

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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COUNCIL

7 November 1973

MINUTES OF MEETING

Held in the Palais des Nations, Geneva,
on 7 November 1973

Chairman: Mr. H. KITAHARA (Japan)

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1. Membership of the Council

The Chairman informed the Council that the Government of Singapore had requested membership of the Council. He welcomed Mr. Tan Keng Jin as the representative of Singapore in the Council.

2. Working Party on Rules of Origin

The Chairman recalled that in connexion with the discussion on the Agreements concluded between the European Communities and certain EFTA countries, the United States delegation, at the Council meeting on 19 October 1973, had proposed the establishment of a special working party to undertake a detailed examination and analysis of the problems of trade deflection and rules of origin in free-trade areas. The Council had agreed to revert to this item at a later meeting.

In view of the fact that there had not been sufficient time to narrow the divergences of view the Council agreed that the matter be left on the agenda to be taken up at some future meeting of the Council.

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

The Chairman recalled that the representative of Indonesia informed the Council at its last meeting of the introduction of a new customs tariff based on the Brussels Tariff Nomenclature. As a result the rates of duty on certain items contained in the Indonesian Schedule had been increased above the bound level and the Government of Indonesia, pending the results of renegotiations in accordance with Article XXVIII, requested a waiver from its obligations under Article II in order to enable it to maintain the increased rates of duty. The Council had agreed to consider the matter at the present meeting on the basis of a draft decision prepared by the secretariat. A draft had been distributed in document C/W/229.

The representative of the United States said that his delegation supported the draft decision, but preferred that the duration of the waiver be limited to 31 December 1974 instead of 31 December 1975.

The representative of Indonesia felt that, for technical reasons, it would be more realistic to retain the time limit of 31 December 1975. His country would nevertheless do its best to expedite the matter.

The Council approved the text of the draft decision and recommended its adoption by the CONTRACTING PARTIES.

The draft decision together with the recommendation of the Council for its adoption would be incorporated in the Report of the Council to the CONTRACTING PARTIES and the decision would be submitted to a ballot at the time when the CONTRACTING PARTIES considered the Council's report at the twenty-ninth session.

4. New Zealand - Tariff-free quotas for handicraft products - Request for a waiver (L/3947 and C/W/230)

The Chairman drew attention to a request by the Government of New Zealand for a waiver from its obligations under Article I (L/3927).

The representative of New Zealand pointed out that there was an error in the list of the beneficiary countries: the island of Niue should be deleted from the list and the island group of Western Samoa added. Introducing the application for the waiver, he drew attention to the smallness and the remoteness of the island groups concerned, some of which were amongst the least developed countries. In order to strengthen their regional and geographical ties, these countries had formed the South Pacific Forum to explore ways in which they might, with Australia and New Zealand, pursue their common development aims. These islands had long-standing ties with his country, which had accepted, within its overall programme of assistance to developing countries, a particular responsibility for aiding these islands in the development of their economies, the present scheme being part of that responsibility. He drew attention to the climatic, marketing and production problems facing these countries; to their dependence on a narrow range of agricultural products for their export earnings and to the problems connected with development of their manufacturing sectors. Many of these problems could only be solved in the longer term, whereas the development of the handicraft industry was one area lending itself more readily to short-term measures. The Governments concerned believed that the scheme would materially contribute to their economic development. In view of the relative smallness of the New Zealand market, however, the extension of the present scheme to developing countries other than the ones proposed could result in the New Zealand market being over-supplied with handicrafts, thus frustrating the objectives of the scheme.

The representative of New Zealand emphasized the limited importance of the scheme in trade terms; the quotas would be for a total of \$50,000 and, while conscious of the fact that the scheme infringed the provisions of Article I and of the view of developing countries that there should be no discrimination between them, he maintained that the present case was an exceptional one which could hardly be seen as a major precedent. Rather, it was a special situation for which the waiver technique was designed.

The representative of Brazil, supported by the representative of the United States, while being sympathetic to the objectives of the scheme and recognizing its limited importance in trade terms, could not agree that the special circumstances outlined by the representative of New Zealand constituted sufficient grounds justifying the discrimination involved; he could not see why the present scheme could not be kept within the Generalized System of Preferences.

Many delegations agreed that there were circumstances justifying departure from the principle of non-discrimination and supported the application by New Zealand for the waiver.

The representatives of Malaysia, Sri Lanka and Australia, while appreciating the intentions of the New Zealand Government, felt that some additional time should be allowed for reflection and consultations between delegations.

The Council agreed to refer the matter to the CONTRACTING PARTIES for their consideration at their twenty-ninth session.

5. Trade arrangements between India, Egypt and Yugoslavia (L/3950 and Add.1)

The Chairman recalled that in March 1973 the Council had established a Working Party to consult with India, Egypt and Yugoslavia with regard to the extension of the Trade Expansion and Economic Co-operation Agreement of 1967, and to carry out the review of the Decision of 20 February 1970. At its meeting in October 1973 the Council had amended the terms of reference of the Working Party so as to enable the consultation also to cover the expansion in the product coverage under the Agreement. The report of the Working Party had been distributed in document L/3950 and Add.1.

The Chairman of the Working Party, in presenting the report, said that the Working Party had noted that there were no indications that the Agreement had adversely affected the interests of third countries. Some members had, however, expressed concern about the departure from the provisions of Article I of the General Agreement, and one member had questioned the usefulness of the arrangement on account of the geographical remoteness of the participating States from each other and the lack of evidence that the tariff concessions had had any positive effects on their mutual trade. Other members of the Working Party had taken the view that the Agreement was in full conformity with the General Agreement. He also referred to the views expressed by several members that concessions exchanged under the agreement should be multilateralized among developing countries. There was agreement that the annual review of the operation of the Tripartite Agreement should take place at about the same time as the reviews concerning the Protocol relating to Trade Negotiations among Developing Countries. The Working Party, with one exception, had agreed to recommend to the CONTRACTING PARTIES the adoption of a Decision permitting the participating States to continue to implement the Agreement with the inclusion of the additional products, subject to the relevant terms and conditions of the Decision of 20 February 1970, until 31 March 1978.

The representative of Turkey pointed out that there were other developing countries than those mentioned in the Tripartite Agreement and expressed the hope that the Agreement would be open for accession by all developing countries members of GATT having trade relations with the participating States. In view of the assurances in regard to multilateralization which the participating States had given and which were reflected in the report his Government could support the adoption of the draft Decision.

The representative of the United States noted that the views of his authorities were recorded in the report. His Government could have accepted an extension of the 1970 Decision for one year to allow additional time to assess the benefits of the Agreement.

The representative of the European Communities expressed support for the Decision and reiterated the importance they attached to the multilateralization among developing countries of the concessions exchanged under the Agreement.

The representatives of Indonesia and Austria expressed support for the adoption of the Decision.

The Council approved the text of the draft Decision and agreed to recommend its adoption by the CONTRACTING PARTIES. The Council adopted the report.

6. Consultation on trade with Poland

The Chairman recalled that the Protocol for the Accession of Poland provided for annual consultations between Poland and the CONTRACTING PARTIES. Furthermore, the CONTRACTING PARTIES were required to examine the question of the establishment of a date for the termination of the transitional period by the end of which any discriminatory element in remaining quantitative restrictions should be eliminated. The Sixth Annual Consultation had been carried out by a Working Party, the report of which was before the Council in document L/3946.

Mr. Chadha (India), Chairman of the Working Party, drew attention to the concern expressed by several members of the Working Party that a large number of contracting parties had not submitted notifications on quantitative restrictions, and that some notifications had been circulated too late to allow for proper examination in capitals. The Working Party had noted that some progress had been made in the elimination of discriminatory restrictions against Poland, but there had also been some discussion on the form of certain notifications, which made it difficult to assess the progress made. On the trade aspect, the Working Party noted with satisfaction the fact that Poland had considerably exceeded its import commitments for the years 1971-1972.

As to the question of the establishment of a terminal date for the abolition of discriminatory restrictions he regretted that at this year's consultation it had not been possible to reach agreement. In accordance with the provisions of paragraph 3(c) of the Protocol, therefore, the question would have to be re-examined at the Seventh Annual Review.

The representative of Poland recalled that the question of the establishment of a terminal date for the transitional period had now been discussed at four consecutive consultations without any agreement having been reached. Such a situation was most regrettable, as it distorted the balance of advantages under

the General Agreement and deprived Poland of her legitimate rights. No economic or other justifications had been given by the parties concerned for maintaining discriminatory restrictions and, in any event, ample safeguard provisions against market disruption by Polish goods were contained both in the Protocol of Accession and in the General Agreement itself. In no case had there been a necessity to resort to these provisions because of Polish exports.

He recalled that this matter had been brought to the attention of the CONTRACTING PARTIES on previous occasions, but that despite the recommendations of the Council that the parties concerned should intensify their efforts to terminate the transitional period at an early date, no progress had been made. In this connexion, he maintained his proposal that the date for the termination of the transitional period be set at 31 December 1974, hoping that with the new trends towards greater liberalization of world trade it might be easier for some countries to attain this goal.

As regards notifications on discriminatory import restrictions, he regretted that the Working Party, due to insufficient information, had not been in a position to examine the implementation by contracting parties of their obligations towards Poland to progressively relax and eliminate discriminatory restrictions. Some had not submitted notifications at all, while the form and content of others precluded proper examination, despite the fact that the Council had adopted appropriate guidelines in this respect.

As regards the question of the establishment of a terminal date of the transitional period, he strongly appealed that the importance of removing discrimination in trade relations within the General Agreement be recognized and urged the contracting parties concerned to intensify their efforts in this respect.

Several representatives strongly supported the views and proposals put forward by the representative of Poland, calling in particular for the end of the transitional period to be fixed for the end of 1974. In this connexion, the case of Austria, which had abolished a significant number of discriminatory restrictions and had declared that all such restrictions would be eliminated by 1 January 1975, was held up as an example of how the commitments under the Protocol might be fulfilled.

The representative of Hungary urged that next year's notifications should be free from any ambiguity, thus allowing the Working Party to form a clear picture of how all contracting parties intended to fulfil their commitments.

The representative of Canada, supporting the Polish delegation, said that as a result of discriminatory restrictions by many European countries, there was clearly an imbalance in the obligations of the contracting parties vis-à-vis Poland.

The representatives of some countries which had not submitted notifications said that, since they had previously notified that they did not maintain any discriminatory restrictions on imports from Poland, they did not see the necessity for repeating their notifications each year. They would notify in the event of changes being made in their import policies.

The representative of the European Communities said that the Communities' position was clearly reflected in the Report. He recalled that the Communities had undertaken to examine the possibilities of amending their notification in the future. He could not, however, quite understand how it was possible to compare a balance of advantages between a planned economy country and a market economy country.

The representative of Sweden felt that his country's views were adequately reflected in the report of the Working Party; it was regrettable that the compromise formula referred to in paragraph 30 of the report could not be accepted.

The Council endorsed the recommendations of the Working Party that notifications on remaining discriminatory restrictions be submitted in time, at least six weeks before the consultations, and that contracting parties concerned improve the form and content of their notifications and that contracting parties which had not submitted notifications should do so in the future.

The Council noted that the Working Party was not in a position to agree on a recommendation with regard to the question of the establishment of a terminal date for the transitional period and that, under the terms of the Protocol of Accession, the matter would have to be re-examined at the Seventh Annual Review.

The Council adopted the Report of the Working Party.

7. Committee on Anti-Dumping Practices - Report of Committee (L/3943)

The Chairman recalled that under the provisions of the Agreement on Implementation of Article VI the Committee on Anti-Dumping practices held annual meetings to allow members to consult on matters relating to the Anti-Dumping Code. The Committee's Fifth Report had been circulated in document L/3943.

Mr. Huslid (Norway), Chairman of the Committee, stated that the report covered the period September 1972-September 1973, and that in this period one new country, Spain, had adhered to the Code. As in previous years, the main point of discussion in the Committee had been the criteria used for determination of injury by some members; full explanations of the practices followed in investigations by some countries were heard and although differences of opinion persisted the discussion had contributed to a better mutual understanding of the positions taken. Progress had been made by the members concerned in this field as well as in shortening the time needed to complete investigations.

Mr. Huslid went on to explain that since the situation had not changed since the year before, the envisaged further informal discussions on the possible adherence of Australia, New Zealand and South Africa to the Anti-Dumping Code had been postponed. The Committee had noted, however, that a committee had been established in Australia to examine, inter alia, the feasibility of Australia adhering to the Code, and the hope had been expressed by the Committee that this would lead to an early acceptance of the Code by Australia.

He also referred to the work of the Working Party on the Acceptance of the Anti-Dumping Code, which had been established by the Council in September 1970. The Working Party had held its third meeting recently, continuing its discussions on the problems of the developing countries. The main problem for the developing countries had been to accept the provisions of the Code for price comparisons, their opinion being that in a large number of cases the domestic prices for and cost of production of goods exported by developing countries could not be directly related to the prices obtainable in international markets. On the other hand, countries signatories to the Code had stressed the need not to infringe the principles of Article VI of the General Agreement or of the Code itself.

He was glad to say that this year the Working Party had been able to find a formula for an ad referendum text of a note to the Anti-Dumping Code which was being considered by member governments. If the text was accepted, the time limit agreed upon for consideration of the text being 31 December 1973, he hoped that this could be the basis for a wide and early acceptance of the Anti-Dumping Code by developing countries.

The Council took note of the report of the Chairman on the work of the Working Party on the Acceptance of the Anti-Dumping Code and expressed satisfaction at the progress made. The Council adopted the Report on Anti-Dumping Practices.

8. Committee on Budget, Finance and Administration (L/3944)

The Chairman drew attention to the report of the Committee on Budget, Finance and Administration contained in document L/3944.

Introducing the report, the Chairman of the Committee on Budget, Finance and Administration said that, in accordance with its terms of reference, the Committee had examined the 1972 accounts, the financing of the 1973 budgets and the budget estimates for 1974 of the GATT and the International Trade Centre UNCTAD/GATT.

In connexion with the examination of contributions in arrears for certain contracting parties, the Committee had stressed the importance for the secretariat's financial management that governments pay their contributions as early as possible in the year in which they fall due.

With regard to the current budgetary position of GATT, present forecasts indicated that due to exceptional circumstances, the 1973 budget was expected to close with a year-end surplus of some Sw F 1.6 million and the Committee had recommended that Sw F 1 million from this be earmarked towards 1974 income, thereby reducing governments' contributions to the budget.

With respect to the 1974 budget, he pointed out that provisions made for the multilateral Trade Negotiations amounted to just over Sw F 2.7 million. The Committee was conscious of the importance of making sure that no difficulties would be encountered in servicing these negotiations. With this consideration in mind, the Committee had agreed to increase the provision for unforeseen expenditure of Sw F 40,000. As the increased emphasis on the multilateral trade negotiations was expected to lead to some deceleration in traditional fields of activity, the Committee had proposed economies of Sw F 106,000 in respect of other budgetary items.

He also pointed out that the Committee had heard a statement by a representative of the GATT Staff Council concerning the erosion of staff salaries, allowances and pensions due to the effects of currency fluctuations since 1971. The Committee had recognized that there was a problem and had invited the Director-General to use his influence within the competent bodies to ensure that all necessary steps were taken to resolve the situation with the utmost dispatch so as to avoid further detrimental effects.

The Committee had made a preliminary examination with respect to future GATT accommodation in the present ILO building and would meet again and report on this subject to the Council at its next meeting.

Concerning the 1974 Centre Budget, the Committee recommended its approval and accepted GATT's contribution of \$1,492,000, on the understanding that the United Nations contribute an amount of the same level. It had been noted that the report of ACABQ on the Centre budget had not been received and that the Committee had reserved the right to review its decision should the findings of ACABQ differ substantially from its own. He could inform the Council that the report had now been received and that the ACABQ's examination of the Centre budget estimates and its recommendations to the United Nations General Assembly were in line with those of the GATT Budget Committee.

He recommended in conclusion that the Council approve the revised GATT budget estimates for 1974 at the level of Sw F 24,414,000 and that the Committee's report be approved.

The Chairman said that, in connexion with the question of erosion of staff salaries, allowances and pensions raised in the Committee report, the GATT Staff Council had requested that a representative of the Staff be given permission to address the Council.

The Council agreed to hear a statement by the representative of the Staff.

The representative of the GATT Staff stated that certain proposals had been made to the Budget Committee. Although the Committee had joined the Director-General in recognizing that there was a problem, it felt that as GATT operated within the common system, it was not possible to make a decision on a matter of this kind without taking into account its effects on other international organizations in Geneva.

He pointed out that the existence of this problem had also been recognized by the Secretary-General of the United Nations, in a statement before the Fifth Committee of the General Assembly of the United Nations. The Secretary-General had mentioned that, in particular in Europe, the post adjustment payments represented an unduly high percentage of the total remuneration of the staff. Moreover, since the post adjustment system did not provide full compensation for decreases in the purchasing power of salary and allowances, staff members suffered a loss on the occasion of each reclassification. The representative of the Staff Council pointed out that, as a result of the fall in the value of the dollar, whose stability was the cornerstone of the United Nations salary system, salaries, allowances and staff pensions had been eroded. As a result, the common system had a discriminatory effect on staff members serving outside the dollar area, in particular in Europe where most of the institutions of the United Nations were located.

He noted that the Committee had not accepted the proposals of the Staff Council because the GATT operated within the common system. Since, however, the system no longer met the true facts of the situation, it should be modified.

He also noted that the Committee had invited the Director-General to use his influence with the competent bodies in the common system. It was, therefore, necessary for the Director-General to have the support, i.e. an explicit mandate of the Council for the steps he would undertake. He asked the action of the Council to take two forms: first, the permanent missions in Geneva should inform their governments of the effects of the common system for the international staff members in Switzerland; and, second, an urgent appeal by the Council addressed, through the intermediary of the Director-General, to the competent bodies of the common system in order to hasten the reform of the system and to ensure that at least proposals for interim solutions be presented at the next session of the General Assembly of the United Nations.

The Chairman thanked the representative of the Staff Council.

The representative of Nigeria, speaking as a member of the Committee, emphasized that the Committee had conducted a very thorough examination of the 1974 budget estimates, had been able to recommend some economies, and had fully fulfilled its rôle of safeguarding the interests of contracting parties. He too recommended adoption of the report.

The Council approved the recommendations contained in paragraphs 22, 24, 25, 39 and 47 of the section of the report dealing with the GATT secretariat.

The Chairman then drew the attention of the Council to paragraphs 42 and 43 of the Committee's report and to the statement made by the Staff Representative. The Council endorsed the invitation addressed to the Director-General in carrying out the mandate given to him by the Committee on Budget, Finance and Administration to use his influence within the competent bodies to ensure that all necessary steps were taken with the utmost dispatch to resolve the problems which had arisen in respect of the erosion of staff salaries, allowances and pensions. The Council noted that in pursuance of this mandate, the Director-General would transmit to the Secretary-General of the United Nations, in the latter's capacity as Chairman of the Administrative Committee on Coordination, the text of the Council's conclusions on this matter.

The Council approved the recommendations contained in paragraphs 51, 54 and 67 of Section B of the report on the International Trade Centre and noted that the ACABQ's recommendations to the General Assembly were in line with those of the Budget Committee.

The Council also approved the Report of the Committee on Budget, Finance and Administration and recommended its adoption by the CONTRACTING PARTIES including the recommendations contained therein and the Resolution on the Expenditure of the CONTRACTING PARTIES in 1974 and the Ways and Means to meet such Expenditure.

The recommendations of the Council would be incorporated in the Council's report to the CONTRACTING PARTIES.

9. Association Agreement between the EEC and Tunisia (L/3940)

The Chairman recalled that in March 1973 the representative of the European Communities informed the Council of the signature by the parties concerned of a Protocol laying down certain provisions supplementary to the Association Agreement between the Community and Tunisia. The text of the Protocol had been circulated in document L/3940.

The representative of the European Communities explained that the Protocol between the EEC and Tunisia was very similar to the Protocol agreed with Morocco presented at the last Council meeting. It provided for certain transitional and adaptation measures necessitated by the accession of three new member States to the European Communities. The measures would expire after a new agreement had been reached on a broader basis, as provided by the Association Agreement itself. Negotiations for a new agreement were in progress and should be completed by the end of the year.

The representative of the United States reiterated the view expressed previously that the agreement did not eliminate barriers to trade, and did not provide a schedule for moving towards a free-trade area as required by Article XXIV. Of particular concern to his delegation were the discriminatory quantitative restrictions, which, if they were maintained under the new agreement, would need to be carefully considered.

The representatives of Canada and Japan associated themselves with this statement.

The Council took note of the Protocol.

10. Application of Article XXXV to Japan

The representative of Japan expressed his delegation's appreciation to the Governments of the three contracting parties which had disinvoked Article XXXV, namely - Jamaica, the Congo and Sierra Leone. He expressed concern, however, at the fact that fourteen contracting parties were still applying Article XXXV against his country and he urged those fourteen countries to disinvoke the Article and to enter into normal GATT relations with Japan as soon as they possibly could.

He reiterated the position of his Government that the concessions extended under the Generalized System of Preferences to any of those countries would in principle be suspended if the beneficiary did not cease to apply Article XXXV within the period of three years from the date of implementation of the scheme, namely 1 August 1971.

The representatives of the United States, Australia, Canada, Poland and Romania supported the appeal of Japan.

The Council took note of the statement made by the representative of Japan and appealed to the contracting parties concerned to give serious consideration to this question.

11. Provisional Accession of Tunisia (L/3942)

The Chairman said that the Declaration of 12 November 1959 on the Provisional Accession of Tunisia and the Decision of the CONTRACTING PARTIES of the same date which provided for the participation of Tunisia in the work of the CONTRACTING PARTIES were due to expire on 31 December 1973. The Government of Tunisia had requested a further extension of these arrangements (L/3942).

The representative of Tunisia stated that his delegation requested the extension of the arrangements for provisional accession beyond 31 December 1973. This demand was based on the desire of Tunisia to maintain firm ties with

contracting parties. Tunisia was in the process of re-organizing its economy and had recently introduced a new customs tariff. It, therefore, needed some time to evaluate the effect of this tariff on the economy in general and on Tunisia's commercial relations in particular.

Several representatives supported the request.

Some representatives hoped that Tunisia would be able to become a full contracting party within the period of the multilateral trade negotiations.

The Council agreed to extend the arrangement for the provisional accession of Tunisia for two years, i.e. until 31 December 1975.

The Council approved the text of the Ninth Procès-Verbal Extending the Declaration to 31 December 1975 and agreed that the Procès-Verbal be opened for acceptance by the parties to the Declaration.

The Council approved the text of the Decision extending the invitation to Tunisia to participate in the work of the CONTRACTING PARTIES to 31 December 1975 and recommended its adoption by the CONTRACTING PARTIES.

The Recommendation of the Council would be incorporated in the report to the CONTRACTING PARTIES.

12. Training activities (L/3951)

The Director-General, in presenting his report on the commercial policy courses conducted by GATT (L/3951), stated that he attached the greatest importance to these courses. Judging from the large number of candidatures submitted for each course, it seemed to him that the governments of the developing countries likewise attached much importance to them. Particular attention had been focussed in recent courses on the multilateral trade negotiations and this would increase even further the usefulness of the training programme.

He expressed the hope that GATT would be able to continue to make this practical contribution to the professional formation of officials from developing countries on the basis of the present satisfactory financial arrangements and procedures. In this connexion, he expressed his appreciation to UNDP and to UNCTAD, as executing agent of UNDP, for the financing which they provided for these courses. He then expressed concern that UNDP might be obliged to make certain changes of an administrative and financial nature which could lead to complications for the GATT courses as from the beginning of 1975. He concluded by expressing his gratitude to those members of delegations and of international organizations who had given their time to lecture to the participants of these courses.

The representatives of several developing countries spoke on the importance of the training courses for them. As the trade relations of these countries developed, their need for personnel trained in commercial policy grew likewise. They expressed the hope that GATT could accept a larger number of trainees. Enquiries were also made about shorter regional courses which could be very useful for officials at a senior level who might be unable to leave their posts for a long period of time. Several delegations indicated that if financial problems arose endangering the maintenance of the training activities, they would wish to be advised in order to be able to take whatever steps were appropriate to assist.

The representative of Switzerland commented on the high quality of the trainees who visited Berne regularly for discussions with Government officials. He felt that increasing the number of trainees per group would reduce the possibility of personal contacts.

The Director-General commented on the points raised by the representatives and said that he was fully aware of the fact that the GATT must offer the best quality in its training of civil servants of developing countries. He had come to the conclusion, on the basis of experience, that it was best not to have more than twenty to twenty-five trainees on one course. As the trainees were provided with actual experience in trade policy problems through close personal contact with the staff of GATT, numbers had necessarily to be kept limited.

Commenting on the duration of the courses, he said he had come to the view that, given the complicated trade policy issues covered by the training programme, short courses were not an effective solution. However, the possibility of operating shorter courses was constantly being reviewed.

Shorter regional courses had been operated in the past jointly with the regional commissions of the United Nations, such as the ECA. The latter had been organizing its own courses and officials from the GATT secretariat had participated in them. The GATT secretariat stood ready to continue this assistance.

The Council took note of the report.

13. Application of the General Agreement to newly independent countries (L/3948)

The Chairman recalled that the CONTRACTING PARTIES had adopted a Recommendation in November 1967 inviting contracting parties to continue to apply the General Agreement de facto in respect of newly-independent territories on a reciprocal basis. The Director-General had presented in document L/3948 the second report on the application of the Recommendation.

The Council took note of the report and invited the Director-General to remain in contact with the Governments of the States concerned and to report again on the application of the Recommendation within three years.

14. Status of protocols (C/W/228)

The Chairman drew attention to document C/W/228 containing a report on the status of protocols, upon which action was still required by some contracting parties and noted that the Protocol Introducing Part IV was in force amongst all but three contracting parties. Since the closing date would expire by the end of the twenty-ninth session, the Council agreed to recommend to the CONTRACTING PARTIES that the closing date for the acceptance of this Protocol be extended until the close of the thirtieth session for those contracting parties which would not have been able to accept it before the end of the twenty-ninth session. The Council approved the text of the draft decision. The Recommendation of the Council would be included in the Report of the Council to the CONTRACTING PARTIES.

15. United States - Action on agricultural imports

The representative of the United States informed the Council of recent developments in the operation of the United States import programme for certain agricultural products under Section 22 of the Agricultural Adjustment Act. Authorization had been given for entry into the United States of an additional 56 million pounds of butter and 22.6 million pounds of butter substitutes. These quantities would be over and above the regular annual import quotas.

In a related development, the United States Tariff Commission was undertaking an investigation under Section 22 of the Agricultural Adjustment Act to determine whether the annual import quotas for wheat, milled wheat products, cotton, cotton waste and cotton products could be suspended without materially interfering with the United States price support programme for these commodities.

The Council took note of the statement.

16. Renegotiation of Brazilian Schedule

The representative of Brazil referred to the renegotiation of the Brazilian Schedule under the waiver of February 1967, and informed the Council that it had not yet been possible to fully complete the negotiations with one interested contracting party. Since the waiver was to expire on 31 December 1973, his delegation would ask the Council to consider the question of an extension of the waiver before the end of the year, if it were not possible to complete the negotiations before that date.

The representative of the EEC noted that the renegotiation was taking place with one of the member states of the Community and he expressed the hope that it would be concluded soon in order to make the extension of the waiver unnecessary.

The representative of the United Kingdom said that his delegation had expected to conclude the negotiations before the end of 1972, i.e. before the entry of the United Kingdom into the EEC. His delegation was anxious to conclude the negotiations and saw no reason why this could not be done before the end of the year. He felt that an extension of the waiver should not be necessary.

The Council agreed to revert to this matter if either of the delegations concerned should feel it necessary to seek a further extension of the waiver.

17. Observer status of the Commonwealth Secretariat

The Chairman informed the Council that the Director-General had received a letter from the Secretary-General of the Commonwealth Secretariat expressing its interest in establishing closer contacts with the GATT. The Secretary-General requested in particular that observer status be accorded to the Commonwealth Secretariat in order to enable its representatives to follow more closely the work of GATT in its regular meetings, such as the session of the CONTRACTING PARTIES, the Council and the principal committees and working parties. The Chairman noted that the granting of observer status would place the Commonwealth Secretariat in the same position as a number of regional inter-governmental organizations with which the GATT had established a working relationship.

The representative of the United States expressed some concern that too many international organizations would be represented at the meetings concerned but he was prepared to hear the view of Commonwealth countries on the matter.

The representative of Jamaica explained that the Commonwealth Secretariat was established at the instigation of the developing countries of the Commonwealth to act as a clearing house for common problems. Since there was a number of Commonwealth developing countries in GATT they could draw on this secretariat for technical assistance. He, therefore, supported the request.

The application of the Commonwealth Secretariat was also supported by the representatives of Nigeria, Pakistan, Canada, India, New Zealand, Malaysia, Australia and Malta.

As some delegations asked for time for reflection, the Chairman proposed to settle this matter through consultation with the delegations concerned. He would advise the Director-General of the outcome of these consultations before the session of the CONTRACTING PARTIES.¹

¹After having completed these consultations, the Chairman informed the Director-General that agreement had been reached accepting the request of the Commonwealth Secretariat.

18. Report of the Council

The secretariat had distributed in document C/W/227 and Add. 1 a draft of the Council's report to the CONTRACTING PARTIES on the matters considered by the Council since the twenty-eighth session and any action taken in this respect. The draft report also gave up-to-date information regarding subjects within the competence of the Council but in respect of which no recent action had been taken.

Several representatives proposed amendments to the draft. The representative of Switzerland considered that parts of the section under 11(b) on the Free Trade Agreements concluded between the European Communities and Switzerland and Liechtenstein, Sweden, Austria, Portugal and Iceland were too condensed and did not bring out clearly enough certain aspects of the discussion but he did not wish to propose an amendment at this stage.

The Chairman requested the secretariat to insert the various amendments proposed as well as suitable additional notes on action taken at this meeting.

The Council agreed that the report with these additions should be distributed and presented to the CONTRACTING PARTIES by the Chairman of the Council.