

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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MINUTES OF MEETING

Held in the Palais des Nations, Geneva,
on 19 October 1973

Chairman: Mr. H. KITAHARA (Japan)

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1. Membership of the Council

The Chairman announced that the Government of Hungary had requested membership of the Council. On behalf of the Council the Chairman welcomed Hungary as a new member to the Council and Mr. Fabian as the Hungarian representative.

The Chairman said that in connexion with the discussion of the Association Agreement between the EEC and Morocco (item 5) the Government of Morocco had been invited to be represented by observers. The Council approved the invitation.

2. Balance-of-payments restrictions

(a) Report on the consultation with Spain (BOP/R/68)

The Chairman recalled that at its meeting on 30 July 1973, the Council considered the report of the Committee on Balance-of-Payments Restrictions on its consultation with Spain (BOP/R/68) and that after having heard an explanation of the report by the Chairman of the Committee and the statement of the representative of Spain explaining certain elements in the Spanish balance of payments, the Council had agreed to postpone the matter until its next meeting.

At the Chairman's suggestion the Council adopted the report of the Committee on Balance-of-Payments Restrictions (BOP/R/68) and recommended that the Government of Spain intensify their efforts in pursuing their policy of liberalization resumed in the last quarter of 1972.

The representative of Spain gave an account of the recent developments of Spain's economic policy. He said that his Government had always pursued a liberalization policy whenever circumstances permitted it. In his view a developing country could not sustain without great difficulty a policy of complete liberalization when in conjunction with growing trade balance deficits, it had serious difficulties in the overall balance of payments. This had been the case of Spain in the years preceding the last two. It was a fact, however, that over the past two years the Spanish balance of payments had shown brilliant results, but it should be noted that the average annual growth of Spanish imports in the period 1960/1970 had been the highest in the world, 18.6 per cent, despite the existing restrictions. The value of these imports had grown from 688 million dollars in 1960 to 6,065 million dollars in 1972. This had not been matched by an equivalent growth in exports and thus had resulted in the large and growing deficits on trade account. He also recalled that on 31 December 1968, Spain had bilateral agreements with sixteen countries; only five of these were still in force, of which three would expire in 1974/75.

The representative of Spain recalled that since October 1972, his Government had taken a series of measures. On 28 October 1972, customs duties on 110 positions had been partially reduced for three months. These reductions ranged from 5 to 100 per cent and had been prolonged until now. On 31 October and 11 December 1972, the régime of free importation had been extended to 177 tariff positions, of which 105 had previously been under global quotas and seventy-two under individual licensing. On 23 November 1972, state-trading of food products had been modified to re-establish the principle of free foreign trade. By then, 135 additional tariff positions had been placed under a transitory régime, which would eventually lead to fuller liberalization; of these, 70 were previously under state-trading, nineteen under global quotas and forty-six under individual licensing. On 5 June 1973, ninety-four tariff positions had been added to the régime of free trade. Of these, seven had previously been under individual

licensing and eighty-seven under global licensing. Thus, between October 1972 and June 1973, 271 items had been liberalized. As a result, a total of sixty-eight positions remained restricted of which nine were under state-trading, forty-nine under global quotas and ten under individual licensing.

These remaining restrictions were more sensitive and would have to be removed more slowly. On 18 August 1973, measures had been taken to place Chapter 18 of the customs tariff under a régime of free importation instead of individual licensing. On 21 September 1973, certain sectors of cotton trade previously under state-trading, had been liberalized. Another measure on 15 September 1973 liberalized the importation of some fresh fruit. In addition, a large number of customs duties had been lowered.

Thus, the Spanish authorities had in recent months removed restrictions on more than half of the tariff positions which had previously been restricted.

The representative of Spain recalled the statement he had made at the last Council meeting in July concerning the monetary crisis and the position of the peseta and its revaluation vis-à-vis certain currencies. He pointed out that all the factors involved had contributed significantly to Spain's deficit on trade account.

Spain, having liberalized 87 per cent in value of its imports, had now reached the critical stage in the process of liberalization. A country at this point of development could not dismantle rapidly its last restrictions; this difficulty had also been encountered in some degree by developed countries. He stated finally that the Spanish authorities had already planned to intensify their efforts in pursuing the policy of selective liberalization they had undertaken unilaterally and which they would continue to apply to the extent that domestic and external economic circumstances permitted.

The representative of Canada expressed satisfaction at the adoption of the report. He stressed the importance of the maintenance of the rôle of GATT in these matters. Although welcoming the undertaking by Spain to intensify its efforts towards liberalization, his delegation would have preferred to have a date fixed for the elimination of the remaining restrictions. He would revert to the matter if necessary at a later date.

The representative of the United States said that his authorities had studied once more the conclusions of the Balance-of-Payments Committee, the factors mentioned by the Spanish representative and the particular characteristics of the Spanish economy. His delegation continued to feel that the determination by the International Monetary Fund and the conclusions of the Balance-of-Payments Committee were correct. His delegation would also have preferred to see a timetable set for the removal of the remaining restrictions.

The representative of Sweden stated his view that in the light of Article XV:2 and of the International Monetary Fund's determination the conclusions of the Committee on Balance-of-Payments Restrictions could not have been different. He welcomed the Spanish representative's confirmation that Spain's balance of payments had shown brilliant results and looked forward with great expectation to the implementation of its liberalization policy.

The representatives of India and Argentina expressed sympathy for Spain's problems, and noted Spain's efforts and in particular its programme for liberalization.

(b) Report of the Balance-of-Payments Committee under the simplified procedures (BOP/R/69)

Mr. Dunkel (Switzerland), Chairman of the Committee on Balance-of-Payments Restrictions, said that the Committee had examined four written statements presented by India, Indonesia, Korea and Sri Lanka. The Committee recommended to Council that Indonesia, Korea and Sri Lanka be deemed to have fulfilled their obligation under Article XVIII:12(b) for 1973. In the case of India, full consultation would take place according to the applicable procedures.

The representative of the United States referred to the balance-of-payments situation of Korea and said that while some measure of control of imports was required, Korea's excellent trade performance made the high level of restrictions somewhat questionable. He expressed his authorities' hope that Korea would take steps towards further liberalization in line with the improvement in its balance-of-payments position. He expressed concern over Korea's prior import deposit requirement which weighed more heavily on distant suppliers than on nearby suppliers.

With regard to Indonesia, the representative of the United States said that his delegation welcomed the adoption by Indonesia of the Brussels Tariff Nomenclature in January 1973. He hoped that further steps would be taken to improve the concordance between the Brussels Tariff Nomenclature and the previous system and that a better indication than was contained in BOP/138 of how Indonesia's restrictive measures fitted into its overall trade policy and balance-of-payments stabilization programme could be supplied.

With regard to Sri Lanka, he noted the excellent report of the International Monetary Fund and urged Sri Lanka to implement the IMF's recommendation to the maximum extent possible.

The Council adopted the report of the Committee on Balance-of-Payments Restrictions on the consultations under the simplified procedures with India, Indonesia, Korea and Sri Lanka (BOP/R/69) and agreed that Indonesia, Korea and Sri Lanka be deemed to have fulfilled their obligations under Article XVIII:12(b) for 1973. The Council noted that a full consultation with India would take place at the end of October 1973.

3. Working Parties on the Agreements between the European Communities

- and (a) Switzerland and Liechtenstein (L/3898)
- (b) Sweden (L/3899)
- (c) Austria (L/3900)
- (d) Portugal (L/3901)
- (e) Iceland (L/3902)

The Chairman recalled that at their twenty-eighth session the CONTRACTING PARTIES had established five working parties to examine, in the light of the relevant provisions of the GATT, the agreements concluded between, on the other hand,

the European Communities and, on the other hand, Switzerland and Liechtenstein, Sweden, Austria, Portugal and Iceland. The five Working Parties had established their reports in documents L/3898 to L/3902.

Mr. Souto Maior (Brazil), presenting the five reports on behalf of the Chairman of each of the five Working Parties, Mr. P. Nogueira Batista, said that the Working Parties had met in December 1972 and in May and July 1973. The five Working Parties had examined several issues common to all the Agreements, as well as certain points relating to each particular Agreement. The general issues included trade coverage, import and export duties, quantitative restrictions and rules of origin. In some of the Agreements there was also a common issue concerning relations with developing countries.

The Working Parties had not been able to reach unanimous conclusions, especially concerning the question of the compatibility of the five Agreements with the relevant provisions of the General Agreement. Some members were of the opinion that the Agreements constituted preferential trading arrangements rather than free-trade areas, and were, therefore, as a derogation from the most-favoured-nation principle, contrary to the letter and spirit of the GATT. The parties to the Agreements, together with some other members, had expressed their conviction that the Agreements effectively created free-trade areas in full conformity with Article XXIV of the General Agreement. They could not, therefore, in any view, be considered as preferential arrangements. There was also disagreement about the effects of the rules of origin of the Agreements on future trade relations, and the question of whether these were merely interim agreements or not.

The representative of the European Communities said that the examination of the Agreements fully supported the view that they were in conformity with Article XXIV of the General Agreement, thus allowing the parties legally to waive the most-favoured-nation requirement. He regretted that he could not share the point of view of some other members of the Working Parties.

The representative of the United States said that during the Working Parties' consideration of the five Agreements, his and a number of other delegations had expressed the view that the Agreements were inconsistent with the General Agreement. As in a number of other cases involving Article XXIV, there was no agreement in the five Working Parties. His delegation was especially concerned with the rules of origin provided for under the arrangements. He recalled that rules of origin were justified in order to eliminate trade deflection resulting from the removal of trade barriers within a free-trade area, but rules that went beyond this would have a protectionist effect and were not justified. He noted that the most-favoured-nation exception with regard to customs unions was long-standing, but that the exception for free-trade areas had originated in the GATT. While a number of free-trade arrangements had been examined in the GATT, no detailed study of rules of origin had been undertaken. The importance of the current Agreements and the stringency of these rules of origin urgently called for a basic examination of this matter. Accordingly, he proposed that a working party be established to carry out a detailed examination and analysis of the problems of trade deflection and rules of origin in free-trade areas and of

the GATT rules relating thereto, with special reference to the Agreements concluded between the European Communities and the EFTA countries, and to report to the Council.

The representative of Canada said that his delegation's position in the five Working Parties had been essentially that stated by the representative of the United States. His Government was particularly concerned with the erosion of the multilateral framework for international trade, and supported the United States proposal with regard to a study of rules of origin. He expressed the hope that the Trade Negotiations Committee would strive to mitigate the harmful effects to other contracting parties' trade arising out of free-trade arrangements.

The representative of Switzerland addressed his remarks to the report on the Agreement between the European Communities and Switzerland and Liechtenstein. In the view of his delegation the Working Party had fulfilled its task. He deplored the members' inability to reach a common point of view, but his Government continued to share the view that the Agreement fully met the requirements of Article XXIV. As for the proposal with regard to a study of rules of origin, he pointed out that the Working Party had fully examined the rules established in connexion with the free-trade arrangement with the European Communities. This was reflected by the fact that eight of the thirty-four paragraphs in the Report (L/3898) dealt specifically with this matter. He remarked that any contracting party wishing to obtain additional information or clarification with regard to the functioning of the rules could at any time use normal bilateral channels. Furthermore, contracting parties could always avail themselves of the normal provisions for consultations in the General Agreement. Finally, the Agreement itself provided that the parties could review the rules of origin in the light of the evolution of the free-trade arrangement. For these reasons his Government saw no reason to establish a working party, whose work would necessarily duplicate with work already done and with existing information and consultation procedures.

The representative of Japan said that his Government had not found the five Agreements to be in full conformity with Article XXIV. His delegation supported the proposal, that the complex matter of rules of origin should be examined in a more general context.

The representative of Brazil said that in the meetings of the Working Parties his delegation had expressed misgivings about the Agreements because, taken as a whole, they represented an internal market comprising approximately one third of world trade, and would accordingly call for parallel rules rather than a waiver from the GATT rules. His Government also doubted whether the trade creating effect, which the drafters of the General Agreement had envisaged, would in the present instances outweigh the trade diverting effects. The Agreements would inevitably erode benefits accruing to developing countries under the Generalized System of Preferences, although some consolation could be derived from statements made by the parties. His delegation supported the proposal for a working party on rules of origin.

The representative of Poland said that his Government looked at the Agreements with some apprehension, not only in terms of the General Agreement but also because - as a European country - Poland conducted a large part of its foreign trade with the parties to the five Agreements. The Agreements would also create problems with regard to trade conducted under co-operation agreements, which were development incentives. He called attention to the trade diverting effects of the rules of origin, and supported the proposal for a working party to study the problem.

The representative of Sweden recalled that the General Agreement specifically provided in Article XXIV for free-trade arrangements, and stated that his Government shared the view of the European Communities that the Agreement with Sweden fully complied with the requirements of that Article. The arrangement was trade creative, as envisaged by the drafters of the General Agreement. He agreed that the matter of rules of origin was a complex one, but noted that the Report (L/3899) reflected the thorough examination which it had received in the Working Party. For this reason he doubted whether it would be useful to examine the matter again. Also, since the free-trade arrangement had only recently gone into force it would be premature to re-examine its rules of origin, particularly in the absence of standards for such rules in the General Agreement. His Government had stated in the Working Party its readiness to consider any export losses that might arise to third countries, and would be ready to use normal GATT consultation procedures, should the need arise. His delegation could not support the United States proposal.

The representative of Hungary said that, having examined the Reports of the Working Parties, his Government would be interested in participating in an examination of the rules of origin.

The representative of the European Communities said that the creation of free-trade areas was permitted in GATT because of their trade creating qualities and that the elimination of internal trade barriers in a free-trade area would inevitably give rise to preferential treatment among the members. In the present cases imports from third countries would be subject to normal customs tariffs and, upon re-exportation to another member of the free-trade area, normal drawback procedures would operate. The parties to the Agreements had stated their readiness to answer, on a bilateral basis, any questions that might arise. His delegation could, therefore, see no reason for establishing a working party to study rules of origin.

The representative of Czechoslovakia associated his delegation with those which had supported the United States proposal for the creation of a working party to study rules of origin. His Government also shared the concerns expressed by the representative of Poland.

The representative of Austria said that the Agreement between Austria and the European Communities was in conformity with Article XXIV and had been motivated by economic considerations. His Government recognized the trade creating effects

of the arrangement and had kept in view the effects on the trade of other contracting parties, who would benefit from this. With regard to developing countries in particular, the Report (L/3900) reflected the concern of his Government to apply its Generalized System of Preferences in a constructive manner. As for rules of origin, much attention had already been devoted to this matter in the Working Party, and it would not be opportune to set up machinery to study them again before further experience had been acquired.

The representative of Portugal called attention to certain differences in the Agreement between his country and the European Communities and the Agreements which had been examined in the other four Working Parties. In this connexion he called attention to paragraph 4 of the Report (L/3901). His Government held the view that the Agreement was in full conformity with Article XXIV. As for the proposal to establish a working party to study rules of origin, this would not be necessary in the light of the thorough examination which had already taken place in the Working Party, and further because bilateral possibilities remained available to contracting parties seeking information or clarification.

The representative of Iceland said that the Report (L/3902) set forth very faithfully the discussions in the Working Party. His Government considered the Agreement between Iceland and the European Communities to be in full conformity with Article XXIV, and held the view that this arrangement would help to make his country a stronger trading partner with all contracting parties. He associated his delegation with those which saw no reason for setting up a working party to study rules of origin.

The representative of the United States said that his Government was not raising the issue of whether rules of origin were required, but rather the nature of such rules and their relationship to a free-trade arrangement. In the view of his Government the Working Parties had not conducted an exhaustive examination. For example, there had been insufficient time to devote adequate attention to the relationship between rules of origin and the tariff differentials among members of a free-trade area. Bilateral contacts would be useful in the context of the rules which had been established under the present Agreements; but broader questions were involved. This was the sort of multilateral action that GATT was supposed to undertake.

The representative of Yugoslavia regretted the absence of unanimous conclusions in the Working Parties and, as a member of the delegation of a developing country, expressed concern at the erosion of benefits under the GSP. He noted the statement by the representative of Austria in this regard and hoped that this would be of help to his country. The rules of origin under the Agreements could give rise to trade diversion. It would be useful and necessary to examine rules of origin in greater depth.

3. The Council adopted the Reports of the Working Parties on the Agreements between the European Communities and Switzerland and Liechtenstein (L/3898), Sweden (L/3899), Austria (L/3900), Portugal (L/3901) and Iceland (L/3902).

The Council agreed to defer until its next meeting the question of establishing a working party for the examination of the problems of trade deflection and rules of origin.

4. European Free-Trade Association and Finland EFTA Association (L/3916 and Add.1)

The Chairman recalled that in accordance with the Calendar of Biennial Reports on developments under regional agreements, the member States of the European Free-Trade Association and the Finland-EFTA Association had submitted a report which had been distributed in document L/3916 and annexes.

The representative of Sweden referred to the documentation which had been provided by the member States of the Association which showed the EFTA and FINEFTA reorganization which had taken place following the far-reaching changes in trade relationships in Europe which had occurred in the period under review. The legal basis of free trade within EFTA remained the Stockholm Convention which had been drawn up in full conformity with Article XXIV of the General Agreement. It was a major objective of the Association to contribute to the harmonious development and expansion of world trade; hence the great importance which EFTA countries attached to the multilateral trade negotiations.

The representative of the United States expressed concern that the amendment of the EFTA rules of origin, to bring them in conformity with the rules of origin under the agreements signed between the EFTA member States and the European Communities, had made these rules substantially more stringent. The United States proposal regarding further work on this subject, made under the previous item, would also have a bearing on the new EFTA rules of origin.

The Council took note of the report.

5. Association Agreement EEC-Morocco (L/3907)

The Chairman recalled that in March 1973 the representative of the European Communities had informed the Council of the signature by the parties concerned of a Protocol laying down certain provisions supplementary to the Association Agreement between the European Economic Community and Morocco. The text of the Protocol had recently been circulated in document L/3907.

The representative of the European Communities said that the Protocol provided for certain transitional and adaptation measures in tariffs and quotas necessitated by the accession of three new member States to the European Communities. The measures under the Protocol were transitory and would expire after a new agreement had been reached on a broader basis, as provided by Article 14 of the Association Agreement itself. Negotiations for a new agreement were in progress.

The representative of the United States considered that the Protocol did not cover substantially all the trade between the parties and did not include a plan and schedule, as required by Article XXIV. Moreover the discriminatory aspects of the arrangement were now worse with respect to the trade of the United States

and other contracting parties. Unless the negotiations currently in progress eliminated these problems his delegation would raise these issues in due course.

The Council took note of the Protocol.

6. Agreement between the European Economic Community and Egypt

The Chairman recalled that in February 1973 the representative of the European Communities had informed the Council of the conclusion of an Agreement and additional Protocol between the European Economic Community and Egypt. The texts of these legal instruments had been submitted and would be available to delegations before the end of the month.

The representative of Egypt cited this arrangement as an example of co-operation between developed and developing countries through the gradual elimination of barriers to trade, in the spirit of the General Agreement. The arrangement was a realistic one and would help his Government, which suffered a deficit in its balance of payments. He expressed the hope that the CONTRACTING PARTIES would find the arrangement to be in full conformity with the General Agreement.

The representative of the European Communities said that the Agreement and additional Protocol were the outcome of the Communities' desire to achieve a better trade balance with Mediterranean countries, and were in full conformity with the General Agreement. The basic principle behind the arrangement was to begin a process that would progressively eliminate barriers to substantially all the trade between the parties. In the first stage substantial tariff reductions would come into force with respect to approximately 90 per cent of EEC industrial imports and more than 50 per cent of EEC agricultural imports from Egypt; and approximately 55 per cent of Egypt's imports from the EEC would enter duty free or at a reduced rate. The parties considered these figures fully compatible with their levels of economic development. They were prepared to give additional information to contracting parties when the arrangement was examined in the light of Article XXIV.

The representative of Canada said that his Government regretted the continuing erosion of the multilateral trading system caused by arrangements of this nature. He was also disappointed that the parties had not followed the procedure adopted on 25 October 1972, which provided that such matters be placed on the agenda for the first meeting of the Council following the signature of customs union or free-trade agreements.

The representative of the European Communities said that it had only recently been possible to send the full text of the legal instruments in various languages to the secretariat.

The Council agreed to set up a working party 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 between the European Economic Community and the Arab Republic of Egypt, signed on 18 December 1972; and to report to the Council.

Membership:

Membership would be open to all contracting parties indicating their wish to serve on the working party.

Chairman: Mr. Mariadason (Sri Lanka).

It was agreed that contracting parties wishing to submit questions in writing to the parties to the Agreement should be invited to send such questions to the secretariat by 5 December 1973 and that the parties should supply answers to these questions by 1 February 1974.

7. Australia - Papua/New Guinea waiver (L/3903)

The Chairman drew attention to the nineteenth Annual Report on measures taken under the Decision of 24 October 1953 submitted by the Government of Australia (L/3903). The report recorded that no measures had been taken in the period under review.

The Council took note of the report.

8. India - Auxiliary duty of customs (L/3934, C/W/225)

The Chairman drew attention to document L/3934 which contained a communication from the delegation of India notifying the introduction by the Government of India, on a temporary basis, of an auxiliary duty of customs on certain goods.

The representative of India stated that as part of the budget proposals for the current financial year, his Government had provided for an auxiliary duty on both imported and indigenous goods. In the case of imported goods there were three differential rates of auxiliary duty, namely 20 per cent, 10 per cent and 5 per cent. However, on GATT-bound items the rate of this duty was either nil or 5 per cent with the exception of three items of insignificant import value. Insofar as GATT-bound items were concerned, the levy would not have any adverse impact on imports into India which were permitted within the framework of GATT obligations. The levying of auxiliary duties was one of a number of measures which had been imposed by his Government in the context of the 1973-74 budget to raise additional resources required for development needs and to meet higher outlays on social welfare schemes.

The Chairman drew attention to document C/W/225 which contained the text of a draft decision and suggested a slight amendment to the second preambular paragraph, namely to insert the word "development" between the words "compelling" and "needs".

The representative of Japan noted that the measure had been introduced on a temporary basis and asked whether it would be possible to terminate the measure before the expiry of the waiver on 31 March 1974.

The representative of India stated that this was a question to be determined by parliament.

The representative of the United States expressed the hope that in the light of India's improved balance-of-payments situation India would use the time provided by the waiver to phase out the auxiliary duties by the specified date.

The Council approved the text of the draft Decision (G/W/225), as amended, and recommended its adoption by the CONTRACTING PARTIES.

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.

9. Indonesia - Renegotiation of Schedule (L/3939)

The Chairman drew attention to document L/3939 which contained a communication from the delegation of Indonesia, notifying the introduction of a new customs tariff and requesting a waiver from its obligations under Article II.

The representative of Indonesia stated that a new customs tariff based on the Brussels Tariff Nomenclature had entered into force on 31 January 1973. In order to apply the BTN classification system it had been necessary to revise the composition and rates of customs duties and other charges in conformity with the grouping of types of goods. The revision was aimed at simplifying and rationalizing the Indonesian tariff structure in the light of its Five Year Development Plan.

Owing to exceptional circumstances his Government had not been able to notify the CONTRACTING PARTIES before the enforcement of the new customs tariff. The Government of Indonesia stood ready to enter into consultations and negotiations with interested contracting parties, with a view to completing such negotiations on items on which GATT bindings may be affected, not later than 31 December 1975.

The representatives of Japan and India supported Indonesia's request for a waiver.

The Council agreed to consider the matter at its next meeting on the basis of the text of the draft Decision to be prepared by the secretariat.

10. Agreement between the European Communities and Finland

The representative of Finland announced that a Free-Trade Agreement had been concluded between the European Communities and his country, and that the text of the Agreement had been submitted to the Finnish Parliament for approval. As soon as possible the text would be submitted to the CONTRACTING PARTIES.

The representative of the European Communities confirmed that the text of the Agreement would be submitted as soon as possible.

The Council took note of the information.

11. Working Party on Agreement between India, Egypt and Yugoslavia

The Chairman recalled that at its meeting in March 1973 the Council established a working party to consult with India, the Arab Republic of Egypt and Yugoslavia with respect to the proposed extension of the Trade Expansion and Economic Co-operation Agreement. In the meantime the three delegations had notified a decision of their governments to enlarge the product coverage of the Agreement. The 1970 Decision of the CONTRACTING PARTIES allowed the three countries to expand the product list subject to a procedure of notification but since the extension of the Decision was to be considered, the three delegations expected that this matter would also be examined by the Working Party.

The Chairman therefore proposed that the terms of reference of the Working Party be amended so as to cover also the question of expansion of product coverage and should read as follows:

To consult with India, the Arab Republic of Egypt and Yugoslavia, as provided under paragraph 1(b) of the Decision of 20 February 1970, with respect to the expansion of the product coverage and extension of the Trade Expansion and Economic Co-operation Agreement of 23 December 1967, as amended by the Protocol dated 16 July 1969.

The Council approved the amended terms of reference.

12. Arrangements for the twenty-ninth session

The Director-General recalled that at the end of the twenty-eighth session the CONTRACTING PARTIES had agreed that the twenty-ninth session would be held in the period 12 to 23 November 1973. It was understood, however, that the Council would have the authority to adjust these dates according to circumstances. He pointed out that the Provisional Agenda was a short one and was limited to a discussion on the report of the Council on its activities since the twenty-eighth session, the report of the Committee on Trade and Development and the report of the Group of Three. In addition, at the forthcoming session, the CONTRACTING PARTIES would be celebrating the twenty-fifth anniversary of the General Agreement. In these circumstances, it would seem possible to shorten the period of two weeks which had originally been set aside for the session.

Having had consultations with a number of delegations, and with the agreement of the Chairman of the CONTRACTING PARTIES, he proposed that the opening of the session take place on Tuesday, 13 November at 10 a.m. and that the duration be limited to three days, i.e. from 13 to 15 November 1973.

The Council agreed with the proposal.

13. Administrative and financial questions

(a) Assessments of additional contributions

The Chairman drew attention to documents L/3922, L/3923 and L/3924 in which it was proposed that following the accession to the GATT of Singapore (L/3922) and Hungary (L/3924) and the provisional accession to the GATT of the Philippines (L/3923) a contribution to the 1973 budget and an advance to the Working Capital Fund should be assessed on these governments.

The Council adopted the assessments proposed.

(b) Representation allowance of the Director-General

The Council, meeting at the level of Heads of Delegation, approved a proposal by the Chairman of the CONTRACTING PARTIES to establish the representation allowance of the Director-General in Swiss francs and at an amount of Sw F 45,000, effective 1 January 1973, in order to restore the value in money terms of the allowance to approximately the amount agreed to in 1968.