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Thirty-Sixth Session

SUMMARY RECORD OF THE FIRST MEETING

Held in the Palais des Nations, Geneva,
on Monday, 24 November 1980, at 3 p.m.

Chairman: Mr. ERIK NETTEL (Austria)

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Opening address by the Chairman¹

The CHAIRMAN, in opening the thirty-sixth session, said that this meeting of the CONTRACTING PARTIES was taking place for three basic purposes: to review recent developments in world trade, to take stock of the efforts of delegations to respond through GATT to these events, and to review the continuing co-operation among contracting parties for the years ahead in the light of the work programme adopted at the thirty-fifth session.

He saw 1980 as a year of significant change for GATT, which, through the implementation of the results of the Tokyo Round and the increasing acceptance of the MTN Agreements, extended and reinforced the system of mutual rights and obligations.

He noted that 1980 had also witnessed a change in GATT's leadership, and he proposed to establish a separate item on the agenda for this meeting so that the CONTRACTING PARTIES could pay tribute to Ambassador Olivier Long, who had taken over from the late Sir Eric Wyndham White in 1968 and had guided the GATT through the difficult decade of the 1970s and through the Tokyo Round of Multilateral Trade Negotiations.

¹The full text of the Chairman's address is contained in Press Release GATT/1278.

He recalled that at a special session in April 1980 the CONTRACTING PARTIES had unanimously selected Ambassador Arthur Dunkel as the new Director-General, which reflected the confidence placed in him by the contracting parties.

He said that in addition to the Reports from the Committees and Councils already set up to administer the MTN Agreements and Arrangements, as well as the Report of the Committee on Safeguards, the CONTRACTING PARTIES also had to consider the results of the discussions in the Committee on Trade and Development and in the Consultative Group of Eighteen on developments in world trade and on GATT's future work programme, including the need to define exactly what GATT's rôle should be in the relationship between trade policy and structural adjustment. Protectionist pressures remained very strong; and there were differences of opinion on whether the line of resistance was being held.

He stressed that one encouraging aspect of GATT's work in recent years had been the increasing rôle played by the developing countries, whose readiness to promote their specific trade interests within GATT had been demonstrated clearly in the Tokyo Round negotiations. He pointed out that many of these countries had accepted MTN Agreements with the aim of gaining the maximum trade benefit from them, while continuing to push for further progress on safeguards and quantitative restrictions.

He said that the rôle of the Committee on Trade and Development had been strengthened by the creation of two sub-committees, one of which had the task of examining protective measures taken against imports from developing countries, and the other to consider the trade problems of the least-developed countries. The trade interests of the developing countries were also being promoted by the secretariat's Technical Cooperation Division, by the Commercial policy training courses, and by the International Trade Centre, operated jointly with UNCTAD.

He noted that 1980 had also been a year of significant activity for GATT in the agricultural sector. The Tokyo Round Arrangements on meat and dairy products had entered into force. In addition, a large number of specific issues concerning agricultural products were being dealt with in accordance with normal GATT procedures. Furthermore, the Director-General had been pursuing intensive consultations with a view to further developing active co-operation in the agricultural sector.

The CHAIRMAN then referred to the Report of the Council and to the large number of issues therein, especially the record number of cases referred to panels, which bore witness not only of the severe trading difficulties facing countries, but also of the welcome readiness of contracting parties to make use of the newly-revised procedures for dispute

settlement and to seek a solution to their problems through GATT. He stressed in this connexion that GATT was above all a contract as well as a negotiating forum. The fact that contracting parties had traditionally made decisions by consensus was of great practical significance, making it more likely that those decisions would in fact be carried out. If nations were to break these rules and ignore these procedures, or to follow them only when they thought it was to their advantage, then the very foundations of the GATT relationship - mutual trust, compromise and co-operation - would be eroded to the detriment of all.

At the same time, he pointed out that this contract was considered by an increasing number of countries as a unique measure for the protection and promotion of their trade interests, and its procedures as the instrument for securing them. GATT had always succeeded best by living up to its traditions of realism, co-operation, pragmatism and brevity. He said that this kind of an approach was sorely needed in today's world, when GATT, and world trade relations generally, were entering into a new, challenging, but also difficult era.

1. Adoption of agenda

The CHAIRMAN referred to the provisional agenda (L/5043). He proposed that a new item be added to the agenda, to permit the CONTRACTING PARTIES to pay tribute to Mr. Olivier Long.

The agenda, as modified, was adopted.

2. Tribute to Mr. Olivier Long

The CHAIRMAN drew attention to Mr. Long's distinguished career and mentioned in particular, his work for the International Red Cross and the Swiss Diplomatic Service, his service as the Swiss delegate for Trade Agreements, as head of the Swiss delegation to EFTA, and as Ambassador to the United Kingdom and Malta. In 1968 Mr. Long had become Director-General of GATT, at a time when the economic boom of the 1960's came to a close. The Chairman recalled that the decade following were years of great difficulty marked by recession, inflation, rapidly increasing oil prices, and, as a result, payments imbalances and protectionism. He said that GATT had been fortunate to have someone with the wide experiences as those of Mr. Long to guide it through this difficult period and through the years of negotiating the Tokyo Round until the implementing of its results. He mentioned that Mr. Long's name was also associated with the creation of the Consultative Group of Eighteen, and the Multifibre Arrangement, and the establishment of trade preferences among developing countries. He said that above all Mr. Long had fought for a liberal trading system and had encouraged strongly the developing countries to play a better rôle in GATT. Mr. Long's personal attributes made him a negotiator and conciliator of the highest quality; and the Chairman expressed on behalf of the CONTRACTING PARTIES his gratitude to Mr. Long and the best wishes for his future.

At the suggestion of the Chairman, the CONTRACTING PARTIES agreed that in honour of Mr. Olivier Long the room in which the Consultative Group of Eighteen had been meeting in the Centre William Rappard, should be named "Salle Olivier Long".

Mr. RAIMONDI (Argentina), speaking for Mr. Martinez, Chairman of the Council, expressed the profound admiration which the professional qualities of Mr. Long had evoked in the Council. He said that Mr. Long's deep technical knowledge coupled with his personal qualities, his intellectual honesty, political accuracy and his delicate sense of diplomacy and fine sense of humour, had given rise to the consideration, respect and appreciation of all those who had the occasion to work with him during his years at the helm of GATT. During his term as Director-General he had guided the longest and most ambitious multilateral trade negotiations GATT had ever undertaken. He stressed that the merit of having brought these negotiations to a successful conclusion, despite unfavourable world economic circumstances, was essentially due to his efforts. Mr. Long's personal dynamism had stimulated these negotiations when it appeared that the obstacles in their way had become unsurmountable. He recalled Mr. Long's brilliant career, before joining GATT as Director-General, in which he had already demonstrated his capacities as a top-level negotiator when representing the Swiss delegation. Furthermore, he emphasized the rôle Mr. Long had played in the cause of peace and friendly relations among States. In conclusion, he expressed the firm conviction of the Chairman of the Council that GATT had been managed during an important period of its existence by an exceptional personality, who had left lasting marks of his work and personality on the organization, for which he deserved the deepest gratitude and admiration.

Mr. JARAMILLO (Colombia), speaking on behalf of Mr. Suryo (Indonesia) Chairman of the Committee on Trade and Development, recalled Mr. Long's career as ambassador, professor and high official of the Swiss Government, especially in relation with the developing countries. He said that Mr. Long had thus brought to the post of Director-General his knowledge and concern for the developing countries as well as an understanding of the rôle of these countries in the growth of international trade and of the world economy. This concept of growth of trade and its impact on economic growth had always been respected by him. He recalled Mr. Long's conviction that GATT was a practical and pragmatic organization, and that actions directed to concrete situations would be beneficial to the economic development of developing countries. Mr. Long had made it clear that it was necessary for GATT to devote itself to the situations and the problems of developing countries and to find solutions which would permit these countries to derive more benefits from the GATT system. As Chairman of the Trade Negotiations Committee, Mr. Long had highlighted the importance for developing countries to participate fully in the negotiations, especially in fields such as tropical products. He said that the GATT bore the marks of Mr. Long's years of able management and that this was particularly reflected in GATT's Work Programme. He mentioned the establishment of the Sub-Committee on Trade of Least-Developed Countries, the importance of which had been underscored by

Mr. Long. He recalled also the emphasis put by Mr. Long on the necessity of an open trading system, so as to increase the access to markets for products from the developing countries, and on the hazards of protectionism in respect of developing countries' exports. He said that Mr. Long had been one of the first to underscore the interdependence between developed and developing countries in the field of trade and economic growth, thereby placing the work of GATT in a global framework of international economic co-operation between developed and developing countries. He trusted that this concept would not end with the completion of the mandate of Mr. Long as Director-General and that the developing countries would benefit from it in years to come.

Mr. LONG, in expressing his deep appreciation for the statements made, said that he was most grateful for the spirit of co-operation which he had encountered with the representatives in GATT. GATT's accomplishments during the past twelve years had been achieved together, due to the common understanding of the purpose of the efforts and of the goals to be reached. He also greatly appreciated the spirit of teamwork which had existed between the contracting parties and the secretariat.

In expressing his gratitude for naming after him the room in which the Consultative Group of Eighteen had met, he recalled its having taken some three years to convince the CONTRACTING PARTIES of the necessity for such a Group and another one and a half years to arrive at the number of eighteen. He was honoured to have a room named after him in the building that was named after his former university professor, the late William Rappard.

He said that the most striking aspect of GATT was its concrete approach to concrete problems and the constructive spirit which had always prevailed in searching for solutions. He considered that this was the real strength of GATT, which made it a unique instrument to promote and adapt international trade. This had made it possible to conclude the Tokyo Round, in spite of all the difficulties, and brought out the fascinating interactions between legal commitments and political constraints, which could only be overcome by negotiations.

In conclusion, he also paid tribute to the secretariat, on whose co-operation and devotion in respect of this institution he had always been able to count. He said that GATT under his successor, Ambassador Dunkel, was well equipped to face the difficulties ahead in the process of enlarging the scope of its activities.

On behalf of the CONTRACTING PARTIES, the CHAIRMAN thanked Mr. Long, who then left the room accompanied by a standing ovation.

3. Order of business

The CHAIRMAN drew attention to the proposed Plan of Plenary Meetings circulated in document W.36/1. He said that introductory statements would be made on behalf of the Chairman of the Council and the Chairman of the Committee on Trade and Development, in presenting their respective reports to the CONTRACTING PARTIES.

He said that in connexion with the Report of the Committee on Trade and Development, the Director-General would make a statement concerning the activities of the Sub-Committee on Trade of Least-Developed Countries, which had met after the Committee had approved its Report to the CONTRACTING PARTIES. He also drew attention to the reports of the committees charged with the implementation of the MTN Agreements and Arrangements.

The CONTRACTING PARTIES approved the Plan of Plenary Meetings as proposed in document W.36/1.

4. Presentation of reports

Mr. RAIMONDI (Argentina), speaking on behalf of Mr. Martinez (Argentina), Chairman of the Council, introduced the Report of the Council (L/5072 and Corr. 1). He said that the Council had held seven meetings since the last session of the CONTRACTING PARTIES, including two meetings at the level of Heads of Delegations. The Report summarized the discussions at those meetings as well as the action taken. A more detailed reflection of the discussion was to be found in the Minutes of the Council, contained in documents C/M/138 to C/M/144.

He mentioned that the Report was somewhat larger than in the past, reflecting the great complexity of some of the subjects dealt with and the interest which contracting parties in general attached to these subjects.

He said that delegations might wish to draw the attention of the CONTRACTING PARTIES to those matters in which they had a particular interest. In a number of cases, the Council had recommended that decisions be taken by the CONTRACTING PARTIES at this session; and he referred to the draft texts of those decisions in the annexes at the end of the Report.

The CHAIRMAN invited Mr. Raimondi to convey to Mr. Martinez the appreciation of the CONTRACTING PARTIES for his service as Chairman of the Council.

Mr. HARTANTYO (Indonesia), speaking on behalf of Mr. Suryo (Indonesia), Chairman of the Committee on Trade and Development, presented the Report of the Committee (L/5074). He recalled that at the last session, the CONTRACTING PARTIES had agreed on GATT's post-MTN Work Programme, including a strengthened rôle for the Committee on Trade and Development which would cover, in particular, work on trade liberalization in areas of special interest to developing countries, supervision of the implementation of the "enabling clause" negotiated in the Tokyo Round, examination of protective actions by

developed countries against imports from developing countries, structural adjustment and trade of developing countries, and special attention to the special problems of the least-developed countries. He said that other features of the Committee's work included the regular reviews of the implementation of Part IV, the provision of technical assistance to developing countries and the following of developments relating to the expansion of trade among developing countries.

In respect of further work on trade liberalization in areas of special interest to developing countries, he said that the areas identified by developing countries included tropical products, tariff escalation, quantitative restrictions and other non-tariff measures, and possibilities for advance implementation of MTN tariff concessions. Noting that the secretariat had put together a detailed data base covering these issues, he said that the work on quantitative restrictions and other non-tariff measures could proceed when sufficient material was available as a result of the updating of the GATT Inventories of Non-Tariff Measures and the Joint Working Group documentation. Recognizing the priority being given by many delegations to the implementation of the Tokyo Round results, delegations had nevertheless agreed that further work on trade liberalization should proceed on a step-by-step basis.

He said with respect to tropical products, that the secretariat had been asked to provide more detailed information concerning commercial policy and trade flows for a list of items. This information would enable the Committee to exchange views on the post-Tokyo Round situation for these products in each country. On the question of tariff escalation, the secretariat had been requested to provide information on the methodology for work in this area. Delegations from developing countries were to identify those products areas or chains of production where they considered that their exports were being impeded as a result of the escalation of tariffs. The Committee could then examine this matter further, having regard to any views expressed in the Committee on Tariff Concessions.

Referring to advance implementation of tariff concessions, he said that a number of delegations had informed the Committee of actions already taken in the interest of developing countries. Some of these delegations had indicated their readiness to consider specific requests addressed to them in this connexion.

With regard to the implementation of Part IV, he said that the Committee had adopted a co-ordinated approach to its review of developments in this matter and the operation of the enabling clause on the basis of notifications by governments and secretariat background documentation.

In connexion with the recently created Sub-Committee on Protective Measures, he said that it had held two meetings in the course of the year to examine a number of measures taken by certain developed countries against imports from developing countries. It was noted that if this mechanism was to continue to work effectively, both the countries applying measures and those affected by them should make notifications.

Turning to the field of structural adjustment, he stated that certain suggestions had been made as to how this work should proceed. The Committee had welcomed the setting up of a Working Party on Structural Adjustment, as recommended by the Consultative Group of Eighteen, and had agreed to revert to this matter when the report of the Working Party was available. Delegations had also welcomed the establishment of a Sub-Committee on Trade of Least-Developed Countries. The first meeting of the Sub-Committee had been held only the previous week, under the chairmanship of the Director-General, who would report to the session as a supplement to the Committee's own report.

He also said that the Committee had reviewed the technical assistance activities of the secretariat in connexion with requests for such assistance by developing countries. This work was commended by many delegations, who emphasized its importance and the need for its continuation.

In conclusion he said that the Committee had taken note of the annual report of the Committee of Participating Countries in connexion with the operation of the Protocol Relating to Trade Negotiations Among Developing Countries (L/5051).

The CHAIRMAN invited Mr. Hartantyo to convey to Mr. Suryo the appreciation of the CONTRACTING PARTIES for his service performed as Chairman of the Committee on Trade and Development.

Mr. DUNKEL (Director-General), speaking as Chairman of the Sub-Committee on Trade of Least-Developed Countries, recalled that this Sub-Committee had been set up by the Committee on Trade and Development in order to give special attention to the trade problems of the least-developed countries. He said that the first meeting of the Sub-Committee had been held only a few days prior to the session, and that its proceedings could therefore not be included in the Report of the Committee on Trade and Development. The Sub-Committee had considered its future work in the light of its terms of reference. It had at its disposal a secretariat note which reviewed recent developments of interest to least-developed countries in GATT as well as in other international organizations. He said that this note also contained a number of suggestions as regards the initial work programme of the Sub-Committee, statistical information identifying products for which least-developed countries constituted the principal suppliers in developed countries' markets in 1976 and the post-Tokyo Round situation, m.f.n. as well as GSP, for these products.

In expressing their satisfaction at the setting-up of a sub-committee of this type, certain delegations had highlighted measures already taken by governments in favour of the least-developed countries. Some delegations had underlined the importance of a global approach to these countries'

problems, while the delegations of the least-developed countries stressed the urgency of action on a broad range of issues affecting their countries. He said that in the Sub-Committee there was a general recognition of the need to consider in GATT the trade problems faced by the least-developed countries, and more specifically the need for liberal and secure conditions of access to markets for their exports.

He summarized the work programme of the Sub-Committee, as follows:

- (i) review of the development of international trade of relevance to the least-developed countries;
- (ii) review of the measures taken in favour of least-developed countries;
- (iii) review of the export interests of the least-developed countries with a view to identify issues and problems requiring the attention of the Sub-Committee;
- (iv) technical assistance;
- (v) other matters relevant to GATT's work having a bearing on the trade interests of the least-developed countries.

He stated that in respect of the GATT Work Programme, the delegations of the least-developed countries had referred to the need to ensure that all measures of commercial policy, including non-tariff measures, were adequately covered. Furthermore, the secretariat had been asked to prepare for the next meeting of the Sub-Committee an analysis of the post-Tokyo Round situation from the point of view of the least-developed countries.

5. Report of the Council (L/5072 and Corr.1)

The CHAIRMAN referred to the Report of the Council of Representatives on its work since the thirty-fifth session of the CONTRACTING PARTIES. The following comments were made in connexion with the items dealt with in the Report:

Item 5(a) - Extension of time-limit for acceptance of the Geneva (1979) Protocol and the Supplementary Protocol

The CHAIRMAN drew attention to the recommendation of the Council that the draft decision reproduced in Annex I of the Report of the Council be adopted by the CONTRACTING PARTIES.

The decision was adopted.

Item 6 - Safeguards

Mr. DAS (India) said that his delegation had on several occasions expressed India's deep concern at the failure to evolve an agreement on Safeguards during the Multilateral Trade Negotiations which, in his view, had considerably eroded the overall value of the MTN package. He expressed regret that after a full year had passed since the CONTRACTING PARTIES took note of the results of the Multilateral Trade Negotiations, no substantial results had been achieved in this crucial area. His delegation welcomed the establishment of the Committee on Safeguards in the hope that this Committee would play an effective rôle in the coming months in expediting the conclusion of negotiations on a priority basis.

He underlined the importance of objective criteria, multilateral surveillance and greater discipline, further heightened by the present crisis in the world economy, which was the result of deep-rooted structural imbalances requiring solutions more far-sighted than simple methods of demand management. He said that given the uncertainties of the international situation pertaining to trade and increasing protectionist pressures in the industrialized economies, the failure to achieve the objectives mentioned would only increase the risk that the developing countries' vital interests would be severely affected. He also expressed concern that some countries had continued attempts to build into the system concepts that would lead to a loosening of multilateral surveillance and which would permit discrimination against developing country exports and thus impede their growth.

He stated that his delegation would be willing to participate in a constructive manner in the negotiations since the task of completing work in this area was an urgent one. It was also the expectation of his delegation that while negotiations in this area were being continued, no attempt would be made to alter unilaterally the modalities of the application of safeguard actions which had been followed so far in GATT.

Item 7 - Consultative Group of Eighteen

Mr. DUNKEL (Director-General) said that consultations had been held among delegations regarding the composition of the Consultative Group of Eighteen for 1981 at both the titular and alternate levels.

He informed the CONTRACTING PARTIES that the composition of the Group at the titular level would be as follows: Argentina, Australia, Brazil, Canada, Czechoslovakia, European Economic Community, Egypt, India, Japan, Malaysia, Nigeria, Pakistan, Peru, Sweden, Switzerland, Turkey, United States, Zaire.

The CONTRACTING PARTIES agreed to the composition of the Consultative Group of Eighteen.

Item 9(b) - Consultation with Greece

Mr. CHORAFAS (Greece) stated that the system of voluntary self-restraints on imports (BOP/R/114) had been abolished by Greece as of 15 November 1980.

Item 11(a)(ii) - European Communities - Refunds on Exports of Sugar -
Recourse by Brazil

Mr. MACIEL (Brazil) referred to the statement circulated by the EEC in document C/W/354, noting the view of the EEC that since the Panel "did not or could not" reach a finding on the question of "equitable share" under Article XVI:3, Brazil's complaints concerning serious prejudice had become groundless. He recalled that under sub-paragraph (e) of the conclusions in its Report (L/5011), the Panel had stated that "on the basis of the evidence available to it ..., it was not able to conclude that the increased share had resulted in the European Communities having more than an equitable share ..., in terms of Article XVI:3". In his view, this had no bearing whatsoever on the finding of the Panel, in sub-paragraph (f) of its conclusions, that the "Community system of granting export refunds on sugar had been applied in a manner which in the particular market situation prevailing in 1978 and 1979, contributed to depress sugar prices in the world market, and that this constituted a serious prejudice to Brazilian interests, in terms of Article XVI:1".

He noted that the EEC had also claimed in document C/W/354 that the Panel's finding that the Community system and its application constituted a permanent source of uncertainty in world sugar markets and therefore constituted a threat of serious prejudice in terms of Article XVI:1, was in "manifest contradiction" with the findings under Article XVI:3. He said that this claim was totally unfounded. In his view, a "threat of serious prejudice" under Article XVI:1 could never be dependent on a firm finding under Article XVI:3, that an exporter had acquired a more than equitable share of a market. When that was demonstrable, the prejudice could presumably be measured in concrete terms, and was no longer merely a "threat"; but the inability to reach a finding under Article XVI:3 as to the more than equitable share of a market, did not mean that prejudice had not occurred in terms of Article XVI:1.

He mentioned that the EEC had furthermore stated that with respect to the application of the system, the EEC claimed that the Panel had recognized that such application had not allowed the EEC to obtain more than "an equitable share" in the period 1976-79. He said that this recognition was nowhere to be found in the Panel's conclusions. On the contrary, the Panel had found, in sub-paragraph (g) of its conclusions, that neither the system nor its application would prevent the EEC from having more than an equitable share of world export trade in sugar, and that the system had not been applied in a manner so as to limit effectively either exportable surpluses or the amounts of refunds granted.

He added that the increase in EEC sugar exports over the past years had transformed it from a net importer into a net exporter, with a dominant share of world markets. In his view this was clearly due to the application of the system of export refunds.

He said finally that the EEC had stated that the finding of the Panel under sub-paragraph (h), regarding Part IV of the General Agreement, was "essentially motivated by the Community's non-participation in the International Sugar Agreement ...". He felt that it was not for the EEC to question the Panel's "motivations". As to its findings, it was clearly stated under sub-paragraph (h) of the conclusions that the Panel had found that the EEC had not collaborated jointly in terms of Part IV, because its increased exports through subsidization had countered the efforts made by developing contracting parties to improve the conditions in the world sugar market through the steps the latter had taken in the framework of the International Sugar Agreement.

Mr. DONOVAN (Australia) said that he agreed with the views expressed by the representative of Brazil and that he supported his analysis of the findings of the Panel as well as his interpretation of the provisions of Articles XVI:1 and XVI:3 of the General Agreement.

Mr. LUYTEN (European Communities) said that he appreciated the Panel's difficulties in dealing with a market as volatile as the world sugar market. As a result of the dearth of sugar in the world, the EEC had to change its export system and had to impose levies on exports of sugar. In referring to the first comment made by the representative of Brazil, he wondered whether there had been a mistake in translation in sub-paragraph (e) of the Panel's conclusions. His delegation had already made comments on sub-paragraphs (f) and (g).

In respect of the second point raised, he felt that this was another case where logic altered according to one's standpoint. His delegation had tried to state that, starting from the Panel's deliberations and findings on the formation of world sugar prices and based on its findings on the concept of equitable share, it would be difficult to go any further as regards the existence of prejudice or threat of prejudice.

In respect of the third point raised, he said that if one party did not take part in a commodity agreement it was inevitable that there would exist differences in standpoints as between those who ratified the agreement and those who did not.

He reserved the right to revert, if necessary, to some of the points raised by Brazil.

Mrs. GARCIA DE GONZALEZ (Cuba) said that Cuba supported the views expressed by the representatives of Brazil and Australia. She expressed concern about the fact that the participation of the EEC in the world sugar market as an exporter affected seriously the sugar-producing developing countries, taking into consideration Part IV of the General Agreement.

The CHAIRMAN said that he would consult informally with the interested parties in this case, and that the CONTRACTING PARTIES would revert to this matter.

Item 11(b)(ii) - Japan - Measures on imports of Leather - Recourse by Canada

Mr. O'BRIEN (New Zealand) said that New Zealand had expressed its interest in this matter on a number of occasions. While his delegation was pleased to see that the disputes which several other contracting parties had with Japan on this topic had been settled, New Zealand was still awaiting a satisfactory outcome. He said that bilateral consultations concentrating on access for processed leather were still taking place, and pointed out that New Zealand reserved its GATT rights in case a satisfactory bilateral solution were not reached in this case.

Item 11(c) - Norway - Restrictions on imports of certain textile products

The CHAIRMAN said that the CONTRACTING PARTIES would revert to this matter.

Item 11(e)(ii) - United States - Imposition of countervailing duty without injury criterion/industrial fasteners imported from India

Mr. DAS (India) referred to the establishment of a Panel under Article XXIII:2 by the Council and to document L/5062, which outlined India's concern in this matter. He said that it was India's expectation that the Panel should be constituted at the earliest convenient date, keeping in view the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance adopted on 28 November 1979 by the CONTRACTING PARTIES (BISD 26 S/210), particularly paragraph 11 thereof. He stressed that India considered the matter to be an urgent one, as the United States action had led to the creation of an uncertain trade environment which had, apart from the specific countervailing actions taken, a generally adverse effect on India's exports of dutiable products to the United States. He said that the United States action to deny India the injury criterion in respect of dutiable products, while extending this benefit to some other contracting parties, would erode the nature of the special and differential treatment accorded to developing countries in the Multilateral Trade Negotiations. Moreover, it detracted in a major way from the credibility of the results of these negotiations, causing a set-back to the goal of maximum participation of the developing countries.

He stressed that beyond these matters was the question of the obligations of the United States under the General Agreement, particularly Article I thereof. It was India's contention that the United States action had resulted in the impairment of the benefit accruing to India under the General Agreement.

Mr. SMITH (United States) did not agree that the United States had contravened its obligations in this matter. He said that the United States had nevertheless agreed without delay to consultations under Article XXIII. He recalled his delegation's having agreed, at the

Council meeting of 10 November 1980, to the establishment of a panel to examine India's complaint under the provisions of the General Agreement and to meet with the representative of India two days thereafter on the question of terms of reference of the panel. He recalled also having agreed to a special meeting of the Committee on Subsidies and Countervailing Measures, to discuss issues which India had raised with respect to interpretation of that Agreement. He stated that this issue was proceeding along the path set out in the GATT for resolution of disputes between two parties over GATT rights and obligations, and he expressed the hope that those procedures could now follow their course without further debate in meetings of different bodies. He said that if the United States and India were unable to reach a mutually satisfactory bilateral solution in this case, the CONTRACTING PARTIES would have the opportunity to intercede on the basis of a detailed examination of the arguments by the Panel which the Council had agreed to establish.

Item 12(a)(i) - Customs unions and free-trade areas, regional agreements;
Accession of Greece to the European Communities

Mr. DONOVAN (Australia) expressed concern that the European Communities had not yet provided certain information requested in July 1980 by the Working Party on the Accession of Greece to the European Communities. He urged the European Communities to comply with this request.

Mr. LUYTEN (European Communities) said that the Communities would supply this complex information, which not only included customs data but also correspondence and statistical information.

Mr. FURULYAS (Hungary) supported the request made by the representative of Australia.

Mr. DONOVAN (Australia) said that his request was based on the fact that the accession of Greece to the European Communities would become a legal reality on 1 January 1981, and that this information should have been provided for consideration before that date.

The meeting adjourned at 6 p.m.