

GENERAL AGREEMENT ON TARIFFS AND TRADE

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COUNCIL OF REPRESENTATIVES

Draft Report on Work since the Twenty-Sixth Session

In accordance with the Decision of 4 June 1960 establishing the Council of Representatives, the Council is required to report to the CONTRACTING PARTIES on the matters considered between sessions of the CONTRACTING PARTIES. The task of the Council was enlarged when the CONTRACTING PARTIES, at their twenty-fifth session, agreed that the Council should undertake a wider range of work. In addition, the Council has been authorized to supervise all aspects of the Work Programme for Expansion of International Trade agreed upon by the CONTRACTING PARTIES at their twenty-fourth session.

In carrying out its task the Council has held [thirteen] meetings since the twenty-sixth session in February 1970. The minutes of these meetings have been issued in documents C/M/62 - [74]. Adoption of this report, which summarizes the action taken by the Council, will constitute approval by the CONTRACTING PARTIES of that action. In respect of the subjects dealt with in paragraphs [] specific decisions of the CONTRACTING PARTIES are necessary and the draft decisions recommended by the Council for adoption are attached to this report.

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1. Membership of Council (C/M/64, 66)

The Council welcomed at its September 1970 meeting Iceland, and at its meeting on 2 February 1971 the People's Republic of the Congo and Gabon as its members.

2. Meetings of the CONTRACTING PARTIES (C/M/66, 67)

At its meeting on 2 February 1971, the Council considered suggestions put forward by the Director-General to hold the twenty-seventh session in the second half of November 1971 and to hold a short informal meeting in April 1971. On 22 February 1971 the Council agreed to fix the dates for the twenty-seventh session as from 15 to 26 November 1971 and to have an informal meeting of the CONTRACTING PARTIES from 28 to 30 April 1971 to review the current situation in international trade and to hold a review of the work programme.

3. Committee on Trade in Industrial Products (C/M/63, 65, 67, 68, [747])

Under the authorization of the CONTRACTING PARTIES to supervise the work programme for the expansion of international trade the Council followed closely progress made by the Committee on Trade in Industrial Products in carrying out its work, and from time to time dealt with specific issues referred to it by the Committee.

In July 1970 the Council heard a statement by the Chairman of the Committee on the progress of work of the Committee.

In February 1971 the Council considered the second report of the Committee (L/3496) covering the work between the twenty-sixth session and February 1971.

As regards non-tariff barriers, the Committee had concluded that the next stage of work should be selective and be undertaken with a view to elaborating solutions on an ad referendum basis. The subjects chosen were standards and their enforcement, problems connected with existing systems of valuation for customs purposes and specific limitations on trade, beginning with the operation of licensing systems. As concerns the tariff study, the Committee reached agreement on the terms of reference for the Working Party on the Tariff Study.

The Council adopted the report and decided that the Committee and Groups should undertake the work envisaged in the second report of the Committee, on the tariff study and on the particular non-tariff barrier items indicated in the report, while continuing to explore the possibilities for adding other topics to this work programme.

At its meeting in April 1971 the Council decided that, on all products, agricultural and as well as industrial, submissions should be made so that those relating to agricultural products could be transmitted to the Agriculture Committee. The Working Group on Licensing of the Committee on Trade in Industrial Products would consider licensing systems as measures of general application, subject to the right of the Agriculture Committee to review the applicability to the agricultural sector of any solutions evolved.

[To be concluded]

4. Agriculture Committee (C/M/63, 66 [74])

At its meeting in July 1970, the Council took note of a statement by the Chairman of the Agriculture Committee to the effect that the Committee had carried its work forward in four working groups, dealing respectively with measures which affect exports, imports, production and other relevant measures.

A report of the Committee (L/3472) was presented to the Council at its meeting of 2 February 1971. The Committee had agreed to draw up a document containing factual information on tariffs, quantitative restrictions, variable levies and other special charges as well as information on health and sanitary regulations. The Committee had also assembled a wide spectrum of suggestions or proposals as to how the principal problems that arise in the field of agricultural products might be dealt with.

The Council adopted the Report and decided that the Committee should continue its task as set out in its terms of reference; that delegations should be invited to put before the Committee, as soon as possible, further suggestions as to ways in which the principal problems facing trade in agricultural products might be dealt with, to make more specific the suggestions that had been made when this had

not already been done and that the Committee should carry out such analyses of the suggestions as it considered appropriate; and that, without prejudice to the right of any contracting party to invoke established GATT consultation procedures, the Committee should pursue, at any time, such opportunities as might arise for the settlement of particular trade problems.

/To be concluded/

5. Committee on Trade and Development (C/M/68)

In April 1971, the Council received a report of the Committee on Trade and Development on its activities since the twenty-sixth session.

The Committee had been impressed by many statements of developing countries to the effect that urgent and wide-ranging action was necessary to increase their foreign trade earnings. They had recalled the Conclusions adopted at the twenty-sixth session of the CONTRACTING PARTIES and had expressed frustration at the lack of adequate action in GATT. They had viewed with concern the disquieting developments on the international trade scene. It had been their view that if it was not possible to enter into new negotiations on a world-wide basis at the moment, serious efforts should be made to initiate positive action in favour of developing countries, especially in regard to the most urgent problems, already identified in GATT. Against this background the Committee had established the Group of Three which had been requested to present proposals for concrete action that might be taken to deal with trade problems of developing countries.

The Council took note of the report.

6. Border Tax Adjustments (C/M/65)

The final report of the Working Party on Border Tax Adjustments (L/3464) was presented to the Council at its December 1970 meeting. The Council in adopting the report, agreed, as recommended by the Working Party, to the introduction, on a provisional basis, of a notification procedure on changes in tax adjustments introduced by contracting parties and to the establishment of a consultation procedure, whereby, at the request of a contracting party, a multilateral consultation could take place on any changes in tax adjustments. The Council invited the Director-General to consider, at convenient intervals, whether a review of notified changes was called for and, after an adequate period of operation, whether the provisional notification procedure should be continued, modified or discontinued. The Working Party had concluded its work but could be reconvened in due course, as the appropriate forum for holding the consultations.

7. Anti-Dumping Practices

(a) Committee on Anti-Dumping Practices (C/M/68, [747])

At its April 1971 meeting, the Council adopted the report of the Committee on Anti-Dumping Practices for 1970 (L/3521).

[To be concluded]

(b) Acceptance of the Anti-Dumping Code (C/M/63, 64)

The CONTRACTING PARTIES had at their twenty-sixth session directed the Council to make arrangements for a wide and early acceptance of the Agreement on the Implementation of Article VI. At its July 1970 meeting, the Council held an initial exchange of views on the adherence of developing countries to the Agreement. In September 1970 the Council established a Working Party to examine the special problems of developing countries in connexion with the Agreement. The Working Party, which held its first meeting in September 1971, is at present studying certain proposals to facilitate adherence of developing countries.

8. Import restrictions (C/M/63, 68, 70)

The Council received the report of the Joint Working Group on Import Restrictions (L/3391 and Add.1) in July 1970. The Group had examined systematically the restrictions still maintained by the eighteen countries consulted with a view to assessing prospects for removal or relaxation in each case.

The Council having before it the complete report of the Group (L/3391/Rev.1), continued its consideration at its meeting of 21 April 1971. There was wide support for the suggestion that the information assembled by the Joint Working Group be kept up to date, that contracting parties be invited to notify annually any changes to the restrictions contained in the document and that the CONTRACTING PARTIES review periodically quantitative restrictions notified.

At its June 1971 meeting the Council agreed that the Joint Working Group should continue with its work; that the data assembled should be kept up to date and that contracting parties should be invited to notify annually, on 30 September, changes which should be made concerning the restrictions contained in the consolidated document; that the Group's future work should be subject to the same understandings as those specified in the Council's report when the Group was originally established, and that the Group would carry out its review annually or every second year.

9. Balance-of-Payments Import Restrictions (C/M/62, 63, 64, 65, 66, 68, [747])

In 1970 at meetings held in March, June, July and October, the Committee on Balance of Payments carried out consultations with ten countries. The reports on these consultations were submitted to the Council in the following documents:

Egypt, Arab Republic of	(BOP/R/49)	Israel	(BOP/R/43)
Finland	(BOP/R/44)	Peru	(BOP/R/46)
Greece	(BOP/R/50)	Spain	(BOP/R/47)
Iceland	(BOP/R/38)	Uruguay	(BOP/R/45)
Indonesia	(BOP/R/51)	Yugoslavia	(BOP/R/48)

In the case of Peru no full consultation was carried out (BOP/R/46) because of the natural disaster which had struck that country in June 1970. The Committee had agreed that there was no point in examining the restrictions as they had been applied prior to the earthquake but that the Council could consider such action as appropriate in terms of the relevant GATT provisions when informed of any new import restrictive measures. In the case of Indonesia the Committee had conducted an "expanded consultation" as agreed at the twenty-fourth session, and particular attention was given to the possibilities for alleviating and correcting the trade and development problems through measures that could be taken by other contracting parties.

The Council adopted the reports and also approved a programme for consultations in 1971.

In 1971, at meetings held in March and June, the Committee carried out consultations with seven countries. The reports on these consultations were submitted to the Council in the following documents:

Brazil	(BOP/R/57)	Israel	(BOP/R/54)
Ceylon	(BOP/R/58)	Korea	(BOP/R/56)
Ghana	(BOP/R/53)	New Zealand	(BOP/R/52)
Iceland	(BOP/R/55)		

The Council adopted these reports.

[To be concluded]

10. Argentina - Import restrictions (C/M/73 [74])

At its meeting of October 1971, the Council was informed by the representative of Argentina that Argentina had been obliged temporarily to suspend imports in order to avoid a further deterioration in its economic situation. The Council agreed to revert to the matter at its next meeting.

[To be concluded]

11. Japan - Import Liberalization Programme (C/M/64)

At its September 1970 meeting, the Council was informed by the representative of Japan of a decision taken to accelerate the elimination of residual restrictions envisaged by Japan for 1971. As a result of this decision by the end of September 1971 less than forty items would remain restricted.

12. Nigeria - Import Liberalization Programme (C/M/65)

At its April 1971 meeting, the representative of Nigeria informed the Council that his Government had recently taken wide-ranging measures to liberalize imports, so that with effect from 1 April 1971 most imports had been freed from licensing requirements.

13. Israel - Temporary import surcharge (C/I/64, 68)

At its meeting in September 1970 the Council was given detailed information by the representative of Israel on the imposition of a temporary import surcharge. The surcharge was part of a group of emergency measures designed to cut consumption and stem the rapid deterioration in the balance of payments. The rate of the surcharge was 20 per cent and affected nearly all imports. The measure would probably be extended until March 1972.

At the request of the Council, the Balance of Payments Committee examined the temporary import surcharge during its consultation with Israel in March 1971. The results of the consultation with Israel are contained in the Committee's report on Israel (BOP/R/54). At its meeting in April 1971, the Council took note of the situation and agreed to keep it under review. It invited Israel to notify the CONTRACTING PARTIES in advance of any change in the level or duration of application of the import surcharge. It urged Israel to eliminate the measure as early as circumstances permitted and in any case not later than 31 March 1972. The Council further agreed that the use of this surcharge by Israel should be subject to all the conditions and criteria embodied in the appropriate provisions of the General Agreement governing the use of quantitative restrictions for balance of payments reasons. It noted that this would in no way preclude appropriate action by any contracting party which considered that any benefit accruing to it under Article II was nullified or impaired as a consequence of the measure. The dispositions made by the Council were not to be regarded as a precedent; they had been formulated after careful consideration of the particular circumstances and were not intended for application in other instances in the future.

14. United States - Temporary import surcharge (C/M/71, 72)

At its meeting on 24-25 August 1971, the Council considered the United States temporary import surcharge introduced on 16 August 1971, and certain other measures of a non-monetary nature (L/3567). After an extended discussion on the matter, the Council established a Working Party to examine the surcharge and to exchange views on other measures in the United States programme of a non-monetary nature which had a direct impact on international trade.

The report of the Working Party (L/3573), a record of exchange of views on the Job Development Tax Credit (L/3575) and a note on the exchange of views on the DISC (L/3574) were presented to the Council at its meeting in September 1971. General support was expressed for the report as a whole as well as for its Conclusions. The report was considered to be a well-balanced and cogent statement of the problems at stake and to reflect clearly the different views expressed. Many members of the Council, recalling that the import surcharge had been introduced as a temporary measure, appealed to the United States to bring about its early removal. Several representatives reiterated their view that the temporary import surcharge was, in the light of all the circumstances, an inappropriate measure and was not in conformity with the General Agreement. Several members expressed their special support for those parts of the report of the Working Party which dealt with the problems of the developing countries. They urged the United States to reconsider

the issue of the exemption from the surcharge of products originating in developing countries. Some representatives described the way and the extent to which the economies of their own countries would be particularly affected by the temporary import surcharge. The representative of the United States, recalling the views that his delegation had expressed in the Working Party, noted that the Working Party had recognized that the United States was in a serious balance-of-payments situation which required urgent action and he observed that no alternative proposals had been made. With regard to the duration of the surcharge, he said that the duration of the surcharge was related to the speed and effectiveness with which the circumstances that had dictated the use of the surcharge could be dealt with.

The Council adopted the report of the Working Party and its Conclusions and decided to keep the matter under close review and, for that reason, to keep it on its agenda. The Council agreed that the Working Party would be reconvened in the light of developments and the Council also took note of the Notes on the exchange of views on the Job Development Tax Credit and regarding the DISC.

15. Yugoslavia - Special import charge (C/M/64, 65, 73)

At its meeting in September 1970, the Council was given detailed information by the representative of Yugoslavia on the imposition of a special import charge. The measure had been introduced to alleviate balance-of-payments difficulties. It consisted of a 5 per cent tax on imports, was temporary and was to be terminated on 30 June 1971.

At the request of the Council the Balance-of-Payments Committee examined the special import charge during its regular consultation with Yugoslavia in October 1970. The results of the examination are contained in the Committee's report on Yugoslavia (BOP/R/48), which was adopted by the Council at its December 1970 meeting.

At its meeting of October 1971 the Council was informed by the representative of Yugoslavia that the special import charge which had earlier been reduced from 5 to 2 per cent had been raised to 6 per cent and the duration had been extended to 31 December 1971. The Council took note of the statement and welcomed the intention of Yugoslavia to remove the surcharge by 31 December 1971.

16. Israel - Import Deposit Scheme (C/M/62)

In accordance with a Decision of the Council taken at its January 1970 meeting (C/M/60), the Committee on Balance-of-Payments Import Restrictions examined the import deposit scheme introduced by Israel in January 1970. The examination was carried out in March 1970 in the framework of the regular consultation on balance-of-payments import restrictions. The results of the examination are contained in the Balance-of-Payments Committee report on Israel (BOP/R/43) which was adopted by the Council at its April 1970 meeting.

17. Spain - Import Deposit Scheme (C/M/64)

In accordance with a decision of the Council taken at its January 1970 meeting, the Committee on Balance-of-Payments Import Restrictions, while conducting consultations with Spain on the import restrictions maintained by Spain, also examined the scheme of prior import deposits introduced by Spain in December 1969. The results of the examination are contained in the Balance-of-Payments Committee report on Spain (BOP/R/47), which was adopted by the Council at its September 1970 meeting. In July 1971 the Spanish Government advised the CONTRACTING PARTIES that the measures had been eliminated with effect from 1 July 1971 (L/3549).

18. United Kingdom - Import Deposit Scheme (C/M/64)

At its September 1970 meeting the Council was informed by the representative of the United Kingdom that the rate of deposit required under the Import Deposit Scheme had been reduced from 30 to 20 per cent with effect from 1 September 1970 and that the Scheme would be terminated on 4 December 1970.

After termination of the Scheme on 4 December 1970 the Working Party circulated a final report (L/3526).

19. EEC emergency action on table apples (C/M/62, 63)

The European Communities informed the CONTRACTING PARTIES of the introduction of certain emergency measures regarding table apples for the period of 1 April to 30 June 1970 (L/3385). At the request of one contracting party, the measures were discussed in the Council at its April 1970 meeting. The Council agreed that consultations should be held expeditiously between the EEC and countries having a trade interest in the matter. At its meeting in July 1970, the Council was informed by the contracting party requesting the discussion of the matter that consultations had been held, but that their outcome had not, for his Government, constituted a satisfactory adjustment of the matter in terms of Article XXIII; his Government nevertheless, had decided not to pursue action. As originally envisaged, the measure had been abolished on 30 June 1970. (L/3385/Add.1)

20. Association between the European Economic Community and African and Malagasy States (C/M/65)

The Working Party established to examine the provisions of the Convention of Association between the European Economic Community and the African and Malagasy States submitted its report (L/3465 and Corr.1), to the Council in December 1970. The Council discussed the issues raised by the Convention and certain divergencies of view already reflected in the Working Party's report arose again in the Council. The Council adopted the report.

21. Association between the European Economic Community and Greece (C/M/74)

22. Association between the European Economic Community and Malta (C/M/68, /74/)

The European Communities and the Government of Malta informed the CONTRACTING PARTIES of the text of the Agreement establishing an association between the European Economic Community and Malta (L/3512). At its meeting in April 1971 the Council established a Working Party for the examination of the Agreement in the light of the relevant provisions of the General Agreement.

/The Council noted that the Working Party, which is still awaiting certain information, had not been able to meet before the twenty-seventh session./

23. Association between the European Economic Community and certain non-European countries and territories (C/M/63, /74/)

The CONTRACTING PARTIES were informed of the text of a Decision of the Council of the European Communities dated 29 September 1970 which defined the terms of the Association of certain non-European countries and territories with the EEC for a further period of five years (L/3467). The Council, at its meeting of 2 February 1971, appointed a Working Party to examine the Decision of the Council of the European Communities.

/To be concluded/

24. Association between the European Economic Community and Tanzania, Uganda and Kenya (C/M/64, /74/)

The member States of the European Communities and the Governments of Tanzania, Uganda and Kenya informed the CONTRACTING PARTIES of an Agreement establishing an Association between the EEC and the three countries (L/3369). At its meeting in September 1970, the Council established a Working Party to examine the Agreement in the light of the relevant provisions of the GATT. /The Council noted that the Working Party, which is still awaiting certain information, had not been able to meet before the twenty-seventh session./

25. Agreements of Association between the European Economic Community and Tunisia and Morocco (C/M/62, 64)

The Working Party established to examine the two Agreements of Association between the EEC and Tunisia and Morocco submitted its report (L/3379) to the Council in April 1970. The Council discussed in some detail the issues raised by these Associations and certain divergencies of view, already reflected in the Working Party's report, arose again in the Council. On the one hand, the parties to the Agreement, supported by a number of delegations, maintained that the Agreements were in accordance with Article XXIV. On the other hand, many delegations felt that the Agreements did not meet the provisions of Article XXIV. The Council reverted to the matter at its September 1970 meeting. It was not possible to achieve agreed conclusions but it was decided that on the request of any delegation the matter would be placed again on the agenda of a future Council meeting. In the meantime individual contracting parties fully preserved their rights under the relevant provisions of the General Agreement.

26. Association between the European Economic Community and Turkey (C/M/73)

The European Communities and the Government of Turkey informed the CONTRACTING PARTIES of the texts of the Additional Protocol to the Agreement establishing an Association between the European Economic Community and Turkey (L/3554) and of an Interim Agreement, concluded pending the entry into force of the Additional Protocol. The Council on 6 October 1971 established a Working Party for the examination of these instruments in the light of the relevant provisions of the General Agreement.

27. Agreement between the EEC and Israel (C/M/64, 65, 73)

The European Communities and the Government of Israel informed the CONTRACTING PARTIES of the text of the Agreement between the EEC and Israel of 29 June 1970 (L/3428). At its meetings of September and December 1970, the Council established a Working Party to examine the provisions of the Agreement in the light of the relevant provisions of the General Agreement. The report of the Working Party (L/3581) was submitted to the Council in October 1971. Some representatives stated that the Agreement did not comply with the Article XXIV criteria. Some other representatives on the other hand considered that the Agreement was in conformity with Article XXIV. Other representatives took an intermediate position. While it should be recognized that the Agreement at present was not fully consistent with the provisions of Article XXIV, these representatives could provisionally accept the Agreement provided a procedure was established for examining continuously that the Agreement developed in conformity with their stated objectives. One representative stated his government's intention to request consultations with the parties to the Agreement under the provisions of paragraph 1 of Article XXIII. He also stated his government's intention to propose at the twenty-seventh session to initiate a major examination of the extent to which preferential and special trading arrangements had eroded the most-favoured-nation rule.

The Council adopted the report of the Working Party, noting the differences of view expressed on the legal issues involved and the willingness of the parties to the Agreement to provide regularly information on its operation.

28. Agreement between the EEC and Spain (C/M/64, 65, 73)

The European Communities and the Government of Spain informed the CONTRACTING PARTIES of the text of the Agreement between the EEC and Spain of 29 June 1970 (L/3427 and Corr.1). At its meetings of September and December 1970 the Council established a Working Party to examine the provisions of the Agreement in the light of the relevant provisions of the General Agreement. The report of the Working Party (L/3579) was submitted to the Council in October 1971. Some representatives stated that the Agreement did not comply with the Article XXIV criteria. Some other representatives on the other hand considered that the Agreement was in conformity with Article XXIV. Other representatives took an intermediate position. While it should be recognized that the Agreement at present was not fully consistent with the provisions of Article XXIV, these representatives could provisionally accept the Agreement provided a procedure was established for examining continuously

that the Agreement developed in conformity with its stated objectives. One representative stated his government's intention to request consultations with the parties to the Agreement under the provisions of paragraph 1 of Article XXIII. He also stated his government's intention to propose at the twenty-seventh session to initiate a major examination of the extent to which preferential and special trading arrangements had eroded the most-favoured-nation rule.

The Council adopted the report of the Working Party, noting the differences of view expressed on the legal issues involved and the willingness of the parties to the Agreement to provide regularly information on its operation.

29. European Free Trade Association and the Finland EFTA Association (C/M/64, 68)

(a) Information furnished by member States (C/M/68)

At its meeting in April 1971 the Council took note of the information furnished by the member States of EFTA and the Finland/EFTA Association on developments under the Stockholm Convention and the Agreement of Association (L/3519).

(b) Accession of Iceland (C/M/64)

In February 1970 the Council established a Working Party to examine the provisions for the accession of Iceland to the European Free Trade Association and to the Association between the EFTA and Finland. The report of the Working Party was presented to the Council at its September 1970 meeting. One representative expressed some reservations as to the compatibility of the arrangements for the accession of Iceland to EFTA with the provisions of the General Agreement. The Council adopted the report and approved the conclusions recommended by the Working Party.

30. Arab Common Market (C/M/62 [74])

At its meeting in April 1970 the Council received a report on progress achieved in the Arab Common Market (L/3340) and was informed that the Common External Tariff of the Arab Common Market would be introduced at the beginning of 1972. The Council took note of the report.

[To be concluded if necessary]

31. [Caribbean Free Trade Association (C/M/74)]

32. Central African Economic and Customs Union

(a) Observer status (C/M/62)

At its meeting in April 1970 the Council received a request that the secretariat of the Central African Economic and Customs Union be accorded observer status. The Council invited the Director-General to respond positively to this request.

(b) Information furnished by member States (C/M/63 [74])

At its July 1970 meeting, the Council received a report by the representative of Gabon on recent developments in the Central African Economic and Customs Union (L/3344/Rev.1). One representative asked for certain further statistical data for the information of contracting parties. The Council took note of the report.

To be concluded if necessary

33. Central American Common Market (C/M/62 [74])

At its meeting in April 1970 the Council received a report, presented by the representative of the secretariat of the General Treaty of Central American Economic Integration, on progress achieved in the Central American Common Market. The Council took note of the report.

To be concluded if necessary

34. Latin American Free Trade Association (C/M/62 [74])

At its meeting in April 1970 the Council took note of a report presented by the contracting parties members of the Latin American Free Trade Association on the work of the Association during 1969 (L/3336).

To be concluded

35. New Zealand/Australia Free Trade Agreement (C/M/68)

At its meeting in April 1971 the Council received a third report presented by Australia and New Zealand, on action taken up to the end of 1970 under the New Zealand/Australia Free Trade Agreement (L/3502). One representative pointed out that, in his government's view, New Zealand's licensing system applied in the context of the Agreement was discriminatory, and proposed that the Committee on Balance-of-Payments Import Restrictions discuss this matter at its consultation with New Zealand in 1971. The Council took note of the report.

36. United Kingdom/Ireland Free Trade Agreement (C/M/68)

At its meeting in April 1971 the Council took note of the fourth annual report on developments under the Anglo-Irish Free Trade Area Agreement submitted by the member States (L/3504).

37. Trade Arrangements between the Arab Republic of Egypt, India and Yugoslavia (C/M/66, 68)

The Decision of 20 February 1970 requires the States participating in the Trade Arrangements between Egypt, India and Yugoslavia to report on the operation of the Agreement, in order to enable the CONTRACTING PARTIES to carry out an

annual review of the Decision. The report on the second year of the operation of the Agreement was presented to the Council at its meeting in April 1971. The Council took note of the report. The Decision will be reviewed again in 1972.

38. Generalized System of Preferences (C/M/69)

At their twenty-fifth and twenty-sixth sessions the CONTRACTING PARTIES expressed their readiness to take appropriate action with regard to a general, non-discriminatory scheme of preferences in favour of developing countries, and directed the Council to consider the matter at the appropriate time. Accordingly, at its meeting in May 1971, the Council considered a communication submitted by the prospective preference-giving contracting parties, which contained a formal application to the CONTRACTING PARTIES for a waiver in accordance with Article XXV:5 from the obligations under Article I of the General Agreement, as well as a text of a draft waiver (C/W/178).

Many representatives expressed support for the draft waiver as proposed by the preference-giving contracting parties. Other contracting parties objected to the proposal and stated that they could not vote in favour of the draft waiver. In their view, the proposed waiver lacked precision with regard to its operation and its scope. It gave donor countries complete freedom in determining the list of beneficiaries to whom they would extend the scheme, which was contrary to the principle of non-discrimination between beneficiary countries and the principle of self-election. Also objectionable, in the view of some contracting parties, was the fact that the proposed waiver did not specify the timing and modalities of any review and that it left the issue of reverse preferences unresolved. Other representatives, while being concerned over some of the features of the proposal, expressed awareness of the need to implement the Generalized System of Preferences without any delay and supported, therefore, the waiver as proposed.

The Council agreed to submit the text of the draft decision to the CONTRACTING PARTIES. The Decision was adopted by postal ballot (L/3545).

39. Brazil - Renegotiation of schedule (C/M/66, 73 [74])

By Decision of 27 February 1967 the CONTRACTING PARTIES suspended the application of the provisions of Article II of the General Agreement to the extent necessary to enable the Government of Brazil to apply those rates of duty provided in its new Customs Tariff which exceeded those bound in Schedule III, subject, inter alia, to the condition of conducting negotiations pursuant to Article XXVIII. The time-limit for terminating such negotiations had been extended by Decision of 20 February 1970 until the end of the twenty-seventh session.

On 2 February 1971 the representative of Brazil informed the Council that negotiations had been concluded with all but three of the interested contracting parties. In October 1971 the representative of Brazil reported to the Council that it did not seem possible that agreement with the remaining contracting parties could be reached within a short time.

[At its meeting in November 1971 ...]

40. Ceylon - Increase in bound duties (C/M/64, 65, 66, 68)

Under a Decision of 25 November 1968 Ceylon was authorized, pending completion of its tariff reform, to maintain in effect increased duties and margins of preference on certain items specified in the Decision.

At its meeting in December 1970 the Council was informed by the representative of Ceylon that his Government had completed the tariff reform and that the new tariff had been implemented on 26 October 1971. As a result, duties on certain items specified in the Decision had been reduced and were again consistent with the provisions of Article II, while duties on other items had been increased above the level specified in the Ceylon Schedule. Since a simple extension of the waiver would not meet the changed situation, the Council agreed to revert to the matter at its next meeting.

At the meeting of the Council on 2 February 1971 the representative of Ceylon clarified the intent of a new waiver requested, viz to permit Ceylon to complete the renegotiations under Article XXVIII on the same basis as had been envisaged under the Decision of 25 November 1968.

At its Council meeting in April 1971 the Council approved the text of a draft decision which would enable the Government of Ceylon to conclude the renegotiations required before 31 December 1971. The Decision was adopted by postal ballot (L/3530).

41. Greece - Preferential tariff quotas to the USSR (C/M/62, 63, 65)

At the request of one contracting party, and on the basis of information supplied by the delegation of Greece (L/3387), the Council discussed at its April 1970 meeting the question of a Special Protocol between Greece and the USSR which provided for special tariff treatment until 31 December 1971 of certain products imported from the Soviet Union within specified quota limits. The Council urged the Greek Government to reflect on the views expressed in the discussion and to consider appropriate ways for bringing the arrangement into conformity with the rules of the General Agreement, and agreed to revert to the matter at its next meeting.

At its meeting of 15 July 1970 the Council received a request by the Government of Greece for a waiver from the provisions of Article I, so as to enable Greece to maintain reduced customs duties in respect of the USSR as specified in the Special Protocol. The Council established a Working Party to examine the request.

The Working Party presented its report to the Council at its December 1970 meeting (L/3447). A large majority of the members of the Working Party had not recommended that a waiver be granted as requested by the Government of Greece.

The Council adopted the report and it understood that the Greek Government would search for appropriate solutions in the light of the report and of the discussions which had taken place in the Council.

42. Jamaica - Increase in margins of preference (C/M/64, 66)

At its meeting in September 1970 the Council considered a question submitted by the United States delegation concerning certain increases in margins of preference by Jamaica (L/3440), which in the United States view were inconsistent with the provisions of Article 1:4 of the General Agreement. The Council established a Panel to investigate the matter in accordance with the provisions of paragraph 2 of Article XXIII.

At its meeting on 2 February 1971, the Council considered a report by the Panel (L/3485 and Corr.1). The Council approved a recommendation by the Panel that the CONTRACTING PARTIES consider taking a decision in accordance with Article XXV:5 to change, in respect of Jamaica, the base date referred to in Article I:4 from 10 April 1947 to 1 August 1962, and adopted the report. The Decision was adopted by postal ballot (L/3503).

43. Turkey - Stamp duty (C/M/66)

At its meeting on 2 February 1971, the Council received an annual report by the Government of Turkey on the application of the stamp duty. The Council took note of the report and agreed that the Committee on Balance-of-Payments Import Restrictions should be requested to give consideration to the stamp duty and the need for its continuation when carrying out its next consultations with Turkey.

44. United States - Agricultural import restrictions (C/M/62 70)

In January 1970 the Council established a Working Party to carry out the annual review on action taken by the United States under the Decision of 5 March 1955 and to examine the fourteenth annual report by the United States. The report of the Working Party (L/3368) was considered by the Council in April 1970. The Council adopted the report.

In June 1971 the Council carried out the annual review required under the Decision on the basis of the fifteenth annual report submitted by the United States.

45. United States - Imports of automotive products (C/M/66)

At its meeting on 2 February 1971 the Council carried out the second biennial review of the operation of the United States imports of automotive products waiver and took note of the Fourth Annual Report (L/3469) submitted by the United States.

46. Uruguay - Import surcharge (C/M/63, 70 [74])

In July 1970 the Council considered the report of the Committee on Balance-of-Payments Import Restrictions on the Uruguayan import surcharges (L/3409 and Add.1). The Council adopted the report and approved the text of a draft decision to extend the waiver until 30 June 1971. The Decision was adopted by postal ballot (L/3435).

A request for a further extension (L/3546) was considered by the Council at its June 1971 meeting. The Council approved the text of the draft decision to extend the waiver until the end of the twenty-seventh session, with the understanding that the Committee on Balance-of-Payments Import Restrictions would consult with Uruguay on the balance-of-payments aspects of the import surcharge measure and examine the effects of the revision of the Uruguayan Surcharge System on the Uruguayan obligations under Article II of the General Agreement. The Decision was adopted by postal ballot (L/3561).

[To be concluded]

47. Reports under waivers

The Council took note of the reports submitted by the governments concerned in accordance with the provisions of the following waivers granted by the CONTRACTING PARTIES:

- (a) Australia/Papua-New Guinea (L/3439) (C/M/64)
- (b) Australia/Preferences for developing countries (L/3453) (C/M/65)
- (c) United Kingdom/Article I (L/3471) (C/M/66)
- (d) United Kingdom/Dependent Overseas Territories (L/3470) (C/M/66)

48. Article XXVIII - Renegotiations under paragraph 1 (C/M/63, 65, 70)

At its meeting of July 1970, December 1970 and June 1971 the Council extended, until 31 December 1970, 30 June 1971 and 31 December 1971 respectively, the time-limit for the conclusion of renegotiations under paragraph 1 of Article XXVIII of certain concessions notified by a number of contracting parties in 1969.

49. Article XXVIII - Renegotiations under paragraph 4 - request by Japan (C/M/63, 64)

In July 1970 the Council considered a request by the Government of Japan for authority to renegotiate an item in its schedule. In view of certain divergences of opinion that emerged in the discussion, the Council decided, with the consent of the representative of Japan, to revert to the matter at its next meeting. At its September 1970 meeting, the Council granted the authority requested.

50. Accessions

(a) Democratic Republic of the Congo (C/M/62, 70)

At its meeting in April 1970 the Council established a Working Party to examine the application for accession by the Democratic Republic of the Congo. The report of the Working Party (L/3541 and Corr.1 and 2) was presented to the Council at its meeting in June 1971 and adopted. The Council approved the terms of the Draft Protocol and the text of the Draft Decision, annexed to the Working Party's report. The CONTRACTING PARTIES adopted the Decision by postal ballot on 11 August 1971 (L/3565). The Democratic Republic of the Congo signed the Protocol on 12 August 1971 and became a contracting party as from 11 September 1971.

(b) Romania (C/M/73)

The Working Party established in 1968 to examine the application of the Government of Romania to accede to the General Agreement submitted its report to the Council in October 1971 (L/3557). The Council approved the terms of the Draft Protocol (Annex I to the report of the Working Party) and the text of the Draft Decision (Annex II), and adopted the report.

The CONTRACTING PARTIES adopted the Decision by postal ballot on 15 October 1971. The Protocol was signed by Romania on 15 October 1971. Romania will thus be a contracting party on 14 November 1971.

(c) Hungary (C/M/64, [74])

[In November 1971 the Council noted that the Working Party which had been established in July 1969 had held a number of meetings, but had not yet completed its task.]

(d) Colombia [74]

[The Council noted that the Working Party on the Accession of Colombia established in January 1969 was still awaiting certain information and had not yet been convened.]

51. Tunisia - Provisional accession (C/M/65, [74])

At its meeting in December 1970, the Council considered a request by the Government of Tunisia for a further extension of the period of validity of the Declaration on its Provisional Accession (8S/15) and of the Decision of 12 November 1959 (8S/14) inviting Tunisia to participate in the work of the CONTRACTING PARTIES.

The Council agreed to the extension of the provisional accession until 31 December 1971 and approved the text of the Seventh Procès-Verbal Extending the Declaration. The Procès-Verbal (L/3468) is open for acceptance by governments participating in the Declaration.

The Council also agreed to recommend to the CONTRACTING PARTIES the adoption of a decision providing for the extension of the Decision of 12 November 1959 inviting Tunisia to participate in the work of the CONTRACTING PARTIES. The decision was adopted by postal ballot on 2 January 1971 (L/3481).

[At its meeting in November 1971]

52. Application of the General Agreement to newly-independent countries (C/M/65)

The Council took note of the Director-General's first report on the application of the Recommendation of November 1967 inviting contracting parties to apply the General Agreement de facto in respect of newly-independent territories on a reciprocal basis. The Council agreed that the Director-General remain in contact with the governments of the States concerned and report again on the application of the Recommendation within three years.

53. Poland - Protocol of Accession (C/M/62, 63, 64, 66, 68 [74])

The Protocol for the Accession of Poland provides for annual consultations. At its meeting of April 1970 the Council established a Working Party to conduct the third annual review and to consider the establishment of a date for the termination of the transitional period at the expiry of which any inconsistency with Article XIII should be eliminated. The Council also approved the form and content of the notification on action taken by contracting parties to remove remaining restrictions on imports from Poland.

In July 1970 the Government of Poland informed the CONTRACTING PARTIES of its intention to enter into negotiations for the modification of the commitments undertaken by Poland. The Council, at its September 1970 meeting, agreed that these negotiations should be carried out by the Working Party already established.

The report of the Working Party (L/3475) was presented to the Council at its meeting on 2 February 1971 and adopted. Since no date for the termination of the transitional period was established, this question would be re-examined at the next annual consultation. The Council approved the text of the modification of the Polish Schedule as proposed by the Working Party and recommended its adoption by the CONTRACTING PARTIES. The modification was adopted by postal ballot on 5 February 1971.

In April 1971 the Council appointed a Working Party to conduct the Fourth Annual Review and to re-examine the question of the establishment of a date for the termination of the transitional period.

[To be concluded]

54. Application of Article XXXV to Japan (C/M/64)

At the meeting of the Council in September 1970, the representative of Japan expressed his Government's appreciation to those countries who had recently decided to disinvoke Article XXXV with respect to Japan. He appealed to the other contracting parties still invoking Article XXXV against Japan to follow suit.

55. Industrial pollution control (C/M/70, 73, [74])

At its meeting in June 1971 the Council received a paper on "Industrial Pollution Control and International Trade" (L/3538) which had been prepared by the secretariat for the United Nations Conference on Human Environment.

At its meeting in October 1971 the Council initiated the discussion on steps that could be taken in this area.

[To be concluded]

56. International Trade Centre - Joint Advisory Group (C/M/66, 73)

At its meeting on 2 February 1971 the Council considered the report from the Joint UNCTAD/GATT Advisory Group on the International Trade Centre on its fourth session (ITC/AG/16). As recommended in this report the Council initiated a discussion on the future rôle of the Advisory Group. The Council agreed, however, that more time was needed for reflection and asked the Chairman of the Advisory Group to co-ordinate informal consultations on the matter. The report was adopted.

In October 1971 the Council heard the report of the Chairman of the Joint Advisory Group on the informal consultations held (ITC/AG/18). The Council adopted the Conclusions of the informal consultations and agreed on the establishment of a technical committee as proposed in the report.

57. [Training activities (C/M/74)]

58. Advisory Committee to the UNCTAD Board and the Committee on Commodities (C/M/70)

At its July 1971 meeting the Council agreed to renominate Ambassador B. Nioupin of the Ivory Coast on behalf of the CONTRACTING PARTIES as a member of the Advisory Committee to the UNCTAD Board and the Committee on Commodities for the next term of office of the Committee ending in February 1975.

59. [Status of Protocols (C/M/74)]

60. Administrative and financial questions (C/M/63, 65, 66, 68 and 69 [747])

(a) Final position of the 1969 budget of the GATT (C/M/63)

In July 1970 the Council reviewed the final 1969 budget position (L/3393) and authorized the Director-General to increase certain appropriations by way of transfers between budgetary sections and from the surplus account, in order to finance excess expenditures in particular sections of the budget.

(b) Final position of the 1969 budget of the International Trade Centre (C/M/63)

In July 1970 the Council reviewed the final 1969 budget position (L/3392) and authorized the Director-General to increase certain appropriations by transfer of savings between budgetary sections and by using a supplementary contribution from the United Nations.

(c) Assessment of additional contribution to the 1970 budget (C/M/65)

At its meeting in December 1970 the Council adopted the proposal (L/3443) that following Mauritius succession to the GATT a contribution to the 1970 budget and an advance to the Working Capital Fund be assessed on Mauritius.

(d) Financial position as at 30 September 1970 (C/M/65)

In December 1970 the Council took note of a report by the Director-General (L/3462) on the status of budgetary expenditure and contributions over the first nine months of 1970.

(e) Provision of funds for Conference on Effective Protection (C/M/63)

In July 1970 the Council approved a proposal submitted by the Director-General (C/85) that the GATT co-sponsor a Conference on Effective Protection and that the cost this entails be absorbed by the 1970 budget.

(f) Final position of the 1970 budget of the GATT (C/M/68)

The Council reviewed at its April 1971 meeting the final 1970 budget position (L/3506) and authorized the Director-General to increase certain appropriations by way of transfers between budgetary sections in order to finance excess expenditures in particular sections of the budget.

(g) Final position of the 1970 budget of the International Trade Centre (C/M/68)

The Council received at its April 1971 meeting the final 1970 budget position (L/3507) and authorized the Director-General to increase certain appropriations by way of transfers between budgetary sections in order to finance excess expenditures in particular sections of the budget.

(h) Budget estimates for the financial year 1971 (C/M/68)

The Council approved on 21 April 1971 the proposal made by the Director-General that contracting parties should be entitled to defer until 1 January 1972 payment of their share of the amount of \$80,000 representing the expected saving which would accrue from the application of the salary adjustment from 1 July 1971 instead of 1 January 1971.

(i) Committee on Budget, Finance and Administration (C/M/63, 65, 66 [74])

At its meeting in July 1970 the Council decided upon the terms of reference and membership of the Committee on Budget, Finance and Administration for 1970. The Committee met in October 1970 and its report (L/3454) on the 1969 accounts, on the financing of the 1970 budget and on the budget estimates for 1971 for the GATT and for the International Trade Centre UNCTAD/GATT, was approved by the Council at its meeting in December 1970. The report, including the Committee's Recommendations and the Resolution, was adopted by postal ballot.

At its meeting on 2 February 1971, the Council decided upon the terms of reference and membership of the Committee on Budget, Finance and Administration for 1971. [The Committee met in May and in October 1971. To be concluded]

(j) Deviation from the United Nations Staff Rules (C/M/63)

In July 1970 the Council took note of a report (L/3394) on a deviation from the United Nations Staff Rules.

(k) Revaluation of the Swiss franc (C/M/69)

In May 1971 the Council took note of a document (C/87) outlining some of the consequences for the budget of the revaluation of the Swiss franc.