

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
C/M/274
24 August 1994
Limited Distribution

(94-1729)

COUNCIL
20 July 1994

MINUTES OF MEETING

Held in the Centre William Rappard
on 20 July 1994

Chairman: Mr. M. Zahran (Egypt)

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1.	<u>Vietnam</u>	
	- <u>Request for observer status (L/7490)</u>	

The Chairman drew attention to the communication from Vietnam in document L/7490 in which that Government had requested observer status in the Council and had provided a description of its current economic and trade policies. He proposed that the Council agree to grant Vietnam observer status.

The Council so agreed.

The representatives of New Zealand, Brunei Darussalam, on behalf of ASEAN countries, Australia, Japan, Korea, the European Communities, Cuba, and India welcomed and supported Vietnam's request for observer status in the GATT Council.

The representative of New Zealand said that Vietnam was developing rapidly and was integrating itself more closely with the global economy, and in particular with dynamic economies in its own region. As this process continued, New Zealand hoped that Vietnam would indeed be encouraged to seek membership in the GATT and WTO in the not too distant future.

The representative of Brunei Darussalam, speaking on behalf of ASEAN countries, said that Vietnam, being in the Southeast Asian region, was already observer to the ASEAN. The ASEAN countries welcomed Vietnam's request for observer status in the GATT Council since it was only fair

that Vietnam familiarized itself with GATT activities in order to take a decision on accession thereto. The ASEAN countries looked forward to and encouraged Vietnam to accede to the GATT and WTO.

The representative of Australia said that his country supported Vietnam's current economic development programme and the two countries had already established the necessary framework to encourage mutually-beneficial commercial relations in the future. Australia noted that Vietnam had already embarked on a substantial economic and trade reform programme. It fully supported Vietnam in adopting necessary changes to its trading régime which would allow this country to proceed from observership in GATT to accession negotiations in due course.

The representative of Japan said that his country appreciated Vietnam's wish to familiarize itself with GATT activities in order to take a decision on accession thereto and also the report on its economic system and trade régime contained in L/7490. Japan believed that Vietnam's fuller integration into the multilateral trading system would be a welcome development and hoped that Vietnam would make use of its participation in the work of the Council as an observer so that it could acquire sufficient experience and knowledge to start accession negotiations.

The representative of Korea said that Vietnam was now in the process of transition towards a market economy and granting it observer status to the GATT Council would aid this transition and would familiarize Vietnam with GATT activities. It would also play a positive rôle in the promotion of trade with Vietnam, both in the Asian-Pacific region and internationally.

The representative of the European Communities said that the process of reforms in Vietnam and, at the same time, the process of integration of that country into the world economic and trading system should continue and should be strengthened.

The representative of Cuba said that, as indicated in document L/7490, Vietnam had been an observer at Sessions of the CONTRACTING PARTIES for many years. Cuba believed that the extension of this participation to the activities of the Council would help in taking a decision regarding future accession to the GATT.

The representative of India associated his delegation with the statements made by previous speakers.

The representative of Vietnam, speaking as an observer, expressed his gratitude to the Council for having granted his country observer status. Vietnam's request for observer status in the Council, after having benefited over the past years from observer status at Sessions of the CONTRACTING PARTIES, was a reflection of its desire and commitment to begin the preparatory process required for accession to GATT. Vietnam's economic reforms which began in 1986 have succeeded. The GDP growth rate was 7.2 per cent in 1993 and was expected to reach 8-9 per cent in 1994-1995. The successful opening of Vietnam to international trade has led to an annual export growth of about 20 per cent since 1989, covering a broad range of new as well as traditional partners. The volume of foreign investment, according to the Law on Foreign Investment adopted in December 1987, exceeded US\$ 7 billion. However, much remained to be done in order to be consistent with GATT rules and practices. Sustained efforts were necessary to set up legal foundations and instruments in policy and trade practices with foreign partners. For an economy in transition like Vietnam which faces heavy burdens inherited from the past, the development of a market economy should be in harmony with the safeguarding of social benefits. This implied the strengthening of the rôle of the State in macro-economic management in order to successfully attain policy objectives and ensure favourable conditions for the further integration of Vietnam into the international trading system. He was convinced that Vietnam as an observer would benefit from assistance from contracting parties as well as from the Secretariat in order to speed up the preparatory process for becoming a contracting party to GATT.

The Council took note of the statements.

2. Accession of Slovenia

- Report of the Working Party (L/7492 and Add.1)

The Chairman recalled that in July 1992, the Council had established a working party to examine the request of Slovenia for accession to the General Agreement. The report of the Working Party was now before the Council in document L/7492 and Add.1.

Mr. Berthet (Uruguay), introducing the report on behalf of the Chairman of the Working Party, Mr. Lacarte-Muró, drew attention to a number of Slovenia's assurances and commitments in relation to specific matters discussed in the Working Party. The commitments were included in paragraph 2(a) of the draft Protocol of Accession and were thus made part of the provisions to be applied by Slovenia upon its accession to GATT. The Working Party had agreed that, subject to the satisfactory conclusion of tariff negotiations – which had in the meantime been concluded – Slovenia would be invited to accede to the General Agreement in accordance with Article XXXIII. The relevant draft Decision and draft Protocol were annexed to the report. The Working Party had also agreed that it would reconvene in the autumn in order to examine, on the terms established by the Preparatory Committee, Slovenia's application to join the World Trade Organization (WTO).

The representative of Slovenia, speaking as an observer, said that Slovenia's accession to the GATT was an important step within its process of economic restructuring toward a full-fledged market economy. Slovenia was grateful to contracting parties for their participation in the Working Party and their valuable assistance and advice. It fully accepted GATT obligations and intended to fulfil the specific obligations reflected in the Working Party's report to their fullest extent. Since it intended to follow further procedures for membership in the WTO, Slovenia hoped that the process of accession would be concluded rapidly.

The representatives of Argentina, Australia, Austria, Brazil, Brunei Darussalam, Cameroon, Canada, Colombia, Costa Rica, Côte d'Ivoire, Cuba, the Czech Republic, the European Communities, Egypt, El Salvador, Guyana, Hong Kong, Hungary, Iceland, India, Indonesia, Israel, Jamaica, Japan, Korea, Morocco, New Zealand, Norway, Pakistan, Peru, Philippines, Poland, Romania, Singapore, the Slovak Republic, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, United States, Uruguay, Venezuela and Zimbabwe, among others, wished to be placed on record as welcoming and supporting Slovenia's accession.

The Council approved the text of the draft Protocol of Accession and the text of the draft Decision, and agreed that the draft Decision be submitted to a vote by postal ballot. The Council then adopted the report of the Working Party (L/7492 and Add.1) and took note of the statements.

3. European Economic Community

(a) Import régime for bananas

- Panel report (DS38/R)

(b) Member States' import régimes for bananas

- Panel report (DS32/R)

The Chairman recalled that the Council had considered these matters at its meeting in June and had agreed to revert to them at a future meeting. They were on the Agenda of the present meeting at the request of Guatemala. He said that according to his information, the positions of governments concerning this important question remained at the present time unchanged and that it would consequently

not be possible for the Council to reach a consensus on this matter at the present meeting. For the sake of preserving the efficacy of Council deliberations and in line with past Council practices, he proposed that following Guatemala's statement the Council take note of that statement and that the positions expressed on this matter by delegations which had spoken at the June Council meeting, as well as by those which had addressed this question in previous Council meetings, remained unchanged. He would urge only those representatives which might wish to announce a change in their position as previously recorded or those that so far had not addressed this matter and wished to put their position on record to speak.

The representative of Guatemala, speaking also on behalf of Ecuador, Honduras, Mexico and Panama, recalled that the Community was the largest world market for bananas. Guatemala had therefore noted with concern that the Community continued to ignore the Panels' recommendations and failed to fulfil its commitments as a contracting party by imposing on its member States mechanisms that were GATT-inconsistent even though several of the States had objected to its method of action. It was regrettable that the Community imposed trade barriers on the above-mentioned countries based on a controlled trading system which neither benefited producers nor consumers and was only profitable to intermediaries. The Community's method of action had resulted in distortion of its market. It had increased the domestic price of bananas and at the same time had led to trade distortions resulting in lower prices in other markets. These prices were so low that in the United States they had fallen to an unprecedented level. The fact that the Community had recently approved a system of direct aid to banana suppliers in ACP countries showed once again that the régime being applied in the Community was unfavourable to all parties, producers and consumers. It was obvious that time alone would not resolve the banana problem. Neither would the position adopted by the Community make its régime consistent with GATT rules. At the May Council meeting, the Community had stated that it was prepared to open negotiations with all interested contracting parties with a view to achieving a satisfactory solution to this problem and Guatemala had taken this to be a very positive sign. However, this offer, noted by the Council, had not been put into effect. Guatemala, therefore, once again proposed that all interested contracting parties participate in a dialogue without preconditions in order to seek an equitable solution for all under the auspices of GATT. If this proposal was accepted by the Community, Guatemala would be grateful if the Council Chairman were to ensure the necessary means to hold this dialogue before the next Council meeting. Guatemala, once again, urged contracting parties to adopt the recommendations of the Panels and called upon the Community to fulfil its obligations without delay. It requested that this item be included on the Agenda of the next Council meeting.

The representative of the European Communities said that he noted Guatemala's statement and confirmed the willingness of the Community, as expressed at the May Council meeting, to find a mutually-satisfactory solution.

The Council took note of the statements and that the positions of delegations that had expressed their views in previous meetings remained unchanged, and agreed to revert to this matter at its next meeting.

4. United States - Restrictions on imports of tuna
- Panel report (DS29/R)

The Chairman recalled that at its meeting in July 1992, the Council had established a Panel to examine the complaint by the European Community and Netherlands as co-complainants. The report of the Panel was now before the Council in document DS29/R.

Mr. Lang (Austria), introducing the report on behalf of the Chairman of the Panel, Mr. G. Maciel, said that the Panel had met with the parties to the dispute and third parties in March and June

1993. On 20 May 1994, the Panel had submitted its report to the parties to the dispute. After a thorough analysis of the facts of the case and arguments of the parties, the Panel found that the policy to conserve dolphins in the Eastern Tropical Pacific Ocean, which the United States pursued within its jurisdiction over its nationals and vessels, fell within the range of policies covered by Article XX (b) and (g). It concluded, however, that the United States' import prohibitions on tuna and tuna products under Section 101 (a) (2) and Section 305 (a) (1) and (2) of the Marine Mammal Protection Act (the "primary nation embargo") and under Section 101 (a) (2) (c) of that Act (the "intermediary nation embargo") did not meet the requirements of the Note ad Article III, were contrary to Article XI:1, and were not covered by the exceptions in Article XX (b), (g) or (d) of the General Agreement.

During its deliberations the Panel paid special attention to Article XX of the General Agreement and the exceptions contained therein. With regard to Article XX (g) ("relating to the conservation of an exhaustible natural resource") the Panel shared the view of a previous panel that "relating to" should be read as "primarily aimed at", on the understanding that the words "primarily aimed at" referred not only to the purpose of the measure but also to its effect on the conservation of the natural resource. The Panel's view on the interpretation of Article XX had been stated in paragraph 5.26 of its report:

"If however Article XX was interpreted to permit contracting parties to take trade measures so as to force other contracting parties to change their policies within their jurisdiction, including their conservation policies, the balance of rights and obligations among contracting parties, in particular the right of access to markets, would be seriously impaired. Under such an interpretation the General Agreement could no longer serve as a multilateral framework for trade among contracting parties".

As regards the interpretation of Article XX(b) the Panel stressed that the text of this provision "does not spell out any limitation on the location of the things to be protected". It also noted "that the statements and drafting changes made during the negotiation of the Havana Charter and the General Agreement did not clearly support any particular contention of the parties with respect to the location of the living thing to be protected under Article XX(b)". The Panel added that the "prohibition on imports of tuna into the United States taken under the intermediary nation embargo could not, by itself, further the United States conservation objective".

Reviewing both embargoes the Panel arrived at the following observation, namely "that both the primary and intermediary nation embargoes on tuna were taken by the United States so as to force other countries to change their policies with respect to persons and things within their own jurisdiction, since the embargoes required such changes in order to have any effect on the protection of the life or health of dolphins". Having arrived at these findings, the Panel made some concluding observations which set out the key issues in the dispute.

The Panel concluded its report by recommending that the CONTRACTING PARTIES request the United States to bring the measures in question into conformity with its obligations under the General Agreement.

The representative of the European Communities said that the Community had noted the conclusions of the report which it fully agreed with and hoped that the report would be adopted by the Council. As the Community had pointed out throughout the procedures of the Panel, the tuna dispute did not concern the objectives of the legislation discussed but the methods used by the United States for its implementation. The Community, like many other countries, shared in general the concerns of the United States in the area of environmental protection. Paragraph 5.42 of the report explicitly stated that the validity of the environmental objectives of the United States was not in any way challenged in the present dispute.

The point under discussion was the measures taken by the United States to implement its environmental objectives. It should be recalled that the United States had set up an import embargo which concerned tuna and processed products of tuna in two situations: a primary embargo, when the exporting country did not apply a dolphin protection policy similar or comparable to that applied in the United States; a secondary embargo when the exporting country did not commit itself vis-a-vis the United States to prohibit tuna imports from the countries under the primary embargo. These embargoes were aimed, as Ambassador Lang said, at forcing other countries to modify their own environmental policies. As the Panel had pointed out, the objectives of the General Agreement would be seriously jeopardized if such measures could be justified on the basis of Article XX. Therefore, the Community could not agree with the method used by the United States which reflected a purely unilateral approach. The Community also wished to draw Council's attention to the important comment contained in paragraph 5.43 of the report which stated that GATT dispute settlement provisions could not in any way modify the rights and obligations of the parties to the dispute. Other procedures existed for obtaining waivers from GATT obligations. Even more importantly, the relationship between environment and trade was currently subject to a substantive debate in the Sub-Committee on Trade and Environment. The Community attached great importance to the work of that Sub-Committee and hoped that it would be possible to cooperate therein in an open and constructive manner to prevent disputes like the one before the Council at the present meeting. The Community considered that, at this stage and on the basis of the present legal situation, the Panel report contained a correct analysis of the relevant provisions of the General Agreement and favoured the adoption of the report.

The representative of Mexico recalled that in October 1990 his country had faced an embargo against its tuna exports. Given the protectionist and discriminatory elements of that measure, Mexico had requested the establishment of a panel in order to examine the measures. As indicated in the Panel report issued in September 1991 (DS21/R), the measure imposed by the United States was inconsistent with Articles III and X:1, and was not justified under Article XX(b) or XX(g) of the General Agreement.

At the request of both the United States and several environmental groups, Mexico had decided to seek a negotiated solution which, without failing to protect dolphins, would avoid the use of unjustified protectionist measures that would put at risk the credibility of the multilateral trading system. Mexico had always been in favour of environmental protection, particularly in the area of marine resources. It had dedicated itself to conserving the sea's natural resources for more than sixty years. Mexico's environmental protection efforts had included: a successful régime to protect the elephant seal and other species of seal, long before other countries deemed it appropriate to establish similar programmes; effective protection of the endangered "vaquita porpoise", a species which had been severely damaged by the effects of increased salinity in the Gulf of California caused by diversions of the Colorado River in Mexico's Northern border; establishment, for the first time in the world, of protected breeding sanctuaries for whales along Mexico's coasts, which had largely resulted in bringing grey whale populations back to healthy and growing levels. In recognition of its protection of marine mammals, Mexico had been awarded the presidency of the International Whaling Commission (IWC) in 1991. At the last meeting of the IWC, Mexico, together with Chile and France, had promoted a resolution for establishing a sanctuary in the Antarctic. Mexico had for a long time firmly opposed the use of drift nets and supported the 1989 United Nations Resolution calling for a world-wide ban on large-scale drift netting. In cooperation with the United Nations Food and Agriculture Organization (FAO), in 1992 Mexico had sponsored and hosted the International Conference on Responsible Fishing for the purpose of developing a code of conduct of sound international fishing practices and promoting the preservation of the marine environment in relation to all fishing techniques, and all marine species all over the world. Due to its marine environment-protecting actions, Mexico had been awarded important distinctions by recognized international organizations, such as the United Nations Environmental Programme (UNEP).

As regards dolphin conservation, in 1970, i.e. twenty years before the pseudo-ecological US embargo, Mexico had been the first nation which called the attention of the world to the problem of dolphin mortality in tuna fisheries, continuing its long-demonstrated commitment to the protection of marine mammals and their habitats. During those years, when the US fleet was the main fleet in the Eastern Tropical Pacific Ocean (ETP), incidental dolphin mortality caused by the US fleet amounted to 368,000 animals per year. Between 1986 and 1990, the Mexican fleet had reduced dolphin mortality by 70 per cent. During the last four years, this trend had continued and had led to a net reduction of 97 per cent in dolphin mortality as compared with 1986. In 1993, total dolphin mortality caused by the Mexican fleet was reduced to 2,001, a figure substantially lower than the target mortality rate for 1999 established by Mexico, the US and other signatories of the "La Jolla Agreement" of 1992 which provided, through scientific observers, for the monitoring and reduction of incidental mortality. Looking at these statistics another way, Mexico had registered an average rate of incidental catching of dolphin of fifteen animals per net "set" in 1986. The rate had been consistently reduced every year, dropping to 0.45 dolphins per "set" in the first quarter of this year. On the other hand, it was worth noting that according to most recent estimates the total population of dolphins in the ETP amounted to 9.5 million. The percentage of incidental dolphins captured by the Mexican fleet in 1993 was only 0.01 per cent. Taking into account that the net reproduction rate of dolphins was 4 per cent, the above-mentioned percentage of catches was practically nil. Moreover, alternative tuna fishing technologies had proved to be ecologically unacceptable since their use was possible only for young tuna, (i.e. before reproduction) and implied catching other marine species that accompanied tuna stocks such as mahi-mahi, sharks, wahoos, billfishes, and sea turtles.

The above-mentioned improvements had been achieved without decreasing the number of "sets" or total level of tuna caught, and without the Mexican fleet acting as if the quota assigned under the plurilateral agreement of "La Jolla" was a license to kill dolphins. In contrast with these achievements, and as mentioned in the Panel report, in 1986 the US Congress authorized the US fleet fishing in the ETP to kill 20,500 dolphins and, during the consideration of the 1988 Marine Mammal Protection Act (MMPA) Amendments, had repeatedly praised the fleet for killing only 16,000 dolphins. According to one view, Mexico had reduced incidental mortality of dolphins because of the embargoes. The reality was different. As stated previously, protection of marine mammals, particularly dolphins, began in Mexico long before the embargo, and in fact it was clear that without the embargo Mexico would have had the necessary resources to obtain faster and more efficient results. The embargo, by reducing the earnings of the Mexican tuna fleet, had an adverse impact on technological improvements needed to decrease incidental catches. That, without mentioning social costs suffered by Mexico as a result of such a measure. In summary, the embargo rather than helping had only complicated Mexico's efforts in favour of dolphin protection.

Mexico strongly supported the adoption of the Panel report requested by the Community for the lifting of the primary and secondary embargoes against tuna imports in the United States. Mexico was considering the inclusion of the report of the Panel (DS21/R), requested by them in 1991, on the Agenda of the next Council meeting in order to lift the primary embargo against its tuna exports to the United States and would take such a decision depending on whether the US showed clear and concrete indications it would work for resolving this problem and lift the tuna embargo.

The representative of Brunei Darussalam, speaking on behalf of ASEAN countries, said that the report was well conceived. The Panel's conclusions confirmed that the United States' import measures on tuna and tuna products were not in conformity with its obligations under the General Agreement. In principle he supported the adoption of the Panel report but needed more time to examine the report. He, therefore, reserved the right to express, at a later stage, ASEAN's views with regard to any specific points contained in the report.

The representative of Japan recalled that his country had participated in this Panel as a third party. Japan supported the conclusions of the Panel report and its adoption by the Council. It also urged the United States to take the necessary steps to implement the Panel's recommendations. However, Japan wished to examine further some of the legal arguments made in the panel process, bearing in mind the sensitivity and complexity of the issues related to trade and environment.

The representative of Australia said that like other speakers he considered that the issue at stake was not environmental protection but the measures used. He supported the adoption of the Panel report given the importance of the GATT principles confirmed in the report. Like the first report on tuna, the report before the Council at the present meeting had concluded that the GATT did not provide a basis for unilateral actions by the United States in order to force other countries to change the policies they pursue in their own jurisdiction. The conclusions of the Panel confirmed important GATT principles central to maintaining the integrity of the multilateral trading system.

The representative of Argentina supported the request by the Community regarding the adoption of the Panel report. The legal arguments of the Panel could be found in paragraphs 5.8 and 5.9 and referred to the treatment that was applicable under Article III of the General Agreement which called for a comparison between the domestic products and like products, and not between production practices. Paragraph 5.10 also clearly stated that the US measures were inconsistent with Article XI:1 of the General Agreement. As Australia had just stated, what was being criticized was not the application of environmental policies but rather the measures used to implement these policies. Argentina supported the view that the protection of the environment should be achieved without altering the rights and obligations acquired under the General Agreement.

The representative of New Zealand supported the adoption of the Panel report for two main reasons. First, the report did not call into question a contracting party's right to take the necessary measure to protect its own environment, nor did it compromise cooperative approaches to solving global or transboundary problems. The report also made clear that contracting parties were not barred, in principle, from regulating the conduct of their own nationals outside their jurisdiction, including with respect to activities which might threaten the conservation of species on the high seas. Second, the report upheld key principles which underpinned the successful functioning of the multilateral trading system. Both elements were vital to the achievement of sustainable development in all countries.

The representative of Brazil welcomed the recommendations of the Panel report especially because — as stated in the conclusion of the report — the issue in this dispute was not the validity of the environmental objectives and concerns of the United States which were, in general terms, shared by Brazil. The main issue in the dispute was rather the application of domestic measures to impose embargoes on other contracting parties. As the report correctly pointed out, there was no implicit agreement under Article XX that contracting parties accorded each other the right to impose trade embargoes to protect animal health. Brazil attached great importance to the GATT dispute settlement mechanism and urged the United States to bring its domestic legislation into conformity with its obligations under the General Agreement.

The representative of Venezuela firmly supported the adoption of the Panel report. The measures used by the United States had been a factor of constant friction between Venezuela and the United States since the imposition by the latter of the "primary embargo" on Venezuela's tuna exports in March 1991. The measures applied by the United States did not serve the protection of the environment. To the contrary, the dispute resulting from the embargo had been unnecessary and had constituted an unfortunate impediment to progress in discussions on the question of trade and environment. The two Panels that had examined the tuna embargoes recognized the situation when they determined that these measures, inconsistent with fundamental GATT rules, could not be justified as necessary for the protection of dolphin life under Article XX(g), nor could they be considered as aiming mainly to preserve

natural resources. As indicated in the second Panel report, there had been a drastic reduction in incidental catching of dolphins associated with tuna fishing in the Eastern Tropical Pacific Ocean as referred to in the Marine Mammal Protection Act of the United States. This substantial reduction had resulted from the agreements reached in the context of the Inter-American Tropical Tuna Commission of which both the US and Venezuela were members. The aim of the Commission was to achieve a reduction in the incidental catching of dolphins up to a statistically insignificant level by 1999. Only two years from the adoption of the above-mentioned agreements the level of dolphin mortality had been reduced far below the target established for 1999. Furthermore, in 1993 the reduction was 97 per cent as compared to the level recorded in 1991, the year prior to the adoption of those agreements. This proved that a multilateral agreement could bring about significant results with regard to global protection of natural resources. Venezuela had repeatedly urged the US Government to recognize the importance and the benefits of handling the environmental problems on a global basis under a multilateral approach and not through unilateral actions.

Venezuela had made all possible efforts to resolve the tuna dispute together with the United States. However, over the past three years no possible modification of the US legislation had been foreseen. If in the coming months such modifications were not introduced, Venezuela would consider requesting official consultations in GATT with the United States. In considering this possibility, Venezuela had serious doubts regarding the US willingness to work towards finding a solution to this dispute. When the second Panel report on tuna restrictions was issued the United States stated that it would request a new hearing by a panel with the participation of non-governmental organizations. While Venezuela had no objection to greater transparency in dispute settlement procedures, it could not agree with the United States' attempt to introduce unilaterally modifications in those procedures which were of the exclusive competence of the CONTRACTING PARTIES. Moreover, Venezuela was concerned that the US request be used as a pretext to avoid the implementation of the second Panel recommendations and by extension of the first Panel's recommendations. An attempt to modify unilaterally GATT procedures would be contrary to the political line adopted by the United States to ensure greater efficiency of GATT dispute settlement procedures. In the past the United States had even proposed that contracting parties be prevented from blocking adoption of a panel report which would go against their own interests and had emphasized that GATT could effectively further the objectives of the multilateral trading system if contracting parties fully complied with the decisions of dispute settlement bodies. Consequently, Venezuela urged the United States to act in accordance with its political statements. The economy of Venezuela had been seriously affected by the imposition of the primary and secondary embargoes. Therefore Venezuela supported the adoption of the Panel report and urged the United States to take the necessary measures to lift these embargoes and to comply with its GATT obligations.

The representative of India supported in principle the Panel report which was important since it dealt with significant issues and confirmed important GATT principles. However, like other delegations, his delegation also wished to continue the examination of the report and the implications that it might have for future work in the area of trade and environment.

The representative of Chile supported the adoption of the Panel report in particular in view of the principles confirmed in the report.

The representative of the United States said that the matter at hand was an example of how things had changed, given the nature of the issues which it had raised. These issues were of significant concern to the business community, the environmental community, and to the public at large. In order to achieve a better understanding of GATT work, more openness was needed. Since the world became more focused on trade issues, and a new organization was about to be established, patterns of openness which would lend credibility and confidence in that organization were preferable to the closed process which had characterized the GATT, and in turn had created suspicions about the dispute settlement

system in non-government quarters. In an effort to impart greater credibility to the system, the United States would request the Council to hold an open, public meeting to discuss the Panel's report on tuna. In such a meeting representatives of the environmental organizations could present their views on the many sensitive and important issues involved in this dispute. Having such an open meeting would show that contracting parties were willing to get ahead of the trend toward openness, and not be dragged along in its wake. Such a meeting would be an experience that would allow all contracting parties to develop some insights into the process from having participated in it and to see how those participating conduct themselves and manage their time. They might marshal their arguments in a way that enhanced the decision-making process. Contracting parties could learn from this effort. The United States recognized that such a meeting would be a new proceeding for the Council and would raise a number of issues. It also recognized that because of the boldness of the idea, delegations were not in a position to respond to this request at the present meeting. Therefore, the United States requested the Chairman to conduct informal consultations with regard to this request, and report to the Council at a future meeting.

The representative of the European Communities said the US proposal was revolutionary. The Community had not the slightest sympathy for this proposal. Of course consultations could be held on the US proposal and the Council could revert to it at a later stage. However, in the Community's view such an initiative would be unreasonable. If the Council were to hold a public meeting with environmentalists why not hold such a meeting with farmers' organizations. This would launch an unimaginable process. Therefore at this stage, as well as at a later one, the Community would have serious reservations about the US proposal.

The representative of India recalled that according to an unwritten code of the Council no contracting party should be taken by surprise at Council meetings. This was the first time during his five years of participation in the Council that he was taken by surprise. Of course the Chairman could conduct informal consultations on the US proposal but he considered that the contracting parties would do a great disservice to themselves if they believed that what might be appropriate approaches at the city, state or village level would also be appropriate in an intergovernmental body such as the Council. Contracting parties should reflect deeply on which way to go.

The representative of Sweden, speaking on behalf of the Nordic countries, shared the concerns expressed by the Community and India. The Nordic countries supported the adoption of the Panel's report but felt that the Council should consider the measures that had been taken and not the objectives behind them.

The representative of Australia shared the views expressed by the Community, India and the Nordic countries. Of course it was the prerogative of the Council Chairman to conduct informal consultations on the issue but like other delegations he wished to express his reaction to the US proposal in advance of such consultations. He believed that contracting parties could not afford to hold public Council meetings which would detract very significantly from the seriousness with which the issues were debated in the Council within the framework of the rights and obligations and rules of the GATT.

The representative of Brunei Darussalam shared the views expressed by the Community, India and Australia.

The representative of Canada said that he wished to join the representatives of the Community and India in expressing reservations with regard to the US proposal. The Council Chairman was certainly free to hold informal consultations and Canada wished to be consulted.

The representative of Argentina recalled that so far contracting parties had considered it inappropriate for non-governmental organizations to participate in GATT's debates.

The representative of Mexico said that he could not support the US proposal. Should there be any consultations on this issue Mexico would be interested in participating in them.

The representative of Brazil said that while his delegation would be willing to participate in any consultations to be conducted by the Chairman on the US proposal, he could already indicate his country's strong reservations to the proposal for the reasons given by other speakers. An open meeting of the Council was clearly inappropriate, impractical and unreasonable.

The representative of New Zealand shared the reservations expressed by other speakers regarding the US proposal. In particular, he considered it unlikely that an encounter with non-governmental organizations would offer a useful illumination of the arguments or recommendations contained in the Panel report. However, New Zealand was interested in any consultations that might be conducted by the Chairman.

The representative of Venezuela expressed reservations regarding the US proposal and his country's interest in participating in any consultations conducted by the Chairman.

The representative of the United States noted the comments made by delegations which provided an indication of the feeling of the Council on his proposal. He intended to discuss the matter later on with the Chairman.

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

5. 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 (BISD 36S/61)

The Chairman recalled that this item was on the Agenda pursuant to paragraph I.3 of the April 1989 Decision, and that in the course of informal consultations held in 1992 and in the early part of 1993 it had been understood that it would continue to appear on the Agenda in its present form.

The representative of Brazil, referring to the implementation of the Panel report on the US denial of m.f.n. treatment as to imports of non-rubber footwear from Brazil (DS18/R), said that unlike the previous Council meetings, when his delegation had expressed concerns at the US Administration's failure to find suitable means to bring itself into conformity with the conclusions of the Panel report, at the present meeting Brazil wished to inform the Council that a solution to this long-standing dispute now seemed to be foreseeable. Recognizing that such a solution still depended on a decision by the US Congress it was Brazil's expectation that the United States would be able to report progress on this matter at the next Council meeting in October.

The representative of Canada recalled that he had informed the Council at its meeting in June that consultations between Canada and the United States on the implementation of the alcoholic and malt beverages Panel report (DS23/R) had been scheduled in Washington. These consultations had provided a useful opportunity to see what had been done and was being planned at the federal and state levels to bring United States' measures into conformity with the Panel's recommendations. The Uruguay Round implementing legislation should provide US authorities with an appropriate instrument for changing the two inconsistent federal tax measures. He wished to encourage the US Administration in these efforts and looked forward to hearing positive news on this matter at the next Council meeting in October.

His understanding of the procedures under this item was that a contracting party that had an outstanding measure that had been found to be inconsistent should provide a report. Canada had received a communication from the United States to this effect only that morning. The communication from the United States contained some positive information, namely that the USTR was currently engaging in extensive consultations within the executive branch of the US Government to see what it could do to remove these inconsistent measures. It would, therefore, be useful to have these reports from the US authorities ten days in advance of Council meetings, as was required by the 1989 Decision on improvements to the dispute settlement rules and procedures.

The representative of Australia wished to register his country's continuing practical trade interest in the status of implementation of the alcoholic and malt beverages Panel report (DS23/R). Australia noted with interest Canada's statement on recent consultations with the United States on this matter. Australia looked forward to receiving further reports on progress by the United States in implementing the Panel's recommendations and the latest communication submitted by the United States for the present meeting.

The Chairman said that the Secretariat has recently received a communication from the United States concerning the implementation of the Panel report on US measures affecting alcoholic and malt beverages which would be circulated shortly as DS23/17.

The Council took note of the statements.

6. Roster of non-governmental panelists

- (a) Proposed nomination by Uruguay (C/W/815)
- (b) Proposed nomination by India (C/W/816)

The Chairman drew attention to documents C/W/815 and C/W/816 containing proposed nominations by Uruguay and India to the roster of non-governmental panelists.

The Council approved the proposed nominations.

7. Committee on Balance-of Payments Restrictions

- (a) Consultation with Tunisia (BOP/R/214)
 - (b) Consultation with Israel (BOP/R/215)
 - (c) Consultation with Poland (BOP/R/216)
 - (d) Note on the meeting of 20 June 1994 (BOP/R/217)
- (a) Consultation with Tunisia (BOP/R/214)

Mr. Witt (Germany), Chairman of the Committee, said that on 20 June, the Committee held a simplified consultation with Tunisia pursuant to Article XVIII:12(b) and the provisions of the Declaration on Trade Measures taken for Balance-of-Payments Purposes (BISD 26S/205). The Committee commended Tunisia for the substantial further steps it had taken in the process of liberalization of its trade and payments régimes and requested Tunisia to notify by end-September 1994 the list of items remaining subject to restrictions for balance-of-payments purposes. The Committee agreed that, subject to such notification, Tunisia should be deemed to have fulfilled its obligations for 1994 under Article XVIII:12(b). In that case, the next consultation with Tunisia would take place according to the regular schedule, and should be a full consultation. Should the notification not be available, the Committee would meet again in autumn 1994 to consider a date for a full consultation with Tunisia;

the timing of such a consultation would also depend on the availability of a report by the International Monetary Fund (IMF).

The Council took note of the statement and adopted the report in BOP/R/214.

(b) Consultation with Israel (BOP/R/215)

Mr. Witt (Germany), Chairman of the Committee, recalled that the Committee had started its consultations with Israel in July 1993. At that meeting, the Committee had urged Israel to establish a timetable for the phasing-out of restrictions which were maintained for balance-of-payments purposes. At the same meeting, Israel had agreed to provide, by September 1993, an updated list identifying balance-of-payments restrictions on agricultural products. The Committee had agreed to examine this question after receiving the notification from Israel; consequently, at a meeting in December 1993, it decided that it would again review Israel's balance-of-payments situation in 1994. The Committee met on 20 June 1994; at that meeting Israel informed the Committee that it had signed an Economic Agreement with the PLO providing for unlimited free circulation of industrial and agricultural goods between the two parties, with the exception of six agricultural products. In 1993, Israel's current account deficit had increased. Despite these developments, Israel had decided to eliminate all remaining import restrictions maintained for balance-of-payments purposes by 1 September 1995. The Committee commended Israel for its decision and agreed that if Israel eliminated the restrictions in the timeframe announced, there would be no need for a further meeting of the Committee in autumn 1995. The Committee looked forward to Israel's disinvocation of the balance-of-payments provisions. In the light of the announcement made by Israel, the 1993 consultation with Israel had been concluded.

The Council took note of the statement and adopted the report in BOP/R/215.

(c) Consultation with Poland (BOP/R/216)

Mr. Witt (Germany), Chairman of the Committee, said that the Committee had met on 27 and 28 June 1994 to consult with Poland pursuant to Article XII:4(b) and the provisions of the Declaration on Trade Measures taken for Balance-of-Payments Purposes (BISD 26S/205). The Committee noted that, since the last consultation, Poland's macroeconomic situation had improved significantly: the fiscal deficit had been reduced, inflation was down and Poland was moving towards sustainable growth. However, the external and fiscal balances remained fragile. The Committee noted that Poland's debt service burden would increase, potentially straining reserves, and that the fiscal deficit could deteriorate in the short term due in part to Poland's determination to improve its credit-worthiness by meeting debt-servicing requirements in full. On the other hand, prospects for external trade had appeared to have improved, with greater potential for export growth coming from the supply side and from a recovery in Poland's main trading partners. The Committee welcomed Poland's renewed commitment to a liberal trading system, which would also encourage increased foreign capital inflows. The Committee noted that Poland regarded the level of its international reserves as satisfactory at that time, but expected the ratio of reserves to imports to decline. The Committee noted that Poland's balance-of-payments situation would have been more tenuous in the absence of the surcharge. Members expressed doubts concerning the efficacy of the surcharge and stressed that such a measure should be viewed only as a temporary means to address external imbalances. It was indicated that the surcharge might have a retrograde effect on trade and weaken the outward-looking thrust of Polish economic policies. The Committee expressed disappointment that the surcharge had been maintained, that it had not been reduced to 3 per cent in 1994, and it would not be eliminated by the end of 1994 as originally planned. The Committee also emphasized that Article XII trade measures were to be used only for balance-of-payments purposes. The Committee noted Poland's new commitment to reduce the surcharge to 5 per cent in 1995 and to 3 per cent in 1996, and to eliminate it by the end of 1996. Given the improvements in Poland's economic situation and the prospects for faster recovery, the Committee considered that a

more rapid phase-out could well be possible. The Committee therefore welcomed Poland's readiness to review the situation with it in the spring of 1995.

The Council took note of the statement and adopted the report in BOP/R/216.

(d) Note on the meeting of 20 June (BOP/R/217)

The Chairman drew attention to the note on the meeting held by the Committee on 20 June 1994, which had been recently circulated in BOP/R/217 and which was available in the room.

The Council took note of the information in BOP/R/217.

8. Central European Free-Trade Agreement

- Communication from the Parties to the Agreement (L/7495 and Add.1)

The Chairman recalled that at the June Council meeting, Poland, also on behalf of the Czech Republic, Hungary and the Slovak Republic, had informed the Council of a free-trade agreement between them and drew attention to the communications from the Parties of the Agreement (L/7495 and Add.1). He proposed that the Council agree to establish a working party to examine this Agreement, with the following terms of reference and composition:

Terms of reference

"To examine, in the light of the relevant provisions of the General Agreement, the Central European Free-Trade Agreement and to report to the Council."

Membership

The Working Party would be open to all contracting parties indicating their wish to serve on it.

The Chairman proposed that he be authorized to designate the Chairman of the Working Party in consultation with the contracting parties primarily interested.

The Council so agreed.

9. Enlargement of the European Communities

- Statement by EEC

The Chairman recalled that this matter had been raised by the United States at the June Council meeting. It was on the Agenda of the present meeting at the request of the European Communities.

The representative of the European Communities said that the accession agreements of Austria, Finland, Norway and Sweden to the European Communities recently signed in Corfu had yet to be ratified by each of the countries concerned. The ratification would depend on the results of the referenda which would be organized in those countries. Only then the size of the Community and the implication of its enlargement would be known and a formal notification would be possible. As regards Austria the referendum had already taken place successfully but its accession agreement had yet to be ratified by the parliaments of each of the twelve present member States of the Community. As regards Finland, Norway and Sweden the referenda would be held on 16 October, 27-28 November and 13 November

respectively. When the ratification processes were completed, the Community would submit a formal notification as required under Article XXIV:7(a) of the General Agreement, and a working party for the examination of those agreements could be established. After the referendum in November in Norway the Community would submit to the Secretariat and contracting parties, as it had done in the past, all information required for examination in the working party which could then proceed with the work in an expeditious manner.

The representative of the United States noted that the Community did not wish to start Article XXVIII negotiations before the accession agreements had been ratified. He also observed that the time between final ratification and implementation of the agreements would be very short and in all likelihood would not allow the United States and other contracting parties adequate time for resolving any potential problems that might arise from such matters as broken bindings. His government hoped that the Community would provide relevant data on its enlargement as soon as possible.

The representative of Brazil expressed appreciation for the information provided by the Community. His government believed that whatever the conditions of accession negotiated between the Community and Austria, Finland, Norway and Sweden, their accession should in no way prejudice the rights of third parties stemming from the bilateral and multilateral commitments of both the EEC and the acceding countries. One area of particular concern to Brazil regarding the enlargement of the European Communities was textiles. In this respect he drew the Council's attention to the communique of the nineteenth session of the Council of the International Textiles and Clothing Bureau (ITCB) held recently in Peru. On that occasion the Council of the ITCB had stressed that the enlargement of the European Communities should not have an adverse impact on export opportunities of ITCB members. The ITCB Council had urged the Community to ensure increased market access and to improve potential for trade expansion after its enlargement. Should ITCB members be adversely affected by this enlargement, adequate compensation should be made available to the affected members. Brazil hoped that these requests by the ITCB Council would be positively responded to by the Community when considering the effect of its enlargement on trade relations of both old and new member States of the EEC with third countries.

The representative of Australia welcomed the information provided by the Community. In the light of this information he assumed that it would not be the intention of the Community to implement the accession agreements as from 1 January 1995 because, as the Community was aware, there has been a long-standing understanding in GATT that Article XXIV:6 negotiations must commence before bindings were modified or withdrawn. It was expected that, given the very short time remaining from the time of ratification until 1 January 1995, the Community would not be implementing the accession agreements on that date. If however, the Community intended to do so, his government wished the Community to clarify how it intended to meet the WTO access commitment if the common customs régime resulting from the accession of the four additional countries were to be implemented prior to finalization of the Article XXIV:6 negotiations. Like Brazil, Australia would welcome an assurance from the Community that its enlargement would be consistent with GATT/WTO provisions on the formation of customs unions and would not lead to any reduction in access for third countries to the markets of the new members of the Community.

The representative of Japan said that compensatory adjustment might be needed under Article XXIV:6 due to the enlargement of the European Communities, and if that were the case, Japan would like to pursue this matter further.

The representative of India welcomed the information provided by the Community. He supported Brazil's statement in particular in regard to textiles which was of great concern to his government since the enlargement of the Communities might lead to the introduction of new restrictions on products

where at present restrictions were not applied. This would be contrary to the standstill and roll-back commitments. His delegation also intended to pursue this matter bilaterally.

The representative of Hong Kong welcomed the information provided by the Community and supported the views expressed by Brazil in particular in connection with textiles.

The representative of Brunei Darussalam, speaking on behalf of the ASEAN countries, expressed appreciation for the information provided by the Community. ASEAN countries looked forward to starting the GATT examination of the enlargement of the Community as soon as possible.

The representative of Mexico, welcomed the information provided by the Community and endorsed the views expressed by previous speakers.

The representative of New Zealand associated his delegation in particular with the statement by Australia.

The representative of Uruguay welcomed the information provided by the Community and expressed his government's keen interest in the question of the enlargement of the Communities which should not in any way lead to nullification or impairment of benefits that third countries had under the GATT. He also supported Brazil's comments regarding textiles.

The Council took note of the statements.

10. EEC - Free-Trade Agreements with Estonia, Latvia and Lithuania

The representative of the European Communities, speaking under "Other Business", informed the Council of the signing of free-trade agreements between the Community and Estonia, Latvia and Lithuania. The Free-Trade Agreement with Estonia would fully enter into force as of the date of its implementation. The Free-Trade Agreements with Latvia and Lithuania would enter into force after a transition period of four and six years, respectively. These Agreements, covering basically all trade between the Parties, would be notified to contracting parties in the near future.

The Council took note of this information.

11. Mexico - Ratification of the results of the Uruguay Round Negotiations

The representative of Mexico, speaking under "Other Business", informed the Council that the Senate of Mexico had ratified the results of the Uruguay Round Negotiations on 13 July 1994. Mexico could thus be an original Member of the future World Trade Organization as of 1 January 1995. He recalled that Mexico, together with the Community and Canada was among the first participants to propose the establishment of the Organization. This ratification confirmed his Government's firm commitment towards free and open trade where competition would be based on quality and price rather than on barriers or subsidies which distorted market conditions.

The Council took note of the statement.

12. Mexico - Certificates of origin for products subject to anti-dumping or countervailing duties

The representative of Austria, speaking under "Other Business", said that Mexico had introduced obligatory certificates of origin for about 300 items. The entry into force of the Decree of 26 May 1994, which was foreseen for 15 July 1994, had been postponed until 1 September 1994. The certificates of origin have been made obligatory for those products that were subject to anti-dumping measures in Mexico. If the certificate of origin did not comply with the requirements provided for in the Decree, anti-dumping measures were applied. In addition, the Decree required the provision of very extensive information which was difficult for traders to obtain. Such information included: the name of the exporter and producer; description of the product to allow classification at a 6-digit level in the Mexican Customs Tariff; classification of all foreign product inputs at the 6-digit level in the Mexican Customs Tariff and their country of origin.

While Austria did not question the right of a contracting party to introduce and use certificates of origin it wished to recall that Article VIII of GATT on "Fees and Formalities connected with Importation and Exportation" emphasized the need for minimizing the incidence and complexity of import and export documentation requirements. The Mexican requirements under the new Decree did not seem to be justified by international conventions like the Kyoto Convention and even the older League of Nations Convention for the Simplification of Customs Formalities, and might amount in practice to an unjustified barrier to trade for bona fide traders. In addition, the requirement to state the name of the producer and the foreign inputs and their country of origin might infringe on business secrets. The requirement to classify the products according to the Mexican Customs Tariff did not correspond to Principle 5 of the GATT Code of Standard Practices for Documentary Requirements for the Importation of Goods which provided that it was the importer and not the exporter who had the obligation to classify according to the customs tariff of the country of importation (BISD 1S/23-25). Looking ahead to the entry into force of the WTO Agreement, the unilateral introduction by Mexico of special rules should not be allowed to prejudice the Uruguay Round Agreements on Rules of Origin which provided for the harmonization of non-preferential rules of origin. Austria wished, however, to thank the Mexican authorities for their very cooperative attitude towards the concerns of his delegation and others on this matter and hoped that ways and means could be found to achieve the goal behind Mexico's Decree without unduly burdening bona fide trade.

The Chairman reminded delegations that the purpose of including items under "Other Business" was to raise the problem briefly without opening a debate. If the concerned delegation wanted to have a discussion, then the matter should be inscribed as an item on the Agenda of the Council meeting. In this connection, he requested delegations to be brief in addressing this issue.

The representative of Brunei Darussalam, speaking on behalf of the ASEAN countries, expressed concern that the Decree adopted by Mexico could impede the normal flow of exports from third countries. Exports to Mexico through intermediaries in third countries such as the United States could be particularly affected by this regulation. Nevertheless, he was encouraged that Mexico had decided to postpone the implementation of the new regulation from 15 July 1994 to 1 September 1994. He also noted that a technical team from Mexico would be visiting interested countries, including the ASEAN countries, to explain the mechanics of the new regulation. The ASEAN countries looked forward to working jointly with Mexico to arrive at an arrangement which would accomplish the desired objectives and at the same time result in the least possible disruption in the normal flow of trade from the affected countries.

The representative of Hong Kong also expressed his government's concern on this matter. His government had, earlier this month, submitted a written communication to the Mexico outlining Hong Kong's concern and had requested the Mexican Government to meet bilaterally to further clarify matters.

The representatives of the European Communities, Sweden, speaking on behalf of the Nordic countries, and Switzerland shared the concerns that had been expressed on this matter. The representatives of the European Communities and Switzerland added that they would be pleased to have an opportunity to obtain further explanations and clarifications from Mexico on this question. The representative of the European Communities wondered whether Mexico could consider the possibility of not applying these provisions in September 1994 thus giving the Community more time to examine the issue. The representative of Switzerland expressed appreciation at the positive and constructive approach adopted by Mexico on this matter.

The representative of Mexico said that the above-mentioned Decree had been published in the Official Bulletin of Mexico on 31 May 1994. These rules were applicable only to items subject to anti-dumping or countervailing duties and to products on which there had been a systematic and massive evasion of such payments. This regulation was thus aimed at avoiding unfair trading practices by importers who used third markets to evade payments of anti-dumping or countervailing duties on products affected by such measures. These provisions were consistent with Mexico's rights and obligations under the GATT. In addition to its publication in the Official Bulletin, as a matter of courtesy and absolute transparency, the Decree had been distributed immediately to each embassy or representation of member states and non-member states of GATT accredited in Mexico. Finally, in order to give more time to Mexico's trading partners to adapt to the new situation and without causing any disturbance in the flow of trade, the entry into force of the Decree had been postponed from 15 July 1994 to 1 September 1994. In this regard, his delegation was pleased to hear some delegations mentioning the cooperation that Mexico had been showing in handling this issue. He added that Mexican representatives would be visiting some countries to provide further clarification on this matter. He had also noted the request not to apply the Decree on 1 September 1994; however, this would be very costly for Mexican industry which was currently receiving substantial imports via third countries on the basis of unfair practices. Mexico had sought and found a solution to this problem without infringing GATT rules, and would be open to hear ideas on how Mexico's problem could be more effectively resolved.

The Chairman encouraged the continuation of the dialogue between Mexico and other interested contracting parties in order to settle any problem concerning the Decree.

The Council took note of the statements.

13. Trade Policy Review Mechanism - Programme of reviews
(a) 1994

The Chairman, speaking under "Other Business", recalled that at the June Council meeting, he had been requested to indicate the schedule for the remaining TPRM reviews under the 1994 programme. This schedule would be as follows:

Macau:	27-28 September 1994
Hong Kong:	5-6 October 1994
Pakistan:	15-16 November 1994
Canada:	21-22 November 1994
Indonesia:	29-30 November 1994
Zimbabwe:	1-2 December 1994
Sweden and Israel:	provisionally, 13-14 and 19-20 December 1994, respectively

Bearing in mind the flexibility recently agreed in procedures for the TPRM (L/7458), the reviews of Cameroon and Japan within the 1994 programme would be held in January and February 1995, respectively. These reviews would be conducted under GATT 1947 procedures. It was evident that,

especially towards the end of the year, there might also be need for some flexibility in scheduling in the light of dates currently under consideration for the CONTRACTING PARTIES' Session and the Uruguay Round Implementation Conference.

The Council took note of this information.

(b) 1995

The Chairman, speaking under "Other Business", recalled that at the June Council meeting, the Council had agreed to the programme of reviews for 1995 proposed by him. Following that meeting, the Slovak Republic had requested to be reviewed in 1995 under the six-year cycle, and would thus be included in the programme of reviews for 1995.¹ He reiterated that in the case of the reviews to be conducted under the 1995 Programme, the conditions outlined in his statement at the last Council meeting would apply, i.e. that subject to the entry into force of the Agreement establishing the World Trade Organization (WTO), these reviews would be conducted by the Trade Policy Review Body under the Agreement.

The Council took note of this information.

14. Technical Group on Quantitative Restrictions and other Non-Tariff Measures
- Date of the next meeting

The Chairman, speaking under "Other Business", recalled that at the Council meeting in June 1993, the Council had invited its Chairman to hold consultations on the date of the next meeting of the Technical Group after the conclusion of the Uruguay Round. He informed the Council that he had started informal consultations on this matter with interested delegations on 19 July 1994, in order to discuss whether contracting parties wished the Technical Group to meet in the late autumn or rather after the entry into force of the WTO when the situation with respect to quantitative restrictions and other non-tariff measures would be considerably altered due to the implementation of the Uruguay Round results.

From these consultations, it appeared that all delegations agreed that work on the documentation regarding quantitative restrictions and other non-tariff measures should continue, but that a meeting of the Group this autumn might not necessarily be required. Delegations had also noted that the Sub-Committee on Institutional, Procedural and Legal Matters of the Preparatory Committee would consider how this work should continue once the WTO had entered into force. He therefore proposed that delegations reflect further on this matter and revert to it at the next Council meeting.

The Council took note of the statement, and agreed with the Chairman's proposal.

15. Management of accession negotiations

The Chairman, speaking under "Other Business", recalled that following the discussion held at the June Council meeting on the proposal put forward by Sweden, on behalf of the Nordic countries, concerning management of accession negotiations, he had been requested by the Council to hold consultations on this matter with the Chairman of the Preparatory Committee and report to the Council

¹The programme of reviews for 1995 has been circulated in document L/7494.

at a future meeting. He had held consultations with Mr. Sutherland in his capacity as Chairman of the Preparatory Committee on this matter. Mr. Sutherland was of the view that at the present time this matter could more appropriately be dealt with in the Council than in the Preparatory Committee since the current work on accession negotiations was still under the purview of the Council. Since then he had held an initial consultation with interested delegations on 19 July 1994 and intended to continue these informal consultations and report to the Council at a future meeting.

The representative of Sweden, speaking on behalf of the Nordic countries, recalled that at the June Council meeting, his delegation had indicated a need for a comprehensive GATT approach to the globalization of the trading system. This was of important political significance but was not to be confused with an attempt to introduce political considerations in the accession process. In fact, the Nordic countries for forty-seven years had been among those who defended the trading system from being politicized. Generally speaking, the discussion on the accession negotiations at the June Council meeting had been very useful and most speakers had expressed an interest in participating in informal consultations. Some had specific suggestions to make and several interesting thoughts were presented during the meeting. In this connection, his delegation was very grateful for the attention shown and was encouraged by the active and very constructive participation of delegations in the discussion. He expressed appreciation to the Council Chairman for holding informal consultations to consider these issues, and was confident that these consultations would be productive and result in some kind of a plan of action. He added that in preparation for future discussions, he would welcome an informal paper by the Secretariat summarizing various suggestions for improvements that had been made.

The Chairman said that he had discussed this matter with the Secretariat following the informal consultations. The Secretariat would prepare, for the consultations to be convened in the autumn, an informal paper reflecting the various suggestions put forward during the June Council meeting and the informal consultations.

The Council took note of the statements and agreed with the Chairman's proposal.

16. European Bank for Reconstruction and Development
- Request for observer status

The Chairman, speaking under "Other Business", informed the Council that the European Bank for Reconstruction and Development (EBRD) had recently expressed its interest in becoming observer to the GATT Council. Since this request had been received too late for inscription on the Agenda of the present meeting it would be formally taken up at the next Council meeting.

The Council took note of this information.

17. Interim Agreements between the EEC and the Czech Republic, the Slovak Republic, Hungary and Poland
- Working Party Chairmanship

The Chairman, speaking under "Other Business", recalled that the Working Party's Chairmanship had been announced at the Council meeting of 24 February 1993. Since Mr. Bisley (New Zealand), the appointed Chairman of the Working Party had departed from Geneva, Mr. Berthet (Uruguay) had kindly accepted to replace him and chair the Working Party.

The Council took note of this information.

18. Accession of Estonia
- Working Party Chairmanship

The Chairman, speaking under "Other Business", recalled that at its meeting in March 1994, the Council had established a Working Party on the Accession of Estonia and that the Council Chairman had been authorized to designate the Chairman of the Working Party in consultation with representatives of contracting parties and with the representative of Estonia. He informed the Council that Mr. Kenyon (Australia) had agreed to serve as Chairman of the Working Party on the Accession of Estonia.

The Council took note of this information.

19. Free-Trade Agreements between Switzerland and Estonia, Latvia and Lithuania
- Working Party Chairmanship

The Chairman, speaking under "Other Business", recalled that at its meeting in June 1993, the Council had established a Working Party on Free-Trade Agreements between Switzerland and Estonia, Latvia and Lithuania respectively, and that the Council Chairman had been authorized to designate the Chairman of the Working Party in consultation with delegations principally concerned. He informed the Council that Mr. Metzger (France) had agreed to serve as Chairman of the Working Party on the Free-Trade Agreements between Switzerland and Estonia, Latvia and Lithuania.

The Council took note of this information.