

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/M/41

17 July 1967

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COUNCIL  
26 June 1967

## MINUTES OF MEETING

Held at the Palais des Nations, Geneva  
on 26 June 1967

Chairman: Mr. R. Rothschild (Belgium)

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 1. <u>Procedure for the nomination of successors to the Director-General and to the Deputy Director-General</u>	

Referring to a request from the delegation of Ghana (C/72) for the inclusion of this item on the agenda, the Chairman informed the Council of the action that had been taken by Mr. Lall, Chairman of the CONTRACTING PARTIES, in preparation for the appointment of a new Director-General and Deputy Director-General at the forthcoming session. Mr. Lall had established a small advisory group, composed of the Chairman of the Council, the three Vice-Chairmen of the CONTRACTING PARTIES and the Chairman of the Committee on Trade and Development, to advise him on this matter and to assist him in drawing up recommendations for submission to the CONTRACTING PARTIES. Mr. Lall had sent a note to this effect to all contracting parties and had invited suggestions for consideration by the group in formulating their advice; further, he had asked the group to be prepared to meet at any time with representatives of contracting parties wishing to participate in their discussion.

After some discussion, the Council agreed that the item proposed by the delegation of Ghana should be inscribed on the agenda and that this item would be open for further discussion at the next meeting of the Council.

The Council also agreed with a proposal by its Chairman that extensive consultations should be initiated and carried forward during the intervening weeks.

2. Membership of Council - request from Barbados

The Government of Barbados having advised the Director-General that it wished to accept the responsibilities of membership in the Council, the Chairman welcomed Barbados as a member.

3. Observer status - request from Bulgaria

The Chairman informed the Council that the Government of Bulgaria had written to the Director-General expressing its interest in the problems which concern the development of international trade and enquiring whether their mission in Geneva might follow the work of the CONTRACTING PARTIES as an observer.

Several representatives expressed warm support for this request, and it was unanimously agreed that the Director-General should reply positively to the Government of Bulgaria.

4. Accession - reports of Working Parties on accession - Argentina (L/2805); Iceland (L/2797); Ireland (L/2798); Poland (L/2806)

The reports of the four Working Parties on accession were presented to the Council by their respective Chairmen; for Argentina, Mr. Liederkerke (Belgium); for Iceland and Ireland, Mr. Homewood (New Zealand); and for Poland, Mr. Langeland (Norway).

The draft Protocols for accession annexed to the four reports were approved and the reports were adopted.

The Council also approved the text of the draft decision (C/W/115) for each of these accessions and requested the Director-General to forward four ballot papers to the contracting parties together with the relevant Protocol and Schedule. Voting under Article XXXIII should be completed within sixty days; in each case if two thirds of the contracting parties cast affirmative votes, the Protocol would be opened for signature by the acceding government and accession would be effective thirty days after acceptance.

5. Balance-of-payments import restrictions

- (a) Reports on consultations with Ceylon (BOP/R/2), Finland (BOP/R/4), Ghana (BOP/R/6), Greece (BOP/R/5), Iceland (BOP/R/3 and Corr.1), Israel (BOP/R/8), South Africa (BOP/R/7)

In the absence of the Chairman of the Committee on Balance-of-Payments Import Restrictions the Assistant Director-General for Trade Policy and Intelligence reported that the Committee had carried out consultations with the seven countries in November and December 1966 and that the reports on these consultations were now before the Council for appropriate action.

The Council agreed to recommend to the CONTRACTING PARTIES that the reports be adopted at their next session.

(b) New Zealand import restrictions (L/2781)

The representative of New Zealand recalled that last year New Zealand had been obliged to reduce import allocations in an effort to cope with a deterioration in New Zealand's balance-of-payments position. Reduced earnings from wool exports had not been compensated by increases in receipts from other exports, so that a series of measures had been taken with the intention to reduce internal demand and to bring about better balance in the external account. Nonetheless, reduced import allocations for the year beginning in mid-1967 had also been found necessary, although the number of items under restriction had not been increased and a special effort would be made to meet reasonable requirements for spare parts so that no plant need stand idle. He expressed New Zealand's willingness to include a review of the recent intensification of restrictions within the scope of New Zealand's regular 1967 consultation in the Committee on Balance-of-Payments Restrictions, scheduled for July.

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

(c) Programme for balance-of-payments consultations in 1967 (C/70)

The Council approved the programme proposed by the Director-General envisaging consultations in July and October.

6. Reports under waivers - (a) Australia/Papua-New Guinea (L/2789), (b) France-Germany/trade with the Saar (L/2773), (c) United Kingdom/Article I (L/2768), (d) United Kingdom/overseas territories (L/2767)

The Council took note of the reports by the Governments of Australia, France, Germany and the United Kingdom.

7. Turkish stamp duty - increase in rate of duty and extension of waiver (L/2786)

Referring to document L/2786, the representative for Turkey explained that his Government had been obliged to extend the law authorizing the imposition of a stamp duty on imports for a period of five additional years from the end of 1967, and to increase the rate of the tax from 5 to 10 per cent with a possible 15 per cent rate authorized. Turkey's development depended in no small degree

upon success in raising more revenue by taxation and so avoiding deficit financing; the measure in question would contribute significantly to that end. He therefore asked that the CONTRACTING PARTIES consider amending the existing decision of 1963, which would expire at the end of 1967, under which the 5 per cent tax had been authorized.

The Council agreed to request the Committee on Balance-of-Payments Restrictions to examine this request, in consultation with the International Monetary Fund, when the regular Article XVIII:B consultation with Turkey takes place in July and to submit to the Council a report and recommendations.

8. Peruvian schedule - modification of schedule

The representative for Peru explained the circumstances under which his Government had been compelled to introduce increases in duties on certain items on which concessions had been granted in Peru's schedule. Despite Peru's satisfactory rate of growth and liberal trade policy, some of the structural problems of a developing country had led to strains on the balance of trade which were threatening the country's monetary stability. Deficits in the balance of trade had reached \$63.2 million in 1965, \$51.3 million in 1966 and were expected to be of the order of \$180 million by 1970. The drastic fall in reserves had compelled the Peruvian Government to take urgent action to reduce certain imports. The measures which were in conflict with Peru's obligations under the GATT were increases of duties on 121 tariff items, comprising mainly luxury goods and goods manufactured in Peru. These adjustments affected an estimated \$19.5 million of trade (by 1965 figures). On the other hand duties had been reduced on some forty items.

The Chairman said that the documentation on this matter was not yet available. He therefore proposed the appointment of a working party to examine the problem. The following terms of reference and membership were agreed:

"To examine in the light of the provisions of the General Agreement the problems outlined by the representative of Peru and the measures his Government had felt compelled to take in the way of recent increases in duties bound in Schedule XXXV, and to submit to the Council its findings and recommendations."

Membership of the Working Party

Brazil	Nigeria
Chile	Sweden
EEC	Trinidad and Tobago
India	United Kingdom
Japan	United States
New Zealand	

The Chairman to be appointed later.

9. European Economic Community -- association of Nigeria (L/2774)

The Council of the European Economic Community and the Government of Nigeria had informed the Director-General that the representatives of the member States of the Community and the representatives of the Government of Nigeria had signed an Agreement in July 1966 which established an association between the EEC and Nigeria. The text of the Agreement had been transmitted to the contracting parties for their information (L/2774).

The representative of the Community said that the Agreement would enter into force upon ratification by the signatories, and would cease to have effect on 31 May 1969, that is, at the same time as the Yaoundé Convention; like that Convention, the Agreement provided that, in the year preceding its expiry, the parties would examine jointly the arrangements that should be made for a further period. The principal objective of the Agreement was the advancement of the economic potential of Nigeria by the development of its exports and the expansion of its industrialization. The Community was convinced that the Agreement was in conformity with the principles and objectives of the GATT and considered that the traditional procedures of the CONTRACTING PARTIES should be followed in this case.

Some representatives expressed doubt about the compatibility of the provisions of the Agreement with the GATT.

The Chairman proposed that a working party be set up to examine the Agreement and to submit a report. He invited contracting parties to indicate to the Director-General before the end of the summer whether they wished to participate in the working party. This procedure and the following terms of reference were agreed.

"To examine the Agreement establishing an association between the EEC and the Republic of Nigeria and its annexed documents in the light of relevant provisions of the General Agreement and to submit a report to the Council or to the CONTRACTING PARTIES."

The appointment of the Chairman of the working party would be announced later. The first meeting of the working party would be fixed by its Chairman after consultation with the Director-General and interested delegations.

10. Financial and administrative questions

(a) Final 1966 budget position (L/2761)

Since the statement by the Director-General (L/2761) had been circulated setting out the income and expenditure situation at the end of 1966, payments had been received from Australia, Chad, Chile, Dahomey, Guyana, Italy, Ivory Coast, Kenya, Kuwait, Malawi, Mauritania, Trinidad and Tobago, Tunisia and Uruguay.

The Council approved the authority requested and the method of financing excess expenditure proposed in paragraphs 9 and 11 of document L/2761.

(b) Assessment of contributions (L/2788)

The Council approved the proposals put forward in paragraphs 1, 3 and 5 of document L/2788 concerning the financial contributions to be assessed in respect of two new contracting parties: Barbados and Korea.

(c) Re-appointment of Committee

The Council agreed to the following terms of reference and membership of the Committee on Budget, Finance and Administration:

- "(i) To examine any questions arising in connexion with the audited accounts for 1966, the financing of the 1967 budget, and proposals for the budget for 1968, including the precise level of the single minimum contribution.
- "(ii) To examine further, in the light of the preliminary consideration given by the Committee on 10 May 1967 (L/2799), the question of the level of the Working Capital Fund, the Resolution governing the use of this Fund and the procedures for reimbursement, with a view to arriving at final recommendations.
- "(iii) 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 to undertake such other duties as may be assigned to it by the Council."

Membership

Australia	Fed. Rep. Germany	Netherlands
Canada	India	Sweden
Chile	Israel	Turkey
France	Ivory Coast	United Kingdom
Ghana	Japan	United States

Chairman: Mr. A. Schnebli (Switzerland)

11. Article XXVIII negotiations

(a) Extension of time-limit under paragraph 1 (C/W/113)

The Chairman called the Council's attention to document C/W/113, which notified that some negotiating countries would not be able to conclude their negotiations under paragraph 1 of Article XXVIII before 30 June 1967, the

extended time-limit set by the Council at its meeting in December 1966. A further extension of the time-limit was therefore requested to allow Australia, South Africa and Switzerland to conclude their negotiations.

The Council agreed to further extend the time-limit until the close of the twenty-fourth session of the CONTRACTING PARTIES.

(b) Request from the European Economic Community under paragraph 4 (SECRET/173)

The Chairman informed the Council that in a communication dated 16 June 1967 the Commission of the European Economic Community had requested authority, under paragraph 4 of Article XXVIII, to renegotiate a concession in the Schedule of the Community. This communication, which contained an explanation of the background for the request, had been received on 20 June but the secretariat had been unable to circulate it in time for examination before the meeting of the Council. The statement was now available in document SECRET/173.

The representative of the EEC indicated that renegotiation was requested not with the intention to make the concession disappear, but only to modify it so as to prevent such abuses as were noted in the past. Such modification would in no way constitute an impediment to normal commercial transactions.

It was agreed to grant the authority requested by the Community.

12. Date of the twenty-fourth session and programme of meetings (C/W/114)

The Council approved the programme of meetings proposed by the Director-General in document C/W/114. The dates for the twenty-fourth session were thus agreed, namely 30 October-17 November 1967.