

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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MINUTES OF MEETING

Held at the International Labour Office, Geneva
on 10 June 1966

Chairman: Mr. R. ROTHSCHILD (Belgium)

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1. New Zealand import restrictions (L/2649)

The representative of New Zealand said that the Import Licensing Schedule, announced recently by the New Zealand Government, for the twelve-month period beginning 1 July 1966, provided for reduced "allocations" for a wide range of products. Although the New Zealand Government did not consider that this action constituted a "substantial intensification" in the sense of paragraph 4(a) of Article XII, it recognized that contracting parties would be concerned at the reduction in export opportunities for certain goods and felt, therefore, that the details of the changes and the reasons for them should be placed before the CONTRACTING PARTIES as soon as possible. At its last consultation with the Committee on Balance-of-Payments Restrictions in October 1965, New Zealand had drawn attention to the strong demand pressure which had become evident during the year. The New Zealand Government had taken a series of measures designed to reduce the level of demand without undue disruption of the volume of investment necessary to ensure the future well-being of the economy. However, despite these measures, it seemed likely that the deficit on current account for the

twelve-month period ending June 1966 would be more than double the £27 million deficit in the preceding twelve-month period. Reserves were at a dangerously low level, falling from £80 million in March 1965 to £58 million at the end of March 1966, this latter amount being the equivalent of eight weeks' imports at current rates. The measures proposed by New Zealand to combat the situation would reduce imports for the 1966-67 period below their level for 1965/66, but they would still be at a level higher than in any preceding period.

New Zealand would in any case consult with the CONTRACTING PARTIES in 1966 on its balance-of-payments restrictions and the consultation would be held in July in order to provide an early opportunity for explaining in more detail the changes in the restrictions and the situation which had made these changes necessary.

The Council agreed that the Committee on Balance-of-Payments Restrictions should consult with New Zealand in July.¹

2. Balance-of-payments import restrictions (L/2634 and Corr.1 and L/2635)

During the twenty-third session of the CONTRACTING PARTIES, the Committee on Balance-of-Payments Restrictions carried out consultations with Brazil and Spain and the reports of the Committee were distributed in L/2634 and Corr.1 and in L/2635 respectively.

The representative of Brazil drew attention to certain aspects of the report on the consultation with Brazil. Referring to paragraph 13 of L/2634, he said that the transfer from the "special" to the "general" category of some 600 items and sub-items had been completed. Concerning the 10 per cent surcharge mentioned in paragraph 14, he said that 13.4 per cent of Brazil's imports on the basis of 1965 f.o.b. values were subject to the surcharge.

The representative of Norway, referring to paragraph 15 of the report, hoped that it would be possible for Brazil to terminate bilateral agreements with contracting parties as soon as possible.

The representative of Canada, whilst concurring with the Committee's satisfaction over the relaxation of many restrictions, looked forward to the elimination of the guarantee deposit and the remaining bilateral agreements.

The representative of Spain alluded to certain features of Spain's current trading position and policy, as recorded in BOP/56 and L/2635, and in particular drew attention to the fact that Spain's balance-of-payments deficit amounted, in 1965, to some \$150 million.

The Council approved the reports and recommended their adoption by the CONTRACTING PARTIES at their next session.

¹See also item 5.

3. Accession of Yugoslavia

The Chairman recalled that, at their twenty-third session, the CONTRACTING PARTIES had approved the texts of a decision and protocol for the accession of Yugoslavia. It had been decided that the protocol should be completed by the annexing of a schedule of concessions to be accorded by Yugoslavia and that the decision would then be put to a vote of the contracting parties in accordance with Article XXXIII. The representative of Yugoslavia had reported to the secretariat that the negotiations on the concessions had been terminated and a schedule of concessions, to be annexed to the protocol, had been distributed to members of the Council.

The representative of Yugoslavia outlined the steps taken by Yugoslavia in proceeding to her accession to the General Agreement. Significant tariff reductions, on an average by about 50 per cent, had been introduced in the middle of 1965, following measures of economic reform, and a number of other steps had been taken to liberalize foreign trade. In the course of the negotiations, Yugoslavia had agreed to concessions going beyond those contained in her original offer and covering an important segment of Yugoslavia's imports. In making these concessions, Yugoslavia had been motivated by its desire to promote trade and economic relations with contracting parties and in the hope that the results achieved in the Kennedy Round would be beneficial to Yugoslavia's exports.

The representative of Yugoslavia thanked the representatives of the twenty-one countries which had negotiated with Yugoslavia for their understanding and co-operation which had enabled these negotiations to be completed in three months. He also thanked the developing countries which had supported Yugoslavia's request for full accession. He hoped that contracting parties would now be in a position to vote in favour of Yugoslavia's accession.

The representatives of a number of countries present congratulated the Yugoslav delegation for the speedy manner in which the tariff negotiations had been concluded. They expressed the hope that the remaining formalities pertaining to Yugoslavia's accession would be completed without delay.

The Chairman invited those contracting parties, which had participated in the negotiations with Yugoslavia, to verify the draft schedule of concessions. Should there be any doubts concerning the text of the schedule, or should there be any need for clarification, the matter should be discussed with the Yugoslav delegation and the secretariat should be advised of the outcome of these discussions not later than 15 June.

The Council agreed that, on 14 June, the secretariat would send to each contracting party the text of the Protocol of Accession, including the annexed schedule. At the same time, a ballot paper would be distributed to enable a vote to be taken on the decision for accession. The decision would be adopted when two thirds of the contracting parties had recorded favourable votes. Once the decision had been adopted, the Protocol for Accession would be opened for signature and would enter into force thirty days after its acceptance by Yugoslavia.

The Chairman drew the attention of the Council to the fact that the Declaration on Yugoslavia's Provisional Accession would expire on 30 June. For technical reasons it would be impossible for Yugoslavia to accede fully to the General Agreement before that date. It was to be hoped that, in the brief interval between the expiry of the Declaration on Provisional Accession and the entry into force of the Protocol for full accession, the signatories to the Declaration would continue to apply the provisions of the Declaration in their relations with Yugoslavia. He pointed out, moreover, that the quicker the voting on the decision for accession took place, the shorter the interval would be.

4. Accession of Korea (L/2655)

The observer from Korea, speaking at the invitation of the Chairman, recalled that a notification from his Government indicating its wish to participate in the Kennedy Round with a view to accession to the GATT, had been distributed in L/2655. Korea had participated in 1950 in the Torquay conference with a view to accession, but as a result of the hostilities that had broken out in 1950 and which had continued for three years, Korea had not been in a position to accede. The years following the cessation of hostilities had been devoted to the rehabilitation and reconstruction of the economy. The 1960's had seen an upsurge in the country's economy and Korea's trade had increased considerably; most of this trade being with contracting parties.

The Republic of Korea maintained a single column non-discriminatory tariff classified in accordance with the Brussels Tariff Nomenclature. The Korean tariff was maintained for both protection and revenue purposes and, in this connexion, paragraph 2 of Article XVIII and paragraph 3 of Article XXVIII bis were relevant to the conditions in his country. The low level of Korea's exports and the growth of imports consequent upon economic development had led to a deficit on trade account. It was, therefore, inevitable that Korea maintained quantitative restrictions, but his Government had introduced a number of liberalization measures, with the result that 85 per cent of commercial imports were now liberalized.

The adoption by the CONTRACTING PARTIES of the new Part IV on Trade and Development had been a source of encouragement to the Korean Government and it assumed that the negotiations to be carried out would take place in the spirit of

Article XXXVI:8. The Korean Government would submit at an early date a combined offer to cover accession and participation in the Kennedy Round and also a memorandum describing the tariff system and trade policies of Korea and would be ready to provide any additional information that contracting parties might require.

The representative of Cuba stated that his Government recognized the Government of the "People's Democratic Republic of Korea" and not the Government of the "Republic of Korea". It was a source of concern to his Government that the Kennedy Round, which in his view could not lead to any benefits of interest to developing countries, should also be employed as a device for proliferating the membership of the GATT to include countries whose economic situation was not such as to provide advantages to the activities of the contracting parties in keeping with the General Agreement.

The representative of Japan and the United States and the spokesman for the European Economic Community welcomed the initiative taken by the Government of Korea in seeking accession under Article XXXVIII and indicated the wish of their delegations to be represented on the working party to be established.

The Council agreed that the Trade Negotiations Committee should be requested to make provision for Korea's participation in the Kennedy Round with a view to accession. The Council took note of the statement of the observer of Korea that his Government would submit a memorandum describing the essential features of Korea's external trade policy and agreed that, in accordance with established procedures, a working party should be appointed to examine the memorandum and to prepare a protocol for accession. This working party would be composed of those contracting parties which informed the Director-General of their desire to participate.

5. Financial and administrative questions

(a) Assessment of additional contributions (L/2654)

The Council approved the proposals of the Director-General contained in L/2654 concerning the contribution to be made by the Government of Rwanda to the 1966 budget and to the Working Capital Fund.

(b) Membership of Committee on Budget, Finance and Administration

The Council agreed on the following terms of reference and composition:

- "(i) To examine any questions arising in connexion with the audited accounts for 1965, the financing of the 1966 budget, and proposals for the budget for 1967 including the question of minimum contributions.
- (ii) To study any financial and administrative questions which may be referred to it by the Council or submitted to it by the Director-General and undertake such other duties as may be assigned to it by the Council."

Chairman: Mr. A. Schnebli (Switzerland)

Membership

Australia	France	Sweden
Belgium	Germany	Tanzania
Canada	Ghana	United Kingdom
Ceylon	Israel	United States
Chile	Japan	

6. Programme of meetings (C/W/105)

The Chairman drew attention to document C/W/105 in which the Director-General had proposed the dates for certain meetings to be held during 1966. The list did not include meetings in connexion with the Kennedy Round of trade negotiations.

The representative of Australia, referring to the proposed date (5-8 July) for consultations by the Committee on Balance-of-Payments Restrictions with New Zealand and Iceland, pointed out that the standing procedures for such consultations required that background papers should be circulated a month in advance. As the background documentation had not yet been circulated, the one-month period would not be observed if the dates 5-8 July were agreed. A period of less than one month would make it impossible for governments such as his own, geographically distant from Geneva, to provide the necessary briefing for their representatives. The Australian delegation had raised this matter in the Committee on Balance-of-Payments Restrictions and at the meeting of the Council in December 1965 and had indicated that unless there were some improvement in this respect Australia would have to reconsider its position as a member of the Committee. The problem of the late submission of background documentation had arisen again in the consultations held in March 1966. This was a matter of serious concern for Australia and he would suggest that it would be advisable to conform to the procedures and that the consultations with New Zealand and Iceland should be deferred until the third week of July.

The representative of New Zealand sympathized with the point raised by the representative of Australia and said that his Government could accept the third week of July for its consultation.

The Deputy Director-General said that he would contact the delegation of Iceland with a view to ascertaining whether it would be possible for Iceland also to consult in the third week in July.¹

The representative of Cuba noted, from C/W/105, that it was proposed that a meeting of the Committee on Trade and Development should be held in Montevideo in January 1967. He pointed out that Uruguay did not have diplomatic relations with certain countries including Cuba and that he would have to reserve the position of his Government concerning the acceptability of Montevideo as a venue until such time as the Government of Uruguay provided the necessary assurances concerning the presence at the meeting of all members of the Committee.

The Chairman pointed out that it was current international practice for the host country to give all necessary facilities and immunities to delegations attending international conferences even where the governments concerned had no diplomatic relations with the host country.

The representative of Israel underlined the importance of GATT's continuing to observe international practice in this respect as outlined and recorded in the Chairman's statement. He was confident that it would be scrupulously respected by all contracting parties.

The representative of Uruguay stated that whilst he could not commit his Government officially, he thought that, in view of the traditional observance of Uruguay of international practice in this regard, his Government would accord the normal guarantees for the meeting of the Committee on Trade and Development.

The representative of Cuba noted that the representative of Uruguay had given an assurance in his personal capacity, which he said, he could himself accept in his own personal capacity.

Subject to the changes agreed upon, the Council approved the Programme of Meetings proposed in C/W/105.²

¹ Iceland will in fact consult in November.

² For the Programme of Meetings as revised see L/2660.

