

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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Chairman: Mr. Erik THRAANE (Denmark)

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1. Committee on Trade in Industrial Products - Report of the Group of Experts on the Tariff Study (COM.IND/13)

The Chairman recalled that at the previous meeting of the Council Mr. Stuyck (Belgium), Chairman of the Committee on Trade in Industrial Products, had referred to a report of the Group of Technical Experts on the Tariff Study (COM.IND/13). The Chairman noted that this report had been finalized only recently and that Mr. Stuyck had suggested that unless a member of the Committee on Trade in Industrial Products requested a formal meeting for its adoption, the report would be considered as a report of that Committee. The Chairman stated that he had been informed that no such request had been made.

Mr. Stuyck introduced the report, summarizing briefly the present state of the exercise and prospects for its completion. He recalled that the secretariat was preparing three summary tabulations, the first of which would compare imports and average tariff rates of individual countries by BTW headings. He stated that this tabulation, which would run to almost 500 pages, could best serve as a reference book for detailed discussion of the tariff situation in individual areas or sectors of trade. The second tabulation would summarize all trade and tariff data, relating to the sixteen countries covered by the study, under twenty-three industrial categories. Since it was expected to run to about forty pages, this second tabulation would make it possible to compare easily the basic structures of the national tariffs covered by the study. He noted that the secretariat had now been given full and clear technical instructions by the Expert Group for processing and presenting the relevant information in these two tabulations. For Summary Tabulation I two kinds of tariff averages would be calculated, namely a simple unweighted average and an average weighted by each country's imports. For Summary Tabulation II four kinds of tariff averages would be calculated as described in the report.

Mr. Stuyck noted that a third tabulation, which the Industrial Committee wanted to be focussed on the special trade problems of developing countries, had presented several rather serious technical difficulties. He stated that in the meantime the secretariat had continued consultations with experts from developing countries and was making some sample calculations. Mr. Stuyck added that if all the statistical data were received in time, the three tabulations and a methodological commentary would be in the hands of the Committee at the latest in June, to serve as the basis for further analysis.

The representative of India referred to consultations between the secretariat and experts from developing countries. He stated that in his view these consultations had not as yet led to any definite conclusions and expressed the hope that there would be positive results within the next two months, especially with regard to the third tabulation.

The representative of Chile shared the concern of the Indian representative with regard to the lack of progress on the third tabulation and stressed the importance of this aspect of the tariff study.

The representative of the EEC observed that the Tariff Study would have to meet two criteria namely, those of objectivity and legibility. Through the introduction of two additional types of weighted averages in Tabulation II, his delegation felt that the Study would fail to meet both criteria, because the two additional types of weighted average had an inherent bias which would distort the results obtained by the study.

The representative of the United States stated that the Tariff Study was a technical matter. In the view of his delegation the Expert Group had made a sound decision in adopting the different types of weighted averages described in the report, which represented the view of the Group. He noted that there did not exist an unbiased average, and that the four types chosen showed tendencies in both directions. His Government, after careful consideration, had concluded that it could only accept a study on the basis of four averages. There was no point in re-opening the discussion and his Government was firmly opposed to the reconvening of the Group.

The representative of Switzerland stated that in the view of his delegation the basic facts should be shown in the Study as clearly as possible. He expressed his preference for weighted average number 2. He regretted that the introduction of additional types of weighted averages had made the Study cumbersome and difficult to read.

The representative of Canada stated that his country's figures for 1969 should be available in February, for release in the late spring, citing the concordance of Canadian nomenclature with BTN categories that had been prepared solely for the Tariff Study.

The Chairman stated that the report of the Expert Group completed the report of the Committee on Trade in Industrial Products (L/3298) which had been submitted to the Council and discussed at its previous meeting. The Council approved the report of the Committee on Trade in Industrial Products as a whole (L/3298 and COM.IND/15), subject to the reservations made at the previous meeting with regard to paragraphs 19 and 20, and decided to submit the report as a whole to the CONTRACTING PARTIES for their consideration and adoption.

2. Agriculture Committee - Report of the Committee (L/3320)

The Director-General, Chairman of the Agriculture Committee, stated that the report, submitted in document L/3320, showed relatively substantial progress which had enabled the Committee to establish the programme of its future work. This provided that four working groups were set up to carry out different parts of the task, and also to examine the notifications of non-tariff barriers not included in the eight sectors already considered. The Agriculture Committee had also been requested to examine the particular problem of oilseeds and vegetable oils. Precise proposals had been made by Nigeria and Ceylon and the Committee had agreed to revert to this question after the meeting of the FIO/UNCTAD Study Group on oilseeds, oils and fats. Finally, on the request of the CONTRACTING PARTIES, the Committee had reviewed the notification and consultation procedures regarding the disposal of commodity surpluses. The Committee had agreed to recommend the adoption of a new Resolution on concessional transactions, the text of which was annexed to the report. The question whether the proposed new Resolution could replace the 1955 Resolution would be re-examined by the Agriculture Committee.

The representative of Australia said that there seemed to be some ambiguity in the understanding contained in paragraph 17(a) that countries reporting and consulting in accordance with the FAO procedures would thereby be fulfilling their obligations under the GATT Resolution. In any case, since the 1955 Resolution would continue to remain in effect, contracting parties would still be under an obligation to report to the GATT.

The representative of India recalled that he had reserved his position on the proposed resolution but his Government was presently exploring the possibility of limiting this reservation to a few words in the text.

The representative of Ghana reserved his position on the draft Resolution. He drew attention to certain points which might create difficulty; the problem of displacement of normal commercial trade; the question of consultations before concessional transactions were finalized, which could be a serious hindrance in situations of emergency; and the requirement for supplying countries to ensure that the recipient country maintained at least the usual global commercial imports of the commodities concerned. His Government felt that this last condition could have the effect of limiting a recipient country's flexibility in the foreign exchange sector.

With regard to the problems of oils and oilseeds, he urged the countries to agree, as an interim measure, to a standstill with respect to tariff and non-tariff barriers.

The representative of Canada felt, with regard to the future work programme, that too much emphasis had been placed on further identification of problems and not sufficient on the elaboration of solutions. With regard to oilseeds and oils, he considered that procedures should be established for dealing with particular commodity problems. Concerning the draft Resolution, he felt that although it covered the same ground as the FAO, it clearly went further. In his view the Resolution should also have made consultations mandatory.

The representative of New Zealand supported the representative of Canada on the need to establish agreed procedures on consultation. His authorities looked forward to an early resumption of the work of Group 1 on government aid to exports.

The representative of Nigeria pointed out that no progress had been made regarding the specific proposals of Nigeria and Ceylon in respect of oilseeds. While he agreed with an overall approach he wished to see rapid movement toward seeking solutions to particular commodity problems, and hoped that the Committee would give priority to this matter at its next meeting.

The representative of Argentina felt that further identification of problems was now needed only in particular cases. He recalled the conclusions of the twenty-fifth session which had stressed the importance of taking every opportunity to solve particular problems before the twenty-sixth session. Concerning the draft Resolution he expressed regret that the original secretariat proposal had not been accepted entirely. The examination of governmental aids to exports in Group 1 was not the best solution, but he hoped that progress would be made.

The Council approved the report and decided that it be submitted to the CONTRACTING PARTIES for their consideration and adoption, on the understanding that any points relating to the report could be taken up at the session. The Council noted that the Committee had agreed to revert to the particular problem of oilseeds and vegetable oils after the Special Session of the FAO/UNCTAD Study Group. The Council recommended, subject to the reservations of India and Ghana, that the CONTRACTING PARTIES adopt the new Resolution relating to concessional transactions and recommended that, if the Resolution were adopted, the understandings referred to in paragraph 17 of the report be recorded.

3. United Kingdom import deposits (L/3334)

The Chairman recalled that at its meeting in October 1969 the Council had been informed by the representative of the United Kingdom that his Government had decided to extend the Import Deposit Scheme, which was to expire on 5 December 1969, for a further period of twelve months, but that the rate of deposit would be reduced from 50 to 40 per cent. The Council had decided to invite the International Monetary Fund to report on its findings regarding the United Kingdom balance-of-payments situation and to reconvene the Working Party as soon as possible thereafter. The Working Party had met on 21 January.

Mr. Besa (Chile), Chairman of the Working Party, presented its report (L/3334). He called attention to the fact that despite the surplus recorded on trade and on current and long-term capital accounts during the first three months of 1969, the United Kingdom authorities had concluded that the country's balance-of-payments position had not sufficiently improved to allow the Scheme to be terminated. He pointed out that the IMF had not found the Scheme to go beyond the extent necessary in the circumstances, but had recommended, taking into consideration the effect of the Scheme on international co-operation in reducing trade barriers, that priority be given to phasing it out after the achievement of balance-of-payments objectives permitted some relaxation of the present restrictions within the overall financial programme. In answer to complaints by a developing country that products of particular interest to developing countries had not been exempted from the Scheme, the representative of the United Kingdom had stated that for various reasons it would be more advantageous for world trade if all efforts were directed towards a total elimination of the Scheme. Mr. Besa stated that the Working Party had decided to meet again in June if the Scheme had not been terminated by that time.

The representative of India noted with approval the progress toward an improved United Kingdom balance-of-payments position, since the Scheme had caused special difficulties for Indian exports. He stated as a matter of principle, however, that he hoped that the United Kingdom would keep in view the fact that special efforts should be made to see that developing countries' particular interests were taken into account when schemes such as the import surcharge, introduced four years ago, and now the Import Deposits Scheme, were put into effect.

The Council adopted the report and noted that the Working Party intended to have another meeting probably in June.

4. Customs Unions and free-trade areas

The representative of the United States made a general comment to the effect that the procedures in Council for the examination of reports on developments in customs unions and free-trade areas were not adequate. Because many reports had not been issued in advance of meetings there was no real occasion to study them and to have a fruitful discussion. He proposed that a regular pattern of examination be established and that reports should not be submitted to the Council unless they had been issued at least three weeks before the meeting.

It was agreed that if reports were not received in good time, consideration of the subject would be postponed to the next Council meeting.

(a) European Economic Community (L/3332)

The Chairman recalled that in document L/3332 the European Economic Community had circulated a statement on recent developments in the Community.

The representative of the Community said that he had nothing to add to what was contained in document L/3332 which formally brought to the notice of the CONTRACTING PARTIES that on 1 January 1970 the Common Market had completed its transitional period of existence and entered the definitive stage. The problem was no longer for GATT to follow the successive stages in the establishment of the customs union on which the Community had supplied full information to the CONTRACTING PARTIES. While the Community would no longer submit annual reports on the development of its customs union, it was naturally prepared to assume such obligations as a customs union and as an economic union in accordance with the letter and the spirit of the General Agreement in the same way as all other contracting parties.

The representative of the United States had no difficulty in accepting the conclusions of the Community's statement and understood the Community's preparedness to assume all obligations to include consultations upon request with respect to any matter affecting the operation of the General Agreement. He assumed that these conclusions did not affect the obligations of Greece and Turkey to report on developments under their respective Association Agreements.

The representative of Turkey confirmed that his Government would continue to report annually.

The representative of Japan stressed that developments in the European Economic Community had enormous repercussions on world trade and expressed the hope that the Community would bear in mind the importance for the work of the CONTRACTING PARTIES of being informed of such developments in case of need. The fact that the CONTRACTING PARTIES did not pursue the legal issue concerning the Community's status with regard to the requirements of Article XXIV did not prejudice any contracting party's rights and obligations under the General Agreement.

The Chairman recalled that at the twenty-fifth session the Chairman of the CONTRACTING PARTIES had proposed that the Council should look into the actual legal position regarding annual reports on developments in the European Economic Community and make suggestions as to how the matter should be dealt with. As Chairman of the Council he had consulted with representatives of all those countries whose delegations had participated in the discussion of this matter at the twenty-fifth session. He had come to the conclusion that a detailed examination of all the legal issues involved would not be profitable. There was unlikely to be unanimity in interpreting the legal situation and it therefore seemed wiser to agree not to pursue such an examination at this time whilst noting, however, that such a decision was without prejudice to the legal rights of all contracting parties under Article XXIV, so that it was open to any contracting party to raise on the agenda of the Council or on the agenda of the CONTRACTING PARTIES any specific matter arising under Article XXIV in relation to the Community. Furthermore, as in the case of all contracting parties, any action taken by the Community which was related to the Community's obligations under the General Agreement, could be raised on the agenda of the Council or on the agenda of the CONTRACTING PARTIES.

The Council agreed that the foregoing statement by the Chairman should be placed on record.

(b) Latin American Free Trade Association (L/3336)

The representative of Peru, speaking on behalf of the contracting parties members of LAFTA supplemented the report presented to the Council (L/3336) with a comprehensive statement issued in document L/3349.

The representative of the United States said that there had not been sufficient time to examine the report. He noted, however, that in his statement to the Council the representative of Peru had referred to the Protocol of Caracas concluded in December 1969, which had postponed the target date for the formation of a free-trade area from 1973 to 1980. This, in his view, constituted a substantial change in the plan and schedule for the formation of the free-trade area and should have been communicated to the CONTRACTING PARTIES in accordance with the provisions of paragraph 7(c) of Article XXIV.

The representative of Peru explained that the Protocol of Caracas would not enter into force until all the contracting parties to LAFTA had ratified it. When and if the Protocol came into effect, any contracting party to the General Agreement could ask for additional information or require that the pertinent consultations take place. He had mentioned the existence of the unratified Protocol with the purpose of fulfilling the commitment of the contracting parties members of LAFTA to furnish as complete information as possible. Moreover, since the Protocol of Caracas was evidence that LAFTA had encountered difficulties in achieving its purpose, he hoped that other contracting parties to GATT would fully

draw on the provisions contained in Part IV of the General Agreement to counsel and constructively help LAFTA instead of simply pointing out its difficulties. He stressed that what was needed in GATT was a dialogue and not a trial. Contracting parties to LAFTA were willing to report and seek a dialogue in GATT; to this effect closer contact between the Director-General of GATT and the Secretary General of LAFTA could facilitate reporting and could bridge the geographical and spiritual distance that existed between the LAFTA and the GATT.

The representatives of Argentina, Brazil and Chile expressed their willingness, as contracting parties to LAFTA, to provide information regarding developments in LAFTA as part of their report at the next meeting of the Council. However, this should not be confused with the issue regarding the Protocol of Caracas which was unlikely to be ratified by the next meeting of the Council.

The Director-General recalled that the secretariat of the GATT maintained very close professional and personal contacts with the secretariat of the LAFTA, and that no opportunity was ever lost, or would be lost, to reaffirm these traditional relations.

The Council decided to revert to this item at its next meeting after the twenty-sixth session.

(c) Central American Common Market

The Council noted that no information on developments in the Central American Common Market in recent years had been received and decided to revert to this matter at its next meeting after the twenty-sixth session.

(d) Arab Common Market (L/3340)

The Council received a report from the United Arab Republic on progress made in the Arab Common Market (L/3340). Since the report had only just been distributed, the Council decided, in order to allow for more time to study the information provided and to have a fruitful discussion, to revert to this matter at its next meeting after the twenty-sixth session.

(e) Central African Economic and Customs Union (L/3344)

The Council received a report furnished by the representative of Gabon on recent developments in the Central African Economic and Customs Union (L/3344). The report contained information on the withdrawal of Chad from the Union and on certain modifications in the tariff which had become necessary.

The Council took note of the report.

(f) Caribbean Free Trade Association

The Council noted that the Working Party established for the examination of the Caribbean Free Trade agreement was still awaiting certain information and had not yet been able to meet.

5. Iceland - European Free Trade Association (L/3328 and Addenda 1 and 2)

The Chairman said that the Secretary-General of the European Free Trade Association, on behalf of the member States of EFTA and Finland, and at the request of the Government of Iceland, had communicated to the CONTRACTING PARTIES the text of a Decision of the EFTA Council regarding the accession of Iceland to the European Free Trade Association and to the Association between the member States of EFTA and Finland. The Decision had been circulated in document L/3328 and Addenda 1 and 2.

The representative of Portugal, spokesman for the EFTA countries, said that EFTA member States and Finland had agreed to give imports from Iceland free-trade area treatment from the date of accession, i.e. as from 1 March 1970. Thus, duty-free treatment would be accorded to imports from Iceland on the same terms and to the same extent as member States now accord to imports from each other. As from 1 March 1970, no import restrictions would be applied to imports of industrial products from Iceland. On the same day Iceland would start the gradual reduction of her import duties on industrial products, which would be fully abolished by 1 January 1980. The detailed programme of tariff dismantlement agreed upon was set out in the Decision.

In order to assist the development of its new industries, Iceland would be permitted, for a period of five years, to increase her basic duties. This right would be subject to the same procedure of notification and examination as was applied to Portugal under a similar provision in Annex G to the EFTA Convention. The need to maintain such increased protection would be subjected to annual examination. Iceland would abolish any protective element in its revenue duties according to the programme of dismantlement agreed for import duties. Any protective elements in internal taxes in Iceland would be eliminated by the end of 1972. On 1 March Iceland would eliminate quantitative import restrictions on a number of products; the remaining restrictions would be relaxed progressively as provided for by the Convention, so as to be eliminated by the end of 1974.

The representative of Portugal further stated that in order to facilitate the expansion of Icelandic exports of lamb and mutton, the Nordic countries had agreed to accept additional limited supplies from Iceland. From the date of its accession to EFTA, Iceland would be a party to the Understanding between the United Kingdom and Denmark, Norway and Sweden concerning the régime to be applied to Nordic exports of frozen fish fillets to the United Kingdom.

The representative of New Zealand said that the bilateral agreement between Iceland and its partners for the supply of lamb and mutton was of some concern to his authorities. While he appreciated the problems of a country whose exports relied on a few commodities only, he felt that a thorough examination should be made of the situation and that full information should be given particularly with regard to the duration of such special arrangements.

The representative of Canada pointed out that the discriminatory removal of certain quantitative restrictions imposed by Iceland for balance-of-payments reasons could result in discrimination against non-EFTA countries. This question should be taken up in the next balance-of-payments consultations with Iceland.

The Council agreed to set up a working party to examine the accession of Iceland with the following terms of reference:

"To examine, in the light of the relevant provisions of the General Agreement, the provisions of the Decision of the Council of the European Free Trade Association regarding the accession of Iceland to the Convention Establishing the European Free Trade Association and to the Agreement creating an Association between the member States of EFTA and Finland, and to report to the Council."

Membership:

Argentina	Finland	Pakistan
Austria	India	Portugal
Brazil	Iceland	Sweden
Canada	Ireland	Switzerland
Chile	Japan	United Kingdom
Czechoslovakia	New Zealand	United States
Denmark	Nigeria	Uruguay
European Communities	Norway	Yugoslavia
and their member States		

Chairman: Mr. A. Papić (Yugoslavia)

The Chairman said that, in accordance with established procedures, contracting parties wishing to submit questions in writing should do so before 15 March. The Working Party would be convened at a date to be announced some time after the replies to the questions had been circulated.

6. Trade arrangements between India, the United Arab Republic and Yugoslavia
(L/3341)

The Chairman recalled that in September 1969 the Council established a Working Party to conduct a consultation with India, the United Arab Republic and Yugoslavia concerning an extension of the list of products to which special tariff

concessions would be accorded under the Trade Expansion and Co-operation Agreement between the three countries. The Working Party was also asked to carry out the review of the Decision of 14 November 1968 as provided in paragraph 1(c) of the Decision and to prepare a recommendation as to its extension, modification or termination. The report of the Working Party had been distributed in document L/3341.

The Chairman of the Working Party, Mr. H. Gros Espiell (Uruguay), in presenting the report, drew attention to the discussions which had taken place during the consultations in the Working Party on the Protocol of 16 July 1969 under which a further fifty-seven items had been added to those covered under the original Agreement. He also referred to the general views expressed in the Working Party that it was too early at this stage to make a final judgment on the operation and effects of the agreement. He pointed out that the draft decision recommended for adoption by the CONTRACTING PARTIES, contained an elaboration of the provisions of the Decision of 14 November 1968 with a view to defining more clearly the consultation procedures in respect of modifications in the Agreement and provided for annual reviews by the CONTRACTING PARTIES in the course of which appropriate recommendations may be addressed to the participating States or decisions may be taken regarding the future operation of the Decision.

The Council approved the text of the draft Decision and agreed to recommend its adoption by the CONTRACTING PARTIES. The Council also adopted the report.

The Chairman said that the text of the draft Decision together with the recommendation of the Council would be incorporated in the Report of the Council to the CONTRACTING PARTIES, and that adoption by the CONTRACTING PARTIES of the relevant part of the report would constitute the adoption of the recommended Decision.

7. Brazil - Renegotiation of Schedule (L/3342 and C/W/159)

The representative of Brazil recalled that at the last meeting of the Council he had given advance notice of the possibility that his delegation might have to request an extension of the waiver of 27 February 1967 which authorized the Brazilian Government to apply certain rates of duty provided in its new customs tariff, pending completion of renegotiations of bound items under Article XXVIII. The reasons for now requesting a further extension of the Decision were contained in document L/3342. It had not been possible to complete all negotiations within the time-limit. He suggested that the time-limit for the extension be worded with some flexibility.

The Chairman drew attention to the draft decision prepared by the secretariat to assist consideration of the request (C/W/159).

It was agreed to indicate the time-limit in the draft decision in the following terms: "until a forthcoming meeting of the Council when the Government of Brazil expects to be in a position to report on the conclusion of the negotiations, provided that this be done before the end of the twenty-seventh session."

The Council approved the text of the draft decision (C/W/159) and recommended its adoption by the CONTRACTING PARTIES.

The Chairman said that the text of the draft decision, together with the recommendation of the Council for its adoption, would be incorporated in the Report of the Council to the CONTRACTING PARTIES and the decision would be submitted to a ballot at the time when the CONTRACTING PARTIES at the twenty-sixth session considered the Council's report.

8. Chile - Renegotiation of Schedule (L/3329 and C/W/156)

The Chairman said that by their Decision of 30 December 1966 the CONTRACTING PARTIES had waived the provisions of Article II of the General Agreement to the extent necessary to enable the Government of Chile to put into force the rates of duty provided in its new tariff, introduced on 1 January 1967, pending completion of negotiations for the modification or withdrawal of certain concessions in its Schedule. The time-limit for the completion of the renegotiations, which had been extended three times, was due to expire at the end of the twenty-sixth session. A request by the Government of Chile for a further extension of the time-limit until 31 December 1970 had been distributed in document L/3329.

The representative of Chile said that despite all efforts and full collaboration from negotiating partners, it had not been possible for technical reasons to complete the renegotiations. In his opinion another four to five months would be needed plus some time for the necessary legal formalities of amending the Chilean tariff. He therefore had asked for an extension until 31 December 1970. He assured the Council that once these renegotiations were completed the new concessions would be applied immediately.

The Council approved the text of the draft decision (C/W/156) and recommended its adoption by the CONTRACTING PARTIES.

The Chairman said that the text of the draft decision, together with a recommendation of the Council for its adoption, would be incorporated in the Report of the Council to the CONTRACTING PARTIES and the decision would be submitted to a ballot at the time when the CONTRACTING PARTIES at the twenty-sixth session considered the Council's Report.

9. Uruguay - Import surcharges (L/3345)

The Chairman said that by their Decision of 8 May 1961 the CONTRACTING PARTIES had waived the provisions of Article II to the extent necessary to enable the Government of Uruguay to apply, as a temporary measure, import surcharges on those items on which the duties were bound in the Uruguayan Schedule. The Decision of 1961, which had been amended and extended a number of times, was due to expire by the end of the twenty-sixth session. Under the terms of the Decision the Government of Uruguay was required to submit a report on action taken to reduce or eliminate the surcharges and on the circumstances which justified the application of the surcharges not yet eliminated. A request by the Government of Uruguay for a further extension of the Decision had been circulated in document L/3345.

The representative of Uruguay said that since the last extension of the Decision, in July 1968, there had been no modifications in Uruguay's import régime and surcharge system. While there had been some improvement in the economy, the balance-of-payments situation still justified the maintenance of the surcharge system. He said that in the course of the 1970 Balance-of-Payments' consultations with Uruguay contracting parties would have an opportunity to examine the situation more closely.

The representative of Finland, speaking on behalf of the four Nordic countries, Denmark, Norway, Sweden and Finland, referred to past statements they had made on the element of flag discrimination in the Uruguayan surcharge. He noted that no indication had been given that such discrimination had been eliminated or reduced. The Nordic countries were not in a position to vote in favour of an extension of the waiver as long as flag discrimination was maintained. They were in favour of an examination in the Balance-of-Payments' Committee at an early date.

The representative of the European Economic Community deplored that insufficient opportunity had been given to examine the situation and he recorded his disappointment that Uruguay had not brought any modification to its surcharge import régime toward a reduction of the element of flag discrimination. It would be difficult for the Community to vote in favour of the extension as long as such elements of discrimination remained. The Community would therefore abstain from voting.

The representative of Uruguay stated that his authorities did not recognize any element of discrimination in the surcharge. This position was well-known. It was part of his Government's policy for the development of its merchant marine to impose certain regulations; while this principle could not be modified his Government was studying improvements that could be brought to present regulations.

In view of the relationship with the Uruguayan balance-of-payments position the Council requested the Committee on Balance-of-Payments Import Restrictions to examine the Uruguayan request in conjunction with Uruguay's consultations which should take place as early as possible in 1970. The Council agreed to recommend the extension of the Decision for five months, until 1 August 1970, on the understanding that Uruguay would be ready for consultation in the Committee on Balance-of-Payments Import Restrictions not later than May 1970.

The Council approved the text of the draft decision (C/W/160), including the date of 1 August 1970, and recommended its adoption by the CONTRACTING PARTIES.

The Chairman said that the text of the draft decision, together with the recommendation of the Council for its adoption, would be incorporated in the report of the Council to the CONTRACTING PARTIES and the Decision would be submitted to a ballot at the time when the CONTRACTING PARTIES at the twenty-sixth session considered the Council's report.

10. European Economic Community - Citrus fruit

The representative of the United States enquired when the European Economic Community planned to suspend the system of preferences granted to Israel and Spain for citrus fruit. According to his information, the system was still in effect.

The representative of the European Economic Community explained that because the system of preferences had been introduced by a Community regulation which was subject to consultation with the European Parliament, the same procedure had to be followed for withdrawal of the regulation. A draft regulation providing for the abolition of the system had been presented to the European Parliament. It was his understanding that the matter would probably be considered at the March session and that the Council of Ministers of the Communities would take the necessary action immediately thereafter.

11. Poland - Accession Protocol

The Chairman drew the Council's attention to paragraph 5 of the Protocol for the Accession of Poland (BISD, 15S/46) which provided for an annual consultation with a view to reaching agreement on Polish targets for imports from the territories of the contracting parties as a whole in the following year. In the course of these consultations the CONTRACTING PARTIES were also required to review measures taken by contracting parties pursuant to the provisions of paragraph 3 of the Protocol. In May 1969 the Council had established a Working Party to conduct the second annual consultation.

Mr. Langeland (Norway), Chairman of the Working Party, presented its report (L/3315) pointing out that two questions had particularly occupied the Working Party: first, action taken by contracting parties to remove discriminatory quantitative restrictions on imports from Poland and, second, Poland's fulfilment of its import commitment towards contracting parties.

With regard to the first of these questions, he drew the Council's attention to the fact that only some thirty contracting parties had complied with the request to submit notifications on restrictions maintained by them. This clearly seemed to be an unsatisfactory situation. He added that many members of the Working Party had found the notifications on discriminatory restrictions submitted by some countries inadequate, thus making it impossible for the Working Party to get a sufficiently clear picture of progress made towards relaxation of these restrictions. The Working Party had requested the secretariat to study, in consultation with delegations, the form and content of the notifications to be submitted for the third annual consultation. On the other hand, the Working Party had not established that there had been any increase in the discriminatory element in restrictions on imports from Poland by any contracting party in violation of paragraph 3(a) of the Accession Protocol.

With regard to the second main issue, Poland's fulfilment in 1968 of its commitment to increase imports from the contracting parties as a whole by 7 per cent, he referred to the opinions expressed by the members of the Working Party as set out in Section II(a) of the report. In concluding he stressed that careful preparations would have to be made for the forthcoming third consultation,

which would be the most important one so far, since in the course of this consultation the Working Party would take up the question of fixing a terminal date for the transitional period for the removal of discriminatory restrictions against Poland. He noted that Poland would also have the possibility to renegotiate its import commitment with effect from 1 January 1971.

The representative of Poland referred to a communication circulated in document L/3343, which showed that in 1969 Polish imports from contracting parties had increased by 8.7 per cent in comparison with 1968. Poland had thus more than satisfied its commitments for 1969.

The representative of the United States stated that, if the provisional figures for 1969 in document L/3343, were confirmed, any further action on his delegation's suggestion that any 1968 shortfall be made up in 1969 would no longer be necessary. He added that his delegation had not participated in the discussion with regard to including in the Polish import figures imports from countries which had acceded provisionally to the GATT, as indicated in paragraph 35 of the report. His Government wished to reflect further on the possible future implications of such a practice.

The Council adopted the report.

12. Anti-dumping practices (L/3333)

The Chairman noted that under the provisions of the Agreement on Implementation of Article VI the parties to the Agreement were to inform the CONTRACTING PARTIES of any changes in their anti-dumping laws and regulations, and they were to report annually on the administration of these laws, giving summaries of the cases in which anti-dumping duties had been assessed.

Mr. Langeland (Norway), Chairman of the Committee, presented the first report of the Committee on Anti-Dumping Practices (L/3333), which summarized the activities of the Committee in its first year of work, from its establishment in November 1968 to the end of 1969. The Committee had carried out an examination of anti-dumping laws, regulations and practices in the member countries. He reported that a number of misunderstandings had been cleared up, and that governments had given assurances that they would interpret provisions in their legislation so as to be fully compatible with the Anti-Dumping Code. He added that the Committee now had a nearly complete picture of the laws, regulations and administrative practices of all countries signatories to the Code. Mr. Langeland stated that the Committee had also examined reports submitted by member countries under Article 16 of the Anti-Dumping Agreement on the administration of their anti-dumping laws and regulations, and that in this connexion it had agreed on a standard form for future Article 16 reports in order to ensure the greatest possible uniformity. He concluded by drawing the Council's attention to the recommendation contained in paragraph 7 of the report concerning the importance of a wide and early acceptance of the Code by contracting parties.

The representatives of Canada and Japan supported the Committee's recommendation contained in paragraph 7 of the report. The representative of India expressed his delegation's hope that the Committee on Trade and Development would be able to study fully the question of making it possible for India and other developing countries to lift the reservation with regard to signing the Code, which had been made at the twenty-fifth session.

The Council adopted the report.

13. International Trade Centre (ITC/IG/11)

The Chairman stated that the Joint Advisory Group on the International Trade Centre had held its third annual meeting in January to examine proposals for the Centre's work programme and to draw up recommendations concerning the implementation of the programme.

Mr. von Sydow (Sweden), Chairman of the Joint Advisory Group, introduced the Group's report (ITC/IG/11) and stated that its main function had been to review the activities of the International Trade Centre during 1969 and to recommend a work programme for 1971. The Group had noted with satisfaction that, following one of the main recommendations of the first meeting of the Advisory Group, namely that the Centre's headquarters in Geneva should serve as a base organization for planning and supporting an expanding programme of technical assistance, the Centre had carried out a major stock-taking of its budgetary resources, particularly its staff, and had taken significant steps to redeploy those resources. The Group had approved the shift in the emphasis of the Centre's activities from the provision of information through the research activities of the Market Research Service and the Export Promotion Techniques Research Service to the provision of assistance for building up export promotion organizations and services in developing countries through the operation of the Trade Promotion Advisory and Training Services. He pointed out, however, that a number of representatives while agreeing generally with the shift in the emphasis of the Centre's activities, had stressed that this should not be carried out at the expense of its research activities, to which they attached great importance. He noted also that there had been considerable discussion in the Group on the need to ensure that the implementation of the work programme was not frustrated by an inadequacy of budgetary resources. Representatives of a number of countries had expressed the view that considering the magnitude of the needs of developing countries for international assistance in the field of export promotion, the base staff and resources of the Centre were inadequate, particularly since sufficient base staff was needed to take full advantage of UNDP and other extra-budgetary sources of assistance. They had therefore expressed the hope that this aspect would be fully borne in mind. Mr. von Sydow noted the Group's unanimous appreciation of the generous extra-budgetary contributions made by a number of developed countries to assist the Centre's work for the developing countries.

The Council adopted the report and the work programme for 1971 as recommended in paragraph 14 of the report.

14. Consular formalities

The Chairman recalled that in the light of the Recommendations of 1952 and 1957 concerning the abolition of consular formalities in connexion with importation, the CONTRACTING PARTIES at their twenty-fifth session had reviewed the situation with regard to certain formalities, which were still regularly required by some contracting parties. The CONTRACTING PARTIES had noted that since 1952 progress had been made in the removal of consular formalities, but that more could be done. As regards procedures to be followed in the future, it had been suggested that it might be time to introduce some changes, and the CONTRACTING PARTIES had requested the Council to examine the whole question in a more substantial manner.

He stated that the secretariat had invited the contracting parties still maintaining consular formalities to submit reports on their present practices and on their future policy vis-à-vis the Recommendations that all such formalities should be abolished. The two replies which had been received in response to this invitation did not indicate any further progress in this field.

In the light of these circumstances, and as the question was also under examination in the Committee on Trade in Industrial Products, in particular in its Group 2, the Chairman suggested that it might be advisable to request the Committee to deal with the matter and to report to the Council on the results of its work.

The representative of Sweden, speaking on behalf of the Nordic countries, recalled that they had been among the sponsors of the Recommendations. Their Governments considered such formalities as cumbersome obstacles to world trade. It was also felt that the experience gained by countries which had removed these obstacles indicated that this could be done without great difficulty. Whatever control was needed could be exercised by other means and income derived from consular formalities could be levied from other sources. Economic development would in no way suffer from the removal of consular formalities. The Nordic countries had noted with satisfaction progress made by some countries towards removal of consular formalities. However, it remained a matter of concern that many countries still maintained such formalities and that one or two countries had even extended them further. In case some countries should find it difficult to remove in the immediate future all formalities in accordance with the Recommendations of the CONTRACTING PARTIES, the Nordic Governments would appreciate it if they would at least initiate such action at an early stage and move some way towards that goal.

The representatives of Canada, the European Communities, Switzerland and the United States, associated themselves with these concerns.

The representative of the United States pointed out that there seemed to be a tendency to disregard immediate action on consular formalities or other non-tariff measures once such measures had been notified in the inventory on non-tariff barriers. He pointed out that such non-tariff barriers could not be legitimately maintained with a view to establishing a bargaining position for later negotiations.

The representative of Argentina said that although his Government was among those which applied some consular formalities, it had no objection to the procedure of having the Committee on Industrial Products deal with the matter. He stressed, however, that the type of consular formalities applied by his authorities - a fee of 1.5 per cent - could not be considered as a non-tariff barrier or even a form of protection. He added that there was no reason for his Government to act unilaterally to remove such formalities when other governments were imposing restrictions of all kinds.

The Council approved the proposal by the Chairman that the Committee on Trade in Industrial Products be requested to deal with the matter and to report on the results of its work.

15. Accession of Colombia

The Council was informed that a memorandum on the foreign trade régime of Colombia had been submitted to the CONTRACTING PARTIES and that a number of contracting parties had put forward questions in connexion with the memorandum. The Working Party would be convened some time after the replies from the Colombian Government had been received. The Council took note of this information.

16. Accession of Romania

The Council was informed that the Working Party, established in November 1968 to examine the application of the Government of Romania to accede to the General Agreement, had held three meetings and would continue its examination.

The Council took note of this information.

17. Democratic Republic of the Congo - Request for accession (L/3339)

The Chairman said that in a communication, distributed as Document L/3339, the Government of the Congo had announced its desire to initiate negotiations with a view to accession under Article XXVIII, rather than accept the status of a contracting party under Article XXVI:5(c).

The representative of the Democratic Republic of the Congo submitted his Government's request to enter into negotiations for accession and stated that it was prepared to assume the obligations contained in the General Agreement.

Several representatives welcomed this request for accession. The Council welcomed the readiness of the Government of the Congo to initiate negotiations with a view to accession and agreed to initiate the usual procedures for dealing with the application. The Chairman asked the representative of the Congo to consult with the Director-General concerning procedures, in particular with regard to the preparation of a memorandum on his Government's commercial policy. The secretariat was ready to assist the delegation of the Congo in these procedural matters.

18. Accession of the United Arab Republic

The Council was informed that the Working Party on the Association of the United Arab Republic had held its first meeting. The Council took note of this information.

19. United Kingdom steel loyalty rebate

The Council took note of a communication from the United Kingdom delegation (L/3271) that the loyalty rebate granted by the British Steel Corporation had become non-operative after 14 June 1969 and decided to terminate the Working Party established for the conduct of the consultations.

20. Disposal of commodity surpluses

The Council, in considering the report of the Agriculture Committee under Item 3(b) approved, subject to the reservations recorded, the recommendation that the CONTRACTING PARTIES adopt a new Resolution relating to concessional transactions. The Council noted that the Agriculture Committee had agreed to carry forward the work relating to governmental aids to exports in Group 1 of the Committee.

21. Preparations for the twenty-sixth session (C/W/157)

The Chairman said that a proposal by the Director-General for the conduct of business during the twenty-sixth session had been distributed in document C/W/157, for consideration by the Council with a view to recommendations being submitted to the CONTRACTING PARTIES at their first meeting on 16 February.

The Council agreed, with minor amendments, to recommend the Director-General's proposal for consideration by the CONTRACTING PARTIES.

22. Report of the Council on work since the twenty-fifth session (C/W/155)

The secretariat had distributed in document C/W/155 a draft of the Council's report to the CONTRACTING PARTIES on the work it had carried out during the period since the last session of the CONTRACTING PARTIES. The Chairman explained that to some extent the draft report was also an attempt to give up-to-date information relating to particular subjects which were within the field of the activities of the Council but which had not appeared on the agenda of the Council in the last year.

The Chairman requested the secretariat to insert suitable additional notes on the action taken at this meeting.

It was agreed that the report, with these additions, would be distributed and presented to the CONTRACTING PARTIES by the Chairman of the Council.