

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
GPR/Spec/53
2 July 1986

Committee on Government Procurement

DRAFT MINUTES OF MEETING OF 19 JUNE 1986

Chairman: Mr. Y. Ikeda (Japan)

1. The Chairman, on behalf of the Committee, welcomed the delegation of Hong Kong which, as a result of its becoming a GATT contracting party, would now participate in the work of the Committee as a member in its own right.

2. The following agenda was adopted:

	<u>Page</u>
A. Article IX:6(b) Negotiations	1
B. Other Business	
(i) Follow-up on VAT Panel Report	2
(ii) Implementation and Administration of the Agreement	2
(iii) Enlargement of the European Economic Community	2
(iv) Nomination of 1986 Panelists	3
(v) Preparation of Sixth Annual Review and 1986 Report to the CONTRACTING PARTIES	3
(vi) Date and Agenda of Next Meeting	3

A. Article IX:6(b) Negotiations

3. The Chairman reported that progress had been made in the Informal Group. However, delegations were not in a position to reach agreement at this stage. He would continue his efforts with a view to reaching agreement at the next meeting of the Committee, to be held in October 1986.

B. Other Business

(i) Follow-up on VAT Panel Report

4. In reply to a question from the representative of the United States, the representative of the European Economic Community stated that the endeavours to find a solution to this problem were continuing.

5. The representative of the United States considered this to be a matter of extreme urgency and hoped that a proposed solution would be put forward before the next meeting of the Committee. Failing this, her authorities were considering taking alternative action and would ask the Committee to consider such action at its next meeting. She therefore requested that the matter be placed as a separate item on that meeting's agenda.

6. The Committee took note of the statements made.

(ii) Implementation and Administration of the Agreement

Japan

7. The representative of Finland, also on behalf of Norway and Sweden, understood that the construction of Kansai International Airport by the Kansai International Airport Company was very largely financed by a Code-covered entity and that the Ministry of Transport, itself a Code-covered entity, was responsible for appointing the key officers in the company. It would seem to follow that the operations should be carried out according to the provisions of the Agreement. He therefore enquired (i) what the reasons were for establishing the company; (ii) what the relationship was between the company and the Ministry of Transport; and (iii) how Japan viewed the status of the company in terms of Article I:1(c) and Note 1 in Japan's annex to the Agreement.

8. The representative of Japan indicated that the reasons for establishing the company, in 1984, were in line with the overall policy of involving the private sector in government undertakings. The conduct of the company's business was not subject to the approval of the Ministry of Transport. This made it fundamentally different from other undertakings affiliated to Code-covered entities. Two-thirds of the capital of the company was provided from government funds, with further funding from local government. The aim was to keep down the costs of funding the company. It was foreseen that 60 per cent of future funding of the project itself would come from the private sector. Not only was the Ministry of Transport involved in the appointment of staff in the company, but personnel was being seconded from both central and local government to provide the required technical knowledge. Kansai International Airport was not listed in Japan's annex to the Agreement. It was not a government agency and was not therefore covered by Note 1 in the Annex. He undertook to obtain a reply to a further question from the representative of the United States as to any restrictions the government might place on the company's use of its funds.

9. The representative of Finland stated that he might revert to the matter at the next meeting.

Sweden

10. The representative of Sweden informed the Committee that a change would be made to the Swedish Government Procurement Ordinance as of 1 July 1986. This was not a matter of substance. A translation would be provided to the secretariat. He also announced that the Royal Civil Defence Board was to be merged with other government entities. This entity would be renamed, it would be larger and it would remain covered by the Agreement.

11. The Committee took note of the statements made.

(iii) Enlargement of the European Economic Community

12. The representative of the European Economic Community drew the Committee's attention to its submission concerning Portugal (GPR/34) which had been notified for the information of other Parties. The entity list included in this document was in Portuguese but an authentic list of entities in two GATT languages would follow shortly. He requested the Committee to agree on the procedure to be followed.

13. The Chairman recalled the decision taken by the Committee at its December 1985 meeting "that the Agreement shall be considered to apply as between each Party and Portugal only when such Party has agreed to the list of entities for Portugal to be included in Annex I of the Agreement" (GPR/M/20, Annex). The authentic list would be circulated to the Parties once it had been received in the secretariat. He proposed that the Committee further agree that the Agreement would enter into force as between each Party and Portugal by the date of the next meeting, except for such Party or Parties that by that deadline had notified the secretariat to the contrary.

14. The Committee agreed to the procedure proposed by the Chairman.

(iv) Nomination of 1986 Panelists

15. The Chairman indicated that a further nomination had been received, from the delegation of Japan.

(v) Preparation of Sixth Annual Review (including the second major review of Article III) and 1986 Report to the CONTRACTING PARTIES

16. The Chairman suggested that the secretariat be requested to prepare an informal draft 1986 Report to the CONTRACTING PARTIES, as well as a draft annual review paper (to be circulated as a GPR/W/- document). Both papers would have to be brought up to date later, to take account of the forthcoming meeting. The major review of Article III should, according to Article III:3, take place every three years on the basis of reports to be submitted by the Parties. He therefore invited each Party to submit such a report in time for consideration at the next meeting of the Committee.

17. The Committee agreed to this procedure.

(vi) Date and Agenda of Next Meeting

18. The Committee agreed to hold its next meeting on 15 October 1986.

19. The preliminary agenda would include: (i) Article IX:6(b) negotiations; (ii) follow-up on VAT Panel Report; (iii) continuation and conclusion of the review of 1984 statistics; (iv) implementation and administration of the Agreement, including sixth annual review, and second major review of Article III (ref. Articles IX:6 and III:13); (v) adoption of the 1986 report to the CONTRACTING PARTIES; and (vi) other business.

20. The Committee agreed to postpone until its October meeting any decision about holding another meeting in 1986, so as to take into account any further developments.

21. The Committee noted that the Informal Working Group would meet on 13 and 14 October 1986.