

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MINUTES OF MEETING

Held at the Palais des Nations, Geneva
on 25 September 1964

Chairman: Mr. K.B. LALL (India)

	<u>Page</u>
<u>Subjects discussed:</u>	
1. Australian Schedule - request under Article XXVIII:4	1
2. New Zealand Schedule - request under Article XXVIII:4	3
3. Peruvian Schedule - request for waiver	3
4. Programme of meetings - sessions of the CONTRACTING PARTIES	4

1. Australian Schedule - request under Article XXVIII:4

Contracting parties were informed in GATT/AIR/410(SECRET) of a request by the Australian Government for authority under paragraph 4 of Article XXVIII to enter into renegotiations for the withdrawal of certain concessions specified in Schedule I.

The Australian representative said that his Government had submitted this request because it had decided to give effect to a recommendation from the Tariff Board that the industry concerned should be given increased protection through the customs tariff. In support of the application there were several factors which the Council should take into account. This would be virtually a new line of production in Australia and it would help an existing small industry to secure some economies of scale and to improve overall efficiency. The manufacture in question was of importance in terms of encouraging scarce specialized industrial skills and techniques. It followed from these considerations that increased production would contribute to the diversification of the Australian economy. However, without higher tariff protection, the Australian industry would be unable to compete against imports from long-established, high-volume manufacturers in other countries with a much longer history of industrial production. Finally, Australia depended in large measures on a relatively small number of primary commodities and relied on the tariff as an important aid for further diversification of its economy.

The representative of the European Economic Community felt that the information submitted by the Australian Government, in document GATT/AIR/410, did not disclose what were precisely the "special circumstances" which occasioned the request. The trade statistics contained in that document showed that Australian imports of the products in question had remained at a relatively stable level for the last few years with even a slight decline in the period 1963/64. It was stated that the Tariff Board had recommended an increase in the duties, but there was no indication of the rates proposed; in any event were not the recommendations of the Board advisory rather than obligatory? The increase of tariffs at this time would be contrary to the purposes of the current trade negotiations and these should result in a more rigid observance of the provisions and procedures of Article XXVIII. In recent years the Community had been engaged in twelve renegotiations with the Government of Australia, and some of these had been difficult since Australia had not been able to offer satisfactory compensation. Further, it was difficult to obtain adequate information about the development of the Australian industry and the direction of governmental industrial policy in general. The protection afforded to Australian industry even for bound items was already rather high. In this particular case it was not easy to judge what the special circumstances were; one would have expected that information would be submitted concerning the importance of the local industry, whether it was already in difficulties, whether imports were expected to increase and why it was considered that the existing level of imports was too high.

Replying to the comments by the representative of the European Economic Community, the Australian representative thought that some of the points raised were not relevant to the request under consideration. In any event this was hardly the occasion for a debate on national policies. However, it should not be thought that by not replying Australia accepted the points made as being valid. To keep the matter in perspective only one comment need be made, that in fact EEC exports to Australia had increased by more than 130 per cent over the last ten years, and it could be said that Australian policies had contributed to this increase. Australia's exports to the Community, on the other hand, had increased by only 10 per cent in the same period. The Australian request rested on paragraph 2 of the Notes and Supplementary Provisions to Article XXVIII:4 and should be regarded in that light.

The representative of the European Economic Community indicated that, while he would have comments on the observations presented by the Australian delegation, he did not wish at this stage to pursue a discussion on trade flows or other matters not immediately related to the question of the existence of special circumstances.

The Chairman said that the remarks by the representative of the European Economic Community would be noted in the minutes of the meeting.

The Council agreed that the authority requested should be granted. The Chairman said that any contracting party which considered that it had a "principal supplying interest" or a "substantial interest", as provided in paragraph 1 of Article XXVIII, should communicate such claim in writing and without delay to the Australian Government and, at the same time, inform the Executive Secretary. Any such claim recognized by that Government would be deemed to be a determination by the CONTRACTING PARTIES within the terms of paragraph 1 of Article XXVIII.

2. New Zealand Schedule - Request under Article XXVIII:4

Contracting parties were informed in GATT/AIR/416(SECRET) of a request by the Government of New Zealand for authority under paragraph 4 of Article XXVIII to enter into renegotiations for the modification or withdrawal of a certain concession in the New Zealand Schedule.

The representative of New Zealand apologized for the short notice which had been given to the Council but hoped that the request could be dealt with at the present meeting. The proposal that increased tariff protection should be given to the industry manufacturing the products in question resulted from a public enquiry by the Tariff and Development Board. The Board's recommendation was accepted by the Government after careful consideration, and it was desired that the recommendation should be implemented as soon as possible. The new tariff rate was considered to be reasonable protection for an industry which was a new development in New Zealand.

The representatives of Canada and Sweden said that they wished to obtain instructions from their governments before taking a position on the New Zealand request.

The Council agreed that, unless a contracting party should request within ten days that a meeting of the Council be convened to give further consideration to this request, the authority would be deemed to have been granted; the procedures for determining the contracting parties which have a "principal supplying interest" or a "substantial interest", as provided in paragraph 1 of Article XXVIII, would be the same as in the case of the authority granted under item 1 above.

3. Peruvian Schedule - Request for waiver

At their twenty-first session the CONTRACTING PARTIES considered a request from the Government of Peru for a waiver from the obligations under Article II to authorize the maintenance, as an emergency measure, of a 10 per cent surcharge on imports of items specified in the Peruvian Schedule. At the same time Peru requested authority to enter into negotiations for the establishment of a new GATT schedule. These two requests were referred to a working party which recommended the granting of a waiver for the maintenance of the surcharges, but

considered that the request concerning the establishment of a new schedule should be left until a draft of the new Peruvian tariff would be available (12S/54).

The Chairman recalled that the Council had been authorized to deal with any questions involved in the renegotiations for the establishment of a new schedule and to make any necessary arrangements for such negotiations, and suggested that it would be helpful if the Working Party were to meet again to examine the request and to submit recommendations for consideration by the Council.

The representative of Peru recalled that he had explained the reasons for his Government's request at the last session of the CONTRACTING PARTIES. It would not be necessary to repeat these reasons. He agreed with the suggestion that the Working Party should be reconvened and his delegation would furnish all necessary information.

The representative of the United States said that his delegation was not in agreement with the interpretation which the Peruvian delegation had apparently placed on the decision taken by the CONTRACTING PARTIES at their twenty-first session. The Peruvian delegation had stated, in document L/2259, that the new tariff had been introduced prior to renegotiations of concessions in Schedule XXXV and that this action had been taken pursuant to the authority granted under the Decision of 20 March 1964. It was the understanding of the United States delegation that that Decision did not include any formal action with respect to the tariff issue other than to instruct the Council to establish renegotiation procedures when more information was available. The United States delegation did not agree that the Decision authorized any departure from the procedures of Article XXVIII and assumed that these procedures could be followed. However, as the matter involved fairly complicated issues, they would accept the suggestion that the question be referred to a working party where its special features could be examined in detail.

The Council agreed that the Working Party should meet again to examine the request by Peru for authority to renegotiate its Schedule, and to submit recommendations to the Council.

4. Programme of meetings - Sessions of the CONTRACTING PARTIES

At the twenty-first session the CONTRACTING PARTIES decided to convene a short special session during the week commencing 16 November and that the twenty-second session should be held from 1-26 March. Under this arrangement each of the sessions would begin on a Monday. The Chairman enquired whether it would better meet the convenience of delegations if the sessions were to begin on Thursdays.

After discussion it was agreed that the special session should begin on Tuesday 17 November 1964 and the twenty-second session on Tuesday 2 March 1965.