

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Government Procurement

MINUTES OF MEETING OF 1-2 MAY 1985

Chairman: Mr. M. Shaton (Israel)

1. The following agenda was adopted:

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A. French "Computer Literacy Programme"

2. The representative of the United States introduced this item, which his delegation had requested be placed on the agenda (GPR/W/69), bilateral contacts no longer offering the possibility of a satisfactory solution. At issue were purchases of micro and personal computers by UGAP under a Computer Literacy Programme announced by the French Prime Minister on 25 January 1985 and involving, in 1985, the installation in education establishments of 120,000 micro computers, bringing the numbers in such establishments to 160,000 by the end of 1985. As UGAP was Code-covered, one might expect that these purchases would be made consistently with the European Economic Community's obligations under the Agreement. However, prior to the Prime Minister's January announcement, rumours and press reports had indicated that the bulk of these purchases would be reserved for French companies. As early as December 1984 the United States had contacted the French authorities informally and on 4 February 1985 a diplomatic note had been delivered requesting an explanation and assurances that the purchases would be made consistently with the Agreement.

3. Specifically, the French authorities intended to make highly questionable use, for almost all their requirements, of options in contracts awarded for other purposes pursuant to tenders in 1983 and 1984. While the original tender notices in August 1983 had called for 800-6,000

relatively unsophisticated micro computers per year for five years, he understood that the contracts awarded provided for the purchase of up to 8,000 per year. A notice for 10,000-30,000 micro computers annually for five years, had been published on 13 January 1984 under restricted procedures and with only eighteen days bid time; he understood that the contract awarded provided for the purchase of up to 40,000 per year.

4. The Agreement required that each purchase be advertized with full opportunity for competition, and that contract awards could include options only as long as the original tenders were evaluated on the basis of both the initial purchase and options. However, he understood that the 1983 and 1984 contracts had permitted negotiation of price, quantity and delivery once the option was exercised. Thus the terms of purchase under options had not been specified in the original tender notice and the French authorities were using old contracts to negotiate new ones non-competitively with the original suppliers, in violation of the Agreement. These were new purchases, requiring publication of new tender notices and observance of all provisions of the Agreement during all stages of the procurement process.

5. For their remaining needs under the programme, the French authorities intended to follow open tendering, but under what he viewed as unnecessary accelerated procedures. On 10 April 1985 the EC Official Journal had contained three tender notices for the procurement of 3,000 micro computers and related equipment, all allowing only ten to thirteen days for bid submission. The United States had promptly protested the use of these short deadlines and asked for appropriate extensions. To date the French Government had not explained the necessity to abbreviate the bid period. Furthermore, the tender notices had been published two and a half months after announcement of the programme, and during the Easter holiday season.

6. He believed the French authorities had been less than co-operative in responding promptly to questions and providing information to which the United States was entitled under the Agreement. The 4 February 1985 diplomatic note had not been answered until 12 April and the tender documentation for the two old options contracts, requested in mid-February 1985, had not been provided until 17 April. Moreover, despite an urgent request, the French authorities had not intended to transmit the tender documentation for the three new notices until the day after the bid deadline; this documentation had still not been received. The United States was also awaiting a response to a diplomatic note of 17 April 1985 and to a request for the contracts signed pursuant to the old options contracts.

7. The French authorities intended making the purchases in a manner viewed by the United States as a violation of the spirit and letter of the Agreement. Article V:3 and 4 provided for the publication of a notice of each purchase. This had not been complied with. Article V:10 required thirty days between publication of the notice and bid submission deadline. This had not been observed in January 1984 or April 1985. Article VI:7 required that information on individual contract awards be provided on request to another Party.

8. As a result, the United States delegation was requesting the immediate establishment of a panel under Article VII:2 of the Agreement to examine French compliance with it with respect to these computer purchases,

including the improper use of options contracts and short bid deadlines. It was asking that this panel present its findings and recommendations before the next meeting of the Committee, as the United States and other Parties stood to suffer immediate and irreparable harm unless the French authorities followed, in making these computer purchases, all of the open and non-discriminatory procedures required by the Agreement. He recognized that a request for a panel might give rise to procedural objections, since Article VII:2 referred to paragraph 8 of Article VII, which might be interpreted as requiring the prior completion of bilateral consultations and conciliation procedures. His authorities did not want at this stage to enter into a bilateral dispute with the European Economic Community. They wanted to ensure that the French authorities complied with their obligations under the Agreement in the award of these contracts. They could not wait for the completion of the normal procedures in dispute settlement, by which time the only possibility would be to seek authorization to retaliate against a practice inconsistent with the Agreement. Thus, if a procedural objection should be raised to the request for a panel under Article VII:2, he would ask for the immediate establishment of a working party or "other subsidiary body", prior to which consultation was not required.

9. The representative of the European Economic Community began by addressing the procedural aspects of the matter. First, the Party to the Agreement was the European Economic Community, not the Government of France. Had the Commission been approached, as it should have been, earlier than in the last few days many misunderstandings might have been avoided. Second, whether a panel or a working party were set up, he would insist on the procedures being followed so as not to create precedents. The need was for bilateral consultations, as promptly as possible, taking into account the complexity of the issue and a minimum of time needed for further information.

10. Outlining the history of the French Computer Literacy Programme, he explained, and the representative of France confirmed, that it was not a new programme, but a programme launched in 1983, the only difference being that whereas it was originally foreseen as a five-year programme it had been accelerated, for political reasons, by the new French administration. The programme was a very extensive one, ranging from very simple computers for primary schools to small computer networks for secondary schools and universities.

11. He stated that the first invitation to tender under this programme, for relatively sophisticated professional micro computers for secondary schools and universities, had been published under open procedures on 2 August 1983. As there had been no respondents, the French authorities had had to enter into negotiations with a number of suppliers, some of them American. Contracts had been awarded to five French companies, of which some, however, were assembling machines imported from other Parties. The representative of France specified that each of these five contracts was for the supply of 5,500 computers per year, renewable annually for a maximum of five years, i.e. allowing in the two years 1984-1985 for the purchase of 55,000 computers.

12. The representative of the European Economic Community explained that the next invitation to tender, published on 13 January 1984, had been for relatively elementary "family" computers for primary schools, in much

larger numbers than in the first contract, but worth much less. Participation in the tender had been limited and the contract had been awarded to a French firm. The representative of France added that there had been seven respondents, including four foreign, of which two American. One American firm had declined the invitation to tender, while the other had not been taken up for technical and price reasons. The contract awarded allowed for the purchase of a maximum of 40,000 computers per year, and was renewable annually for five years, i.e. permitting in the two years 1984-1985 the purchase of 80,000 computers. He noted that the delegation of the United States had made no mention of complaints of unfair treatment from any American company.

13. The representative of France thus noted that the first two awards had covered more or less entirely the needs of the Computer Literacy Programme. Indeed, the requirements by September 1985 were not for 120,000 computers, an unofficial indicative figure mentioned in the press, nor for 160,000, a figure which might be reached on completion of the programme. The immediate need was for some 100,000 computers and the recent complementary invitation to tender had been published to bridge the gap between this figure and the existing contracts. The invitation had been published on 10 April 1985 in the supplement to the Official Journal of the European Communities and in the French "Bulletin Officiel des Annonces des Marchés Publics". The main element in this notice had been the purchase of an additional 3,000 professional micro computers. In regard to the "family" computers, given the size of the contract, the supplier had agreed to an additional advantage in the form of the supply of 4,000 additional computers at zero price.

14. The representative of the European Economic Community explained that the urgency with the most recent tender notice arose from budgetary considerations. The representative of France also emphasized the political necessity of having the equipment installed and fully operational by the start of the school year, 9 September, which meant placing the first orders immediately. The reply time in this instance was of twelve days, but the Code allowed for recourse to accelerated procedures. Even so, there had been thirty-seven respondents, including several from the United States, and evaluation of these was currently underway.

15. The representative of France concluded that the publications had all been done correctly and had attracted extensive participation. There appeared to have been no violation by the French authorities either of the Agreement or of the Community directives. As concerned the alleged lack of co-operation by the French authorities, requests for information had been put in a fashion which had not made it easy to make a prompt reply. However, all the information had been given, the technical specifications of existing contracts resulting from the 1983 and 1984 tenders had been supplied and the documents concerning the tender notices of 10 April 1985 had now been communicated.

16. The representative of the United States reiterated his concern about compressed orders, accelerated deliveries and the publication of a notice of proposed purchase involving the procurement of one volume of computers and the subsequent award of a contract for another, larger volume of computers, and maintained that all was not being done in a manner consistent with the Agreement. Given these concerns, he requested the establishment of a working party or other subsidiary body under the provisions of Article VII:2, without prior bilateral consultations.

17. The representative of the European Economic Community knew of no provisions in the Agreement forbidding the acceleration of delivery. The Agreement covered the process up to and including the award of the contract and not what was done thereafter. On procedures he maintained that the Commission needed to be consulted as the Party to the Agreement, it would require some days for preparations prior to such consultations. He did not believe that there was a case to answer and was prepared to go ahead as quickly as possible.

18. By way of completing the information supplied to the Committee, the representative of France added that, given the financial considerations already referred to, the procurement was being carried out by way of leasing.

19. The secretariat outlined relevant practices and procedures. In cases of dispute settlement, bilateral consultations had to take place promptly before a request for conciliation and the establishment of a panel. Under the Agreement on Government Procurement, however, no specific procedures were laid down for the establishment of a working party or other subsidiary body and the Committee was free to adopt those most appropriate to each case. The establishment of a working party or other subsidiary body would require a consensus. The Committee could agree that it would meet if bilateral consultations failed.

20. The representatives of Japan and of Finland, on behalf also of Norway and Sweden, could accept the idea of a working party or other subsidiary body, though the representatives of Canada and the United Kingdom on behalf of Hong Kong felt bilateral consultations should be held first.

21. The Committee agreed that bilateral consultations under the relevant provisions of the Agreement should be held between the United States and the Commission of the European Communities as promptly as possible and that, should these fail to bring a satisfactory solution, and should the United States so request, the Committee would reconvene on 5 June 1985 to examine the matter.

## B. Article IX:6(b) negotiations

### (i) Improvements of the Agreement

22. The Chairman recalled that a third revision of the Consolidated List and some additional textual proposals had been circulated in GPR/W/56/Rev.3 and GPR/W/56/Rev.3/Add.1 respectively. Recalling the Committee's decision at its February 1985 meeting (GPR/M/15, paragraph 59), he noted that an informal working group had already started work, on an ad referendum basis. The Committee formally established the group, agreeing that it should decide on its own procedures and calendar of meetings, each Party being free to participate in any of its sessions.

23. The representative of Israel proposed that developing country Parties be allowed to provide qualification and bid documents in any GATT language, and that "technical assistance referred to in Article III:8-9 would include translation of pre-qualification documentation and bids made by suppliers from developing Parties". The Committee agreed to refer this proposal to

the informal working group for due attention and further agreed that any new proposal be notified to the Committee for transmission to the informal working group.

24. In reply to a question from the representative of the United States on Category B proposals (generally acceptable except for one party), the representative of Japan stated that while these were closely related to national rules and regulations, his authorities would be making every effort towards improvement of the Agreement.

(ii) Broadening of the Agreement

25. The representative of the United States drew attention to the fact that only few delegations had submitted entity request lists and urged others to do so as soon as possible. A number of changes to his own delegation's request lists would be provided to the delegations concerned bilaterally and a compendium drawn up for the secretariat. The representatives of Sweden, Switzerland and Canada were providing, on a bilateral basis, comments on the request lists presented to them. The Committee took note of these statements.

26. The Chairman recalled that the Committee had agreed to revert to a proposal for a deadline by which delegations responded to requests they had received. It was agreed to keep this point on the agenda and revert to it where appropriate.

(iii) Service contracts

27. The following pilot studies had been submitted since the last meeting: on insurance GPR/W/66/Add.1, 2 and 3; on architectural and consulting engineering services, GPR/W/67/Add.1 and 2.

28. The Chairman recalled that 1 June 1985 had been set as the target date for submissions on management consulting and that it had been agreed that Parties who so wished might carry out a study on freight forwarding.

29. The representative of the European Economic Community informed the Committee that information had been omitted from the Community's study on insurance with respect to France. This would be submitted. The French Government did not, on the whole, procure insurance.

30. The representative of Finland, also on behalf of Norway and Sweden, stated that these countries had collected information on procurement of data processing services, which would be distributed to all Parties.

31. The representatives of the United States and Canada urged those delegations which had not already done so to submit pilot studies on insurance and architectural and consulting engineering services as soon as possible.

32. The representative of the United States proposed that the Committee collect information on how Parties treat code-covered contracts which included both goods and services. The representatives of Canada, the European Economic Community and Finland, also on behalf of Norway and Sweden, replied that, as provided for in the Agreement, the procurement was

deemed to be for goods as long as the services component was less than 50 per cent of the value. The representatives of Switzerland and Israel gave the same preliminary answer, subject to confirmation. The Committee agreed to invite other delegations to provide answers, orally or in writing, at the next meeting.

33. The representative of the United States proposed that members of the Committee prepare themselves for a discussion at the June meeting of the Committee on how the question of service contracts might be pursued further.

34. The Committee took note of the above statements and suggestions.

(iv) Negotiations as a whole

35. The representative of the United States stated that the targeted deadline of mid-1985 for conclusion of negotiations could not be met and that a new deadline should be fixed. The Chairman concluded that it was generally agreed that the present target date could not be met and that this matter might be reverted to at the next meeting, when work of the informal working group would be more advanced.

C. Continuation of Review of 1983 Statistics

36. The Chairman recalled that the Committee was expected to finalize its review of 1983 statistics at this meeting (GPR/M/15, paragraph 29). Each report was taken in turn.

(i) Statistics of Austria (GPR/24/Add.10)

37. The representative of Austria provided answers in writing to written questions he had received. The Federal Ministry of Education and Fine Arts and the Federal Ministry of Science and Research had no central procurement office. Contracts were awarded by the various departments and offices, hence the low proportion of above-threshold contracts. The latter were subject to tendering procedures and the overwhelming part of them originated from Parties to the Agreement. Single tendering purchases were covered under Article V:15(b) and (d). They were accounted for by the continuation of initiated programmes and parts replacements. In the Federal Ministry of Finance, the reorganization of distributed data processing had been awarded through tendering procedures in 1980; thus the contracts for additional deliveries awarded through single tendering in 1983 were in accordance with Article V:15(d).

(ii) Statistics of the European Economic Community (GPR/24/Add.9)

38. The representative of the European Economic Community was not in a position to provide answers to some of the questions put to him at the meeting and on earlier occasions as the statistics were being revised. He undertook to reply in writing when the revision had been completed.

39. As concerned the decline in above-threshold publications, this was due to a coincidence. In several member States bi-annual contracts had not been renewed in 1983. Their renewal in 1984 would be reflected in that year's statistics.

40. Concerning the question of giving statistics relating to individual member States, he recalled that this had not been the practice but that, in view of the interest shown, the matter would be raised at Community level.

(iii) Statistics of Norway (GPR/24/Add.7)

41. The representative of Norway explained, in reply to an earlier question, that the National Road Services had been subject to budgetary constraints. While above-threshold purchases had fallen from 18.2 per cent in 1982 to 14.3 per cent in 1983, foreign contracts were still about 78 per cent.

(iv) Statistics of Sweden (GPR/24/Add.2)

42. In reply to an earlier question, the representative of Sweden stated that the procurement for the National Board of Education was done by other agencies: in 1981 and 1982 by a non-Code-covered entity, since 1983 by the Defence Material Administration. There had been one publication in 1983 which would be reflected in the 1984 statistics.

(v) Conclusions

43. The Chairman recalled the Committee's decision (GPR/M/12, paragraph 9) to derestrict the statistics one year after conclusion of the annual review. The 1983 statistics would therefore be derestricted on 1 May 1986. It was agreed that since it had been decided that the review of 1983 statistics be officially completed at this meeting, any outstanding questions could be raised at the next meeting under "Other Business". The Committee also agreed on 30 September 1985 as the deadline for submission of 1984 statistics.

D. Implementation and Administration of the Agreement

(i) European Economic Community

44. The representative of the United States had a number of questions relating to the first quarter of 1985. The representative of Canada associated herself to the first, relating to the unusually high number of notices with short bid deadlines.

45. In reply to the first question, the representative of the European Economic Community stated that the short bid deadlines were due to publication delays occasioned during the change-over to complete automation in the EC's publications office, coupled with budgetary constraints. Both problems had been solved and delays would shortly be made up.

46. Concerning recurring incidences of short bid deadlines of the German Bundespost, the representative of the Federal Republic of Germany stated that while some were justified under Article V:9(d), high-level directives were being issued to the procuring agencies of the Bundespost requesting that short bid deadlines should be resorted to only in very exceptional cases.

47. With regard to procurement practices in Italy, the representative of the European Economic Community explained that the low number of publications was due to the practice of purchasing on an annual or



biannual basis. This was reflected in the volumes of contracts. Even so, the first quarter of 1985 had shown a significant increase in publications. The incidence of short bid deadlines was only partly due to the publication problems referred to above (paragraph 45). Action would be taken to reduce the incidence. The problem of the limited range of goods was recognized and was being raised with the Italian authorities. The representative of Italy explained that the recent short bid deadline in connection with the purchase of office machines was due to an emergency created by the May elections. The Italian authorities were making every effort to ensure compliance with the letter and spirit of the Agreement.

48. With respect to the short bid deadlines of United Kingdom Regional Health Authorities, the representative of the European Economic Communities stated that an investigation was underway.

49. The representative of France presumed that the 25 per cent decline in French publications in the first quarter of 1985 was due to start-of-year financial problems and would be made up later. The representative of the European Economic Community undertook to provide a definite answer on this point by the next meeting of the Committee.

(ii) Finland

50. The representative of Finland announced his authorities' offer to insert, in Annex I to the Agreement, the National Board of Survey, in compensation for the Government Fuel Centre. He recalled the announcement and statements made previously on this matter (GPR/19, GPR/M/12, GPR/M/13) and stated that his authorities still held the same position. Total procurement figures for the National Board of Survey for the years 1981-1984 were, respectively: FIM 8.3, 9.5, 6.9 and 9.8 million with an estimate for 1985 of 16 million. The numbers of above-threshold purchases in these years were, respectively: 0, 4, 0, 1, with an expected 4 in 1985. The above-threshold procurements had consisted mainly of ADP equipment and map-making instruments.

51. The Committee agreed that if no objections were raised by 2 June 1985 the proposed compensation would be deemed to have been agreed upon; if objections were raised the procedures laid down in Article IX:5(b) would be followed. The Chairman further suggested that the delegation of Finland circulate<sup>1</sup> the text of the proposed compensation in writing after the meeting.

(iii) Israel

52. The representative of the United States enquired about the lack of publication of tender notices since the beginning of 1985. The Chairman stated that the question would be referred to the Israeli authorities.

(iv) Japan

53. The representative of Japan, with reference to Article IX:5(a) of the Agreement, notified<sup>2</sup> the following minor amendments to the list of entities referred to in Article I:1(c): Administrative Management Agency, Japan

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<sup>1</sup> Subsequently issued as GPR/19/Add.1.

<sup>2</sup> Subsequently issued as GPR/28.

Tobacco and Salt Public Corporation, Nippon Telegraph and Telephone Public Corporation to be replaced respectively by Management and Coordination Agency, Japan Tobacco Inc., Nippon Telegraph and Telephone Corporation. Although Japan Tobacco Inc. was no longer a public corporation, the Japanese Government had decided to keep it within the coverage of the Agreement. Should it prove possible to remove it from the entity list while satisfying the requirements for compensatory adjustments, his delegation might make a notification under Article IX:5(b). With respect to Nippon Telegraph and Telephone Corporation, the representative of Japan stated that the Agreement on Government Procurement and the Japan/United States NTT procurement arrangements would remain applicable for the life of the latter, i.e. to 31 December 1986.

54. The representative of Canada stated that her authorities would expect compensation if NTT were not to be retained within the coverage of the Agreement on Government Procurement after 31 December 1986.

55. The Committee took note of the statements made and agreed that the Japanese amendments would come into force if no objections had been raised within thirty days.

56. The representative of the United States expressed concern over short bid deadlines, occurring in 27 per cent of tender notices in February and March 1985. He also enquired why Japan National Railways had published no notice for telecommunications equipment, as one of only two entities permitted to have a telecommunications system.

57. The representative of the European Economic Community also expressed concern over short bid deadlines: 40 per cent of notices published between October 1984-March 1985, 45 per cent in January-March 1985. In this respect, he drew attention to the practices of various divisions of the Ministry of Finance, the Ministry of Posts and Telecommunications, the Defense Agency, Japan National Railways. He found it difficult to accept, on reading the notices, that these might be recurring purchases. In the case of JNR, he also noted a return to bid-and-performance bonds. As concerned single tendering for medical equipment by the Ministry of Education, he noted that in the past this agency had specialized in exception (a). Since between October 1984-March 1985 only one of thirty-five invitations published was for medical equipment, he deduced that the latter was now entirely purchased through single tendering. Regarding the Ministry of Health and Welfare he drew attention to a problem of qualifications: would it not be possible for the local agencies to have mutually recognized qualification procedures.

58. In reply, the representative of Japan stated that the practice in Japan was to allow short bid deadlines only for the second and subsequent notice for recurring contracts. Even in these cases an effort was being made to lengthen bid times. He asked for written notice of other questions, including the specific products referred to in connection with the purchases of telecommunications equipment by JNR.

(v) Norway

59. The representative of Norway informed the Committee that work on a compensatory adjustment following the decentralization of purchasing by the Central Government Purchasing Office was still underway. Given the small

size of most Norwegian entities it was not easy to find suitable compensation. The Committee would be informed of the proposed compensation as soon as possible.

(vi) Sweden

60. The Chairman recalled that the compensatory adjustment proposed in GPR/26/Add.1 had subsequently been modified in GPR/26/Add.2 and the deadline for objections extended to 30 April 1985. In the absence of objections, it was agreed that this adjustment was accepted, entering into force as of 2 May 1985.

(vii) United States

61. The representative of Canada recalled her Government's concern over United States public law 98-473, restricting procurement by the General Services Administration of strategic materials for national defense stockpiles to those mined and refined in the United States.

62. The representative of the United States stated that the question implied a change in legislation, which might take time. The matter would be kept under review by his authorities.

63. The representative of Canada requested this matter be placed as a separate item on the agenda of the next meeting of the Committee.

64. The Committee took note of the statements made and agreed to place the matter on the agenda for the next meeting.

65. The representative of the European Economic Community noted several encouraging trends in the notices published in the Commerce Business Daily. However:

- (i) there was an apparent lack of activity of secondary agencies: the Departments of Commerce, Justice, State, the Interior, Health and Human Services, Agriculture and especially the NASA. The latter's practise of annual renewable contracts did not appear to be a sufficient explanation. Within the Defense Department the activity of the army and navy was not matched by the air force, characterized by a noticeable absence of footnote 12 from published notices. The Defense Personnel Support Centre also appeared to omit footnote 12 and practice contract splitting, e.g. in the case of drugs. Footnote 12 appeared to be little used also by the Army Medical Centres and the Veterans' Administration Medical Centres;
- (ii) some problems related to certain product areas. Few invitations to tender were being published with footnote 12 for road vehicles, aircraft and components, and computers and office equipment. In the area of computers, notices without footnote 12 frequently stated that the contract would be awarded to a specified company if no alternative offer were received within fifteen days. He suggested that this delay should be thirty days;

- (iii) a fairly constant number of notices (twenty to twenty-five per month) specified a limited number of suppliers and lengthy qualification procedures;
- (iv) in some cases where short bid deadlines were infrequent, they were concentrated: e.g. the General Services Administration in January 1985;
- (v) with respect to footnote 22-29 series, only ten days were allowed for written application for bid solicitation. This was too short for European suppliers; and
- (vi) finally, he asked how the new format for notices proposed by the Commerce Business Daily was consistent with the provisions of the Agreement, in particular with respect to the inclusion of information required under Article V:4(f) relating to technical requirements, etc.

66. In reply the representative of the United States stated that most questions would have to be referred to his authorities for a reply by the next meeting of the Committee. The apparent lack of activity of the Department of State was due to the erroneous inclusion in the past of footnote 12 and that of the Department of the Interior should be remedied shortly. With respect to the short bid deadlines for footnote 22-29 series, he wondered how a supplier would be able to put in a bid within thirty days if it had not requested the documentation within ten days.

E. Other Business

(i) Questions concerning the Harmonized Commodity Description and Coding System

67. The representative of Switzerland reverted to the questions put to the Committee at the last meeting (GPR/M/15, paragraph 86) and in particular whether the Parties could agree to adapt Annex I to the new nomenclature.

68. The representatives of the United States and Canada could not undertake to do so at this stage. The representative of the United States could agree to other Parties doing so as long as it did not lead to a reduction in coverage of the Agreement. The representative of Sweden required more time for consideration of the question.

69. In the light of these replies, the representative of Switzerland suggested that a change might await the introduction of the Harmonized System and that the matter be set aside for the time being. This was agreed, on the understanding that any delegation would be free to raise the question again in the future.

(ii) Practical Guide to the Agreement

70. The representative of Switzerland suggested that members publicize the Guide as widely as possible in their respective countries. His authorities had sent it to the federation of Swiss industry and commerce, and would advertize it in the official publication in which tender notices were published.

71. The representative of Israel informed the Committee that supplementary information for the Practical Guide was available in the secretariat for interested delegations, pending the publication of a first set of loose-leaves.

(iii) Article VII:4 Consultations Between Japan and the United States

72. The representative of the United States informed the Committee that the process of bilateral consultations concerning single-tendering practices was continuing, with a third round expected shortly.

(iv) Resolution of VAT Dispute

73. The representative of the United States asked for background information on current proposals for a resolution of the VAT dispute.

74. The representative of the European Economic Community stated that the Commission had put to the Council of Ministers a proposal for a negotiating mandate. He believed this would shortly be granted and would enable a proposition to be made for the solution of this problem.

(v) Anticipated Enlargement of the European Economic Community

75. The representative of the United States noted the need to start giving consideration to the implications for the Agreement of the anticipated enlargement of the European Economic Community. He suggested that the most appropriate solution might be that adopted in the case of Greece, that no benefits be extended to Spain and Portugal until they were in a position to provide an acceptable entity list.

(vi) Work Relating to Services

76. The observer for India voiced the concern of his delegation over the pilot studies on service contracts and particularly the decision taken at the last meeting to launch a third pilot study on management consulting. He regretted he was not able to address the issue at that meeting. He reminded the Committee that wider and more fundamental issues were involved. Despite the prefatory disclaimer published at the front of the first two studies, the fact remained that the secretariat had been called upon to conduct some further work in the area of services. Yet the whole issue of services in the GATT had been discussed by the CONTRACTING PARTIES at their last session and very carefully worded agreed conclusions had been arrived at, including a clear understanding on the rôle of the secretariat. He therefore regretted the decision taken at the last meeting of the Committee and expressed concern that nothing should be done, while the entire area of services was being debated in the GATT, to prejudice, directly or indirectly, the decisions that had been reached at the highest level of the GATT.

77. The representative of the United States drew attention to the fact that the studies had been carried out by Parties and not by the secretariat, which had merely collated and circulated them. Furthermore, the issue of services in this Committee was an integral part of the renegotiation of the Agreement. To the best of his knowledge, the delegation of India had not asked to qualify for participation in the

renegotiation according to the procedures agreed at the November 1983 meeting of the Committee. In this sense, he considered the statement of the observer for India to be inappropriate.

78. The representative of Canada recalled that Article IX:6(b) quite clearly stated the possibility of including services in a broadened Agreement. She also fully supported the statement of the representative of the United States.

79. The Chairman said that Article IX:6(b) and 11 of the Agreement enjoined the Parties to "explore the possibilities of expanding the coverage of this Agreement to include service contracts" and that the Agreement had been presented to the CONTRACTING PARTIES which had taken action on the Multilateral Trade Negotiations on 28 November 1979 (BISD, 26S/201).

(vii) Dates of Next Meeting. Agenda of Next Meeting

80. The Committee agreed that 19-20 June 1985 be set aside for the next meeting.

81. The preliminary agenda would include: (i) Article IX:6(b) negotiations; (ii) Implementation and administration of the Agreement; (iii) Procurement by the United States General Services Administration of strategic materials for national defense stockpiles; (iv) Other business, including questions, if any, relating to the 1983 statistics.

82. A further meeting was scheduled for the week of 23 September 1985.