

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MINUTES OF MEETING

Held in the International Labour Office, Geneva,
on 26 April 1974

Chairman: Mr. O. LONG (Director-General)¹

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1. Article XXVIII:3 time-limits (L/4019)

The Chairman stated that a request had been circulated in document L/4019 for the Council to deal with the question of the time period mentioned in paragraph 3 of Article XXVIII. He recalled that negotiations were in progress under the provisions of Article XXIV:6 with respect to the enlargement of the European Communities and that the procedures of Article XXVIII, paragraphs 1-3, applied to these negotiations. The contracting parties acceding to the European Communities had been applying tariffs in accordance with their treaty commitments with the European Communities, while the Article XXIV:6 negotiations had not yet been completed. The question of the time period provided for in Article XXVIII:3 had therefore arisen.

The representative of the United States stated that the United States and the European Communities had not yet concluded their negotiations under Article XXIV:6 under the applicable procedures of Article XXVIII. He pointed out that the United Kingdom, Denmark and Ireland had been applying import treatment in accordance with their accession agreements with the European Communities, rather than in accordance with their Schedules referred to in Article II. This raised the question of whether the concessions should be considered withdrawn or modified as of 1 January 1974. He felt that if this were the case, Article XXVIII:3 could be interpreted as requiring notification to the CONTRACTING PARTIES of any compensatory withdrawals on or before 31 May 1974. He therefore believed that more time was needed before all possibilities of negotiations were exhausted.

¹The Director-General presided in the absence of the Chairman of the Council, Mr. P.S. Lai (Malaysia).

He therefore proposed that action should be taken that the six-month period referred to in Article XXVIII:3 should not be considered to expire prior to 31 August 1974. This formulation would not adversely affect any contracting party. It was designed to make clear that the passage of a further short period of time would not prevent compensatory withdrawals being made if that should become necessary. He expressed the hope that a mutually acceptable solution would be found shortly, so that no withdrawals would be required.

The representative of the European Communities said that his delegation wished to consider only the question of procedure and not the substantive elements in the current renegotiations. His delegation reserved its position on those elements which had been included in the statement made. He stated that the European Communities did not consider that the time-limit laid down in Article XXVIII:3 posed a problem at the present time, because the renegotiations were still in progress and the six-month period mentioned in that Article would run only as from the end of the renegotiations. The Communities had noted that the United States had a different interpretation of the question. However, being desirous of co-operating in the search for a solution satisfactory to all interested parties, the Communities requested, jointly with the United States, that the Council should deal with this matter. He therefore hoped that the Council would decide that the six-month period laid down in Article XXVIII:3 would not be considered as expiring before 31 August 1974, it being understood that this decision would not prejudice the legal rights of the Communities in this matter.

Many representatives supported the joint request made by the United States and the European Communities.

The representative of Australia added to his statement supporting the proposal that it was not clear to his delegation that there was a time-limit implicit in the conclusion of the Article XXIV or Article XXVIII negotiations. Australia's agreement to the proposal was based on the understanding that it was without prejudice to whatever interpretation Australia wished to place on Article XXVIII:3 at some future time.

The representative of Romania added to his statement of support that this decision should also be valid for those countries which had not yet notified their position with regard to the Community offer.

The Council decided that without prejudice to the interpretation of Article XXVIII:3 the six-month period referred to in Article XXVIII:3 would not be considered to expire prior to 31 August 1974.

2. United States - Article XIX action on ball bearings (L/4016)

The representative of Japan referred to the United States Government's decision to increase tariff rates on certain ball bearings from 1 May 1974, as notified in document L/4016. He expressed his Government's regret at this decision

and stated that the facts as described in the Tariff Commission Report did not lead to the conclusion that imports caused serious injury to United States domestic industry. He furthermore felt that it was important in the present international economic situation that all countries should refrain from raising trade barriers and he requested immediate consultations with the United States under Article XIX.

The representative of the European Communities noted that the steps envisaged by the United States were also of concern to the Communities and that this question was being studied by the competent bodies of the Communities.

The Council took note of these statements.