

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Thirty-First Session

## COUNCIL OF REPRESENTATIVES

### Report on Work since the Thirtieth Session

In accordance with the Decision of 4 June 1960 establishing the Council of Representatives, the Council is required to report to the CONTRACTING PARTIES on the matters considered between sessions of the CONTRACTING PARTIES.

In carrying out its task the Council has held nine meetings since the thirtieth session in November 1974. The minutes of these meetings have been issued in documents C/M/102-C/M/110. Adoption of this report, which summarizes the action taken by the Council, will constitute approval by the CONTRACTING PARTIES of that action.

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1. Article II:6(a) - Adjustment of specific duties by Israel (C/M/103)

At the meeting of the Council on 3 February 1975, the representative of Israel informed the Council of certain emergency economic policy measures taken by his Government as a result of the deterioration of economic conditions in Israel and the declining foreign reserves (L/4112). These included a decision by the Government of Israel, consistently with the Articles of Agreement of the International Monetary Fund, to change on 10 November 1974, the par value of the Israeli pound from IL177.333 to IL253.333 per troy ounce of fine gold, i.e. a devaluation of 42.9 per cent. The Government of Israel requested the CONTRACTING PARTIES, under Article II:6(a) of the General Agreement, to adjust the specific duties contained in Schedule XIII accordingly (L/4134). The

representative of Israel assured the Council that the adjustment would not exceed the rate of devaluation and would not impair the value of concessions granted to contracting parties.

The Council decided that the Government of Israel may give effect to such adjustment of each specific duty contained in Schedule XIII as would take proportionate account of this devaluation of the Israeli pound. However, if on or before 5 March 1975, a contracting party should declare, giving reasons therefor, that the adjustment of any particular duty would impair the value of a concession provided for in Schedule XIII, the Government of Israel should defer such adjustment pending consultation with the contracting party concerned. If after such consultation, the claim concerning impairment was maintained, the question should be decided by the CONTRACTING PARTIES or by the Council.

Within three months of any particular adjustment made pursuant to this decision having been put into effect, any contracting party could lodge a claim with the Israeli Government that such adjustment had impaired the value of any concession. In such case, the Government of Israel and the government claiming impairment should enter into consultation. If, after such consultation, the claim concerning impairment was maintained, the question should be decided by the CONTRACTING PARTIES or by the Council.

As there was a consensus in the Council, composed of at least half of the contracting parties, the CONTRACTING PARTIES had so decided.

## 2. Anti-dumping practices

### (a) Committee on Anti-Dumping Practices (C/M/110)

At its meeting on 21 November 1975 the Council considered the seventh report by the Committee on Anti-Dumping Practices, relating to the period October 1974-October 1975 (L/4241).

The deliberations of the Committee had centred around the various anti-dumping practices of some countries. In addition, the Committee had had an exchange of views on the question of anti-dumping investigations in the United States as referred to it by the Council on 25 September (see under item 4 hereafter). Although differences of opinion still existed on these and other issues, the discussions had contributed to a better mutual understanding of the positions taken. The Committee also agreed to draw up an analytical inventory of problems and issues that had arisen under the Code. Such inventory should provide a more solid basis for further deliberations as to how the provisions of the Code should be interpreted and fully complied with.

The Council adopted the report.

(b) Acceptance of the Anti-Dumping Code (C/M/110)

The Working Party established in 1970 to study the particular problems of developing countries in adhering to the Code held a further meeting in October 1975. Its report (L/4239) was presented to the Council at its meeting on 21 November 1975.

The Working Party had discussed and identified the particular problems involved and had made an effort to overcome these problems by the adoption of a suitable interpretative note to Article 2(a) of the Code. Several texts had been considered by the Working Party, but it had not been possible to reach agreement on a text that was acceptable to all members. On the one hand, developing countries had wished that any interpretative note must be of a certain substance in relation to their special problems. On the other hand, developed countries, although recognizing the special problems of developing countries, had not found it possible to accept solutions which would infringe the principles of the Code or be in contravention of their national laws and policies, based on the Code.

The Council noted that the Working Party had not been able to agree on a solution and adopted the report of the Working Party.

3. Balance-of-payments import restrictions

(a) Consultations on balance-of-payments restrictions

(i) Arrangements for consultations in 1975 (C/M/103)

Arrangements for consultations on balance-of-payments restrictions in 1975 were presented to the Council in February 1975 (C/W/253).

The Council took note of the arrangements.

(ii) Consultation with Finland (C/M/106)

In April 1975 the Committee on Balance-of-Payments Restrictions carried out a consultation with Finland under the provisions of paragraph 4(b) of Article XII. The Committee also examined the Import Deposit Scheme introduced by Finland on 24 March 1975 (see item 5(e) hereafter). The report (BOP/R/79) was presented to the Council at its meeting on 2 June 1975.

The Council adopted the report.

(iii) Consultation with Portugal (C/M/108)

In July 1975 the Committee on Balance-of-Payments Restrictions carried out a consultation with Portugal which had invoked the applicable balance-of-payments provisions of the GATT to justify the application of its import surcharge (see item 5(j) hereafter). The report (BOP/R/82) was presented to the Council at its meeting on 25 September 1975.

The Council adopted the report.

(iv) Consultation with Turkey (C/M/106)

In April 1975 the Committee on Balance-of-Payments Restrictions carried out a consultation with Turkey under the provisions of Article XVIII:12(b). The Committee also examined Turkey's request for an extension of the Stamp Duty waiver (see item 13(d) hereafter). The report (BOP/R/81) was presented to the Council at its meeting on 2 June 1975.

The Council adopted the report.

(v) Consultation with Chile (C/M/106)

In April 1975 the Committee on Balance-of-Payments Restrictions reviewed Chilean import restrictions under the simplified procedure for consultations. The Council adopted the report (BOP/R/80) at its meeting on 2 June 1975 and agreed, as recommended by the Committee, that Chile should be deemed to have consulted with the CONTRACTING PARTIES in fulfilment of its obligations under Article XVIII:12(b).

(b) Review of the work of the Committee on Balance-of-Payments Restrictions (C/M/110)

At its meeting in November 1974 the Council was informed that the Committee on Balance-of-Payments Restrictions had requested the secretariat to prepare a factual report on the work of the Committee over the past five years.

A note by the Committee and the Review of the work of the Committee 1970-74 (L/4200) was presented to the Council on 21 November 1975.

The Council considered that the matter was of great interest to a number of contracting parties and decided to keep it on its agenda.



4. Major trade policy developments (C/M/102, 105, 108)

At the meeting of the Council on 29 November 1974 the representative of Switzerland referred to the serious deterioration in the international market for certain products and the need for rapid dissemination of information on developments in these markets and on the measures taken by governments. He considered it appropriate for contracting parties to make more use of the procedures for notification and information provided by GATT, independently of whether or not there was a formal obligation to provide such information. He referred to the Recommendation of 20 March 1964 (BISD 12S/49) under which contracting parties should forward promptly to the secretariat regulations relating to trade as mentioned in Article X of the GATT.

The Council took note of the statement.

At the meeting of the Council on 24 March 1975 the representative of the United States expressed his Government's concern about several decisions of GATT countries in respect of new import restrictions and export subsidies. He referred particularly to import restrictive measures recently taken by Australia in respect of a number of products, to the new trade restrictive measures introduced by Finland and to the export credit insurance plan of the United Kingdom.

The representative of Australia referred in his reply to the embargo on meat imports by two major markets and their effect on the Australian economy. He maintained that his Government's actions were consistent with Australia's obligations under the GATT and that traditional suppliers continued to be assured of a share in the Australian market.

The Council took note of the statements.

At the meeting of the Council on 25 September 1975 the representative of the European Communities expressed concern over a series of actions recently initiated in the United States. He mentioned a series of anti-dumping investigations; a series of investigations relating to countervailing duties; a series of requests for the application of safeguard clauses, and requests for the implementation of Section 301 of the Trade Act, concerning unfair trade practices. The Community intended to raise the questions relating to anti-dumping in the Committee on Anti-Dumping Practices.

The representative of the United States pointed out that the matters mentioned concerned investigations undertaken in accordance with normal provisions of United States law and could not be considered to constitute a change in United States trade policy.

The Council agreed that the matters relating to anti-dumping practices should be pursued in the Committee on Anti-Dumping Practices (see under item 2(a) above).

5. Emergency action and temporary import restrictive measures

(a) Australia

(i) Australian import restrictions (C/M/106, 107)

At the Council meeting on 2 June 1975 representatives expressed concern about recently introduced import restrictive measures by Australia. The representative of Australia stated that these measures were all safeguard actions of a short-term nature decided upon after public enquiries. They were not import prohibitions, the flow of imports into Australia being allowed to continue in a stable manner.

At the Council meeting on 11 July 1975 some delegations again expressed concern at the multiplication of sectors being covered by safeguard measures in Australia. In some cases the measures appeared to be in support of new industries for the production of goods so far imported. The representative of Australia stressed again that the measures had been introduced to deal with short-term emergency situations. He stated that his delegation was prepared to continue consultations with contracting parties on the measures involved.

The Council took note of the statements.

(ii) Article XIX action on motor vehicles (C/M/103)

At the meeting of the Council on 3 February 1975 the representative of Japan referred to the introduction on 1 February 1975 by Australia of restrictions on imports of motor vehicles (L/4149). He stated that until recently there had been a general tendency in the Australian policy to encourage importation. He referred in this connexion to a recommendation by Australia's Industries Assistance Commission that imports of completely assembled cars rather than domestic production should be promoted. Countries exporting automobiles to Australia had taken these measures into consideration and they were now particularly affected by the restrictions. Other delegations also expressed their concern.

The representative of Australia replied that the restrictions had been imposed in the light of seriously declining domestic demand and increasing unemployment. It was the objective of his Government to allow imports, by monthly quotas, at an annual rate of about 20 per cent of the market.

The Council took note of the statements.

(iii) Tariff quotas on imports of textiles (C/M/103, 105)

At the meeting of the Council on 3 February 1975 the representative of Japan referred to the tariff quota measures in the field of textiles introduced by Australia which in his view were contrary to Article 9 of the Textiles Arrangement and were nullifying the objectives of that Arrangement. He expressed his concern that more products would be added to the list of textiles subject to tariff quota by Australia. Other representatives also maintained that the measures constituted a de facto restraint on trade and required examination in the Textiles Surveillance Body and the Council. One representative expressed doubt that the Australian action could be questioned under the Multifibre Arrangement. The measures affected unbound tariff items, where no concessions were impaired, and were not inconsistent with Australia's rights and obligations under the GATT. They could therefore in his view not be subject to examination by the Textiles Surveillance Body.

The representative of Australia stated that the Textiles Arrangement did not preclude contracting parties from exercising their GATT rights. His delegation was prepared to enter into consultations but only in the context of the GATT. The Council took note of the statements and agreed to revert to the matter at its next meeting.

At the meeting of the Council on 24 March 1975 the matter was discussed again. A number of representatives maintained that the Australian tariff quotas in the field of textiles were inconsistent with the objectives of the Textiles Arrangement and fell within the competence of the Textiles Surveillance Body and the Textiles Committee. One representative stated that the Textiles Arrangement specifically preserved all GATT rights of the participants.

The representative of Australia stated that the restraint measures had been taken against the background of unprecedented increases in imports and were consistent with Australia's obligations under the GATT and under the Textiles Arrangement.

The Council took note of the statements.

(iv) Article XIX action on footwear (C/M/103)

At the meeting of the Council on 3 February 1975 the representative of the European Communities stated that in connexion with Australia's Article XIX action on imports of certain footwear the Community had asked for a prolongation by mutual agreement of the period of 90 days referred to in paragraph 3 of Article XIX. As the Australian delegation believed that such a decision would have to be taken by the CONTRACTING PARTIES he asked whether any other contracting party was of this opinion and whether such contracting party would have objections to such a decision.

As no objection was raised the representative of the Community stated that an extension of the period by 60 days would be sufficient for the Community.

The Council took note of the statement.

(v) Article XIX action on sheets and plates of iron and steel (C/M/105)

At the meeting of the Council on 24 March 1975 the representatives of the United States and Japan drew attention to the introduction by Australia of quotas on imports of sheets and plates of iron and steel (L/4166). They expressed their regret regarding the introduction of these new trade restrictive measures and requested consultations with Australia at the earliest opportunity.

The representative of Australia stated that the restrictions were temporary and had been taken after 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.

The Council took note of the statements.

(b) Brazil - Prior import deposits (C/M/108, 109)

At its meeting on 25 September 1975 the Council was informed by the representative of Brazil of the introduction on 16 July 1975 of a system of prior import deposits. The scheme was part of a package of monetary and trade policy measures. Products for which the customs duty was 37 per cent or more and certain other products specifically listed were subject to an import deposit of 100 per cent of the f.o.b. value, refundable after six months.

The Council agreed to revert to the matter at its next meeting after the notification of the measures taken by Brazil had been circulated.

/To be concluded/

(c) Canada - Import quotas on eggs (C/M/108)

At the meeting of the Council on 25 September 1975 the representative of the United States drew attention to the introduction of import quotas on eggs and egg products under the provisions of Article XI by Canada (L/4207). After having

had bilateral consultations with Canada his delegation sought an advisory ruling from the Council to clarify certain issues with regard to Article XI which had arisen in these consultations (L/4223), in order to assist the parties in finding an amicable solution to the problem.

The Council established a working party to examine these matters.

The Working Party had two meetings in October 1975.

(d) European Communities - Emergency action on imports of bovine meat - Article XXII consultations (C/M/102, 107)

The representative of Australia informed the Council on 29 November 1974 of the two rounds of consultations under Article XXII:1 held with the European Communities in October and November 1974 on the measures taken by the Community on imports of cattle and bovine meat. He recalled that the delegations of Yugoslavia, Hungary, Uruguay, Poland, New Zealand, Argentina, Romania and Brazil had expressed the desire to join in these consultations. He stated that the outcome of the consultations had not been satisfactory from the point of view of the exporting countries as there was no imminent prospect of the opening of the Community market for cattle and bovine meat. Furthermore, it had not been possible for the meat-exporting countries to obtain clarification as to the precise article of the GATT invoked by the Community in justification of the measures. During the discussion of the Community measures to stimulate consumption it had also not been possible to obtain details on the question of effectiveness of these measures. The tariff quota had been fully allocated and utilized in 1971-1973 but the position was still uncertain for 1974. It appeared that imports bore almost the entire burden of adjustment in a situation where the disturbance of the market was to be attributed to the substantial increase in domestic production within the Community.

Several representatives supported the statement made by the representative of Australia.

The representative of the European Communities replied that a great number of economic factors had led to the disruption of the meat market. He pointed out that, apart from the tariff quota in the EEC Schedule, the duty on meat was not bound. He stated that a great number of domestic measures had been taken by the Community, involving expenditure of several hundred million units of account. It could therefore, not be maintained that the burden of re-adjustment had been shifted to third countries.

At the meeting of the Council on 11 July 1975 the representative of Australia, speaking on behalf of the exporting countries involved in the consultations, informed the Council that a third round of consultations had taken place in April 1975. It appeared that the basic situation, as stated before, still obtained. He stated that the exporting countries had experienced considerable disruption of their livestock industries and still had no prospect of any significant re-opening of the Community market. He expressed the view that the EXIM Scheme announced by the Community would regulate imports by a means which could only result in the obstruction of commercial trade flows. Exporting countries were still unable to establish the precise article of the General Agreement invoked by the Community in justification of the measure and were, therefore, uncertain of their legal rights under the GATT. He welcomed suggestions for an appropriate course of action under the GATT.

The representative of Argentina said that the Community had unilaterally created an artificial state of emergency. Increasingly high guide prices had resulted in limiting domestic consumption and increasing intervention stocks to an unduly high level. It was necessary to ensure the stable flow of international trade by means of co-operative action between the Community and its traditional suppliers.

Representatives of other meat-exporting countries associated themselves with these statements.

The representative of the European Communities stated that there was a general disequilibrium in the international market for bovine meat. The Community approach to the problem was based on a sharing of responsibilities, implying that concrete commitments should also be undertaken by exporting countries. The approach comprised the strengthening of the machinery for information and consultation, implementation of concerted disciplines between exporters and importers, and improvement of existing procedures and consultations in respect of health measures. Costly internal market adjustment measures had also been taken by the Community. As regards the EXIM system, he stated that it was designed to cover certain trade flows with third countries while avoiding any increase in supply in the Community market. The Community was ready to continue the consultations if the interested parties so wished.

The Council took note of the statements.

(e) Finland - Import deposit scheme (C/M/105, 106)

At its meeting on 24 March 1975 the Council was informed by the representative of Finland of his Government's decision to introduce an import deposit scheme for balance-of-payments reasons. The measure had entered into force on 24 March 1975 (L/4165).

The Council referred the matter to the Committee on Balance-of-Payments Restrictions for examination in the context of its consultation with Finland.

The consultation was carried out in April 1975 (see item 3(b) above). The report (BOP/R/79) was presented to the Council at its meeting on 2 June 1975.

The Committee regretted the introduction of the measures but also expressed understanding for Finland's particular balance-of-payments situation. The Committee concluded that the scheme was not more restrictive than measures permitted under Article XII of the General Agreement and that it was applied on a non-discriminatory basis. The Committee urged that Finland should review the deposit scheme periodically and should reduce the deposit rates whenever possible.

The representative of Finland stated that it was the intention of his Government to reduce the scheme progressively and to abolish it by 24 March 1976.

The Council adopted the report.

(f) Germany - Ban on Icelandic fish landings (C/M/103, 110)

At the Council meeting in February 1975 the representative of Iceland informed the Council of the ban on Icelandic fish landings in the harbours of the Federal Republic of Germany. This involved, in the view of his Government, a violation of provisions of the General Agreement by Germany. His delegation had therefore requested consultations under Article XXII:1 of the General Agreement.

The representative of Germany stated that the German authorities had been compelled to impose the ban after an Icelandic action against a German trawler which, in the view of his authorities, constituted a violation of international law and was in disregard of a judgment passed by the International Court of Justice. He stated that GATT provisions were not applicable in this case. The measures were of a temporary nature and would be cancelled as soon as conditions existed for the continuation of talks between the two Governments.

The Council took note of the statements.

At its meeting on 21 November 1975 the Council was informed that the ban had been lifted. Delegations of both countries had continued discussions and had reached full agreement which was now subject to parliamentary approval.

(g) Greece

(i) Import restrictions on meat (C/M/103)

The representative of Australia informed the Council at its meeting on 3 February 1975 of the imposition of restrictions on imports of meat by Greece. He hoped that the Greek authorities would notify to the CONTRACTING PARTIES details of the restrictions.

The Council took note.

(ii) Increase of bound duty (C/M/108)

The representative of Austria drew the attention of the Council, at its meeting of 25 September 1975, to an increase in a duty bound to Austria by the Government of Greece. He appealed to the Greek authorities to reconsider the issue.

The Council took note.

(h) Italy - Import deposit scheme (C/M/105)

At the meeting of the Council on 24 March 1975 the representatives of the European Communities and of Italy informed the Council that the Italian import deposit scheme, which had been established in order to readjust Italy's balance of payments, had been abolished with effect from 24 March 1975.

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

(i) Japan - Restrictions on imports of beef and veal and Article XXII consultations (C/M/102, 109)

The question of Japanese import restrictions on beef and veal had been raised by the representative of Australia at the meetings of the Council on 21 October and 8 November 1974. At the meeting of the Council on 29 November 1974 the representative of Australia referred to information on the recent situation of beef imports into Japan circulated by the Japanese delegation (L/4120). Australia regarded this submission as a notification of an intensified residual import restriction under the procedures laid down by GATT and requested entry into Article XXII:1 consultations with Japan on this matter.

At its meeting on 31 October 1975 the representative of Australia informed the Council that two rounds of consultations had been held and that the United States and New Zealand had joined in these consultations. He recalled that Japan



had always maintained restrictions on imports of beef and veal and that there had been a progressive expansion of global quotas until February 1974. The Japanese market had been practically closed to imports between February 1974 and June 1975. Although the consultations had been conducted in a spirit of co-operation the exporting countries could not record satisfaction with their outcome. The embargo on beef and veal imports had been relaxed since June 1975 but, in particular the limited quantities permitted to be imported could not be accepted as a restoration of the previous position which was itself a restriction of trade. The delegations concerned therefore, reserved all rights under the GATT.

The representative of Japan recalled the circumstances which had led to the severely depressed market situation. Meanwhile, demand had recovered considerably and it was expected that total imports of the current year would be substantial. He informed the Council of a new scheme of price stabilization which should make it possible to curtail fluctuations in supply and demand. The scheme should also minimize undesirable fluctuations in imports.

The Council took note of the statements made.

(j) Portugal - Import surcharge (C/M/106, 108)

At the meeting of the Council on 2 June 1975 the representative of Portugal informed the Council of the imposition of a surcharge on imports by his Government in order to assist the deteriorating balance of payments.

The Council referred the matter for examination to the Committee on Balance-of-Payments Restrictions. The consultation with Portugal was carried out in July 1975 (see item 3(c) above). The report of the Committee (BOP/R/82) was presented to the Council at its meeting on 25 September 1975.

The Committee had noted that Portugal had invoked the applicable balance-of-payments provisions of the GATT, in the light of relevant precedents, to justify the application of its import surcharge. It had also noted that in its application the surcharge conformed to the criteria laid down in the relevant articles of the General Agreement on import restrictions for balance-of-payments purposes.

The Council adopted the report.

(k) Sweden - Import restrictions on certain footwear (C/M/109)

At its meeting on 31 October 1975 the Council was informed by the representative of Sweden of the imminent introduction by the Swedish Government of global quotas on imports of certain footwear. As a result of relatively high production

costs of the Swedish shoe industry, combined with Sweden's traditional liberal trade policy, the volume of shoe imports had increased very substantially. Production had continued to decrease and now accounted for only 25 per cent of total supply. This had become a critical threat to the emergency planning of Sweden's economic defence as an integral part of its security policy. In spite of various adjustment assistance measures already undertaken it had become necessary to resort to temporary emergency measures. The global quotas would be determined on the basis of average imports for the period 1972-1974. A formal notification of the measure would be submitted to the CONTRACTING PARTIES forthwith. Sweden was ready to enter into immediate consultations with interested contracting parties.

Many representatives expressed concern at the Swedish decision taken at a time of high unemployment in their own countries and without provision for a terminal date or detailed economic justification. They expressed doubts as to the justification of the measure under the General Agreement. Many representatives took note of Sweden's offer to consult and reserved their rights under the General Agreement.

The representative of Sweden stated in reply that the measure was taken in conformity with the spirit of Article XXI, but his Government did not wish to deprive contracting parties of the possibility to enter into consultations.

The Council took note of the statements made and noted that the measure would be notified to the CONTRACTING PARTIES. The Council also noted Sweden's readiness to consult with the contracting parties concerned although no consultations were provided for under Article XXI of the General Agreement.

(1) Yugoslavia - Intensification of import restrictions (C/M/107)

The representative of Yugoslavia informed the Council at its meeting on 11 July 1975 that his Government had decided to introduce on a temporary basis, until the end of 1975, a 10 per cent import surcharge (L/4184) and a system of prior approval for the import of certain products (L/4199). Import deposits were abolished as of 26 June 1975. The measures had become necessary because of the rapidly deteriorating balance-of-payments situation.

The Council agreed that the Yugoslav measures should be examined by the Committee on Balance-of-Payments Restrictions and that Yugoslavia should consult with the Committee at the earliest possible time.

6. Export credit insurance schemes (C/M/105, 106)

At the meeting of the Council in March 1975 the representative of the United States expressed his Government's concern over a 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. --It furthermore constituted a violation of the provisions of Article XVI:4. In June 1975 he recalled this earlier intervention and pointed out that other countries had similar systems in force which had not been notified to the GATT and he requested that all countries having export credit insurance schemes should notify them in accordance with the provisions of Article XVI.

The Council agreed to keep open the possibility of reverting to the matter at a forthcoming meeting.

7. DISC and related panels (C/M/110)

At the meeting of the Council on 21 November 1975 the representative of the European Communities recalled that the Council had established in July 1973 a panel relating to the United States tax legislation on Domestic International Sales Corporations (DISC). The composition of the panel had been left to consultation and agreement with the parties concerned. He expressed concern that it had not yet been possible to arrive at an agreed composition of the panel and, therefore, to begin with the panel's work.

The representative of the United States also regretted that the composition of the panel on the DISC and the other related panels on tax practices of some EEC member States had not yet been established. He thought this was due to the particular technical nature of the matters to be examined.

The Council took note of the statements made.

8. Customs unions and free-trade areas; regional agreements

- Information on developments furnished by member States

(i) Anglo-Irish Free Trade Area (C/M/106)

In accordance with the Calendar of Biennial Reports on developments under regional agreements, the parties to the Anglo-Irish Free Trade Area Agreement submitted their sixth report on the development of the Free Trade Area (L/4176) to the Council at its meeting on 2 June 1975. The representative of Ireland stated that although both countries were now members of the European Communities the Agreement was still an important instrument in the development of closer integration until the full customs union was reached with the Community in 1977.

The Council took note of the report.

(ii) Association EEC-African and Malagasy States (C/M/103)

The report on developments under the Agreement of Association between the EEC and African and Malagasy States (L/4122) was presented to the Council at its meeting on 3 February 1975.

The Council took note of the report.

(iii) Association EEC-East African States (C/M/103)

The report on developments under the Agreement of Association between the EEC and the East African States (L/4121) was presented to the Council at its meeting on 3 February 1975.

The Council took note of the report.

(iv) Association EEC-Turkey (C/M/103)

Information on the implementation of the Agreement of Association between the EEC and Turkey was submitted to the Council at its meeting on 3 February 1975 (L/4126).

The Council took note of the information.

(v) Agreements EEC-Morocco and EEC-Tunisia (C/M/105)

At the meeting of the Council on 24 March 1975 the European Communities submitted a report (L/4160) on developments under the Association Agreements between the EEC and Morocco and the EEC and Tunisia.

The Council took note of the report.

(vi) New Zealand/Australia Free Trade Agreement (C/M/107)

At its meeting on 11 July 1975 the Council considered the fifth report on developments under the New Zealand/Australia Free Trade Agreement (L/4192) presented by the parties to the Agreement. The representative of New Zealand explained the growth in trade flows that had taken place since the last report, as a result of the increase in Schedule A items and new intermediate trading arrangements. When these arrangements were fully implemented, it was expected that 75 per cent of trans-Tasman trade would be covered by the Agreement. As regards the continuation of preferential tariffs after Britain's entry into the EEC, he pointed out that an interim agreement had been concluded in May 1973 which provided a reciprocal undertaking not to increase rates of duty between Australia and New Zealand above the level applied on 31 January 1973 and generally to maintain margins of preference.

The representative of the United States noted that there was no significant increase in the percentage of bilateral trade covered by NAFTA so that the Agreement did not yet cover, in the terms of Article XXIV, substantially all the trade between the two countries.

The Council took note of the report.

(vii) European Free Trade Association and Finland/EFTA Association (C/M/109)

At the meeting of the Council on 31 October 1975 the member States of the EFTA and Finland/EFTA Association presented a report on developments under the Association Agreements, which had taken place since October 1973 (L/4233). The report illustrated that EFTA's imports per capita were higher than in any other trading area in the world.

Some representatives expressed their continued concern at the stringency of the EFTA rules of origin, as compared to the rules of origin previously applied in the member countries. They noted that Article XXII consultations on the rules of origin were in progress and expressed the hope that it would be possible for the EFTA member States to make these rules more liberal.

The Council took note of the report.

9. Agreements concluded with the European Communities

(a) Accession of Denmark, Ireland and the United Kingdom

(i) Status of Article XXIV:6 negotiations (C/M/102, 105)

At the meeting of the Council on 29 November 1974 the representative of Canada recalled that it had not been possible for Canada to reach agreement with the European Communities in the Article XXIV:6 negotiations. Canada had therefore, invoked the conciliation procedure of the GATT and had requested, pursuant to paragraphs 1(c) and 2 of Article XXIII, that a panel of experts be established to investigate the matter. Related thereto, Canada had also requested an extension of the time-limit laid down in Article XXVIII:3. The representative of Canada now asked the Council to take a decision to establish a panel and to extend the deadline in accordance with Canada's request.

The representative of the European Communities restated the difference of views between the two delegations and repeated the objections of the Community with regard to a conciliation procedure in this field. He reiterated that the Community could not accept an extension of the time-limit laid down in Article XXVIII:3, as proposed.

The Chairman stated that it was clear from the present discussion and the one held on this subject at the Council on 8 November that there was a large measure of support for the Canadian proposal that the Council establish a panel under Article XXIII:2 to investigate the matter referred by the Government of Canada to the CONTRACTING PARTIES and to make such findings and recommendations as would seem appropriate. He noted that the European Communities had spoken against this proposal and had regarded resort to this procedure as inappropriate.

The Chairman concluded that it was the wish of the Council, with the exception of the European Communities, to establish such a panel and that he should in due course, discuss the question of membership of the panel in consultation with the parties most concerned. The Chairman also appealed to the parties to agree that the time-limit under Article XXVIII:3 should be extended for two months. In the event that this was possible he would make no effort to activate the panel until the end of that period and would do so then only if the parties had not been able to settle the issue to their mutual satisfaction.

The Council so decided.

On 23 December 1974 the Chairman of the Council informed the contracting parties that the two parties had agreed to an extension of the time-limit under Article XXVIII:3 for two months (L/4139). This was placed on record.

At its meeting on 24 March 1975 the Council was informed that discussions between Canada and the European Communities had continued and had resulted in an agreement, on the basis of a joint declaration subscribed to by both parties (C/W/259), together with the schedule of concessions applicable to Canada. In this declaration Canada and the European Communities declared jointly that they had been able to reach an agreement in their Article XXIV:6 negotiations except on certain specified cereal items.

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

In addition it was agreed that the European Communities would 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 had inserted in their schedules a General Note under which the European Communities reserved 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 connexion with the enlargement of the Communities.

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

Canada and the European Communities jointly requested the Council to extend the time-limit in Article XXVIII:3 in so far as the cereal items mentioned above were concerned.

The Council noted with satisfaction that agreement had been reached between the parties and agreed, as requested jointly 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.

(ii) Working Party on Accessions to the European Communities (C/M/107)

At the meeting of the Council on 11 July 1975 the Chairman of the Working Party on Accessions to the European Communities recalled that the Working Party was established in March 1972, with the task of examining the legal instruments leading to the accessions of Denmark, Ireland and the United Kingdom to the European Communities. The Working Party had held nine meetings between March 1972 and February 1973. The main problems discussed had been the methodology of the examination under Article XXIV:5(c), the treatment of preferential duties, notably the Commonwealth preferences, and the problems arising out of the accessions for the trade of developing countries. Detailed records of the meetings had been issued in a series of Notes by the Chairman.

The Council agreed that the statement by the Chairman of the Working Party, together with the detailed "Notes of the Chairman", should be considered the final record on the activities of the Working Party.

The representative of Malaysia noted that his Government had not been able to conclude the Article XXIV:6 negotiations with the European Community.

Several representatives stated their views on the work of the Working Party and regretted its inability to agree on the methodology for assessing the general incidence of duties and regulations of commerce before and after the formation of the customs union or to agree whether certain measures were duties or regulations of commerce in the context of Article XXIV.

The Council took note of the statements.

(b) Association with Greece (C/M/106, 108)

At its meeting on 2 June 1975 the Council was informed by the representatives of the European Communities and of Greece that, on 28 April 1975, the Communities and Greece had concluded an Additional Protocol to the Association Agreement consequent on the accession of three new member States to the Community. The two parties had also concluded an Interim Agreement to cover the period until ratification of the Protocol.

The texts of the Additional Protocol and the Interim Agreement were circulated with document L/4206.

At its meeting on 25 September 1975 the Council agreed to initiate the customary procedure for the examination of the provisions of the agreements and set up a working party open to all contracting parties.

The Working Party has not yet been convened.

(c) Agreement with Israel (C/M/106, 107)

At its meeting on 2 June 1975 the Council was informed by the representatives of the European Communities and of Israel of the conclusion of a new agreement between the European Economic Community and Israel signed on 11 May 1975. The new agreement, which was already foreseen in the 1970 Agreement, superseded the old Agreement and added to it new areas. Its purpose was the gradual establishment of a free-trade area and economic co-operation as a complementary factor to trade. Parallel to this Agreement a similar agreement had also been negotiated to cover items in the coal and steel sector.

The texts of these agreements were circulated with document L/4194/Add.1.

At its meeting on 11 July 1975 the Council agreed to initiate the customary procedure for the examination of the provisions of the agreements and set up a working party open to all contracting parties.

The Working Party has not yet been convened.

(d) Agreement with Lebanon (C/M/103)

In March 1974 the Council had established a working party for the examination of the provisions of the Agreement between the EEC and Lebanon.



At its meeting on 3 February 1975 the Council considered the report of the Working Party (L/4131). The Working Party had been unable to reach unanimous conclusions as to the compatibility of the Agreement with the provisions of the General Agreement. The parties to the Agreement, supported by some members of the Working Party held the view that it conformed fully with Article XXIV of the General Agreement, while other members were of the view that it was not possible at this time to establish whether the Agreement conformed fully with the provisions of the GATT. The Working Party had therefore limited itself to reporting the opinions expressed on these issues.

The Council noted the differences of view and adopted the report.

(e) ACP - EEC Convention of Lomé (C/M/105, 107, 110)

At its meeting on 24 March 1975 the Council was informed by the representative of the European Communities that a Convention known as the Lomé Convention had been signed on 28 February 1975, between the European Communities and forty-six developing countries in Africa, the Caribbean and the Pacific. The Convention would replace the arrangements previously in force under the Convention of Yaoundé and the Arusha Agreement. In addition, the new Convention provided for the continuation of commercial relationships between many of the least developed members of the Commonwealth and the United Kingdom.

The text of the Convention was circulated to the contracting parties in July 1975 (L/4193).

At its meeting on 11 July 1975 the Council agreed to initiate the customary procedure for the examination of the provisions of the Convention, and set up a working party open to all contracting parties. At its meeting on 21 November 1975 the Council nominated Mr. Easterbrook-Smith (New Zealand) as Chairman of the Working Party.

The Working Party has not yet been convened.

10. Agreements concluded with Finland

(a) Finland-Hungary (C/M/103, 109)

At its meeting in June 1974 the Council had been informed of the signature of an Agreement between Finland and Hungary on the reciprocal removal of obstacles to trade, taking into consideration the provisions of Article XXIV of the General Agreement.

The text of the Agreement was circulated in January 1975 (L/4136/Add.1).

At its meeting on 3 February 1975 the Council agreed to initiate the customary procedure for the examination of the provisions of the Agreement and set up a working party open to all contracting parties.

The Working Party met in September and October 1975 and submitted its report (L/4230) to the Council on 31 October 1975. The Working Party had been unable to reach unanimous conclusions as to the compatibility of the Agreement with the provisions of the General Agreement and in particular those of Article XXIV. The parties to the Agreement, supported by two other members of the Working Party, were of the opinion that the Agreement was in full conformity with the provisions of Article XXIV. The other members who had spoken could not, on the basis of the available information, express a view on this question and requested that the Working Party should continue the examination at an appropriate time on the basis of additional information.

A number of representatives at the Council supported the request that the Working Party should continue the examination at an appropriate time. One representative recalled the doubts expressed by his delegation concerning whether the criteria and intent of Article XXIV could be met by agreements between market and non-market economy countries which essentially deal only with the removal of duties.

The representative of Hungary recalled the statement made by his delegation in the Working Party that Hungary did not take a stand on the advisability of the continuation of the work of the Working Party. He also recalled a conclusion adopted by the CONTRACTING PARTIES on 24 November 1967 to the effect that the CONTRACTING PARTIES' approach to the question of trade relations with countries with centrally planned economies should continue to be on a pragmatic, country-by-country basis.

The Council agreed that the Chairman of the Working Party, in consultation with the delegations and in the light of further experience, should fix an appropriate time for the examination of the Agreement. The Council adopted the report of the Working Party.

(b) Finland-Bulgaria (C/M/103)

At its meeting in June 1974 the Council had been informed of the signature of an Agreement between Finland and Bulgaria on the reciprocal removal of obstacles to trade, taking into consideration the provisions of Article XXIV of the General Agreement.

The text of the Agreement was circulated in January 1975 (L/4137/Add.1).

At its meeting on 3 February 1975 the Council agreed to initiate the customary procedure for the examination of the provisions of the Agreement and set up a working party open to all contracting parties.

The Working Party met in October 1975.

(c) Finland-Czechoslovakia (C/M/103)

At its meeting in October 1974 the Council had been informed of the signature of an Agreement between Finland and Czechoslovakia on the reciprocal removal of obstacles to trade, taking into consideration the provisions of Article XXIV of the General Agreement.

The text of the Agreement was circulated in January 1975 (L/4138/Add.1).

At its meeting on 3 February 1975 the Council agreed to initiate the customary procedure for the examination of the provisions of the Agreement and set up a working party open to all contracting parties.

The Working Party met in October 1975.

(d) Finland-German Democratic Republic (C/M/106,110)

At its meeting on 2 June 1975 the Council was informed of the signature of an Agreement between Finland and the German Democratic Republic on the reciprocal removal of obstacles to trade, taking into consideration the provisions of Article XXIV of the General Agreement.

The text of the Agreement was circulated in August 1975 (L/4211).

At its meeting on 21 November 1975 the Council agreed to initiate the customary procedure for the examination of the provisions of the Agreement and set up a working party open to all contracting parties.

11. Bangkok Agreement (C/M/109)

At its meeting on 31 October 1975 the Council was informed by the representative of Korea, speaking also on behalf of Bangladesh, India, the Philippines and Sri Lanka, of the conclusion of the so-called Bangkok Agreement between seven member States of ESCAP. The Agreement was to promote economic development through a continuous process of trade expansion among the developing member countries in the region.

The Council agreed to revert to the matter when the text of the Agreement had been notified to the CONTRACTING PARTIES.

12. Trade Arrangements between Egypt, India and Yugoslavia (C/M/103)

At the meeting of the Council on 3 February 1975 the representative of Egypt presented the annual report by the Participating States on the sixth year of operation of the Trade Expansion and Economic Co-operation Agreement (L/4132).

The statistical data annexed to the report covered the seventy-seven tariff items originally included in the Common List and the fifty-seven items added to the Common List in 1969. He stated that the Participating States would use their best endeavours during the next round of trade negotiations among developing countries to multilateralize, as far as possible, trade concessions exchanged among them through their inclusion in the Protocol Relating to Trade Negotiations Among Developing Countries.

The Council took note of the report.

13. Waivers under Article XXV:5

(a) Brazil - Increase of bound duties (C/M/107, 108, 109, 110)

At the meeting of the Council on 11 July 1975 the representative of Brazil stated that his Government had put into effect, as of 27 May 1975, Schedule III, which had resulted from the Article XXVIII renegotiations under the Decision of 27 February 1967. His Government had however, considered it necessary to review some of the concessions granted and to introduce certain modifications (L/4191 and Add.1). The changes had been kept to the minimum necessary to protect certain infant industries and were, in his view, justified in the spirit of Part IV of the General Agreement.

At the meeting of the Council on 25 September 1975 the representative of Brazil stated that his Government had decided to request a waiver from the provisions of Article II to the extent necessary to enable Brazil to apply the rates of duty, which exceeded those bound in Schedule III. This request was made on the understanding that the negotiations to be carried out in accordance with the usual procedures under Article XXVIII would be guided by the pertinent provisions of Part IV, including Article XXXVI:8.

The Council agreed to refer the matter to its next meeting.

At its meeting on 31 October 1975 the Council agreed to postpone consideration of the Brazilian request for a waiver to its next meeting.

At its meeting on 21 November 1975 the Council considered the request for a waiver on the basis of a draft decision circulated in document C/W/265.

The representative of the United States, while agreeing that a waiver was desirable, expressed concern that the proposed decision made specific reference to the principle enunciated in Article XXXVI:8 being applicable to the negotiations, which were the second series of renegotiations. He expressed concern that, if developing countries repeatedly renegotiated, each time granting less

reciprocity, little of the original concessions would remain. Although the United States subscribed to the principles of Part IV, his delegation believed that Article XXXVI:8 did not relieve developing contracting parties of their obligations under Article XXVIII to maintain a general level of concessions during renegotiations. He proposed an amendment to the preamble of the draft decision referring to the need to maintain a general level of concessions and requested that the decision should refer to Part IV rather than specifically to Article XXXVI:8.

Representatives of some developed contracting parties supported the request for a waiver but also expressed concern at the principle of Article XXXVI:8 being applied to these negotiations since these renegotiations followed earlier renegotiations during which the principle had been applied and the results of which Brazil had not been able to fully implement.

The representative of Brazil, while accepting the United States amendment to the preamble, could not agree that the principle of non-reciprocity embodied in Article XXXVI:8 should not be specifically mentioned. The provisions of Part IV were unsatisfactory from the point of view of developing countries in that they contained no binding commitments and were open to different interpretations. He could not accept that developing contracting parties could be deprived of their rights under Part IV on the grounds that these rights had already been invoked in a previous negotiation.

A great number of representatives from developing countries supported the Brazilian position. They considered it a matter of great importance that the principles under Part IV should not be eroded.

The Council approved the text of the draft decision with the amendment in the preamble, it noted that the United States delegation reserved its position and noted the comments made by the other representatives. The Council recommended that the draft decision (reproduced in Annex I) be adopted by the CONTRACTING PARTIES by means of a ballot taken at the thirty-first session.

(b) India - Auxiliary duty of customs (C/M/105)

Under the Decision of 15 November 1973, as extended by 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.

At the meeting of the Council on 24 March 1975 the representative of India stated that the special circumstances which had compelled his Government to maintain the auxiliary duty of customs, had been aggravated by inflationary conditions and droughts. His Government had therefore decided to continue this duty until 30 June 1976 (L/4163).

The Council approved the text of a draft decision extending the waiver until 30 June 1976, and recommended its adoption by the CONTRACTING PARTIES. The decision was adopted by postal ballot on 5 May 1975 (L/4177).

(c) Indonesia - Renegotiation of Schedule (C/M/110)

Under the Decision of 13 November 1973 the Government of Indonesia was authorized to apply certain rates of duty contained in its newly-introduced customs tariff, which were in excess of the bound duties, pending the completion of the necessary negotiations or consultations before 31 December 1975.

At its meeting on 21 November 1975 the Council was informed by the representative of Indonesia that due to unforeseeable administrative and technical difficulties the carrying out of the negotiations had been considerably delayed. The Indonesian Government, therefore, requested an extension of the validity of the waiver until 31 December 1976 (L/4248).

The Council agreed to recommend an extension of the time-limit and approved the text of a draft decision (reproduced in Annex II). The Council recommended the adoption of the draft decision by the CONTRACTING PARTIES by means of a ballot taken at the thirty-first session.

(d) Turkey - Stamp duty (C/M/105, 106)

At its meeting on 24 March 1975 the Council was informed by the representative of Turkey that in the light of difficulties experienced by the Turkish economy, his Government had decided to maintain the application of the stamp duty until 31 December 1977. He requested that the question of an extension of the waiver decision of 3 July 1973, which would expire on 30 June 1975, be considered.

The Council referred the matter to the Committee on Balance-of-Payments Restrictions for consideration in the context of its consultation with Turkey (see item 3(d) above).

At its meeting on 2 June 1975 the Council considered the report of the Committee (BOP/R/81). The Committee had agreed that there were no clear balance-of-payments grounds for the maintenance of the stamp duty, but concluded that the temporary maintenance of the stamp duty for revenue purposes could be warranted pending the completion of a fiscal reform which would permit the elimination of the stamp duty by the end of 1977. The Committee therefore recommended an extension of the waiver until 31 December 1977.

The Council approved the text of the draft decision proposed by the Committee and recommended its adoption by the CONTRACTING PARTIES. The decision was adopted by postal ballot on 15 July 1975 (L/4205).

The Council adopted the report.

14. Reports under waivers

(a) New Zealand - Tariff-free quotas for handicraft products (C/M/110)

Under the Decision of 13 November 1973 the Government of New Zealand was authorized to establish tariff-free quotas for a limited range of handicraft products originating in certain countries in the South Pacific.

At its meeting on 21 November 1975 the Council received the first annual report submitted by the delegation of New Zealand under the Decision (L/4249). The report showed that the trade, although small, was of considerable significance to the islands participating in the scheme. The representative of New Zealand noted the discriminatory aspects of the scheme, but did not expect a substantial further growth in trade in the products in question.

The Council took note of the report.

(b) United States

(i) Agricultural import restrictions (C/M/105)

At its meeting on 24 March 1975 the Council carried out the annual review on action taken by the United States under the Decision of 5 March 1955 on the basis of the eighteenth annual report furnished by the United States (L/4148). The report covered the period September 1973-August 1974.

The representative of New Zealand objected to a statement in the report that surpluses of dairy products, in the absence of import controls, would seriously impair the United States dairy price support programme. He stressed that New Zealand's dairy exports were at competitive prices and were not subsidized. They were therefore not surpluses and were entitled to receive liberal treatment from all countries with which New Zealand had reciprocal GATT responsibilities.

The representative of Australia expressed the hope that rather than introducing additional restraints, 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.

The representative of the United States said that significant steps towards import liberalization had been made. Quotas on wheat and milled wheat products had been suspended indefinitely and additional imports of a number of dairy products had been authorized.

The Council took note of the report.

(ii) Imports of automotive products (C/M/105)

At its meeting on 24 March 1975 the Council took note of the eighth annual report submitted by the Government of the United States under the Decision of 20 December 1965 (L/4158), thereby carrying out the fourth biennial review under paragraph 6 of the Decision.

15. Japan - Article XXVIII:5 Negotiations (C/M/102)

At the meeting of the Council on 29 November 1974 the representative of Japan drew attention to a communication (SECRET/223) indicating the intention to enter into negotiations under Article XXVIII:5 with a view to modifying the tariff on an item included in the Japanese Schedule. He invited contracting parties having a substantial interest in the concession to notify before 31 December 1974 their intention to enter into consultation with the Japanese delegation.

The Council took note of the statement.

Negotiations have been carried out between Japan and the EEC. The results of the negotiations, which concluded the renegotiation of the item concerned, have been notified to the CONTRACTING PARTIES (SECRET/223/Add.1 and 2).

16. Accession, provisional accession

(a) Accession of Paraguay (C/M/102)

At its meeting on 29 November 1974 the Council considered a request from the Government of Paraguay to accede to the General Agreement in accordance with the provisions of Article XXIII (L/4111).

The representative of Paraguay said that his Government was convinced that its participation in GATT would make it possible for his country to contribute to the collective efforts towards the expansion of world trade.

The Council established a working party to examine the request. A Memorandum on the foreign trade régime of Paraguay was circulated in March 1974 (L/4159). The questions submitted by contracting parties concerning the matters dealt with in the Memorandum and the replies received from the Government of Paraguay were distributed in October 1975 (L/4227).

The Working Party had a first meeting in November 1975.



(b) Provisional accession of Colombia (C/M/106)

In March 1974 the Council had established a working party to examine the request by the Government of Colombia to accede provisionally to the General Agreement. The Working Party met in April 1975 and presented its report to the Council at its meeting on 2 June 1975 (L/4173).

The Working Party had examined various relevant aspects of the Colombian foreign trade régime and had noted the intention of the Government of Colombia to seek full accession in the context of the multilateral trade negotiations. It recommended that the request by the Government of Colombia for provisional accession to the General Agreement be granted and that Colombia be invited to participate in the work of the CONTRACTING PARTIES.

The representative of the United States, while supporting Colombia's provisional accession, pointed out that, since the Working Party had met, the Government of Colombia had changed tariff rates on over 1,000 items with most of the changes being increases in the rates.

The representative of Colombia explained that his Government had recently carried out a harmonization of the tariff as a result of which a number of rates had gone up while others had decreased.

The Council adopted the report of the Working Party and recommended that the draft Declaration on the Provisional Accession of Colombia be approved by the CONTRACTING PARTIES and the Decision on the Participation of Colombia in the work of the CONTRACTING PARTIES be adopted.

The Declaration was approved and the Decision adopted by postal ballot on 23 July 1975 (L/4209, L/4208).

The Declaration is open for acceptance.

(c) Provisional accession of the Philippines (C/M/110)

At its meeting on 21 November 1975, the Council considered a request by the Government of the Philippines for an extension of the period of validity of the Declaration on its Provisional Accession (BISD, 20S/8) and of the Decision of 9 August 1973 (BISD, 20S/18) inviting the Philippines to participate in the work of the CONTRACTING PARTIES.

The Council agreed to the extension of the provisional accession until 31 December 1977, approved the text of a Procès-Verbal Extending the Declaration 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 the Philippines to participate in the work of the CONTRACTING PARTIES (reproduced in Annex III) and recommended its adoption by the CONTRACTING PARTIES.

(d) Provisional accession of Tunisia (C/M/110)

At its meeting on 21 November 1975, the Council considered a request by the Government of Tunisia for a further extension of the period of validity of the Declaration on its Provisional Accession (BISD, 8S/15) and of the Decision of 12 November 1959 (BISD, 8S/14) inviting Tunisia to participate in the work of the CONTRACTING PARTIES.

The Council agreed to the extension of the provisional accession until 31 December 1977, approved the text of the Tenth Procès-Verbal Extending the Declaration 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 (reproduced in Annex IV) and recommended its adoption by the CONTRACTING PARTIES.

17. Consultation on trade with Hungary (C/M/103, 109)

The Protocol for the Accession of Hungary provides for consultations to be held biennially between Hungary and the CONTRACTING PARTIES, in order to carry out a review of the operation of the Protocol and the evolution of reciprocal trade between Hungary and the contracting parties.

At its meeting on 3 February 1975 the Council set up a Working Party to conduct the first consultation with the Government of Hungary.

The Working Party met in September 1975 and presented its report to the Council on 31 October 1975 (L/4228). The Working Party had examined the quantitative restrictions, not consistent with Article XIII, which were still in force as of 1 January 1975, and had noted that such discriminatory restrictions were still maintained in three customs areas. Some members of the Working Party were of the opinion that they had presented the economic motivations for maintaining, for exceptional reasons, discriminatory restrictions, as provided for in the Protocol of Accession. The Hungarian delegation had regretted that it had been unable to obtain indications as to the future elimination of these restrictions.

The Council adopted the report of the Working Party.

18. Consultation on trade with Poland (C/M/106, 110)

The Protocol for the Accession of Poland provides for annual consultations. At its meeting on 2 June 1975 the Council established a working party to conduct the eighth annual consultation and to re-examine the question of the establishment of a date for the termination of the transitional period.

The Working Party met in October 1975 and presented its report (L/4237) to the Council on 21 November 1975. The Working Party had noted that discriminatory restrictions against imports from Poland were still maintained in four customs areas, and had also noted that Poland had considerably exceeded its import commitment. The Working Party had not been able to agree on the question of establishing a terminal date for the abolition of the discriminatory restrictions.

The representative of Poland recalled that several countries including member countries of the European Community were still maintaining discriminatory import restrictions. He considered that differences in economic systems could not be used as an argument for maintaining such restrictions as sufficient safeguards existed in the Protocol of Accession and in the General Agreement. His delegation could therefore not accept a termination of the transitional period without complete elimination of the remaining discriminatory restrictions.

The Council noted that it had not been possible to agree on a recommendation with regard to the question of the establishment of a terminal date for the transitional period. In accordance with the provisions of the Protocol this question would be re-examined at the ninth annual review.

The Council adopted the report.

19. Consultation on trade with Romania (C/M/103)

The Protocol for the Accession of Romania provides for consultations to be held biennially between Romania and the CONTRACTING PARTIES in order to carry out a review of the development of reciprocal trade between Romania and the contracting parties.

At its meeting on 3 February 1975 the Council set up a working party to conduct the second consultation with the Government of Romania.

The representative of Romania recalled that contracting parties still maintaining prohibitions or quantitative restrictions not consistent with Article XIII of the General Agreement had undertaken in the Protocol to remove these measures progressively and had accepted as an objective their elimination before the end of 1974. If, for exceptional reasons, a limited number of restrictions were still in force on 1 January 1975, the Working Party should examine such restrictions with a view to their elimination.

The Working Party has not yet been convened. In order to allow time for the preparation of the meeting it has been agreed in informal consultations that the Working Party should meet in the early part of 1976.

20. Romanian customs tariff

In March 1974 the Council established a working party to examine, in the light of the relevant provisions of the General Agreement, the customs tariff and the regulations of the customs tariff introduced by Romania.

The Working Party had a first meeting in December 1974 and agreed to meet again to conclude its work.

The Working Party has not yet been reconvened. Informal consultations about the date of the meeting are being carried out.

21. Review under paragraph 4 of the Protocol of Accession of Switzerland (C/M/109)

Under paragraph 4 of its Protocol of Accession the Government of Switzerland reserved its position with regard to the application of the provisions of Article XI of the General Agreement to permit it to apply certain import restrictions pursuant to existing internal legislation. The Protocol requires the CONTRACTING PARTIES to conduct a thorough review of the application of the provisions of paragraph 4 every three years.

At its meeting on 31 October 1975 the Council carried out the third triennial review on the basis of the three annual reports furnished by the Governments of Switzerland (L/3894, L/4087, L/4221), which covered the years 1972-1974. Some representatives commented on the information provided in the reports and asked for additional information relating to certain imports. The representative of Switzerland explained the objectives of the Swiss import policy, which were to maintain the possibility for development of traditional trade flows, while providing sufficient opportunities for imports from new exporting countries and taking into account the evolution of demand in the domestic market.

The Council took note of the reports.

22. Egypt - Consolidation of economic development tax (C/M/110)

Under paragraph 6 of its Protocol of Accession the Government of Egypt reserved the possibility to maintain in effect the temporary consolidation of economic development tax on bound duties. The Protocol provides that if the measure is still in effect on 31 December 1975 the matter shall be reviewed by the CONTRACTING PARTIES.

At its meeting on 21 November 1975 the Council considered a communication from the Government of Egypt (L/4243) notifying the intention to maintain the tax for a period of five years, as it was considered essential for the financing of the Second Five Year Development Plan ending in 1980.

The Council reviewed the matter in accordance with the provisions of the Protocol of Accession and agreed that the measure could be maintained in effect until the end of 1980, by which time, if the measure was still in effect, the matter should again be reviewed by the CONTRACTING PARTIES.

The Council approved the text of a draft decision to this effect (reproduced in Annex V) and recommended its adoption by the CONTRACTING PARTIES.

### 23. Consultative Group of Eighteen (C/M/107)

In October 1974 the Council had had a preliminary exchange of views on the establishment of a consultative group on the basis of suggestions aimed at facilitating the carrying out by the CONTRACTING PARTIES of their responsibilities particularly with respect to following international trade developments, the forestalling, whenever possible, of sudden disturbances that could represent a threat to the multilateral trading system, the international adjustment process and the co-ordination, in this context, between the GATT and the International Monetary Fund.

Since that time consultations had continued among delegations particularly on the questions of securing a balanced and largely representative membership of the consultative group.

At its meeting on 11 July 1975 the Council considered a draft decision (C/W/262), based on these consultations, for the establishment of a consultative group. The Council noted that the Group was established provisionally for a period of one year, its tasks, composition and terms of reference being subject to review by the Council at the end of that year.

A large number of representatives welcomed the establishment of the Consultative Group of Eighteen which they considered a timely decision in the present world economic situation. They expressed their satisfaction with the well-balanced membership and noted also that the attendance of alternates was provided for. Some delegations expressed their confidence that the Consultative Group would not prejudice the rights of contracting parties and would act in a spirit of equality, bearing in mind the problems of all developing countries. Some delegations, referring to point (c) of the draft decision, expressed the understanding that the co-ordination between GATT and other agencies in the context of the international adjustment process would not be limited to the IMF.

The Council established the Consultative Group of Eighteen with the terms of reference and membership as proposed (L/4204).

24. International Meat Consultative Group (C/M/102, 103)

At its meeting on 8 November 1974 the Council heard a proposal by the representative of Australia for the establishment of a consultative group on meat.

The Council continued consideration of the Australian proposal (L/4119) at its meeting on 29 November 1974 and 3 and 7 February 1975. It was proposed that the Group should provide continuing opportunities for appropriate inter-governmental consultations on international trade in meat and cattle and make such studies of the world situation in meat and cattle as it saw fit, having regard especially to the desirability of providing regular and accurate information with regard to the supply and demand position and of its probable development.

A great number of representatives supported the proposal. Some representatives pointed out that the terms of reference of the Consultative Group should clearly define the relationship of that Group with the Multilateral Trade Negotiations and should make clear that the Group must not in any way serve to delay or prevent negotiations on meat in the MTN. They also referred to the question of duplication of work, particularly with the FAO Intergovernmental Group on Meat.

At its meeting on 7 February 1975 the Council agreed to establish the International Meat Consultative Group (L/4175). The Group would be open to all countries interested in international trade in meat and wishing to participate in the Consultative Group.

25. Application of Article XXXV to Japan (C/M/109)

At the meeting of the Council on 31 October 1975 the representative of Japan expressed his Government's appreciation of the governments of three contracting parties which since the thirtieth session had disinvoked Article XXXV in respect of Japan. He expressed regret, however, that the Governments of six contracting parties: Austria, Cyprus, Haiti, Kenya, Senegal and South Africa, had still not found it possible to enter into a normal legal GATT relationship with his country.

The Council took note of the statement and appealed to the contracting parties concerned to give again serious consideration to this question.

26. Arrangement Regarding International Trade in Textiles (C/M/105)

Annual review

Under the provisions of Article 10:4 of the Arrangement Regarding International Trade in Textiles the Textiles Committee is required to review the operation of the Arrangement once a year and to report thereon to the Council.

At its meeting on 24 March 1975 the Council considered the report of the Textiles Committee (CCM.TEX/5) on its first annual review. The review was based on a report by the Textiles Surveillance Body on its activities from April to November 1974.

The Director-General, Chairman of the Textiles Committee, pointed out that the work of the TSB had been conducted in a useful and constructive way and that participating countries had reaffirmed the importance they attached to the rôle of the TSB and had urged the continuation of its work. The TSB would be called upon to play an increasingly crucial rôle in the present difficult economic circumstances and this would require the full support and co-operation of governments.

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

27. International Trade Centre

(a) Joint UNCTAD/GATT Advisory Group (C/M/105)

At its meeting on 24 March 1975 the Council considered the report of the Joint UNCTAD/GATT Advisory Group on its eighth session (ITC/AG/(VIII)44). The Chairman of the Advisory Group pointed out that the ITC had acquired a clearly defined legal status under the United Nations and GATT. New administrative arrangements for ITC's technical assistance activities had been adopted.

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 programmes as well as ad hoc requests for marketing assistance and had emphasized that a high degree of flexibility was needed on the part of the Centre in assisting the least developed countries. The Group had endorsed the decision by the Centre to set up a task force of senior officers to study problems connected with the recruitment of experts and it commented favourably on the Centre's proposal for a project evaluation system. The Group had drawn up recommendations which should permit the Centre to discharge fully its responsibilities as the focal point for all UN assistance in the field of trade promotion. These included the conclusion of agreements with other UN

bodies, the establishment of permanent liaison arrangements with UN Economic Commissions and the undertaking of basic research on the trade promotion needs of developing countries. The future composition of the Technical Committee was still under review and no solution had been found to the problem of membership.

The Council approved the recommendations of the Advisory Group relating to the work programme (ITC/AG(VIII)/39) and adopted the report.

(b) UNCTAD Resolution 135(XV) Export Promotion (C/M/109)

At its meeting on 31 October 1975 the Council concurred with a decision of the UNCTAD Trade and Development Board (Resolution 135(XV) Export Promotion), relating to the work of the International Trade Centre.

28. Training activities (C/M/109)

At the meeting of the Council on 31 October 1975 the Director-General presented a report on the activities of GATT in the field of training (L/4232). He stressed the importance he attached to the two commercial policy courses, one in English and one in French, held each year. The courses dealt with commercial policy and current international economic problems. The Director-General also expressed appreciation for the interest shown by all governments concerned in the programme and for the hospitality extended to the participants in the courses during the practical study tours.

The Council took note of the report.

29. Status of protocols (C/M/110)

At its meeting on 21 November 1975 the Council considered the report of the Director-General (C/W/267) on the status of the Protocols upon which some action was still required by one or more contracting parties. The Council noted that the Protocol Introducing Part IV was in force amongst all but three contracting parties. 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 thirty-second session for those contracting parties which would not have been able to accept it before the end of the thirty-first session. The Council approved the text of a draft decision (reproduced in Annex VI) and recommended its adoption by the CONTRACTING PARTIES.

30. Administrative and financial questions

(a) Revised salary scales and allowances (C/M/103)

At its meeting on 3 February 1975 the Council authorized the Director-General to apply, as from 1 January 1975, the revised salary scales and allowances (L/4147), which had been approved by the UN General Assembly.



(b) Erosion of salaries and allowances (C/M/104)

At its meeting on 24 February 1975 the Council considered the problems which had arisen for the staff in the professional category and above from the erosion of salaries and allowances. Many representatives expressed their sympathy with the staff concerned.

The Council recognized the seriousness of the situation and considered that it should give it most careful consideration as a matter of urgency. The Council invited the Director-General to put forward written proposals for examination by the Council.

The proposals by the Director-General have been circulated in March 1975 (C/92).

(c) Committee on Budget, Finance and Administration (C/M/107, 110)

At its meeting on 11 July 1975 the Council established the Committee on Budget, Finance and Administration.

The Committee met in October 1975. The Committee examined the 1974 accounts, the financing of the 1975 budget and the budget estimates for 1976 of the GATT secretariat. The Committee also considered the financial report and interim accounts for the final year of the 1974-1975 biennium of the International Trade Centre, the performance report on the Centre's programme budget 1974-1975 and the budget estimates of the Centre for the financial years 1976-1977.

The Committee's report (L/4229) was presented to the Council at its meeting on 21 November 1975. The Council was informed that the reservations made by one member of the Committee relating to a number of budgetary items, which were reflected in the report, had been withdrawn.

The Council noted the concern expressed by the Committee that outstanding contributions amounted to Sw F 3.7 million and endorsed the Committee's recommendation that governments be urged to pay pending contributions as soon as possible and to pay each year's contribution as early as possible in the year in which it fell due.

The Council approved the recommendations made in the report and recommended the adoption by the CONTRACTING PARTIES, at their thirty-first session, of the report, including the recommendations contained therein and the Resolution on the expenditure of the CONTRACTING PARTIES in 1976 and the Ways and Means to meet such Expenditure.

31. Arrangements for the thirty-first session (C/M/107)

At its meeting on 11 July 1975 the Council agreed that the thirty-first session of the CONTRACTING PARTIES should be held in the week of 24-28 November 1975 and that the duration of the session should be limited to two-three days, if possible.

32. Membership of the Council (C/M/110)

At its meeting on 21 November 1975 the Council welcomed Colombia as a member of the Council.

ANNEX I

BRAZIL - RENEGOTIATION OF SCHEDULE III

Draft Decision

Considering that the CONTRACTING PARTIES on 27 February 1967 decided to suspend the application of the provisions of Article II of the General Agreement to the extent necessary to enable the Government of Brazil to apply the rates of duty provided in its new Customs Tariff, which might exceed those bound in Schedule III, pending the completion of negotiations for the modification or withdrawal of concessions in that Schedule subject to the conditions provided for in that Decision;

Considering that paragraphs 1 and 3 of the conditions in the Decision provided that the Government of Brazil as promptly as possible should enter into negotiations or consultations with interested contracting parties in order to establish a new Schedule III, the negotiations or consultations to be completed before 29 February 1968, which period was, by successive decisions of the CONTRACTING PARTIES, extended to 30 April 1974;

Noting that the results of the negotiations are embodied in document SECRET/187 and addenda and that the results of these negotiations were put into effect by the Government of Brazil as of 27 May 1975 with the exception of certain concessions which the Government of Brazil has notified to the CONTRACTING PARTIES in two communications dated respectively 25 June and 18 September 1975 (documents L/4191 and L/4191/Add.1);

Urging the Government of Brazil to submit to the contracting parties the new Schedule III, as renegotiated, as soon as possible;

Recognizing the desirability of maintaining a general level of mutually advantageous concessions that will favour high and expanding levels of trade.

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement,

DECIDE to suspend the application of Article II of the General Agreement to the extent necessary to enable the Government of Brazil to retain in effect the rates provided in its present customs tariff for the products described in the communications of 25 June and 18 September 1975, pending the completion of negotiations for modifications or withdrawal of concessions in the new Schedule III, subject to the following conditions:

1. The Government of Brazil will as soon as possible enter into negotiations or consultations pursuant to paragraphs 1 to 3 of Article XXVIII. These negotiations or consultations would relate to the compensation for the modifications specified in the two Brazilian communications mentioned above with a view to reaching a satisfactory adjustment consistent with the requirements of paragraph 2 of Article XXVIII.
2. Part IV of the General Agreement, including Article XXXVI:8, is applicable to the negotiations between Brazil and the contracting parties which have accepted the Protocol amending the General Agreement on Tariffs and Trade to Introduce a Part IV on Trade and Development; and other contracting parties, negotiating with Brazil, likewise accept the principle enunciated in Article XXXVI:8 as applicable to the negotiations.
3. The negotiations or consultations mentioned above shall be completed not later than 31 March 1977.
4. Pending the entry into force of the results of the negotiations or consultations mentioned above, the other contracting parties will be free to suspend concessions initially negotiated with Brazil to the extent that they consider that adequate compensation, bearing in mind the provision of paragraph 2 of this Decision, is not offered within a reasonable time by the Government of Brazil (subject to the right of any third contracting party having a principal supplying interest or a substantial interest therein to withdraw substantially equivalent concessions initially negotiated with such other contracting parties).
5. Except as may be otherwise provided in this Decision, the negotiations or consultations mentioned above shall be conducted in conformity with the relevant provisions of Article XXVIII.

ANNEX II

INDONESIA - RENEGOTIATION OF SCHEDULE XXI

Extension of Time-Limit

Draft Decision

Considering that the CONTRACTING PARTIES, by Decision of 13 November 1973, suspended the application of the provisions of Article II of the General Agreement to the extent necessary to enable the Government of Indonesia to apply the rates of duty contained in its Tariff of Customs Duty on 1 February 1973 which may exceed those bound in Schedule XXI, subject to certain specified conditions;

Considering that among the conditions mentioned above was the obligation to conduct negotiations or consultations in conformity with the relevant procedures of Article XXVIII and to terminate such negotiations or consultations before 31 December 1975;

Considering that the Government of Indonesia has notified that it will not be possible to conclude these negotiations and consultations by the date specified and has requested an extension of the time-limit for their conclusion by one year.

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement,

Decide that the time-limit provided for in paragraph 3 of the Decision of 13 November 1973 shall be extended until 31 December 1976.

ANNEX III

PARTICIPATION OF THE PHILIPPINES IN THE WORK  
OF THE CONTRACTING PARTIES

Extension of the Decision of 9 August 1973

Draft Decision

Considering that the parties to the Declaration of 9 August 1973 on the Provisional Accession of the Philippines to the General Agreement on Tariffs and Trade are taking steps, pursuant to paragraph 4 of that Declaration, to extend the period of validity of the Declaration:

The CONTRACTING PARTIES

Decide to extend the period of validity of the Decision of 9 August 1973, which provided for the participation of the Philippines in the work of the CONTRACTING PARTIES, until the Government of the Philippines accedes to the General Agreement under the provisions of Article XXXIII or until 31 December 1977, whichever date is earlier.

ANNEX IV

PARTICIPATION OF TUNISIA IN THE WORK  
OF THE CONTRACTING PARTIES

Further Extension of the Decision of 12 November 1959

Draft Decision

Considering that the parties to the Declaration of 12 November 1959 on the Provisional Accession of Tunisia to the General Agreement on Tariffs and Trade are taking steps, pursuant to paragraph 6 of that Declaration, to extend further the period of validity of the Declaration:

The CONTRACTING PARTIES

Decide to extend further the period of validity of the Decision of 12 November 1959, which provided for the participation of Tunisia in the work of the CONTRACTING PARTIES, until the Government of Tunisia accedes to the General Agreement under the provisions of Article XXXIII or until 31 December 1977 whichever date is earlier.

ANNEX V

EGYPT - CONSOLIDATION OF ECONOMIC DEVELOPMENT TAX

Draft Decision

Noting that the Government of Egypt in its Protocol of Accession to the General Agreement on Tariffs and Trade, dated 27 February 1970, has reserved the possibility to maintain in effect on bound duties the temporary "Consolidation of Economic Development Tax", at rates not exceeding the rates in force on the date of the Protocol, until 31 December 1975, by which time, if the measure was still in effect, the matter would be reviewed by the CONTRACTING PARTIES; and

Considering that the Government of Egypt has notified its wish to maintain in effect the tax, which it considers essential for the financing of the Second Five-Year Development Plan, until 31 December 1980,

The CONTRACTING PARTIES decide that the Government of Egypt may maintain in effect on bound duties the temporary "Consolidation of Economic Development Tax", at rates not exceeding those in force on 27 February 1970, until 31 December 1980, by which time, if the measure is still in effect, the matter shall be reviewed by the CONTRACTING PARTIES.



ANNEX VI

EXTENSION OF CLOSING DATE FOR ACCEPTANCE  
OF THE PROTOCOL AMENDING THE GENERAL  
AGREEMENT TO INTRODUCE A PART IV  
ON TRADE AND DEVELOPMENT

Draft Decision

Considering that the Protocol Amending the General Agreement to Introduce a Part IV on Trade and Development has not yet been accepted by all contracting parties.

The CONTRACTING PARTIES

Decide to extend the closing date for acceptance of the said Protocol until the close of their thirty-second session, and

Urge the contracting parties which have not yet accepted the said Protocol to make every effort to do so in the near future.