Working Group on Licensing of the Committee on Trade in Industrial Products, on all products, agricultural as well as industrial. Submissions should be made so that those relating to agricultural products could be transmitted to the Agriculture Committee, permitting it to consider how best it could contribute to the work of the Working Group on Licensing of the Committee on Trade in Industrial Products. It had further been agreed that the Working Group on Licensing of the Committee on Trade in Industrial Products would consider licensing systems as measures of general application, subject to the right of the Agriculture Committee to review the applicability to the agricultural sector of any solutions evolved.

The Council approved the Chairman's understanding.

12. Anti-dumping practices (L/3521)

The Chairman recalled that under the provisions of the Agreement on the implementation of Article VI, the parties to the Agreement were to inform the CONTRACTING PARTIES of any changes in their anti-dumping laws and regulations and to report annually on the administration of these laws.

Mr. Buxton (United Kingdom), Chairman of the Committee on Anti-Dumping Practices, introduced the Committee's report for 1970 (circulated in document L/3521). He recalled that there had been no change in the membership of the Committee in 1970. After the period covered by the report, however, Malta had acceded to the Agreement and had become a member of the Committee. With regard to national provisions relating to price investigations in other countries, the Committee had agreed that the members should describe their procedures used in such price investigations; on the basis of these descriptive notes the discussion would then continue.

Member countries had sent in reports on the administration of their anti-dumping laws and regulations as foreseen in Article 16 of the Agreement. In paragraph 7 of the Committee's report, there was a summary of anti-dumping investigations opened, cases in which action had been taken, revocation of anti-dumping duties etc., in the member countries. This summary had been prepared in accordance with the standard form for the national reports agreed upon in 1969. The aim of obtaining information in a comparable form from the various member countries had, it seemed, been achieved. The Committee had had a very thorough and useful discussion of particular measures taken. The next meeting was to be held towards the end of September.

The Council adopted the report.

13. Administrative and financial questions

(a) Budget Estimates for the Financial Year 1971

The Chairman drew attention to document L/3501. The document recalled that in the revised Budget Estimates for 1971 provision had been made for certain adjustments in staff salaries with effect from 1 January 1971. In accordance with a decision of the General Assembly of the United Nations these adjustments would be effective as from 1 July 1971 only, which resulted in savings of approximately \$80,000 in the expenditure budget of the GATT for 1971. In document L/3501 it had now been proposed that contracting parties, if they so wished, could defer from 1 January 1971 until 1 January 1972 the payment of their share of the amount of the expected saving. Attached to the document was a scale of contributions showing separately each contracting party's share of the \$80,000 for which payments could be deferred.

The representative of the United Kingdom stated that his Government had already paid its contribution and could not, therefore, benefit from this partial deferment of payments.

In reply to a question by the representative of Jamaica, Mr. Taylor (Assistant Director-General) stated that the proposal referred only to an option to defer a part of a contracting party's contribution, not to a reduction of contributions. A decision on the surplus accruing would have to be taken by the CONTRACTING PARTIES at a later date.

The Council approved the proposal made in paragraph 3.

(b) Final position of the 1970 budget of the GATT (L/3506)

The Chairman referred to document L/3506 which contained a report on the Final Position of the 1970 Budget of the GATT. With regard to paragraph 2 of the report, he informed the Council that a book, publishing the papers delivered at the Conference on Effective Protection, would be printed in the near future; copies would be sent to contracting parties.

As was shown in Annex C of the report, the 1970 accounts closed with an unappropriated surplus of \$100,678. It was the Director-General's intention to put proposals for the disposal of the surplus to the Committee on Budget, Finance and Administration for consideration. The contributions in arrears from contracting parties as at 31 December 1970 were listed in Annex B. Certain contributions had been received in whole or in part since 1 January 1971, as was shown in the Annex. Further contributions had been received since the document had been issued in March from Spain and Upper Volta. This left a total outstanding as of today of \$170,759.

Paragraphs 6 and 7 of the report explained certain excess expenditures in particular sections of the budget. Authority was sought to increase the appropriations accordingly. In Annex A certain transfers between sections of the budget were proposed to cover these expenditures.

The Council authorized the increases in the appropriations and approved the proposed transfers.

(c) Final Position of the 1970 Budget of the International Trade Centre UNCTAD/GATT (L/3507)

The Chairman referred to document L/3507 which contained a report on the Final Position of the 1970 Budget of the International Trade Centre. This report was made in view of the GATT responsibility for budgetary and financial control of the Centre's funds and in accordance with GATT practice. Paragraph 11 indicated that the surplus account showed an unappropriated balance of \$16,364. It was proposed that the entire amount on the surplus account be earmarked towards the 1972 expenditure. In paragraph 7 authority was sought to increase certain appropriations by transfer of savings between budgetary sections. Details of the proposed transfers were set out in the Annex to the document.

The Council granted the authority requested in paragraph 7 and approved the proposal in paragraph 11.

14. Trade with Poland - Working Party

The Chairman recalled that under the Protocol for the Accession of Poland the Polish Government was required to consult annually with the CONTRACTING PARTIES on Polish trade with the contracting parties as a whole in the following year. In addition, in accordance with paragraph 3(c) of the Protocol, the CONTRACTING PARTIES were required to consider the establishment of a date for the termination of the transitional period during which import restrictions against imports from Poland could be maintained inconsistently with Article XIII of the General Agreement. This question had been considered during the third annual consultation and since no such date had been fixed, it was to be re-examined at the fourth annual consultation.

It was agreed that a working party should be established with the following terms of reference and membership:

Terms of Reference:

To conduct, on behalf of the CONTRACTING PARTIES, the fourth annual consultation with the Government of Poland provided for in the Protocol of Accession; to re-examine the question of the establishment of a date for the termination of the transitional period referred to in paragraph 3(a) of the Protocol; and to report to the Council.

Membership:

Argentina	Czechoslovakia	Nigeria
Australia	European Communities	Poland
Austria	and their member States	Spain
Brazil	Finland	Sweden
Canada	India	Switzerland
Cuba	Japan	United Kingdom
		United States

Chairman: Mr. J. Larsen (Denmark)

The representative of Poland pointed out that one of the main problems before the Working Party was the establishment of a date for the termination of the transitional period and for the final elimination of all discriminatory restrictions. This matter had not been resolved at the third annual consultation in spite of his Government's flexibility. He stressed that the objective was to obtain the same treatment of its goods as that enjoyed by other contracting parties. His Government had proposed a termination of the transitional period on 31 December 1974, and that was still its position. It considered that a period of seven years gave those contracting parties maintaining discriminatory restrictions sufficient time to adapt to a new situation and to eliminate these restrictions. The arguments for maintaining restrictions on imports from Poland as a protective measure against market disruption by Polish goods were without foundation. Paragraph 4 of the Protocol, which was to cover such situations, had never been invoked.

The Working Party had also to carry out a review of the implementation by Poland and by the other contracting parties of their mutual obligations stemming from the relevant provisions of the Protocol of Accession and of the General Agreement. The Polish representative informed the Council that Polish imports from contracting parties had increased by 8.6 per cent in 1970, as compared to 1969. This reflected the seriousness of his Government's approach towards the commitments undertaken within the GATT, and, in turn, entitled it to expect the same on the part of the other contracting parties. He stressed that in order to carry out a meaningful review, the Working Party needed all the pertinent information. For this reason a notification procedure for discriminatory import restrictions had been introduced. He explained his Government's serious concern

over the fact that more than half of the contracting parties had not replied to the invitation to supply information. Furthermore, some notifications had been very much lacking in clarity. To avoid a similar development at the next review the guidelines developed for form and content of the notifications should be improved and strictly observed. It was also important that contracting parties submitted the relevant notifications at an early date.

15. Import restrictions of Nigeria

The representative of Nigeria informed the Council that his Government had recently taken wide range measures to liberalize imports; with effect from 1 April 1971, most imports had been freed from licensing restriction. He pointed out in particular that these liberalization measures applied to imports from Japan in the same manner as to those from countries enjoying most-favoured-nation treatment.