

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/W/105

8 April 1975

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COUNCIL
24 March 1975

MINUTES OF MEETING

Held in the International Labour Office Building, Geneva
on 24 March 1975

Chairman: Mr. K.A. SAHLGREN (Finland)

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1. Canada - Article XXIV:6 negotiations with the European Communities (C/W/259)

The Chairman recalled that the Council, at its meetings held on 8 November and 29 November 1974, had considered the question of the Article XXIV:6 negotiations between the European Communities and Canada. He also recalled that, as was recorded in document L/4139 of 23 December 1974, the Council had approved the agreement

between the two parties to extend the time-limit foreseen under Article XXVIII:3 for a further period of two months, i.e. until 31 March 1975. Discussions between Canada and the European Communities had continued and had resulted in an agreement between the two delegations, on the basis of a joint declaration subscribed to by both parties, dated 28 February 1975, together with the schedule of concessions applicable to Canada.

The text of the Joint Declaration (C/W/259) was as follows:

"Canada and the European Communities have been able to reach an agreement in their Article XXIV:6 negotiations except on cereals (items 10.01, 10.03 in Schedule XIX of Britain and item 10.01 in Schedule XXII of Denmark).

"Notwithstanding the above exception, and taking into account the complexity of the problems concerning cereals, Canada and the European Communities agree to continue discussions with a view to finding through international negotiations agreed solutions to problems of international trade in cereals.

"In addition it is agreed that the European Communities will insert in their new Schedules (LXXII and LXXII bis) the initial negotiating rights of Canada on those items for which Canada had such rights in the schedules of the Community of Six (XL and XL bis).

"In view of the absence of a complete agreement in all their Article XXIV:6 negotiations, the European Communities have inserted in their schedules a General Note which reads as follows:

'1. The European Communities reserve the right of modifying the present schedule of concessions to restore the balance of concessions if a contracting party, invoking the provisions of Article XXVIII:3, were to withdraw concessions following the Article XXIV:6 renegotiations in connection with the enlargement of the Communities. If such modifications should take place, the Communities, acting in conformity with the provisions of Article XXVIII:2, and in the framework of the procedures and modalities of negotiations followed in the course of renegotiations, shall endeavour to maintain the concessions granted to each of the third parties to the renegotiations at a level no less favourable than that provided by the current schedule, each of them preserving vis-à-vis the Communities the rights arising from the provisions of Article XXVIII.'

"Canada's adherence to this joint statement in no way implies acceptance by Canada of General Note 1 in the draft new Schedules LXXII and LXXII bis, nor limits Canada's right to request the CONTRACTING PARTIES to examine whether the reservation of rights envisaged in this General Note is consistent with the European Communities' obligations under the provisions of the General Agreement.

"Canada and the European Communities jointly request the GATT Council to extend the time-limit in Article XXVIII:3 insofar as the cereal items mentioned above are concerned."

In this connexion, the Chairman also recalled that the Council, at its meeting of 29 November 1974, had established a panel to investigate the matter referred to the CONTRACTING PARTIES by the Government of Canada and that the Chair had stated at that time that he would only activate the panel if the parties had not been able to settle the issue to their mutual satisfaction.

He therefore proposed that the Council take note with satisfaction of the fact that agreement had been reached between the parties and the only point for the Council to consider was the joint request by Canada and the European Communities to extend the time-limit in Article XXVIII:3 in so far as the cereal items mentioned in the joint declaration were concerned.

The Council agreed to this extension of the time-limit.

2. India - Auxiliary duty of customs (L/4163, C/W/257)

The Chairman recalled that under the Decision of 30 April 1974 the Government of India was authorized to maintain, on a temporary basis, an auxiliary duty of customs on certain items in respect of which the duty had been bound. This waiver was due to expire at the end of March 1975.

The representative of India stated that the special circumstances which had compelled the Government of India to maintain the auxiliary duty of customs last year had been aggravated by inflationary conditions and droughts. His Government had therefore decided, subject to approval by Parliament, to continue this duty until 30 June 1976. He stated that the auxiliary duty was levied on both imported and domestic products and that the rates and conditions of levy were unchanged. These rates amounted to 5 per cent on articles on which the basic customs duty was less than 60 per cent or on which specific, alternative or composite rates applied; 15 per cent on articles carrying basic customs duty of 60 per cent or over, but less than 100 per cent; and 20 per cent on other articles. The incidence of the auxiliary duty on items in Schedule XII continued to be either nil or 5 per cent. He reiterated the assurances given last year that the auxiliary duty would not have any adverse effect on imports into India within the framework of its GATT obligations.

He discussed the principal objectives of India's development efforts and pointed out that, as the budgetary deficit had risen, his Government had been compelled to raise additional resources by increasing the excise duties on domestic manufactures. The auxiliary duty would, therefore, not serve as a measure of restricting imports. His authorities were nevertheless ready to consult with any contracting party which considered that the auxiliary duty would cause serious damage to its trade interests in India.

The representative of Sri Lanka supported the request made by India.

The representative of the United States commented that this measure complicated the Indian import régime and he expressed the hope that India would be in a position to dispense with the auxiliary duty of customs by 30 June 1976.

The Council approved the text of the draft decision (C/W/257) and recommended its adoption by the CONTRACTING PARTIES. The draft decision was submitted to a vote by postal ballot 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.

3. Australian tariff quotas on imports of textiles

The Chairman recalled that at its meeting on 3 February 1975 the representative of Japan drew attention to certain tariff quota measures introduced by Australia in the field of textiles. The Council had agreed to revert to the matter at this meeting.

The representative of Japan said that his Government viewed with concern the situation concerning cotton fabrics and apparel after the introduction by Australia of tariff quotas on certain textiles. His authorities were particularly concerned that further import restrictive measures on a wide range of textile products might be taken. These measures seriously affected Japan as a principal supplier of a large number of textile products to the Australian market. The measures were to restrict imports of textiles to levels far below those achieved in the recent past and thereby nullified the provisions and the spirit of the Textiles Arrangement. He urged the Government of Australia to withdraw these measures as early as possible in keeping with the objectives and the spirit of the Arrangement.

The representative of the United States expressed the view that the Australian action jeopardized efforts to liberalize trade in the multilateral trade negotiations and was inconsistent with the objectives of the Textiles Arrangement. He considered that all such measures fell within the competence of the TSB and the Textiles Committee and could be dealt with under Article 9(1) of the Arrangement.

The representatives of the United Kingdom, speaking for Hong Kong, and Korea shared the view that the Australian measures fell within the purview of the TSB. The representative of Korea further remarked that the successful negotiation of the Textiles Arrangement had led the developing countries to believe that arbitrary unilateral restrictions could no longer be enforced since the Arrangement called for mutual consultations and scrutiny by the TSB. Korea reserved the right to seek consultations with Australia under Article 9(2) of the Textiles Arrangement.

The representative of India said that the objectives of the Textiles Arrangement would be impaired if the participating countries were to take safeguard measures outside the Textiles Arrangement.

The representative of Sweden agreed with these views and shared the concern expressed.

The representative of the EEC agreed that participants in the Arrangement should be willing to act in accordance with the Arrangement and should consult whenever there was a problem. In the case of certain restricted items, which were bound under the GATT, the Community reserved the right to seek consultation and, if appropriate, compensation in accordance with Article XIX. The EEC was in favour of consultations under Article 9(2) so that, if necessary, the matter could be referred to the TSB to consider and to make appropriate recommendations on the case. This would not preclude a parallel examination in the GATT.

The representative of Romania observed that if the Textiles Arrangement was not followed it would set a dangerous precedent for any further product-based agreements. The representative of Switzerland stated that any trade restrictive action weakened the position of other governments trying to resist protectionist measures. If the Australian measures were not examined under the Textiles Arrangement it would set a dangerous precedent for the future of the Textiles Arrangement. The representatives of Pakistan and Egypt also stated that Australia's action nullified the objectives of the Arrangement and was inconsistent with Article 9(1). They suggested that the relevant procedures under the Arrangement should be followed. The representative of Singapore, being a major supplier to the Australian market, reserved its rights for consultation.

The representative of Canada stated that while his country attached great importance to the Textiles Arrangement it also recognized that the Arrangement specifically preserved all GATT rights of the participants. There were provisions for consultation both under the Textiles Arrangement and under the GATT which laid down certain procedures. In the view of his delegation neither the TSB nor the CONTRACTING PARTIES should examine Australia's measures unless these measures had specifically been referred to them by the country whose trade had been affected.

The representative of Australia stated that the restraint measures had been taken against the background of unprecedented increases in imports and rising unemployment. Australia had carefully considered its obligations under the GATT and under the Textiles Arrangement and found that the measures were consistent with them. He also made the point that, while there were public enquiries proceeding relating to other textile products, any speculation about possible future measures was misplaced. He pointed out that anyone with an interest at stake could make his views known and participate in the public enquiries now taking place and it was impossible to prejudge their outcome. He finally considered that the question of a general investigation of Australia's import restrictive measures was inappropriate as there were many other countries with respect to which such an investigation could be sought.

The Council took note of statements made and decided to revert to the subject at a later meeting.

4. Arrangement Regarding International Trade in Textiles - Annual Review
(COM.TEX/5, COM.TEX/SB/44)

The Chairman drew attention to the provisions of paragraph 4 of Article 10 of the Arrangement Regarding International Trade in Textiles under which the Textiles Committee was required to review the operation of the Arrangement, once a year, and to report thereon to the Council. The Committee's report on the review was contained in document COM.TEX/5.

The Director-General, Chairman of the Textiles Committee, stated that the Committee had carried out the first annual review in December 1974 on the basis of a report by the Textiles Surveillance Body (TSB) on its activities during the period from 23 April to 15 November 1974. This report had been distributed in document COM.TEX/SB/44.

The Textiles Committee was also required to undertake an analysis of world production and trade in textile products. It had not, however, been possible for the Committee at the December meeting to do so due to the lack of relevant data. He hoped that the establishment of the scheme of reporting on textiles statistics, as well as on adjustment assistance measures, would enable the Committee to carry out this analysis.

It was a matter for satisfaction that the work of the TSB had been conducted in a most useful and constructive way at a time of disturbing economic tendencies. Given the present situation of trade in textiles, participating countries had reaffirmed the importance they attached to the rôle of the TSB and urged that it be encouraged to continue its work effectively. The Director-General stated that

in his view, the TSB would be called upon to play an increasingly crucial rôle in difficult economic circumstances and the satisfactory fulfilment of this rôle would require the full support and co-operation of governments.

The representative of Japan stated that the textiles industry throughout the world was experiencing serious difficulties as a result of which the pressures for protective measures were increasing. His country viewed the situation with grave concern and was compelled to emphasize the need for every participant to act in accordance with the provisions of the Textiles Arrangement, especially Article 2.

The Council adopted the Committee's report on its annual review of the operation of the Arrangement.

5. International Trade Centre - Report of the Joint Advisory Group (ITC/AG(VIII)/44)

Mr. Moerel (Netherlands), Chairman of the Joint Advisory Group, said that the Advisory Group had been preceded by a meeting of its Technical Committee. The report of the Technical Committee was attached to the Group's report. He drew attention to the fact that the Group had agreed to recommend to the governing bodies of GATT and UNCTAD the work programme of the Centre as outlined in document ITC/AG(VIII)/39 - the Annual Report of the International Trade Centre. He pointed out that the ITC had acquired a clearly defined legal status under the United Nations (acting through UNCTAD) and GATT. New administrative arrangements for ITC's technical assistance activities had been adopted.

When discussing programme delivery the Group had expressed satisfaction with the Centre's performance in assisting developing countries. The Group had agreed that the Centre should meet requests for assistance through integrated country programmes as well as ad hoc requests for marketing assistance. The Group had noted the growing concern among developing countries as to their abilities to export their products in deteriorating trade conditions and underlined the need for the Centre to devote adequate resources to research and dissemination of information on structural and cyclical changes in export markets. The Group had also emphasized the need for a high degree of flexibility on the part of the Centre, in assisting to the least developed countries. As regards the recruitment of experts, the Group had endorsed the decision by the Centre to set up a task force of senior officers to study this problem in its entirety. The Group commented favourably on the Centre's proposals for a project evaluation system.

He noted that the Group was unanimous in its appreciation of the generous extra-budgetary contributions made by developed donor countries to the Centre which in 1974 amounted to more than \$7 million. Several major donors had announced their contribution for 1975, which exceeded the amounts of the previous year. He also drew attention to certain recommendations which should permit the Centre fully to discharge its responsibilities as the focal point for all United Nations assistance in the field of trade promotion. These included the conclusion of agreements with other United Nations bodies, the establishment of permanent liaison arrangements with the United Nations Economic Commissions and the undertaking of basic research and studies on the trade promotion needs of developing countries. He also pointed out that the Group had recommended that the term "trade promotion" should be used in all Centre documents in place of the more limited concept of "export promotion".

He concluded his statement by referring to the question of the future composition of the Technical Committee which was still under review and expressed regret that no solution to the problems of membership had been found.

The representative of Cuba, after expressing his appreciation of the Chairman's efforts towards finding a solution for the membership problem of the Technical Committee, stressed that it was essential to arrive at some formula and reiterated his delegation's view that there should be a system of rotation in the membership.

The representative of Israel stated that every possible support should be given to the Centre for the continuation of its useful work.

The Council approved the recommendations of the Advisory Group relating to the work programme (paragraph 44 of the report) and adopted the report.

6. Australia - Article XIX action in respect of sheets and plates of iron and steel (L/4166)

The Chairman drew attention to a notification by the Australian Government regarding Article XIX action in respect of sheets and plates of iron and steel (L/4166). The matter had been placed on the agenda of the Council at the request of the United States delegation.

The representative of the United States said his delegation regretted the additional trade restrictive measure imposed by Australia. As his country had a substantial interest in the items affected, his delegation requested consultations with Australia.

The representative of Japan expressed his Government's regret that Australia had resorted to Article XIX action in respect of sheets and plates of iron and steel. He hoped, however, that the measures would be lifted at the earliest possible date. As Japan was the principal supplier of these items, it requested consultations with Australia under Article XIX:2 at the earliest opportunity. He noted that as a result of earlier Article XIX action by Australia on a number of items, such as footwear, automobiles, textiles, electronic appliances, one quarter of Japan's exports to Australia was subject to restrictive measures. Japan reserved all its rights under the GATT and might even request the establishment of a working party for the examination of the whole range of trade restrictive measures introduced recently by Australia.

The representative of Australia replied that the restrictions imposed on imports of iron and steel plates and sheets were temporary and would limit imports for one year to one quarter of total imports by weight in 1972 and 1973. This measure had been taken after, following a public enquiry, it had been determined that imports were at a disruptive level. Australia was ready to consult with those contracting parties having a substantial interest in the export to Australia of the products in question. A more general enquiry by a working party should, of course, not be limited to measures taken by Australia.

The Council took note of the statements made.

7. United States agricultural import restrictions (L/4148)

The Chairman recalled that under the Decision of 5 March 1955 the CONTRACTING PARTIES were required to make an annual review of any action taken by the United States under the waiver on the basis of a report to be furnished by the United States Government. The eighteenth annual report by the United States had been distributed in document L/4148.

The representative of New Zealand pointed out that the waiver had been in existence for twenty years. While import possibilities under the waiver had been improved in the meantime, there still remained a factor of uncertainty for entry into the United States market. He drew attention to a statement in the report that surpluses of dairy products, in the absence of import controls, would replace domestic production to the serious impairment of the United States dairy price support programme. He emphasized that New Zealand did not produce surpluses of meat and dairy products. New Zealand exports were at competitive prices and were not subsidized. These exports, therefore, were a legitimate part of world trade and were entitled to receive liberal treatment from all countries with which New Zealand had reciprocal GATT responsibilities.

The representative of Australia drew attention to the changes in the United States support programme. Under the new Act levels of support were set to meet current needs, reflect changes in the costs of production and to assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs. He asked for an explanation of the significance of these changes in the law, as this could strengthen the tendency towards isolation of the United States dairy industry from competitive forces. He also noted that the United States appeared to be moving towards a situation where it could make more use of countervailing duties to meet subsidized competition. It seemed to him that there was less need for the United States to maintain restrictive quota arrangements against imports if the countervailing duty mechanism was to be invoked. He hoped that the United States would use recent changes in the countervailing duty law in such a way that they would replace the need for quotas in the field of dairy products, rather than introducing an additional restraint.

The representative of the United States said that changes since the last report represented a significant step towards import liberalization and further steps in this direction were foreshadowed. The President of the United States had taken action to suspend indefinitely the quotas on wheat and milled wheat products, and had authorized temporary additional imports of butter, butter oil, cheddar cheese and non-fat dry milk. Advice had furthermore been sought on the suspension of quotas on cotton and cotton products, which had been recommended by the Trade Commission. At present only three commodities and commodity groups (cotton, peanuts and dairy products) remained subject to Section 22 import restrictions. These import restrictions, as well as the question of import restrictions in general, would be dealt with in the multilateral trade negotiations where also questions relating to subsidies and countervailing duties would be discussed.

The representative of Australia stated that, in his opinion, the provisions of the waiver should not be the subject of negotiation in the multilateral trade negotiations. Trade restrictions should be removed if the conditions for them did not exist any more.

The Chairman concluded that the Council had carried out the annual review required under paragraph 6 of the Decision.

The Council took note of the report.

8. United States automotive products (L/4158)

The Chairman recalled that under the Decision of 20 December 1965 the CONTRACTING PARTIES had waived the obligations under Article I of the General Agreement to enable the Government of the United States to eliminate customs duties

on imports of automotive products from Canada. The Decision provided for a review of its operation every two years on the basis of annual reports submitted by the United States. The seventh report had been noted by the Council in March 1974 and the United States had not submitted its eighth report, as contained in document L/4158.

The Council took note of the report. The Chairman stated that the Council had thereby carried out the fourth biennial review in accordance with paragraph 6 of the Decision.

9. European Communities - Associations with Morocco and Tunisia (L/4160)

The Chairman said that, in accordance with the Calendar of Biennial Reports on developments under regional agreements, set up by the Council in March 1972, the European Communities had submitted a report, contained in document L/4160, on the evolution under the Association Agreements between the EEC and Morocco and the EEC and Tunisia.

The Council took note of the report.

10. Finland - Import deposit scheme (L/4165)

The representative of Finland stated that his Government had decided to introduce an import deposit scheme to decrease the deficit on current account and to safeguard the country's foreign payments position. A notification of the measures had been circulated in document L/4165. He stated that the import deposit scheme had been approved by Parliament on 22 March and had entered into force on 24 March, thereby abolishing the special temporary import levy of 15 per cent. The import deposit scheme would be applied on a non-discriminatory basis. Details of the scheme, including the list of items affected, would be notified as soon as possible.

A number of delegations expressed their regret at the introduction of the import deposit scheme and pointed to the danger of an escalation of trade restrictive measures. They hoped that the scheme would be abolished as soon as possible. They requested that the scheme be examined and proposed that the examination be referred to the Committee on Balance-of-Payments Restrictions which was due to consult with Finland in April. Some representatives of developing countries expressed the hope that products covered by the Finnish generalized system of preferences would be excluded and that account would be taken of the standstill provisions of Article XXXVII.

The Council agreed to refer the matter to the Committee on Balance-of-Payments Restrictions for examination at its meeting in April.

11. Turkey - Stamp duty

The representative of Turkey informed the Council that the Decision of 3 July 1973, authorizing the Turkish Government to maintain in effect a stamp duty on certain bound items, would expire on 30 June 1975. In the light of domestic and external difficulties experienced by the Turkish economy, his Government had decided to maintain the application of the stamp duty until 31 December 1977, which was the end of the third Five-Year Development Plan. He asked that this question be discussed at Turkey's next consultation with the Committee on Balance-of-Payments Restrictions in April 1975.

The Council decided that the matter should be referred to the Committee on Balance-of-Payments Restrictions for consideration in the context of its regular consultation with Turkey in April 1975. The Council would revert to the matter on the basis of the report of the Committee on Balance-of-Payments Restrictions.

12. European Communities - Lomé Convention

The representative of the European Communities informed the Council that a Convention known as the Lomé Convention, had been signed on 28 February between the European Communities and forty-six developing countries in Africa, the Caribbean and the Pacific. This Convention would replace the arrangements previously in force under the first and second Convention of Yaoundé and under the Arusha Agreement, which expired at the end of January 1975. In addition, the new Convention provided for the continuation of the historical commercial relationship in force between many of the least developed members of the Commonwealth and the United Kingdom.

He explained that the Convention was not solely a matter of commercial trading arrangements but that it covered a wide area of broader economic relationship such as aid, industrial co-operation and development, and a scheme for stabilization of export earnings from trade in primary products, in addition to providing for virtually free entry for all ACP exports to the Community market. The Community's exports were to receive treatment not less favourable than most-favoured-nation treatment.

The commercial provisions of the Convention would be brought into effect on 1 July 1975, pending the completion of the parliamentary processes for full ratification. In the period between January and July a status quo agreement was being applied so that the trade advantages previously enjoyed under the Yaoundé Convention, the Arusha Agreement or the Commonwealth system were not prejudiced. The Communities would transmit as soon as possible the text of the Convention to the CONTRACTING PARTIES, it being understood that this text would be subject to the usual reservations since the process of ratification would not have been completed.

The representative of the United States expressed his appreciation that the Convention did not involve any reverse preferences.

Other representatives also commented favourably on the Convention.

The Council agreed to revert to the matter as soon as the text of the Convention had been made available to the CONTRACTING PARTIES and took note of the statements made.

13. Italian - Import deposit scheme

The representative of the European Communities recalled that in May 1974 the Community had authorized Italy to establish an import deposit scheme under Article 108 of the Rome Treaty in order to readjust the Italian balance of payments. This measure was of a temporary nature. He could now inform the Council that with effect from 24 March 1975 the import deposit scheme had been abolished.

The representative of Italy confirmed that the improvements in Italy's balance of payments had permitted the termination of the import deposit requirement. The measure had been taken in a critical situation and its elimination was in line with the traditional liberal trade policy of the Italian Government.

Many representatives expressed their appreciation of this decision.

The Council noted that the Italian import deposit scheme had been abolished.

14. Recent major trade policy developments

The representative of the United States expressed his Government's concern about several decisions of GATT countries in respect of new import restrictions and new export subsidies, which threatened to undermine gains achieved in the past in liberalizing trade and maintaining stable and fair conditions of competition. His Government considered the apparent new turn in Australian trade policy with regard to import restrictive measures on automotive vehicles, tyres, textile apparel goods, rolled steel products, household appliances, with others to be added, as an extremely serious development. It seemed that these actions reflected a policy of wholesale resort to import restrictions in an attempt to shift Australia's current problems to other countries. While the trade distorting effects of these new measures were obvious, their broader policy implications were, however, far more troublesome. The timing of these measures was particularly unfortunate since many countries were exposed to domestic economic stresses. A resort to such actions would invariably set in motion a retaliatory process in which everyone would lose. His Government, therefore, hoped that these measures would be withdrawn soon and that additional measures would not be imposed.

The representative of the United States also referred to the new trade restrictions introduced by Finland, and expressed regret that Finland had taken these measures.

Turning to the export side, he expressed his Government's great concern about the United Kingdom proposal for the establishment of an insurance plan designed to compensate British exporters of certain capital equipment to non-EEC markets for increases in the cost of production. Such a system was in his view a subsidy which should be notified to the GATT under the provisions of Article XVI. Since the proposed plan had been notified and was currently being examined elsewhere, he did not believe a GATT examination was necessary at this time.

The representative of Japan also felt that the United Kingdom insurance scheme contained a number of elements which should be examined in the light of Article XVI. His delegation asked for clarification as to the basis of the calculation for the insurance premiums, the prospect for balancing income and payments in the scheme, and the source of funds for covering deficits in the scheme if they should occur.

The representative of Australia recalled that Australia was confronted with embargoes in two major markets for its meat. This had had a great impact on the Australian economy. The Australian measures were small in number and of a temporary nature. They had to be seen as emergency measures because of disruption of markets. The measures had been taken after public enquiries in which all interested parties had had the opportunity to present their points of view. In all cases his Government's actions were based on Australia's obligations under the GATT and traditional suppliers continued to be assured of a share in the Australian market.

He pointed out that there had been a long-term review of the Australian customs tariff which had resulted in a downward adjustment of the duties on 237 items and an increase in respect of 28 items since January 1973. Furthermore, in mid-1973 an across-the-board cut in tariffs of 25 per cent had been made, which affected some 3,000 items. In addition, imports were assisted by the revaluation of the Australian dollar compared with other currencies. He then gave figures which demonstrated that Australia's growth in imports compared favourably with that of many other developed countries. The picture was even more favourable for Australia in a comparison of imports in volume. He concluded that his Government continued to pursue a long-term downward movement in rates of duty in the interest of trade liberalization.

The representative of the European Communities said that the question of export credit insurance was of major importance for the Community. His delegation reserved its position as to whether Article XVI and the Declaration giving effect to Article XVI:4 were the most relevant provisions of GATT in the case of the United Kingdom measures.

The Council took note of the statements made.