

GENERAL AGREEMENT ON TARIFFS AND TRADE

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STATUS OF WORK IN PANELS AND IMPLEMENTATION OF PANEL REPORTS

Statement by the Director-General

I will first deal with the status of work in panels established by the Council:

1. European Economic Community - Production aids granted on canned peaches, canned pears, canned fruit cocktail and dried grapes

The Panel was established by the Council in March 1982 at the request of the United States. Its report was submitted to the Council in February 1985 (L/5778). The report was considered by the Council at its meetings in March, April, May and July 1985 and will be considered again at the regular Council meeting that will follow the present special meeting.

2. European Economic Community - Tariff treatment on imports of citrus products from certain countries in the Mediterranean region

The Panel was established by the Council in November 1982 at the request of the United States. Its report was transmitted to the Council in February 1985 (L/5776). It was considered by the Council at its meetings in March, April, May and June 1985. It is understood that consultations between the two parties on the substantive issue are being held.

3. Canada - Measures affecting the sale of gold coins

The Panel, established by the Council in November 1984 at the request of South Africa, submitted its report in September 1985 (L/5863). The report was discussed at the Council's meeting in September 1985 and will be considered again at the forthcoming regular meeting of the Council.

4. Canada - Import, distribution and sale of alcoholic drinks by provincial marketing agencies

The Panel was established by the Council at its meeting in March 1985 at the request of the European Economic Community. The Chairman of the Council was authorized to draw up, in consultation with the parties concerned, the terms of reference of the Panel and to designate its chairman and members. It has not yet been possible to reach agreement on these points and the time-limit of thirty days for

the constitution of the Panel has thus not been met in this case. I understand, however, that consultations between the two parties on the substantive issue are also being held.

5. United States - Restrictions on imports of certain sugar-containing products

The Panel was established by the Council at its meeting in March 1985 at the request of Canada. The Chairman of the Council was authorized to draw up, in consultation with the parties concerned, the terms of reference of the Panel and to designate its chairman and members. These consultations have, however, been temporarily suspended - and the thirty-day deadline has passed - since the two parties are having bilateral discussions on the matter of the dispute.

6. Japan - Quantitative restrictions on imports of leather footwear

The Panel was established by the Council at its July 1985 meeting at the request of the United States. Japan has subsequently declared that new tariff measures would replace the import quota system and that it would enter into negotiations under Article XXVIII:5 on bound items. The consultations on the terms of reference and the composition of the Panel are therefore not being pursued and the thirty-day deadline has passed.

7. United States - Trade measures affecting Nicaragua

The Panel was established by the Council at its October 1985 meeting at the request of Nicaragua. Consultations on the terms of reference and the composition of the Panel are being held.

I will continue by reporting on the status of work of Panels established by MTN Committees:

1. European Economic Community - Subsidies on exports of wheat flour

2. European Economic Community - Subsidies on exports of pasta products

The reports of these two Panels established by the Committee on Subsidies and Countervailing Measures (SCM/42 and SCM/43) were submitted in April 1982 and June 1983, respectively. They deal with fundamental issues, bearing on the interpretation of Article 10 in the wheat flour case and on the application of Article 9 in the pasta products case. As there have been divergent perceptions in the Committee in this respect, it has not been possible, so far, to adopt these reports.

3. United States - Definition of "industry" for wine and grape products

The Panel was established by the Committee on Subsidies and Countervailing Measures in February 1985 at the request of the EEC. At the meeting of the Committee on 4 October 1985 the Chairman of the Committee decided the terms of reference of the Panel and communicated its composition. The Panel will begin its work shortly.

With regard to the implementation of panel recommendations endorsed by the GATT Council or the MTN Committees, I would like to draw the attention of the Council to the following cases:

1. Japan - Measures on imports of leather

The Council adopted the Panel report (BISD 31S/94) at its meeting in May 1984. At subsequent meetings in 1984 and 1985, the Council discussed the follow-up to the report, at the request of the United States. At the meeting of the Council in July the representative of Japan said that his government had decided that new tariff measures would replace the import quota system on leather; once the tariff measures were formulated, Japan would enter into negotiations under Article XXVIII:5 on bound items.

2. EEC - Value-added tax and threshold

The report of this Panel was adopted by the Committee on Government Procurement in May 1984 (BISD 31S/247). The Panel found that the value-added tax is to be included when determining whether a contract falls above or below the threshold value of SDR 150,000. The EEC has proposed to unilaterally reduce the threshold by one half of the estimated average incidence of the value-added tax on code-covered purchases while continuing to include the value-added tax in the calculation of the contract value. The United States has not accepted this proposal.

3. United States - Manufacturing clause

The report of this Panel was adopted by Council in May 1984 (BISD 31S/74). The Panel found the manufacturing clause in the United States' copyright legislation to be inconsistent with the General Agreement. No action has so far been taken to implement the Panel report; however, according to the legislation presently in force, the application of the manufacturing clause lapses on 1 July 1986.

4. New Zealand - Imports of electrical transformers from Finland

The report of the Panel was adopted by the Council at its meeting in July 1985 (L/5814). New Zealand had decided to implement the report before its adoption and has in the meantime carried out the Panel's recommendations.