

GENERAL AGREEMENT ON

RESTRICTED

C/W/722

23 October 1992

TARIFFS AND TRADE

Limited Distribution

CONTRACTING PARTIES
Forty-Eighth Session

COUNCIL OF REPRESENTATIVES

Draft Report on Work since the Forty-Seventh Session¹

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 latter.

In carrying out its task, the Council has held [...] regular meetings and [...] special meetings since the Forty-Seventh Session in December 1991. The minutes of these meetings, which remain the record of the Council's work, are contained in documents C/M/254-C/M/..., C/RM/M/18-.. and C/RM/OV/M/3. Adoption of this report, which summarizes the action taken by the Council, will constitute approval by the CONTRACTING PARTIES of that action.

The following subjects are included in the report:

	<u>Page</u>
1. Work Program resulting from the 1982 Ministerial meeting	5
(a) Dispute settlement procedures	5
(i) Status of work in panels and implementation of panel reports	5
(ii) Roster of non-governmental panelists	5
2. Trade Policy Review Mechanism	6
(a) Overview of developments in international trade and the trading system	6
(b) Country reviews	6
(c) Programme of reviews	7
(i) 1992	7
(ii) 1993	7
3. Committee on Tariff Concessions	8
- Designation of Chairman and Vice-Chairman	8
4. Trade in Textiles	8
- Report of the Textiles Committee	8

¹The final version of the report will also reflect the Council meeting on 4 November 1992, and the points will be renumbered as necessary.

	<u>Page</u>
5. Committee on Balance-of-Payments Restrictions	8
(a) Designation of Chairman	8
(b) Programme of consultations for 1992	8
(c) Consultations	9
(d) Notes on meetings	9
6. Trade and environment	9
7. Turkey - Anti-dumping measures on imports of cotton yarn from Pakistan	10
8. United States - Proposed legislation on anti-circumvention of anti-dumping actions	11
9. EEC - Import régime for bananas	11
10. South Africa - Import surcharges	12
11. US/Japan automotive arrangements	12
12. United States and European Economic Community wheat export subsidies	12
13. United States - Export subsidies on canned peaches under the Export Enhancement Programme (EEP)	13
14. United States - Trade embargo against Cuba	13
15. Recourse to Articles XXII and XXIII	13
(a) Canada	13
(i) Import, distribution and sale of certain alcoholic drinks by provincial marketing agencies	13
(b) European Economic Community	15
(i) Trade measures taken for non-economic reasons	15
(ii) Payments and subsidies paid to processors and producers of oilseeds and related animal-feed proteins	15
(a) Report of the members of the original oilseeds panel	15
(b) Negotiations under Article XXVIII:4 concerning the modification of certain concessions included in the European Communities' Schedule LXXX-EC	16
(c) Follow-up on the Panel report (DS28/R) and status of related negotiations authorized by the CONTRACTING PARTIES pursuant to Article XXVIII:4	16
(d) Negotiating rights of Argentina in connection with the renegotiation of oilseed concessions by the European Communities	17
(c) Norway - Subsidy in connection with a tender submitted for a hydro-electric project in Costa Rica	17

	<u>Page</u>
(d) United States	17
(i) Denial of MFN treatment as to non-rubber footwear from Brazil	17
(ii) Restrictions on imports of tuna	19
(a) Recourse by Mexico	19
(b) Recourse by the European Communities	19
(iii) Measures affecting alcoholic and malt beverages	20
16. Monitoring of implementation of panel reports under paragraph I.3 of the April 1989 Decision on improvements to the GATT dispute settlement rules and procedures	21
17. Customs unions and free-trade areas; regional agreements	21
(a) Establishment of working parties	21
(b) EFTA - Turkey Free-Trade Agreement	22
(c) EFTA - Czech and Slovak Federal Republic Free-Trade Agreement	22
(d) EEC - Association Agreements with the Czech and Slovak Federal Republic, Hungary and Poland	23
(e) Finland - Estonia Free-Trade Agreement	24
(f) Free-Trade Agreements between Sweden and Estonia, Latvia and Lithuania	24
(g) Southern Common Market (MERCOSUR)	24
(h) Central European Cooperation Committee	25
(i) Organization for Economic Cooperation between Iran, Pakistan and Turkey	25
(j) European Economic Area Agreement	26
(k) North American Free-Trade Agreement (NAFTA)	26
18. Bolivia - Implementation of the Common Customs Tariff Nomenclature of the Andean Group (NANDINA)	26
19. Waivers under Article XXV:5	26
(a) United States - ANDEAN Trade Preference Act	26
(b) Egypt - Renegotiation of Schedule LXIII	26
(c) Harmonized System	28
- Bangladesh, Brazil, Chile, Colombia, Hungary, Israel, Malaysia, Mexico, Pakistan, Philippines, Senegal, Sri Lanka, Turkey, and Uruguay	
(d) Morocco - Establishment of a new Schedule LXXXI	29
(e) Peru - Establishment of a new Schedule XXXV	29
(f) Working Party on "German unification - Transitional measures adopted by the European Communities"	29
(g) Reports under waivers	29
- United States Agricultural Adjustment Act	29
- Thirty-third and thirty-fourth annual reports by the United States	29
20. Accession matters	30
(a) Accessions	30
(i) Chinese Taipei	30
(ii) Ecuador	31

	<u>Page</u>
(iii) Mozambique and Namibia	31
(iv) Slovenia	32
(b) Philippines - Rates of certain sales and specific taxes	32
(c) Romania - Renegotiation of Protocol of Accession	32
(d) Yugoslavia	33
(i) Transformation to the Federal Republic of Yugoslavia	33
(ii) Status as a contracting party	33
21. Observer status	33
(a) Albania, Estonia, Moldova, Turkmenistan	33
(b) Armenia, Ukraine	34
(c) Latvia, Lithuania, Kazakhstan	34
22. Russian Federation - Ongoing economic reforms	34
23. International Trade Centre UNCTAD/GATT	35
- Appointment of a new Executive Director	35
24. Administrative and financial matters	36
(a) Committee on Budget, Finance and Administration	36
(i) Designation of Chairman	36
(ii) Reports	36
(b) Office of Director-General	36
(i) Appointment of a new Director-General	36
(ii) Term of office of the Director-General	36
(c) Salaries and pensions	37
25. Appointment of presiding officers of standing bodies	37
26. Dates of the Forty-Eighth Session of the CONTRACTING PARTIES	37

1. Work Program resulting from the 1982 Ministerial meeting

(a) Dispute settlement procedures

(i) Status of work in panels and implementation of panel reports
(C/M/257, 258)

In November 1989, the Director-General had announced that in future he would make his periodic report on the status of work in panels and implementation of panel reports at the Council meetings in June and November (C/M/237).

At the Council meeting on 19 June 1992, the Chairman proposed that the Council defer consideration of the Director-General's report in C/181 and Corr.1 until its next meeting.

The representative of Australia spoke.

The Council took note of the statements and agreed to defer consideration of this item until its next meeting.

At the Council meeting on 14 July 1992, the Director-General introduced his report in C/181 and Corr.1.

The representatives of Australia, Argentina, Chile, Colombia, New Zealand, Venezuela, Norway on behalf of the Nordic countries, Tanzania, India, the European Communities, Hong Kong, Korea, the United States, Japan and Brazil, and the Chairman spoke.

The Council took note of the statements and of the Director-General's report in C/181 and Corr.1, and agreed that its Chairman would hold consultations in the interval before the next meeting to see whether and how the question of the Council's monitoring of the implementation of panel reports in accordance with Paragraph I.3 of the April 1989 Decision on improvements to the GATT dispute settlement rules and procedures (BISD 36S/61) would be put on the Agenda of that meeting.

(ii) Roster of non-governmental panelists (C/M/254,255,259)

In November 1985, the Council had approved a list of non-governmental panelists (L/5906), and in November 1990, had agreed to extend the roster provisionally for a further period until the conclusion of the Uruguay Round negotiations on dispute settlement rules and procedures (L/6763).

At its meeting on 18 February 1992, the Council approved a proposed nomination by Israel (C/W/691).

At its meeting on 18 March 1992, the Council approved a proposed nomination by Austria (C/W/696).

At its meeting on 29 September-1 October 1992, the Council approved a proposed nomination by Brazil (C/W/718).

2. Trade Policy Review Mechanism

Part I of the CONTRACTING PARTIES' Decision of 12 April 1989 (BISD 36S/403), establishing a trade policy review mechanism on a provisional basis, provides that the trade policies of all contracting parties will be subject to periodic review to be carried out by the Council at special meetings. The Decision also provides that country reports under the review mechanism will be based on an agreed format to be decided upon by the Council, and that the Council will establish a basic plan for the conduct of the reviews as well as a programme of reviews for each year in consultation with the contracting parties directly concerned.

Part I.F of the Decision further provides that the Council will undertake an overview of developments in the international trading environment, which will be assisted by an annual report by the Director-General setting out major GATT activities and highlighting significant policy issues affecting the trading system.

(a) Overview of developments in international trade and the trading system (C/RM/OV/M/3 and Corr.1)

At its special meeting on 18 March 1992, the Council conducted the 1991 overview of developments in international trade and the trading system, which had been deferred due to the heavy workload generated by the Uruguay Round negotiations in the latter part of 1991. In so doing, the Council considered the annual report by the Director-General (C/RM/OV/3).¹

The representatives of the European Communities, Romania, the United States, India, Brazil, Hong Kong, Finland on behalf of the Nordic countries, Switzerland, Australia, Korea, Chile, Argentina, Singapore, Hungary, Cuba, Japan, Tanzania, Costa Rica and Malaysia, and the Director-General and the Chairman spoke.

The Council took note of the statements and agreed that the overview of developments in international trade and the trading system for 1991 had been conducted.

(b) Country reviews (C/RM/M/18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30)

At its special meetings on 2-5 March 1992, the Council conducted reviews of the trade policies of Finland and Argentina (C/RM/M/20 and 18 respectively).

At its special meetings on 9-12 March 1992, the Council conducted reviews of the trade policies of Ghana and the United States (C/RM/M/21 and 23 respectively).

At its special meetings on 23-26 March 1992, the Council conducted reviews of the trade policies of Austria and Singapore (C/RM/M/19 and 22 respectively).

¹A revision was subsequently issued as C/RM/OV/3/Rev.1.

At its special meetings on 9-11 June 1992, the Council conducted reviews of the trade policies of Bangladesh and Canada (C/RM/M/24 and 25 respectively).

At its special meetings on 8-9 July 1992, the Council conducted reviews of the trade policies of Uruguay and Korea (C/RM/M/26 and 27 respectively).

At its special meetings on 5-6 October 1992, the Council conducted a review of the trade policy of Egypt (C/RM/M/28²).

At its special meetings on 12-15 October 1992, the Council conducted reviews of the trade policies of Brazil and Japan (C/RM/M/29² and 30² respectively).

(c) Programme of reviews

(i) 1992 (C/M/258)

In July 1991, the Council had agreed to a programme of reviews for 1992 (L/6887).

At its meeting on 14 July 1992, the representative of the United States, referring to the deferral of the second trade policy review of the European Communities, said that this situation highlighted two problems with the Trade Policy Review Mechanism (TPRM) process, namely the instability of scheduling TPRM reviews on a voluntary basis and the frequency of reviews for the four largest trading partners.

The representatives of the European Communities and Chile, and the Chairman spoke.

The Council took note of the statements.

(ii) 1993 (C/M/257)

In July 1991, the Council had taken note of its Chairman's understanding that the programme of reviews to be conducted in 1993 would be established by 31 May 1992.

At the Council meeting on 19 June 1992, the Chairman announced the programme of reviews for 1993, and said that the Council would be informed of the results of ongoing discussions with the final country to be included in that programme.

The Council took note of the statement and agreed with the programme of reviews for 1993 (L/7040).

²To be issued.

3. Committee on Tariff Concessions

(a) Designation of Chairman and Vice-Chairman³ (C/M/254)

At their Forty-Fourth Session in November 1988, the CONTRACTING PARTIES had taken note of a suggestion by the Council Chairman concerning the appointment of presiding officers of standing bodies (SR.44/2).

At its meeting on 18 February 1992, the Council agreed to re-appoint Mr. de la Peña (Mexico) as Chairman of the Committee on Tariff Concessions, and Mr. Tuusvuori (Finland) as Vice-Chairman of the Committee.

4. Trade in Textiles

- Report of the Textiles Committee (C/M/254)

At the Council meeting on 18 February 1992, the Director-General, Chairman of the Textiles Committee, presented the Committee's report (COM.TEX/72) covering the period August 1990 to October 1991 and the report of the Textiles Surveillance Body (COM.TEX/SB/1648 and Add.1).

The Council took note of the statement and of the report of the Textiles Surveillance Body, and adopted the report of the Textiles Committee.

5. Committee on Balance-of-Payments Restrictions

(a) Designation of Chairman³ (C/M/254)

At their Forty-Fourth Session in November 1988, the CONTRACTING PARTIES had taken note of a suggestion by the Council Chairman concerning the appointment of presiding officers of standing bodies (SR.44/2).

At its meeting on 18 February 1992, the Council agreed to re-appoint Mr. Boittin (France) as Chairman of the Committee on Balance-of-Payments Restrictions.

(b) Programme of consultations for 1992 (C/M/254)

At the Council meeting on 18 February 1992, the Chairman of the Committee drew attention to the Committee's proposed programme of consultations for 1992 (C/W/693), and indicated that, in his understanding, the consultations with Colombia scheduled for March 1992 might not be necessary.

The representative of Colombia informed the Council that his Government was no longer applying any restrictive measures for balance-of-payments reasons and, accordingly, wished to announce the disinvocation of Article XVIII:B.

³Carried in Council Minutes under "Appointment of presiding officers of standing bodies".

The representative of the Czech and Slovak Federal Republic spoke.

The Council took note of the statements and of the information in C/W/693.

(c) Consultations (C/M/254, 256, 258)

At the Council meeting on 18 February 1992, the Chairman of the Committee introduced the Committee's report on its consultation with Israel (BOP/R/195).

The Council took note of the statement and adopted the report in BOP/R/195.

At the Council meeting on 30 April 1992, the Chairman of the Committee introduced the Committee's reports on its consultations with India (BOP/R/197) and with Sri Lanka and Pakistan (BOP/R/198).

The Council took note of the statements, agreed that Pakistan and Sri Lanka be deemed to have fulfilled their obligations under Article XVIII:12(b) for 1992, and adopted the reports in BOP/R/197 and 198.

At its meeting on 14 July 1992, the Chairman of the Committee introduced the Committee's report on its consultation with Bangladesh (BOP/R/200).

The Council took note of the statement, agreed that Bangladesh be deemed to have fulfilled its obligations under Article XVIII:12(b) for 1992, and adopted the report in BOP/R/200.

(d) Notes on meetings (C/M/254, 256)

At the Council meeting on 18 February 1992, the Chairman of the Committee drew attention to the points raised under "Other Business" at the Committee's meeting in November 1991 (BOP/R/196).

The Council took note of the statement and of the information in BOP/R/196.

At the Council meeting on 30 April 1992, the Chairman of the Committee drew attention to the points raised under "Other Business" at the Committee's meeting in March (BOP/R/199).

The Council took note of the statement and of the information in BOP/R/199.

6. Trade and environment (C/M/254, 255, 258, 259)

At the Council meeting on 18 February 1992, the Chairman proposed, on the basis of consultations with a large number of delegations, that the Council invite the Director-General to send to the United Nations Conference on Environment and Development (UNCED), as the Secretariat's

contribution, the factual note on trade and the environment in document L/6896, together with a copy of the chapter on trade and environment from the GATT annual report on International Trade 1990-1991. It would be understood that these documents would be sent on the Secretariat's own responsibility and would not in any way purport to reflect the views of contracting parties, individually or collectively.

The Council agreed to the proposal.

At its meeting on 18 March 1992, the Chairman informed the Council that in accordance with established procedures for derestriction of documents, the Secretariat's factual note on trade and the environment (L/6896) had been proposed for derestriction on 13 April 1992. Since that document would be made available to delegations at a preparatory meeting of the UNCED before that date, he proposed that the Council agree to derestrict the document immediately.

The Council so agreed.

At the Council meeting on 14 July 1992, the Director-General drew attention to a recently circulated Note by the Secretariat in L/6892/Add.3 on the UNCED held in Rio from 3-14 June 1992. In one of the results of the UNCED, Agenda 21, governments had made a number of recommendations that were directly relevant to the work of the GATT, and he believed that, after a certain period of reflection, the CONTRACTING PARTIES would have to consider how best to proceed on these recommendations.

The Chairman proposed that in light of the Director-General's statement, the Council revert to this matter at a future meeting, and that he be authorized to undertake consultations on how precisely to deal with it.

The Council so agreed and took note of the statements.

At its meeting on 29 September-1 October 1992, the Chairman reported on his consultations. He had found a wide measure of support for involving the Group on Environmental Measures and International Trade closely in the UNCED follow-up. There appeared to be widespread feeling that its current agenda was broad and flexible and could cover a considerable number of UNCED's recommendations in the area of trade. At the same time it seemed clear that the Group was not equipped to handle all of those recommendations, and he had gathered from his consultations a feeling that other GATT bodies, including possibly the Council, might also have a useful rôle to play. He intended therefore to continue his consultations and hoped to be in a position to present the Council with his proposals on this issue in the near future.

The Council took note of the statement.

7. Turkey - Anti-dumping measures on imports of cotton yarn from Pakistan (C/M/259)

At its meeting on 29 September-1 October 1992, the representative of Pakistan informed the Council of ongoing consultations between his country

and Turkey with regard to an anti-dumping measure applied by the latter on cotton-yarn imports from Pakistan.

The representative of Turkey spoke.

The Council took note of the statements.

8. United States - Proposed legislation on anti-circumvention of anti-dumping actions (C/M/259)

At the Council meeting on 29 September-1 October 1992, the representative of the Philippines, on behalf of the ASEAN contracting parties, expressed concern over recently introduced bills in the US Congress containing provisions relating to the anti-circumvention of anti-dumping duty actions. They considered these proposals to be inconsistent with the General Agreement and the Anti-Dumping Code.⁴

The representatives of the United States, Korea, Brazil, Sweden on behalf of the Nordic countries, Hong Kong, Pakistan, Japan and India spoke.

The Council took note of the statements.

9. EEC - Import régime for bananas (C/M/257, 258, 259)

At the Council meeting on 19 June 1992, the representative of Costa Rica recalled that on 12 June, Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela had requested Article XXII:1 consultations with the European Communities in regard to the import régime on bananas currently applied by several member States, as well as to the proposed future régime to be applied by all member States from 1 January 1993. In their view, the current import régimes as well as the proposed régime seriously jeopardized the Latin American countries' efforts to accelerate their development and overcome poverty.

The representatives of Colombia, Nicaragua, Venezuela, Mexico, Uruguay, the United States, Peru, the Philippines, El Salvador, Australia, New Zealand, Jamaica, Argentina also on behalf of Brazil, Chile, Côte d'Ivoire, Senegal, Madagascar and the European Communities, and the observer from Honduras spoke.

The Council took note of the statements.

At the Council meeting on 14 July 1992, the representative Costa Rica also on behalf of Colombia, Guatemala, Nicaragua and Venezuela, informed the Council that Article XXII:1 consultations with the Community had recently been held and had not led to any satisfactory results. These countries had decided to continue their consultations.

The Council took note of the statement.

⁴Agreement on the Implementation of Article VI (BISD 26S/71).

At the Council meeting on 29 September-1 October 1992, the representative of Costa Rica also on behalf of Colombia, Guatemala, Nicaragua and Venezuela said that further Article XXII:1 consultations with the Community had not led to a mutually satisfactory solution, and that they had now requested the Director-General to lend his good offices to resolve the dispute (DS32/3) in accordance with the 1966 Decision on Procedures under Article XXIII (BISD 14S/18).

The representatives of the United States, Mexico, Argentina, Jamaica on behalf of the ACP countries, Brazil, Bolivia, Peru, Philippines on behalf of the ASEAN contracting parties, Chile, New Zealand, Australia, Uruguay, Côte d'Ivoire, Cameroon, Senegal, Trinidad and Tobago, Madagascar, Dominican Republic, Tanzania, Cuba and the European Communities, and the observer from Honduras spoke.

The Council took note of the statements.

10. South Africa - Import surcharges (C/M/259)

At the Council meeting on 29 September-1 October 1992, the representative of the United States expressed his Government's concern over tariff surcharges applied by South Africa on certain imports.

The representatives of South Africa, Switzerland, Japan, the European Communities, Argentina and Canada spoke.

The Council took note of the statements.

11. US/Japan automotive arrangements (C/M/254, 255)

At the Council meeting on 18 February 1992, the representative of Australia expressed his Government's concern at recent official statements in Japan and the United States endorsing arrangements to greatly increase Japan's purchases of US auto parts by 1995.

The representatives of Canada, Brazil and the United States spoke.

The Council took note of the statements.

At the Council meeting on 18 March 1992, the representative of Australia reiterated his Government's concern on this matter, and expressed the hope that Japan and the United States would be able to clarify the extent of their respective governments' rôles in the arrangements in question.

The representatives of Japan, the United States and Canada spoke.

The Council took note of the statements.

12. United States and European Economic Community wheat export subsidies (C/M/259)

At its meeting on 29 September-1 October 1992, the Council considered a communication from Australia (L/7076) concerning the wheat export subsidy

policies and practices of the United States and the European Economic Community.

The representatives of Australia, the United States, the European Communities, Argentina, Canada, Chile, Colombia, Pakistan, India, Mexico, New Zealand, Brazil, Hungary, the Philippines on behalf of the ASEAN contracting parties, Uruguay, El Salvador also on behalf of Guatemala, Nicaragua and Honduras, Japan, Bolivia, Korea, Cuba and Tanzania spoke.

The Chairman said he was ready to carry out informal consultations suggested by several representatives, on an urgent basis, with a view to exploring avenues of addressing problems arising from the competitive export subsidization of agricultural commodities, particularly wheat.

The Council took note of the statements and agreed to revert to this item at a future meeting.

13. United States - Export subsidies on canned peaches under the Export Enhancement Programme (EEP) (C/M/259)

At the Council meeting on 29 September-1 October 1992, the representative of Chile expressed his authorities' concern over the United States' decision, under the Export Enhancement Programme (EEP), to subsidize the exports of canned peaches to Japan, Korea and Mexico, resulting in injury to Chile's exports.

The representatives of the United States, Brazil, Argentina, Uruguay, Australia and Colombia spoke.

The Council took note of the statements.

14. United States - Trade embargo against Cuba (C/M/259)

At the Council meeting on 29 September-1 October 1992, the representative of Cuba expressed his authorities' concern at the recent approval by the United States' Senate of a bill which openly proposed the re-enforcement of the United States' extra-territorial application of the blockade on Cuba. The bill had also been recently approved by the House of Representatives and would probably be approved by Congress on 3 October.

The Council took note of the statement.

15. Recourse to Articles XXII and XXIII

(a) Canada

(i) Import, distribution and sale of certain alcoholic drinks by provincial marketing agencies (C/M/254, 256, 257, 258, 259)

In February 1991, the Council had established a panel to examine the complaint by the United States. At their Forty-Seventh Session in December 1991, the CONTRACTING PARTIES had considered the Panel report in DS17/R and had agreed to refer this matter to the Council for further consideration.

At its meeting on 18 February 1992, the Council considered this matter.

The representatives of the United States and Canada spoke.

The Council took note of the statements, adopted the Panel report in DS17/R, and agreed that in accordance with the procedures adopted by the Council in May 1988 (BISD 35S/331), the report was thereby derestricted.

At its meeting on 30 April 1992, the representative of the European Communities raised the follow-up on the Panel report, and expressed concern about measures notified by Canada in document DS17/5 to be taken by Canada's provincial governments to ensure compliance with the Panel's recommendations on this matter.

The representative of Canada spoke.

The Council took note of the statements.

At its meeting on 19 June 1992, the Council considered the follow-up on the Panel report on the basis of a communication from the United States (DS17/6).

The representatives of the United States, the European Communities, Canada, Chile, Australia and New Zealand spoke.

The Council took note of the statements and agreed to revert to this item at its next meeting.

At its meeting on 14 July 1992, the Council again considered the follow-up on the Panel report.

The representatives of the United States, Canada, the European Communities, Australia, Norway on behalf of the Nordic countries, and Argentina spoke.

The Council took note of the statements and agreed to revert to this item at a future meeting.

At its meeting on 29 September-1 October 1992, the Council again considered the follow-up on the Panel report on the basis of communications from Canada (DS17/7) and the United States (DS17/8).

The representatives of Canada, the United States, Brazil, Argentina, Japan, the European Communities and Australia spoke.

The Council took note of the statements and agreed to revert to this item at a future meeting.

(b) European Economic Community

(i) Trade measures taken for non-economic reasons (C/M/254, 255)

At their Forty-Seventh Session in December 1991, the CONTRACTING PARTIES had considered the matter of trade measures taken against Yugoslavia for non-economic reasons by the European Community.

At its meeting on 18 February 1992, the Council considered a request by Yugoslavia for the establishment of a panel to examine its complaint (DS27/2).

The representatives of Yugoslavia, the European Communities, Chile, Cuba, Venezuela and India spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 18 March 1992, the Council again considered this matter.

The representatives of Yugoslavia, the European Communities, the United States, Canada, India, New Zealand, Pakistan, Argentina, Chile, Peru, Cuba, Mexico, Japan, Venezuela and Tanzania, and the Chairman spoke.

The Council took note of the statements, agreed to establish a panel and authorized its Chairman to designate the Chairman and members of the Panel in consultation with the parties concerned.⁵

(ii) Payments and subsidies paid to processors and producers of oilseeds and related animal-feed proteins

(a) Report of the members of the original oilseeds Panel (C/M/256, 257)

In January 1990, the Council had adopted the Panel report (BISD 37S/86). At their Forty-Seventh Session in December 1991, the CONTRACTING PARTIES had reached an agreement under which the members of the original Panel were to be reconvened to examine whether the measures taken by the Community complied with the Panel's recommendations and rulings.

At its meeting on 30 April 1992, the Council considered the report of the reconvened Panel members in DS28/R.

The representatives of the United States, the European Communities, Brazil, Canada, Argentina, Australia, Colombia, Chile, Finland on behalf of the Nordic countries, Switzerland, Austria, Uruguay, India, New Zealand and Japan spoke.

⁵The European Communities and Yugoslavia addressed the question of the status of this Panel under point 20(d)(i) "Yugoslavia - Transformation to the Federal Republic of Yugoslavia".

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 19 June 1992, the Council considered a request by the Community (DS28/2) for authorization to enter into Article XXVIII:4 negotiations to modify its tariff concessions on certain oilseeds and on oilcake, with a view to implementing the recommendations of the reconvened Panel members.

The representatives of the European Communities, the United States, Argentina, Brazil, Thailand, Canada, Finland on behalf of the Nordic countries, Poland, Pakistan, India, Austria, Australia, Uruguay, Switzerland, Colombia, Japan, the Philippines, Korea and Chile spoke.

The Council took note of the statements and authorized the Community to enter into negotiations under Article XXVIII:4 for modification of its tariff concessions with respect to the tariff positions mentioned in DS28/2 for oilseeds and oilcake.

The representatives of Argentina, the European Communities, Brazil and Australia, and the Chairman spoke.

The Council took note of the statements.

- (b) Negotiations under Article XXVIII:4 concerning the modification of certain concessions included in the European Communities' schedule LXXX-EC (C/M/259)⁶
- (c) Follow-up on the Panel report (DS28/R) and status of related negotiations authorized by the CONTRACTING PARTIES pursuant to Article XXVIII:4 (C/M/259)⁶

At its meeting on 29 September-1 October 1992, the Council considered a request by the Community⁷ that the CONTRACTING PARTIES, pursuant to Article XXVIII:4(c) and (d), "promptly examine the matter and submit their views to the contracting parties primarily concerned with the aim of achieving a settlement." It also considered a request by the United States for the establishment of an arbitral body to determine the total value of the impairment of tariff concessions in the oilseeds sector as a result of the Community's subsidy programme (DS28/3).

The representatives of the European Communities⁸, the United States, Argentina, Brazil, Canada, Austria, India, Switzerland, Norway on behalf of the Nordic countries, Uruguay, Hungary, Pakistan, Japan, Chile, Poland,

⁶At the Chairman's suggestion the matters in sub-points (b) and (c) were taken up together and the discussion thereof is reflected accordingly in the minutes of the meeting.

⁷Circulated as SECRET/336/Add.1.

⁸A portion of the first statement by the European Communities was subsequently circulated as L/7096.

Korea, the Philippines on behalf of the ASEAN contracting parties, and New Zealand, and the Chairman spoke.

The Council took note of the statements and agreed to revert to these two items at its next meeting.

The Chairman said that in the interval he would remain available for consultations that the parties principally concerned might wish to hold.

The Council took note of the statement.

(d) Negotiating rights of Argentina in connection with the renegotiation of oilseeds concessions by the European Communities (C/M/259)

At its meeting on 29 September-1 October 1992, the Council considered a request by Argentina (DS34/1) for the establishment of a panel to examine the matter of Argentina's status as a principal supplier in connection with the renegotiation of oilseed concessions by the European Communities.

The representatives of Argentina, the European Communities, the United States, Mexico, Colombia, Brazil, Uruguay and Chile, and the Chairman spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

(c) Norway - Subsidy in connection with a tender submitted for a hydro-electric project in Costa Rica (C/M/259)

At its meeting 29 September-1 October 1992, the representative of Argentina informed the Council that it had requested Article XXII:1 consultations with Norway in connection with a tender submitted by Norwegian firms in the context of a public works project in Costa Rica. This tender included a donation which Argentina considered to be an implicit subsidy that was incompatible with Article XVI, the Subsidies Code⁹ and the Government Procurement Code.¹⁰

The representative of Norway spoke.

The Council took note of the statements.

(d) United States

(i) Denial of MFN treatment as to non-rubber footwear from Brazil (C/M/254, 255, 256, 257, 258, 259)

In April 1991, the Council had established a panel to examine the complaint by Brazil.

⁹Agreement on Interpretation and Application of Articles VI, XVI and XXIII (BISD 26S/56).

¹⁰Agreement on Government Procurement (BISD 26S/33).

At its meeting on 18 February 1992, the Council considered the Panel report in DS18/R.

The representatives of Brazil, the United States, India, Chile, Colombia, Uruguay, Venezuela, Mexico, Nicaragua and Jamaica spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 18 March 1992, the Council again considered this matter.

The representatives of Brazil, the United States, Argentina, the European Communities and Uruguay spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 30 April 1992, the Council again considered this matter.

The representatives of Brazil, the United States, Argentina, Uruguay and Colombia spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 19 June 1992, the Council again considered this matter.

The representatives of Brazil, the United States, Australia, Argentina, Mexico, Colombia, Uruguay, Chile, Costa Rica, Nicaragua and Venezuela spoke.

The Council took note of the statements, adopted the Panel report in DS18/R and agreed that in accordance with the procedures adopted by the Council in May 1988 (BISD 35S/331), the report was thereby derestricted.

At its meeting on 14 July 1992, the Council considered the follow-up on the Panel report.

The representatives of Brazil and the United States spoke.

The Council took note of the statements.

At its meeting on 29 September-1 October 1992, the Council again considered the follow-up to the Panel report.

The representative of Brazil spoke.

The Council took note of the statement.

(ii) Restrictions on imports of tuna

(a) Recourse by Mexico (C/M/254, 255, 256)

In February 1991, the Council had established a panel to examine the complaint by Mexico.

At its meeting on 18 February 1992, the Council considered the Panel report (DS21/R) at the European Communities' request, and also considered a communication from Venezuela (DS21/2).

The representatives of the European Communities, Venezuela, Mexico, Argentina, India, Canada, Costa Rica, Thailand on behalf of the ASEAN contracting parties, Senegal, Sweden on behalf of the Nordic countries, Peru, Japan, Australia, Hong Kong, Korea, Bolivia, Colombia, Brazil and the United States spoke.

The Council took note of the statements and agreed to revert to this matter at a future meeting.

At its meeting on 18 March 1992, the Council again considered this matter.

The representatives of the European Communities, Mexico, the United States, Venezuela, Costa Rica, Argentina, India, Canada, Peru, Japan, Cuba, Colombia, Korea, Senegal, New Zealand, Pakistan, Brazil, Switzerland, Chile, Hong Kong, Sweden, Tanzania, Jamaica and Uruguay, and the Chairman spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting, prior to which its Chairman would hold informal consultations to determine how this matter could be dealt with then.

At its meeting on 30 April 1992, the Council again considered this matter.

The representatives of Mexico, the United States, Venezuela, the European Communities, Canada, Chile, Colombia, Costa Rica, Argentina, Brazil, Senegal, Japan, Thailand, Sweden, Pakistan, Hong Kong, Peru, Uruguay, India and New Zealand spoke.

The Council took note of the statements and agreed to revert to this matter at a future meeting.¹¹

(b) Recourse by the European Communities (C/M/257, 258)

At its meeting on 19 June 1992, the Council considered a request by the European Communities for the establishment of a panel to examine its complaint on this matter.

¹¹Some further discussion relating to this matter is carried under the next sub-point - "Recourse by the European Communities".

The representatives of the European Communities, the United States, Brazil, Canada, Argentina, the Netherlands on behalf of the Netherlands Antilles, Japan, Venezuela, Peru, Colombia, Thailand and Morocco, and the Chairman spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 14 July 1992, the Council again considered this matter, together with a request by the Netherlands on behalf of the Netherlands Antilles (DS29/3) to join, as a co-complainant, the panel to be established pursuant to the Community's request.

The representatives of the European Communities, the United States, the Netherlands on behalf of the Netherlands Antilles, Canada, El Salvador, Australia, Colombia, New Zealand, Venezuela, Thailand, Costa Rica, Japan, Argentina, Peru and Singapore spoke.

The Council took note of the statements, agreed to establish a panel to examine the matters referred to by the European Communities and the Netherlands on behalf of the Netherlands Antilles, and authorized its Chairman to designate the Chairman and members of the Panel in consultation with the parties concerned.¹²

(iii) Measures affecting alcoholic and malt beverages (C/M/256, 257, 258)

In May 1991, the Council had established a Panel to examine the complaint by Canada.

At its meeting on 30 April 1992, the Council considered the Panel report in DS23/R.

The representatives of Canada, the United States, Australia, New Zealand and the European Communities spoke.

The Council took note of the statements, agreed to revert to this matter at its next meeting and, at the request of Canada, agreed to derestrict the Panel report in DS23/R.

At its meeting on 19 June 1992, the Council again considered this matter.

The representatives of Canada, the United States, the European Communities, New Zealand, Australia and Argentina spoke.

The Council took note of the statements and adopted the Panel report in DS23/R.

¹²The Panel's composition was subsequently announced on 25 August 1992 in DS29/4.

16. Monitoring of implementation of panel reports under paragraph I.3 of the April 1989 Decision on improvements to the GATT dispute settlement rules and procedures (C/M/259)

At its meeting in July 1992, in the course of its discussion on the Director-General's report on status of work in panels and implementation of panels reports, the Council had agreed that its Chairman would hold consultations to see whether and how the question of the Council's monitoring of the implementation of panel reports in accordance with Paragraph I.3 of the April 1989 Decision on improvements to the GATT dispute settlement rules and procedures (BISD 36S/61) should be dealt with in Council meetings.¹³

At the Council meeting on 29 September-1 October 1992, the Chairman said that he had held two consultations which had resulted in this item being placed on the Agenda of the meeting in its present form.

The representatives of Australia, Japan, New Zealand, Korea and the European Communities spoke.

The Chairman noted that a suggestion had been made that all the panels considered to be covered under paragraph I.3 of the April 1989 Decision should be listed under this item in future Council meetings. A related issue that had been raised was the interpretation of the applicability of paragraph I.3. Both these matters would need to be decided in further informal consultations, until which time this item would continue to appear in its present form.

The Council took note of the statements.

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

(a) Establishment of working parties (C/M/255, 256)

At its meeting on 18 March 1992, when considering the Agreement notified under sub-point 17(b), the Council agreed that its Chairman should hold consultations in the meantime to see how this regional agreement and the several others likely to come up for examination in the near future could be dealt with.

At the Council meeting on 30 April 1992, the Chairman reported on his consultations and proposed, on the basis thereof, that the Council agree in principle to establish a limited number of working parties, with standard terms of reference and open to all interested contracting parties, to examine the agreements already notified; subsequent agreements would either be submitted to one of these working parties, or to other working parties to be established. It would be understood that such an arrangement would not preclude contracting parties from raising any relevant issue of particular interest to them in any of the working parties.

The Council so agreed.

¹³ See under sub-point 1(a)(i).

(b) EFTA-Turkey Free-Trade Agreement (C/M/254, 255, 256, 258)

At its meeting on 18 February 1992, the representative of Iceland informed the Council that a free-trade agreement between the EFTA countries and Turkey, which would enter into force on 1 April 1992, had recently been signed, and that information thereon would be provided to contracting parties in due course.

The Council took note of the statement.

At its meeting on 18 March 1992, the representative of Iceland, on behalf of the EFTA countries, informed the Council that the text of the EFTA-Turkey Free-Trade Agreement, and other relevant documentation, had recently been communicated to contracting parties (L/6989 and Add.1), and that the parties to the Agreement stood ready to provide further information and to consult with contracting parties on this matter.

The representatives of Turkey, the United States, Japan and Australia, and the Chairman spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 30 April 1992, the Council again considered this matter.

The Chairman spoke.

The Council took note of the statement, agreed to establish a working party to examine the EFTA-Turkey Free-Trade Agreement and authorized its Chairman to designate a chairman in consultation with the delegations principally concerned.

At its meeting on 14 July 1992, the Chairman informed the Council that it had been agreed to designate Mr. Kesavapany (Singapore) as Chairman of the Working Party.

The Council took note of this information.

(c) EFTA-Czech and Slovak Federal Republic Free-Trade Agreement
(C/M/258)

At its meeting on 14 July 1992, the representative of Norway, on behalf of the EFTA contracting parties, informed the Council that the text of the EFTA-Czech and Slovak Federal Republic Free-Trade Agreement, and other relevant documentation, had recently been communicated to contracting parties (L/7041 and Add.1), and that the parties to the Agreement were at the Council's disposal for further information and consultation.

The representative of the Czech and Slovak Federal Republic spoke.

The Council took note of the statements and agreed to establish a working party to examine the EFTA-Czech and Slovak Federal Republic Free-Trade Agreement and to report to the Council.

The Chairman informed the Council that he had already carried out the necessary consultations to appoint the Chairman of the Working Party and that Mr. Kesavapany (Singapore) had agreed to Chair the Working Party.

The Council took note of this information.

(d) EEC - Association Agreements with the Czech and Slovak Federal Republic, Hungary and Poland (C/M/254, 255, 256, 257)

At its meeting on 18 February 1992, the representative of the European Communities informed the Council of the signing, on 16 December 1991, of three association agreements -- referred to as "European Agreements" -- between the European Community's member States and the Czech and Slovak Federal Republic, Hungary and Poland. Also on the same date, three Interim Agreements had also been signed between the same parties, which took up the trade provisions of the "European Agreements", and would enter into force on 1 March 1992. The Interim Agreements provided for the gradual setting up of a free-trade area, in the sense of Article XXIV, between the Community and each of the three countries over a transitional period of a maximum of ten years. The texts of these Agreements would be communicated to contracting parties in conformity with GATT procedures.

The representative of Hungary, also on behalf of the Czech and Slovak Federal Republic and Poland, spoke.

The Council took note of the statements.

At its meeting on 18 March 1992, the representative of the European Communities informed the Council that the Interim Agreements signed between the Community and the Czech and Slovak Federal Republic, Hungary and Poland, which had entered into force on 1 March 1992, had not yet been notified to GATT for technical reasons, although they soon would be.

The Council took note of the statement.

At its meeting on 30 April 1992, the representative of the European Communities informed the Council that the texts of the Interim Agreements between the Community and the Czech and Slovak Federal Republic, Hungary and Poland, had recently been communicated in L/6992 and Add.1, and that contracting parties now had all the elements before them to examine the GATT conformity thereof.

The representative of Chile and the Chairman spoke.

The Council took note of the statements, agreed to establish a working party to examine the Interim Agreements between the European Communities and the Czech and Slovak Federal Republic, Hungary and Poland, and authorized its Chairman to designate a chairman in consultation with the delegations principally concerned.

At its meeting on 19 June 1992, the Chairman informed the Council that it had been agreed to designate Mr. Park (Korea) as Chairman of the Working Party.

(e) Finland-Estonia Free-Trade Agreement (C/M/254)

At its meeting on 18 February 1992, the representative of Finland informed the Council that on 13 February, Finland and Estonia had signed a Protocol regarding a temporary arrangement on trade and economic cooperation between their two countries which provided for free trade in industrial products in accordance with the relevant GATT provisions. A formal notification of this arrangement would be made in due course.

(f) Free-Trade Agreements between Sweden and Estonia, Latvia and Lithuania (C/M/258)

At its meeting on 14 July 1992, the representative of Sweden informed the Council of three free-trade Agreements entered into between Sweden and, respectively, Estonia, Latvia and Lithuania. Sweden remained at the Council's disposal to provide further information and to engage in consultations on the Agreements.

The representative of Australia spoke.

The Council took note of the statements, agreed to establish a working party to examine the Free-Trade Agreements between Sweden and Estonia, Sweden and Latvia, and Sweden and Lithuania, and authorized its Chairman to designate a Chairman in consultation with the delegations principally concerned.

(g) Southern Common Market (MERCOSUR)¹⁴ (C/M/254, 255, 258, 259)

At its meeting on 18 February 1992, the representative of Brazil, also on behalf of Argentina and Uruguay, informed the Council that on 17 February, their governments had notified to the GATT, under the Enabling Clause¹⁵, the entry into force of the Treaty establishing the Southern Common Market (MERCOSUR).

The representatives of the European Communities, United States, Argentina, Australia, New Zealand and Japan spoke.

The Council took note of the statements.

At the Council meeting on 18 March 1992, the representative of the United States said that while his Government did not question the applicability of the Enabling Clause to preferential arrangements among developing countries covering individual items or sectors, it believed there should be some reference to Article XXIV in the examination of customs unions. Given the importance of the MERCOSUR, it was important that contracting parties follow Article XXIV procedures.

¹⁴Carried in C/M/254 and 255, and in earlier Council Minutes, as "Agreements among Argentina, Brazil, Paraguay and Uruguay".

¹⁵Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (BISD 26S/203).

The representatives of Brazil and the European Communities spoke.

The Council took note of the statements.

At its meeting on 14 July 1992, the Council considered a request by the United States for notification of MERCOSUR under Article XXIV and for the establishment of a working party (L/7029).

The representatives of the United States, Brazil, Canada, Argentina, Colombia, Uruguay, Peru, India, Finland on behalf of the Nordic countries, Switzerland, New Zealand, Australia, Japan, Austria, Hungary, Singapore on behalf of the ASEAN contracting parties, Korea, Cuba, the Czech and Slovak Federal Republic, and the European Communities spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 29 September-1 October 1992, the Council again considered the United States' request.

The representative of the United States, Brazil also on behalf of Argentina and Uruguay, Colombia, the Philippines on behalf of the ASEAN contracting parties, and the European Communities spoke.

The Council took note of the statements and agreed to revert to the matter at a future meeting.

(h) Central European Cooperation Committee (C/M/256)

At its meeting on 30 April 1992, the representative of Hungary, also on behalf of the Czech and Slovak Federal Republic and Poland, informed the Council of the establishment on 17 April of a Central European Cooperation Committee designed to provide a forum for regular consultations on aspects of the three countries' external economic policies.

The Council took note of the statement.

(i) Organization for Economic Cooperation between Iran, Pakistan and Turkey (C/M/257)

At its meeting on 19 June 1992, the representative of Turkey, also on behalf of Pakistan, informed the Council that on 17 February, the three members of the Economic Cooperation Organization -- Iran, Pakistan and Turkey¹⁶ had signed a Protocol based on Article 2(c) of the Enabling Clause¹⁶, under which they undertook to provide a 10 per cent reduction in tariffs on certain of their products. The text of the Protocol, as well as the list of products, would be communicated to the Committee on Trade and Development in due course.

The Council took note of the statement.

¹⁶Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (BISD 26S/203).

(j) European Economic Area Agreement (C/M/257)

At its meeting on 19 June 1992, the representative of the European Communities informed the Council that the Agreement on the European Economic Area, signed on 2 May 1992 by the European Communities and the members of the European Free-Trade Association, would be circulated as soon as possible to contracting parties.

The Council took note of the statement.

(k) North American Free-Trade Agreement (NAFTA) (C/M/259)

At the Council meeting on 29 September-1 October 1992, the representative of Japan drew attention to the North American Free-Trade Agreement (NAFTA) between Canada, Mexico and the United States, and urged the parties to the Agreement to provide information thereon without delay so that its GATT conformity could be examined.

The representatives of Mexico, the United States, Canada, Hong Kong, Korea, the Philippines on behalf of the ASEAN contracting parties, Australia, the European Communities and Pakistan spoke.

The Council took note of the statements.

18. Bolivia - Implementation of the Common Customs Tariff Nomenclature of the Andean Group (NANDINA) (C/M/259)

At its meeting on 29 September-1 October 1992, the representative of Bolivia informed the Council that in conformity with Bolivia's undertaking in the course of its accession to GATT, it had implemented, in July 1992, the Common Customs Tariff Nomenclature of the Andean Group (NANDINA), which itself had been established on the basis of the Harmonized Commodity Description and Coding System.

The Council took note of the statement.

19. Waivers under Article XXV:5

(a) United States - ANDEAN Trade Preference Act (C/M/254, 255, 257)

At its meeting on 18 February 1992, the Council considered a request by the United States (L/6980 and Add.1) for a waiver from the provisions of Article I to implement the ANDEAN Trade Preference Act (ATPA), and a draft decision to this effect (C/W/692).

The representatives of the United States, Venezuela, Colombia, Peru, Nicaragua also on behalf of El Salvador and Guatemala, Bolivia, Mexico, Uruguay, Thailand, Korea, India, Tunisia, Switzerland, Chile, Morocco, Japan, Brazil, Argentina, Pakistan, the European Communities and Hong Kong, and the Chairman spoke.

The Council took note of the statements, approved the text of the draft decision in C/W/692 and recommended its adoption by the CONTRACTING PARTIES by postal ballot. The Council also agreed in principle

to establish a working party, the modalities and terms of reference for which would be established through informal consultations conducted by the Chairman.

The Decision was adopted on 19 March 1992 (L/6991).

At its meeting on 18 March 1992, the Chairman informed the Council of the Working Party's terms of reference, composition and modalities.

The Council took note of this information and authorized its Chairman to designate the Chairman of the Working Party in consultation with interested contracting parties.

At its meeting on 19 June 1992, the Chairman informed the Council that, in his consultations, it had been agreed that Mr. Rossier (Switzerland) be designated as Chairman of the Working Party.

The Council took note of this information.

(b) Egypt - Renegotiation of Schedule LXIII (C/M/255, 256, 257, 258)

At its meeting on 18 March 1992, the Council considered a request by Egypt for a waiver from the provisions of Article II (L/6986), and a draft decision (C/W/697) to this effect.

The representatives of Egypt, Morocco, Tunisia, India, Pakistan, Senegal, Peru, Sri Lanka, Venezuela, Uruguay, the United States, the European Communities, New Zealand, Sweden on behalf of the Nordic countries, Canada, Australia, Austria and Japan spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 30 April 1992, the Council again considered this matter, and had before it two further communications from Egypt (L/6986/Add.1 and 2).

The representatives of Egypt, Morocco, Pakistan, Tunisia, Venezuela, Turkey, Bangladesh, Madagascar, Uruguay, Mexico, Yugoslavia, El Salvador, Peru, Senegal, Brazil, Costa Rica, India, Colombia, Jamaica, Korea, Indonesia on behalf of the ASEAN contracting parties, Nigeria, Tanzania, New Zealand, Canada, the United States, the European Communities, Austria, Switzerland, Sweden, Australia, Japan and Hong Kong, and the Chairman spoke.

The Council took note of the statements, agreed to revert to this matter at its next meeting and that, in the meantime, the Chairman would hold consultations to try to reach a consensus on this issue. In view of the urgency of this matter for Egypt, the Council also agreed that if a consensus emerged earlier than the proposed date of the next Council meeting, that meeting would be convened earlier.

At its meeting on 19 June 1992, the Council again considered this matter.

The representatives of Egypt¹⁷, the United States, the European Communities, Australia, Canada and New Zealand spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At its meeting on 14 July 1992, the Council again considered this matter.

The representatives of Egypt, the European Communities, the United States, New Zealand and Colombia spoke.

The Council took note of the statements, approved the text of the draft decision in C/W/697/Rev.1 and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

The Decision was adopted on 13 August 1992 (L/7071).

(c) Harmonized System

- Bangladesh, Brazil, Chile, Colombia, Hungary, Israel, Malaysia, Mexico, Pakistan, Philippines, Senegal, Sri Lanka, Turkey, and Uruguay (C/M/257)

At its meeting on 19 June 1992, the Council considered requests by Bangladesh (L/7020), Brazil (L/7014), Chile (L/7006), Colombia (L/7005), Hungary (L/7021), Israel (L/7012), Malaysia (L/7015), Mexico (L/7011), Pakistan (L/7016), Philippines (L/7003), Senegal (L/7019), Sri Lanka (L/7010), Turkey (L/7018) and Uruguay (L/7004) for extensions of waivers already granted in connection with their implementation of the Harmonized Commodity Description and Coding System.

The representatives of the United States, New Zealand, the European Communities, Sweden on behalf of the Nordic countries, and Brazil, and the Chairman spoke.

The Council took note of the statements, approved the texts of the draft decisions (C/W/713 - Bangladesh; C/W/708 - Brazil; C/W/704 - Chile; C/W/703 - Colombia; C/W/714 - Hungary; C/W/707 - Israel; C/W/709 - Malaysia; C/W/706 - Mexico; C/W/710 - Pakistan; C/W/701 - Philippines; C/W/712 - Senegal; C/W/705 - Sri Lanka; C/W/711 - Turkey; and C/W/702 - Uruguay) and recommended their adoption by the CONTRACTING PARTIES by postal ballots.

The Decisions were adopted on 20 July 1992 (L/7053 - Bangladesh; L/7054 - Brazil; L/7055 - Chile; L/7056 - Colombia; L/7057 - Hungary; L/7058 Israel; L/7059 - Malaysia; L/7060 - Mexico; L/7061 - Pakistan; L/7062 - Philippines; L/7063 - Senegal; L/7064 - Sri Lanka; L/7065 - Turkey; and L/7066 - Uruguay).

¹⁷The statement by Egypt was subsequently circulated as L/6986/Add.3.

(d) Morocco - Establishment of a new Schedule LXXXI (C/M/257)

At its meeting on 19 June 1992, the Council considered a request by Morocco (L/7025) for a waiver from the provisions of Article II for the establishment of a new Schedule LXXXI, and a draft decision to this effect (C/W/715).

The representative of Morocco spoke.

The Council took note of the statement, approved the text of the draft decision in C/W/715 and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

The Decision was adopted on 20 July 1992 (L/7068).

(e) Peru - Establishment of a new Schedule XXXV (C/M/256, 257)

At its meeting on 30 April 1992, the representative of Peru informed the Council of his country's intention to request a waiver from the provisions of Article II for the establishment of a new Schedule XXXV.

The Council took note of the statement.

At its meeting on 19 June 1992, the Council considered Peru's request in L/6997 and a draft decision to this effect (C/W/699).

The representative of Peru spoke.

The Council took note of the statement, approved the text of the draft decision in C/W/699 and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

The Decision was adopted on 20 July 1992 (L/7067).

(f) Working Party on "German unification - Transitional measures adopted by the European Communities" (C/M/256)

At its meeting on 30 April 1992, the Chairman informed the Council that the Chairperson of the Working Party, Mrs. Escaler (Philippines), had departed from Geneva and that it had been agreed in informal consultations that Mr. Carlisle, Deputy Director-General, would chair the Working Party for the remainder of its work.

The Council took note of this information.

(g) Reports under waivers

- United States Agricultural Adjustment Act

- Thirty-third and thirty-fourth annual reports by the United States under the Decision of 5 March 1955 (C/M/255)

In April and May 1990, the Council had considered the thirty-first and thirty-second annual reports submitted by the United States, as well as the

report of a Working Party established to examine the twenty-ninth and thirtieth annual reports. In May 1990, the Council had agreed to revert to both these matters at a future meeting.

At its meeting on 18 March 1992, the Council considered the thirty-third and thirty-fourth annual reports submitted by the United States (L/6975).

The representatives of the United States, Canada, the European Communities, Japan, Brazil, Chile, Colombia, Uruguay, Australia, Korea and Argentina spoke.

The Council took note of the statements and agreed to revert to this matter at a future meeting.

20. Accession matters

(a) Accessions

(i) Chinese Taipei (C/M/259)

At the Council meeting on 29 September-1 October 1992, the Chairman informed the Council that he had carried out extensive consultations during recent months on the subject of establishing a working party to consider the possible accession of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, in GATT known as "Chinese Taipei". All contracting parties had acknowledged the view that there was only one China, as expressed in the United Nations General Assembly Resolution 2758 of 25 October 1971. Many contracting parties had therefore agreed with the view of the People's Republic of China (PRC) that Chinese Taipei, as a separate customs territory, should not accede to the GATT before the PRC itself. Some contracting parties had not shared this view. There had been, however, a general desire to establish a working party for Chinese Taipei. Taking account of all the views expressed, he had concluded that there was a consensus among contracting parties on the following terms, which also met the PRC's concerns:

First, the Working Party on China's status as a contracting party should continue its work expeditiously, taking account of the pace of China's economic reforms, and report to the Council as soon as possible.

Second, a Working Party on Chinese Taipei should be established at the present meeting, and should report to the Council expeditiously, with the following terms of reference and composition:

Terms of reference

"to examine the application of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (referred to as "Chinese Taipei") to accede to the General Agreement under Article XXXIII and to submit to the Council recommendations which may include a draft protocol of accession."

Membership

Membership would be open to all contracting parties indicating their wish to serve on the Working Party.

Chairman

Mr. Martin Morland (United Kingdom)

Third, the Council should give full consideration to all views expressed, in particular that the Council should examine the report of the Working Party on China and adopt the Protocol for the PRC's accession before examining the report and adopting the Protocol on Chinese Taipei, while noting that the working party reports be examined independently.

The Council took note of the statement and agreed to establish a working party on the basis of the understanding and the terms of reference and composition mentioned by the Chairman.

The Chairman then stated that as part of the understanding, the representation of Chinese Taipei in GATT would be along the same lines as that of Hong Kong and Macau during the course of its status as an observer and subsequently as a contracting-party delegation, and that the titles carried by its representatives would not have any implications on the issue of sovereignty.

The Council took note of the statement.

(ii) Ecuador (C/M/259)

At its meeting on 29 September-1 October 1992, the Council considered a communication from Ecuador (L/7086) concerning its interest in acceding to the General Agreement pursuant to Article XXXIII.

The representative of Ecuador (as an observer) spoke. The representatives of Argentina, Australia, Bangladesh, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, El Salvador, the European Communities, Guatemala, India, Israel, Jamaica, Malawi, Mexico, New Zealand, Pakistan, Peru, the Philippines on behalf of the ASEAN contracting parties, Senegal, Sweden, Switzerland, Turkey, the United States, Uruguay, and Venezuela, among others, wished to be placed on record as supporting and welcoming Ecuador's request for accession.

The Council took note of the statement, agreed to establish a working party to examine Ecuador's application (L/7100), and authorized its Chairman to designate the Chairman of the Working Party in consultation with representatives of contracting parties and with the representative of Ecuador.

(iii) Mozambique and Namibia (C/M/259)

At the Council meeting on 29 September-1 October 1992, the Chairman, on behalf of the Council, welcomed Mozambique and Namibia as, respectively, the 104th and 105th contracting parties.

(iv) Slovenia (C/M/258)

At its meeting on 14 July 1992, the Council considered a communication from Slovenia (L/7032) concerning its interest in acceding to the General Agreement pursuant to Article XXXIII.

The representatives of Slovenia (as an observer), the United States, Japan, Canada, Hungary, India, Korea, Sweden on behalf of the Nordic countries, Switzerland, Austria and the European Communities spoke.

The Council took note of the statements, agreed to establish a working party to examine Slovenia's application (L/7049), and authorized the Council Chairman to designate the Chairman of the Working Party in consultation with representatives of contracting parties and with the representative of Slovenia.

(b) Philippines - Rates of certain sales and specific taxes (C/M/254)

At their Forty-Seventh Session in December 1991, the CONTRACTING PARTIES had considered a request by the Philippines for a one-year extension of the time-limit provided for in the CONTRACTING PARTIES' Decision of 4 December 1989 (BISD 36S/44), to bring into line with Article III the rates of sales taxes on cigarettes which varied according to whether the items were manufactured locally or imported. The CONTRACTING PARTIES had referred the matter to the Council for further consideration.

At its meeting on 18 February 1992, the Council considered this matter, and a draft decision related thereto (C/W/694).

The representatives of the Philippines, the United States and the European Communities spoke.

The Council took note of the statements and agreed to revert to this matter at a future meeting.

(c) Romania - Renegotiation of Protocol of Accession (C/M/254)

At the Forty-Seventh Session of the CONTRACTING PARTIES in December 1991, Romania had announced its intention to request the renegotiation of the terms of its Protocol of Accession to the GATT.

At its meeting on 18 February 1992, the Council considered Romania's request in document L/6981.

The representative of Romania spoke.

The Council took note of the statement, agreed to establish a working party and authorized its Chairman to designate the Chairman of the Working Party in consultation with contracting parties.

(d) Yugoslavia

(i) Transformation to the Federal Republic of Yugoslavia
(C/M/256)

At its meeting on 30 April 1992, the representative of Yugoslavia informed the Council that on 27 April 1992, the Socialist Federal Republic of Yugoslavia (SFRY) had been transformed into the Federal Republic of Yugoslavia (FRY) consisting of the Republics of Serbia and Montenegro (L/7000). He further informed the Council that the FRY would continue to fulfil all the rights conferred to and obligations assumed by the SFRY in all international organizations, including participation in international treaties ratified or acceded to by the latter.

The representatives of the United States, the European Communities and Austria spoke.

The Council took note of the statements.

(ii) Status as a contracting party (C/M/257)

At the Council meeting on 19 June 1992, the Chairman said that the break-up of the former Socialist Federal Republic of Yugoslavia (SFRY) had posed the question of its status as a contracting party. While the delegation speaking in the name of the Federal Republic of Yugoslavia (FRY) had laid claim to the status of successor to the former SFRY (L/7000), this claim had been contested by some contracting parties and some others had reserved their position on the issue. Some contracting parties had also suggested that the delegation claiming to represent the FRY as a successor to the SFRY in GATT should not participate in GATT activities until the FRY had sought fresh membership, while others held the view that its participation should be without prejudice to the FRY's claim to successor status. He had held extensive informal consultations with contracting parties and believed there was agreement that this issue would need consideration by the Council. In these circumstances, without prejudice to the question of who should succeed the former SFRY in the GATT, and until the Council returned to this issue, he proposed that the representative of the FRY should refrain from participating in the business of the Council.

The Council so agreed.

21. Observer status

(a) Albania, Estonia, Moldova, Turkmenistan (C/M/257)

At its meeting on 19 June 1992, the Council considered requests for observer status from Albania (L/7024), Estonia (L/7030), Moldova (L/7026) and Turkmenistan (L/7027).

The Chairman recalled that in May 1990, in connection with the former USSR's request for observer status, the Council had taken note of the current rules and practices concerning observer status in the GATT and had agreed that the whole issue of the status of observers and the rights and

obligations of observers should be reviewed at the end of 1992 (C/M/241, item 1). On the basis of informal consultations on the requests for observer status by Albania, Estonia, Moldova and Turkmenistan, he suggested that the understandings regarding observers that had been noted at the May 1990 Council meeting should also apply to these governments if the Council approved their requests.

He then proposed that the Council take note of his statement, agree to his suggestion and agree to grant Albania, Estonia, Moldova and Turkmenistan observer status.

The Council so agreed.

The representative of the European Communities, and the Chairman spoke.

The Council took note of the statements.

(b) Armenia and the Ukraine (C/M/258)

At its meeting on 14 July 1992, the Council considered requests for observer status from Armenia (L/7033) and the Ukraine (L/7045).

The Chairman recalled his statement at the June Council meeting that the understandings regarding observers that had been noted at the May 1990 Council meeting should also apply to the governments of Armenia and the Ukraine if the Council approved their requests.

The representative of Korea, and the Chairman spoke.

The Council took note of the statements and agreed to grant Armenia and the Ukraine observer status.

(c) Latvia, Lithuania and Kazakhstan (C/M/259)

At its meeting on 29 September-1 October 1992, the Council considered requests for observer status from Latvia (L/7050), Lithuania (L/7046) and Kazakhstan (L/7080).

The Chairman recalled his statement at the June Council meeting that the understandings regarding observers that had been noted at the May 1990 Council meeting should also apply to the governments of Latvia, Lithuania and Kazakhstan if the Council approved their requests.

The Council took note of the statement and agreed to grant Latvia, Lithuania and Kazakhstan observer status.

22. Russian Federation - Ongoing economic reforms (C/M/259)

At the Council meeting on 29 September-1 October 1992, the observer for the Russian Federation provided information on progress in the ongoing economic reforms in his country.

The Council took note of the statement.

23. International Trade Centre UNCTAD/GATT

(a) Appointment of a new Executive Director (C/M/256, 257, 258, 259)

At the Council meeting on 30 April 1992, the Chairman of the CONTRACTING PARTIES recalled that the two parent organizations of the ITC -- GATT and UNCTAD -- had together recommended the appointment of an official as Executive Director for a three-year period under existing conditions regarding salary and other allowances. It had become known in March, however, that the United Nations Secretary-General (UNSG) intended to downgrade the post of Executive Director, and also to make the appointment for only one year, which had led to concerns that the designated official would probably withdraw his candidature. In informal consultations with contracting parties, he had been requested, together with the Council Chairman, to try and see and discuss this matter with the UNSG on the latter's visit to Geneva in the week of 6 April. Despite having made very effort to do so, he and the Council Chairman had been unable to obtain any response or to meet with the UNSG. He informed the Council that the situation therefore remained unresolved, and that the designated official had since withdrawn his candidature.

The representatives of Egypt, Venezuela, Costa Rica, Switzerland, Uruguay and Canada, and the Deputy Director-General, the Chairman of the CONTRACTING PARTIES and the Chairman spoke.

The Council took note of the statements and, following a proposal by the CONTRACTING PARTIES' Chairman, agreed that its Chairman should hold consultations on this matter.

At the Council meeting on 19 June 1992, the Chairman informed the Council that he had held two rounds of consultations with selected groups of contracting parties and had also been in touch with the UNSG. While there were no developments to report on thus far, he would keep contracting parties informed.

The Council took note of this information.

At its meeting on 14 July 1992, the Chairman informed the Council that there had been no further developments in this matter and that as soon as the picture became a bit clearer, he would hold another round of consultations.

The Council took note of this information.

At the Council meeting on 29 September-1 October 1992, the Chairman reported on his most recent consultations on this matter.

The representatives of Switzerland, Sweden on behalf of the Nordic countries, Uruguay and the observer for Algeria spoke.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

24. Administrative and financial matters

(a) Committee on Budget, Finance and Administration

(i) Designation of Chairman¹⁸ (C/M/254)

At their Forty-Fourth Session in November 1988, the CONTRACTING PARTIES had taken note of a suggestion by the Council Chairman concerning the appointment of presiding officers of standing bodies (SR.44/2).

At its meeting on 18 February 1992, the Council agreed to re-appoint Mr. Szepesi (Hungary) as Chairman of the Committee on Budget, Finance and Administration.

(ii) Reports (C/M/257)

At the Council meeting on 19 June 1992, the Chairman of the Committee introduced the latter's report in L/7017.

The Council took note of the statement, approved the Committee's specific recommendations in paragraphs 7 and 23 of its report (L/7017) and adopted the report.

(b) Office of Director-General

(i) Appointment of a new Director-General (C/M/256)

At the Council meeting on 30 April 1992, the Chairman of the CONTRACTING PARTIES noted that the term of office of the present Director-General would expire on 31 December 1992, and announced, in accordance with procedures for the future appointment of a Director-General (BISD 33S/55), that he would begin consultations in July regarding the appointment of a successor.

The Council took note of this information.

(ii) Term of office of the Director-General (C/M/258)

At its meeting on 14 July 1992, the Chairman of the CONTRACTING PARTIES informed the Council that, following agreement at an informal Council meeting at the level of heads of contracting party delegations, he had, on behalf of the CONTRACTING PARTIES, invited the Director-General to accept an extension of his present term of office until 30 June 1993. The latter had so agreed.

The representative of Bangladesh on behalf of the least-developed contracting parties spoke.

¹⁸ Carried in Council Minutes under "Appointment of presiding officers of standing bodies".

The Council took note of the statements and agreed to extend the term of office of the present Director-General until 30 June 1993 under the same terms and conditions as those of the existing contract.

(c) Salaries and pensions (C/M/257)

At their Forty-Sixth Session in December 1990, the CONTRACTING PARTIES had agreed that the Council should take up in 1991 the matter of staff salaries and pensions. In November 1991, the Council had agreed to invite the Director-General to formulate proposals for rectifying the salaries and pensions situation of the GATT's professional staff, and to report back to the Council as early as possible in 1992, and not later than the last Council meeting before the Summer break.

At the Council meeting on 19 June 1992, the Director-General said that he had been working on ways and means to rectify the situation regarding professional salaries and pensions. The Secretariat had been actively engaged in conducting studies designed to establish the facts and to lay the ground for action. This work would continue and, in consultation with the respective Chairmen of the CONTRACTING PARTIES and of the Council, he would bring this matter before the Council again at an early and appropriate moment.

The Council took note of the statement.

25. Appointment of presiding officers of standing bodies (C/M/254)

At the Council meeting on 18 February 1992, pursuant to the CONTRACTING PARTIES action at their Forty-Fourth Session (SR.44/2), the Chairman announced the results of his consultations. Mr. Boittin (France) and Mr. Szepesi (Hungary) had agreed to continue for another year as Chairmen of the Committee on Balance-of-Payments Restrictions and of the Committee on Budget, Finance and Administration respectively. Mr. de la Peña (Mexico) and Mr. Tuusvuori (Finland) had agreed, respectively, to continue for another year as Chairman and Vice-Chairman of the Committee on Tariff Concessions.

The Council agreed to the foregoing.

26. Dates of the Forty-Eighth Session of the CONTRACTING PARTIES (C/M/258)

At their Forty-Seventh Session in December 1991, the CONTRACTING PARTIES had agreed that the Forty-Eighth Session would be held in the week starting Monday, 7 December 1992, bearing in mind the possibility for the Chairman of the CONTRACTING PARTIES, in consultation with delegations, to fix the dates and the duration of the Session with greater precision in the course of 1992 in light of the Uruguay Round negotiations, and even to modify the dates if circumstances made this desirable (SR.47/3, page 7).

At the Council meeting on 14 July 1992, the Chairman, on the basis of preliminary contacts with the Chairman of the CONTRACTING PARTIES, the Director-General and delegations, as well as with the authorities responsible for meeting room facilities in Geneva, proposed, on behalf of

the Chairman of the CONTRACTING PARTIES, that the Forty-Eighth Session be held on 2 and 3 December 1992, with the possibility of continuing on 4 December, if necessary. He asked Council members to convey this suggestion to their authorities and to inform him through the Secretariat -- as soon as possible, and at any rate before the summer break -- whether these dates were acceptable.

The Council took note of the statement.