

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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Held in the Palais des Nations, Geneva,
on 17 February 1976

Chairman: Mr. G. ALVARES MACIEL (Brazil)

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1. Balance-of-payments restrictions

(a) Reports of the Committee on Balance-of-Payments Restrictions

The Chairman said that the Committee on Balance-of-Payments Restrictions, at meetings held in November and December 1975, had carried out regular consultations with Peru and considered written statements supplied by a number of developing countries under the simplified procedures. The reports of the Committee had been circulated in documents BOP/R/83, 84, 85.

Mr. Jagmetti (Switzerland), speaking for Mr. Dunkel (Switzerland), Chairman of the Committee on Balance-of-Payments Restrictions, drew attention to the conclusions of the report on the consultation with Peru (BOP/R/84), which stated that the level of import restrictions in Peru was high, but did not exceed the level necessary to prevent a further decline in Peru's monetary reserves. The Committee noted that developments in Peru's major industries might contribute in the near future to an improvement of the balance-of-payments situation and expressed the hope that this would allow Peru to relax progressively its restrictions and move away from reliance on non-tariff measures.

The representative of the European Communities stated that the consultation was an example of the usefulness of this type of dialogue. He stressed that it was in the interest of countries with balance-of-payments problems to explain to their partners their difficulties and the measures they had taken. Countries which carried out a full consultation could be sure that their problems would be better understood by their trading partners. He considered that the application of GATT rules on balance-of-payments problems was in the interest of all countries, since restrictions applied by developing countries not only affected developed countries but also other developing countries.

The Council adopted the report on the consultation with Peru (BOP/R/84). The Council agreed, as recommended by the Committee, that Argentina, Egypt, India, Indonesia, Pakistan and Sri Lanka (BOP/R/83 and 85) be deemed to have consulted with the CONTRACTING PARTIES and to have fulfilled their obligations under Article XVIII:12(b) for 1975. The Council noted that a full consultation with Korea would be held under applicable procedures and adopted the reports (BOP/R/83 and 85).

(b) Arrangements for consultations in 1976 (C/W/271)

The representative of the United States, referring to the programme for consultations to be held in 1976 (C/W/271), noted that Brazil was due to consult shortly on its import deposit scheme. He mentioned reports of additional measures that had recently been introduced by Brazil and expressed the hope that Brazil would notify these measures so that they could also be considered by the Committee at its next session.

The representative of Brazil stated that the measures referred to were part of a larger set of measures. His delegation expected to be in a position to provide the necessary information to the Committee on Balance-of-Payments Restrictions at its consultation with Brazil in April.

The Council took note of the arrangements for consultations in 1976 (C/W/271) and requested the secretariat to make the necessary arrangements in consultation with the consulting countries, with the International Monetary Fund as well as with the Chairman of the Committee on Balance-of-Payments Restrictions, for the carrying out of the consultations in the course of the year. Contracting parties would be informed in due course of the exact dates of the consultations in the usual manner.

The Chairman stated that he had been advised that Mr. Dunkel, Chairman of the Committee on Balance-of-Payments Restrictions, would no longer be available to carry out these duties due to other responsibilities assigned to him by his

Government. While congratulating Mr. Dunkel upon his new function he expressed on behalf of the Council his sincere appreciation for the time and energy he had devoted to the Committee during a period of more than four years.

The Council agreed to nominate Mr. Jagnetti (Switzerland) as new Chairman of the Committee on Balance-of-Payments Restrictions.

2. Canadian import quotas for eggs (L/4279)

The Chairman recalled that in September 1975 the Council had established a working party to examine certain matters referred to the CONTRACTING PARTIES by the United States concerning the imposition of import quotas for eggs and egg products by Canada.

In introducing the report of the Working Party (L/4279), Mr. Eggert (Finland), Chairman of the Working Party, said that the Working Party had considered the three questions posed by the United States. The members of the working party, with the exception of the United States, agreed with the Canadian view that the operation of the Canadian supply management programme for eggs was in conformity with the provisions of Article XI:2(c)(i). The Working Party had been unable to decide whether or not the representative period chosen by Canada was in conformity with the last paragraph of Article XI. Some members proposed that the parties should try to come to a pragmatic solution in bilateral discussions and suggested that the period 1 June 1967 to 31 May 1973 might provide one basis for agreement. The Working Party had also been unable to come to a conclusion on the question whether the imposition of the quota on eggs under Article XI constituted nullification or impairment of a prior binding.

The representatives of the United States and Canada stated that significant progress had been made in bilateral discussions after the Working Party had concluded its work. They expressed the hope that the matter would be resolved in the near future.

The Council adopted the report of the Working Party (L/4279).

3. European Communities - Information furnished under Agreements with Switzerland (L/4277), Sweden (L/4271), Austria (L/4272), Portugal (L/4270), Iceland (L/4268), Norway (L/4269) and Finland (L/4276)

The Chairman said that in accordance with the calendar of biennial reports on regional agreements the European Communities and the seven member States of EFTA and FIN/EFTA had submitted reports on the operation of the Agreements concluded with the European Communities. He recalled that these

agreements had been examined by the Council and the relevant working parties in 1973 and 1974. The present reports covered the period from the entry into force of the agreements until 30 October 1975.

The representative of the United States recalled his delegation's statement made when the working parties considered the Agreements in 1973, regarding the inconsistency of the rules of origin of the Agreements with the provisions of the General Agreement. His delegation considered at that time that these rules would act as an inducement to producers of components within the area to replace outside producers and were unjustifiably restrictive. To the extent that tariff concessions had been granted on component parts, these would be considered to have been impaired. He noted that subsequent developments had shown that these concerns were justified. He recognized that there had been some minor modifications, but although consultations on the EC/EFTA rules of origin under Article XXII were continuing, progress had been disappointing. His delegation reserved the right to revert to this matter at a later date.

The representative of Canada also expressed his delegation's concern on the question of rules of origin. He furthermore expressed concern about recent changes in the rules relating to drawbacks and remissions of duties applied by the Community and the EFTA countries. These changes might have a detrimental effect on the trade of third countries.

The representative of the European Communities said that the rules of origin referred to by the previous speakers were not unjustifiably restrictive. He pointed out that all free-trade areas required rules of origin in order to reserve the benefits of the free trade to products originating in that area, as was provided in the provisions of Article XXIV. The Community had accepted to consult under the provisions of Article XXII, and his delegation was willing to continue such consultations with its trading partners, but this did not imply that the Community recognized that there was a case under Article XXIV. The rules of origin had been adjusted to the circumstances in the past and the Community would make further adjustments if it considered this to be necessary or appropriate.

The representative of Norway said that the EFTA countries supported the statement made by the representative of the European Communities and stated that consultations were still going on. He pointed out that the Agreements covered over 90 per cent of the trade and were fully consistent with the General Agreement.

The Council took note of the reports.

4. India - Introduction of a new customs tariff (L/4298, C/W/272/Rev.1)

The Chairman drew attention to a communication from the Government of India (L/4298) notifying the introduction on 1 April 1976 of a new customs tariff and requesting a waiver which would enable the Indian Government to introduce the new tariff pending the conclusion of the renegotiation of its Schedule.

The representative of India said his Government had decided to change India's customs tariff to the Brussels Tariff Nomenclature and to rationalize and simplify its tariff structure as of 1 April 1976. He believed that these measures would not only assist exporters and facilitate trade, but would also contribute to the overall objectives of the Multilateral Trade Negotiations. As these measures would involve an adjustment of rates on several items, including items bound under the GATT, his Government requested a waiver to enable it to introduce the tariff. His delegation was ready to enter into renegotiations with interested contracting parties as early as possible.

The Council approved the text of a draft decision (C/W/272/Rev.1) and recommended the adoption of the decision by the CONTRACTING PARTIES by postal ballot. 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.

5. European Economic Community - Information on measures applied by the United Kingdom

The representative of the European Communities informed the Council of certain selective measures applied temporarily by the United Kingdom. These included the introduction as of 1 January 1976 of a statistical surveillance system in the form of licenses to be accorded immediately and automatically for imports of colour television sets, black and white portable television sets and television tubes. He emphasized that this system did not imply the imposition of import restrictions. Furthermore, quota measures were introduced for imports of cotton yarn (item No. 55.05) originating from Spain and Portugal and of certain synthetic and artificial fibres (item No. 56.07) originating from Portugal. These measures had been published as a Regulation of the Commission in the Official Journal and had been notified on 7 January within the framework of the relevant provisions of the Textiles Arrangement. They would be valid until 30 June 1976 at the latest and were due to particular difficulties faced by the British textiles industry. Consultations with Spain and Portugal were proceeding. Furthermore, in the sector of textiles, Czechoslovakia, the German Democratic Republic, Hungary, Poland and Romania had been invited to restrain their exports of men's suits to the British market.

Finally, Poland, Czechoslovakia and Romania had been invited to maintain in 1976 restrictions on their exports of men's leather shoes to the United Kingdom and to apply similar restrictions on exports of women's and children's leather shoes. Also in these cases discussions were being held with the countries in question.

The representative of the United States stated that his Government had already expressed its concern when the decision to introduce the measures was made by the United Kingdom in December. He now expressed, in particular, concern about the discriminatory application of the surveillance system for television sets and tubes, which was applied only to non-EEC sources. He wondered how the system could operate effectively if important sources of imports were not covered. Since the system was designed for statistical surveillance only he could see no reason why it should not also be applied to the EEC member States. This appeared to him to be an acknowledgement of the possible trade distorting effects the system might have. He urged the United Kingdom to lift the licensing requirement as soon as possible and to ensure that during the period it was in effect licences were issued freely and rapidly in order not to impede trade. He stressed that his Government would react strongly if the flow of imports from the United States should appear to be reduced and GATT bindings impaired.

The representative of Spain expressed the dissatisfaction of his authorities on the way in which the United Kingdom had introduced these restrictions. His delegation therefore reserved its rights under the GATT and under the relevant provisions of the Textiles Arrangement. As the Textiles Surveillance Body was the appropriate body to examine the restrictions on textiles, his delegation intended to request the TSB to do so in the presence of a representative of the Spanish delegation.

The representative of Portugal expressed serious misgivings about the introduction by the United Kingdom of import restrictions discriminating in particular against his country's exports. Portugal was not a member of the Textiles Arrangement but as a contracting party his Government was convinced that neither the substantive prerequisites nor the procedures of Article XIX had been complied with. He expressed sympathy for the difficult problems with which certain sectors of the British textiles industry were confronted. These problems had been brought to the attention of his authorities in the course of bilateral consultations which currently were taking place. Although his Government was prepared to take these problems fully into account, it could not agree with the remedies which had been proposed. He stressed that the present measures were a serious blow for Portugal which, among European countries, had the most seriously depressed economy. He stressed that his Government fully reserved its rights under the General Agreement.

The representative of Japan expressed regret that unilateral import restrictive measures had been introduced at a time when the world economy was in severe difficulties and protectionist pressures had been growing in many countries. He expressed the hope that the United Kingdom would soon be able to eliminate the measures.

The representatives of Singapore and Romania joined the other representatives in their concern about the United Kingdom measures and reserved all rights under the GATT and the Textiles Arrangement.

The representative of the European Communities, in responding to some of the statements made, stressed the limited nature of the measures taken. The countries affected by the measures had been informed of the measures at a very early stage. Bilateral consultations had been carried out since December 1975. As to remarks made on the discriminatory nature of the measures, he pointed out that the Community, being in the process of forming a common market and full economic union, was abolishing as many formalities at the frontier between member States as possible in all fields. This was also the case for the automatic licensing requirement and this process would continue in the future.

The Council took note of the information and of the statements made.

6. International trade in textiles (L/4257, L/4285)

The Chairman pointed out that the Textiles Surveillance Body, under Article 3, paragraph 5(iii) of the Textiles Arrangement, was required to examine promptly any matter brought to its attention, to make recommendations to the parties concerned, and to inform the Council of the recommendations made. He said that in relation to two cases which had been examined by the TSB, its findings and recommendations had now been forwarded to the Council. These recommendations related to the Australian restrictions on imports from the Philippines (L/4257) and Australian restrictions on imports from Singapore (L/4285).

The representative of Australia, referring to the restrictions on imports from the Philippines (L/4257) informed the Council of his Government's decision not to pursue further the question of a voluntary restraint agreement with the Philippines on knitted tops. Accordingly, the restrictions applied to imports of these goods from the Philippines under the provisions of Article 3 of the Textiles Arrangement were being withdrawn. The Australian Government had also decided that the restrictions applied in respect of imports from the Philippines of knitted and woven dresses and woven blouses and shirts be withdrawn. Referring to the restrictions on imports from Singapore (L/4285) he informed the Council that his Government had also decided to withdraw the quantitative restrictions on imports of knitted tops from Singapore and it did not propose at this time to seek further consultations on a voluntary restraint agreement with Singapore on these goods.

The representative of the Philippines and Singapore expressed their appreciation for the information provided by the Australian Delegation, which they would wish to examine in detail.

The Council took note of the findings and recommendations made by the TSB and of the statements made.

7. Administrative and financial questions

(i) Assessment of contributions for Colombia (L/4291)

The Chairman referred to document L/4291 containing a proposal that following the provisional accession to the GATT of Colombia additional contributions to the 1975 and 1976 budgets and an advance to the Working Capital Fund be assessed on Colombia.

The Council adopted the assessment proposed.

(ii) Adjustment of contribution of the Netherlands (L/4290)

The Chairman drew attention to document L/4290 in which it was proposed to adjust the contribution to the 1976 budget for the Netherlands to Sw F 1,624,630, in order to take into account the fact that Surinam had acquired independence as from November 1975.

The Council adopted the proposed adjustment.

(iii) Appointment of External Auditor (L/4300)

The Chairman drew attention to document L/4300, in which the Council was informed that the External Auditor of GATT, Sir David Pitblado, had relinquished his position as from 15 February 1976. It was proposed that Sir Douglas Henley be appointed External Auditor of GATT with effect from 16 February 1976.

The Council approved this appointment

The Chairman expressed thanks and appreciation on behalf of the Council to Sir David Pitblado for the most valuable services rendered as External Auditor of GATT since 1971.

8. New Zealand - Import deposit scheme (L/4303)

The representative of New Zealand, raising a matter under Other Business, drew attention to a recent notification by his Government (L/4303) concerning the introduction on 2 February 1976 of a limited import deposit scheme. He explained that the scheme provided for an import deposit of 33 1/3 per cent, based on the current domestic valuation, to the Reserve Bank. The deposit would be refunded in full but without interest, after six months. The Scheme was set up

for a period of one year. The products covered represented about 7 per cent of total New Zealand imports. These imports had all shown rapid growth in recent years and clearly required some measure of control to stop speculative importing. The intended effect was to reduce the level of imports of these goods as long as New Zealand's balance of payments was faced with the emergency situation that had resulted from the dramatic fall in New Zealand's balance of trade over the last two years. He stated that his authorities would agree to the establishment of a working party for the examination of the scheme as had been the practice with similar schemes.

The representative of Canada, because of the importance of the balance-of-payments aspects of the scheme, proposed that the matter be referred to the Committee on Balance-of-Payments Restrictions for examination.

The representative of the United States appreciated the assurances that the measures were temporary and would be applied in a non-discriminatory manner. He expressed the hope that New Zealand would implement appropriate fiscal and monetary measures which would permit an early removal of the scheme. He recognized that Article XII of the General Agreement did not cover import deposits, but these had been recognized on a de facto basis as measures which should be subject to review. In view of the seriousness of the balance-of-payments situation he considered that the Committee on Balance-of-Payments Restrictions should be asked to carry out the examination.

The representative of the European Communities said that the Community was concerned about the negative effects the import deposit scheme would have on the Community's exports. The Community appeared to be more affected by these measures than other trading partners of New Zealand. On the basis of 1972/73 statistics, it could be concluded that, while nearly one third of New Zealand's imports (31.1 per cent) originated in the EEC, nearly half (47.1 per cent), in terms of volume, of imports from the EEC, were subject to the import deposit. He noted furthermore that while 7.3 per cent of total New Zealand imports were affected by the measures, the volume of imports from the EEC subject to the deposit represented 11.1 per cent of New Zealand's imports from the EEC. The Community therefore expressed the hope that this restrictive measure would be abolished as soon as possible. The Community considered that the measure should be examined in a multilateral framework, but also intended to seek bilateral consultations with New Zealand in order to arrive at a better evaluation of the impact of the deposit on EEC trade. The Community reserved all its rights under the GATT.

The representatives of Japan, Australia and Singapore, while appreciating the difficulties faced by New Zealand, felt that it was appropriate to examine the measures in a working party in which they intended to participate.

The representative of New Zealand pointed to similar deposit schemes by other countries and in the light of precedents preferred that the measures introduced by his Government should be examined in a working party.

The Council agreed to set up a working party with the following terms of reference and membership:

Terms of Reference:

To examine the Import Deposit Scheme introduced by the Government of New Zealand and its implications, to report to the Council and to continue to be available for consultation as necessary.

Membership:

Membership should be open to all contracting parties having an interest in the matter and wishing to serve on the working party.

Chairman: Mr. Sandilya (India)

The Council agreed that the working party would meet at a time to be determined in consultation with the Government of New Zealand and with the representatives of the International Monetary Fund.

9. European Communities - restrictions on imports of beef and veal (L/4004/Add.12)

The representative of Australia, raising a matter under other business, referred to a new system of linked-sales for frozen beef and veal as notified by the European Communities in January 1976 (L/4004/Add.12). It appeared to his authorities that the new system was more restrictive than the previous scheme. He explained that under the new system an importer had to buy 100 kgs. of unboned meat from domestic intervention stocks in order to get a licence to import 60 kgs. of boneless beef from a third country. Under the previous scheme, with the same quantity of unboned meat, the importer could import 76.9 kgs. of boneless beef, which was 30 per cent more than under the new system. Moreover, only successful tenderers for beef from intervention stocks would be allowed to submit an application for import licences. This, he believed, would lead to a distortion of the traditional trading patterns in those EEC member States where intervention stocks were limited and there was a requirement for beef imports. He also referred to a requirement for importers of beef for processing to place a security deposit equivalent to 50 per cent of the full beef levy, which, in his view, created an

added burden on traders. He felt that this situation required close surveillance by the CONTRACTING PARTIES to ensure that such measures were applied in a manner which did not discriminate against distant suppliers.

The representative of the European Communities said that he could only give a first reaction to the point raised without advance notice. He recalled that at earlier bilateral consultations, the last of which had been held in January, the so-called EXIM system, under which import licences were granted after exports had taken place, had been heavily criticized as being restrictive and trade distorting. He therefore thought that the present system which required purchases from buffer stocks instead of exports, was a step towards a more normalized situation. This could be confirmed by information of recent trends of imports.

The Council took note of the statements made.

10. Australia - adoption of Brussels definition of value for customs purposes

The representative of Australia, raising a matter under Other Business, stated that his Government had taken a decision to adopt the Brussels definition of value for customs purposes. The system would be applied on a f.o.b. basis. It would be introduced as soon as the Australian Parliament had passed the necessary amending legislation. He recalled that the present valuation system, dating from 1922, calculated the value for duty at the higher of the f.o.b. level of current domestic value in the exporting country or the actual price paid by the Australian importer. It had been argued that the current domestic value criteria worked to the particular disadvantage of developing countries, especially those having a high internal domestic tax structure. It had also been argued that the system was inappropriate for use in relation to the valuation of imports from centrally planned economy countries. The new system would therefore facilitate trade with Australia's trading partners and would remove an element of uncertainty in particular, in trade transactions with developing countries. He said that this change was to be considered as one of Australia's measures towards trade liberalization and a contribution to the Multilateral Trade Negotiations.

The Council took note of the information.

11. Greece - import restrictions on beef

The representative of Australia, raising a matter under Other Business, recalled that at the 31st session he had raised the question of Greek import restrictions on beef. The Greek representative had replied at that time that a communication containing an explanation of the nature of the import measures had been sent to the secretariat. His delegation had not been able to obtain details

of the measures. It was his understanding that restrictions on imports of frozen beef and small lambs had been lifted, subject to clearance from Greek customs, until July 1976, but his delegation had no details of these measures nor was the position regarding imports beyond July 1976 sufficiently clear to his delegation. He therefore sought further clarification on this matter.

The representative of Greece stated that a letter had been sent explaining that the measures were of a temporary nature and designed to restore order in the Greek meat market, affected by a recently accumulated production surplus. His delegation was ready to provide further information to the Australian delegation.

The Council took note of the statements.

12. Poland - introduction of customs tariff

The representative of Poland stated that he had raised a matter under Other Business, in order to inform the Council of the introduction of a customs tariff as from 1 January 1976. He explained that the customs tariff, based on the BTN, contained two columns of rates: most-favoured-nation rates and autonomous rates. The level of duty depended on the degree of processing of the product. Raw materials were subject to rates of 0-5 per cent, semi-processed goods to rates of 6-15 per cent, finished products to rates of 25 per cent and non-essential consumer goods to rates of about 40 per cent. At the same time his Government had introduced duty preferences for certain products imported from developing countries. All rates were to be calculated on an ad valorem basis. He pointed out that, as the customs tariff was a new instrument in Poland's foreign trade system, some time was necessary before his Government could provide the CONTRACTING PARTIES with detailed information.

The representatives of the European Communities and of the United States reserved the right to revert to the matter at a later Council meeting and asked that details of the customs tariff be made available.

The representative of Poland pointed out that some time was needed to have the customs tariff available in the GATT languages.

The Council took note of the statements made and agreed to revert to the matter at a later meeting when details of the new tariff had become available.

13. United States,- proposed action on speciality steel

The representative of Japan, raising a matter under Other Business, referred to a recommendation of 16 January 1976 by the United States International Trade Commission that quotas should be imposed on imports of

certain speciality steel into the United States. It was his understanding that the recommendation was now under study. He expressed his Government's concern that the repercussions of such restrictions would be very serious, especially in view of the world economic situation and the growing pressure for protectionism in all countries. While his Government had already established bilateral contacts on this matter he took this opportunity to urge the United States authorities to avoid introducing restrictions on imports of speciality steel.

The representative of the United States recognized the concern expressed by the Japanese delegation and said that his authorities would undoubtedly take the international situation into account in responding to this recommendation. He pointed out that the procedures were open to all interested parties which had an opportunity to express their views on this matter. The Administration was currently reviewing the findings and recommendations of the Trade Commission, on which the President would take a decision in due course.

The representatives of the European Communities, Sweden and Austria shared the concern expressed by the representative of Japan, because of the serious consequences which any restrictions in such a vital area might have.

The Council took note of the statements made.

14. Association Agreement between the EEC and Malta

The representative of the European Communities, raising a matter under Other Business, recalled that in 1971 the EEC had presented the Association Agreement between the Six and Malta. He now wished to inform the Council that on 23 December 1975 the enlarged Community and Malta had concluded a new Agreement so as to include the three new EEC member States. The new Agreement also included provisions on agriculture within the free-trade agreement and on the setting up of an economic co-operation between Malta and the Community. Finally, a protocol relating to financial aid had been drawn up between the parties. He said that the texts of these instruments would be supplied to the CONTRACTING PARTIES shortly.

The Council decided to revert to this matter when the text of the legal instruments had been made available.

15. Export inflation insurance schemes

The representative of the United States, raising a matter under Other Business, expressed concern about export inflation insurance schemes and their trade distorting effects. Without wishing to refer to particular countries, he noted that France and Finland had operated such schemes for some time, that the

United Kingdom had introduced one in 1975 which had recently been intensified, and that Portugal had created such a scheme lately. He emphasized that such insurance schemes constituted subsidies under article XVI:4 of the GATT, which should be notified under article XVI:1. He urged all countries operating such schemes to notify them to the CONTRACTING PARTIES and he reserved the right to return to this matter in the future.

The representative of Japan expressed his support for the statement made by the United States representative.

The Council took note of the statements made.

16. Commercial policy courses

The Director-General said that he wished to raise a matter under Other Business, in order to bring to the attention of the Council a financial problem which had arisen in relation to the commercial policy courses organized by the GATT secretariat since 1955. He said that these courses fulfilled a growing need of developing countries, which had continuously indicated that the courses were useful and consequently should be maintained. He recalled that the courses were financed by fellowships given by United Nations Development Programme, but there were certain financial implications for GATT which provided the personnel to run the courses and supplied the physical facilities and services to the trainees. He recalled that the budget originally approved by UNDP for the financing of the courses in 1976 had been reduced in 1975 by \$20,000 because of financial difficulties experienced by the UNDP interregional programmes. For this reason the CONTRACTING PARTIES had made a provision in the 1976 budget of Sw F 60,000 in order to cover the gap in the UNDP contribution. The Director-General regretted that he had now been informed by the UNDP administration that the present expenditure forecasts for the two courses in 1976 would exceed available funds and that UNDP would therefore not be in a position to increase its 1976 budget. This meant that, in order to avoid the cancellation of the second course scheduled to begin in August 1976 for the French-speaking participants, GATT had to provide for the shortfall of some Sw F 150,000 which would be in addition to the Sw F 60,000 already made available in the 1976 budget.

The Director-General stressed that such a cancellation could not be contemplated. Numerous requests were being received from developing countries to participate in the courses which represented a form of co-operation that both the GATT and the countries involved valued highly. He said that he had already consulted the Chairman of the Budget Committee on this matter and ways and means

were being explored to cover the financial gap. He was convinced that the members of the Council would reflect on this problem so that GATT could continue to provide this form of technical assistance to developing countries and help them to train greatly needed experts in commercial policy.

A great number of representatives expressed their strong concern in this matter. They felt that these courses were very important for developing countries as they provided the necessary training for experts in the field of commercial policy, many of whom were now engaged in the multilateral trade negotiations. They were willing to support any efforts, including the reprogramming of funds, so that these training programmes provided by GATT could be continued.

The Council took note of the statements made.

17. DISC and related panels

The Chairman recalled that the Council at its meeting in July 1973 had agreed to set up panels to examine questions referred to the CONTRACTING PARTIES relating to United States tax legislation on DISC and to income tax practices maintained by Belgium, France and the Netherlands. It had been agreed to leave the question of the composition of the four panels to the Chairman of the Council to be settled in consultation and agreement with the parties concerned. Due to the complexity of the subject it had proved very difficult to find experts who felt themselves competent in this field. The Chairman could now inform the Council that agreement had been reached on the composition of the four panels as follows:

Chairman: Mr. L.J. Mariadason (Sri Lanka)

Members: Mr. W.J. Falconer (New Zealand)
Mr. T. Gabrielsson (Sweden)
Professor Francesco Forte of Rome
Professor Allan Prest of the London School of Economic and
Political Science

The panels were scheduled to meet in mid-March.

The Council took note of this information.