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# GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL  
6-7 October 1971

## MINUTES OF MEETING

Held in the Palais des Nations, Geneva,  
on 6-7 October 1971

Chairman: Mr. Erik THRANE (Denmark)

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### 1. Accession of Romania (L/3557)

The Chairman recalled that in November 1968 the Council had considered the application of the Government of Romania to accede to the General Agreement under Article XXXIII and had arranged for the application to be examined in a working party.

Ambassador Archibald (Trinidad and Tobago), Chairman of the Working Party, in introducing the report, drew the Council's attention to the principal elements of the terms of Romania's accession, explained in paragraph 5 of the report, i.e. the elimination by contracting parties of import restrictions discriminating against imports from

Romania, and in paragraph 7 dealing with the concession that Romania would grant, in the absence of a customs tariff. The Working Party recommended that Romania be invited to accede to the General Agreement under the provisions of Article XXXIII.

Many representatives expressed their government's support for the report's recommendation in favour of the accession of Romania to the GATT and indicated their government's intention to vote in favour of such accession. A number of representatives hoped that Romania would be able to participate in the forthcoming session of the CONTRACTING PARTIES as a full contracting party. The representative of the United States stated that, although his Government, under the legislation in force, would have to invoke Article XXXV in respect of Romania, it nevertheless welcomed Romania's accession to the GATT. The United States would vote in favour of the decision. It understood that such action would not be inconsistent with its invocation of Article XXXV.

The representative of Romania expressed his hope that the Council would approve the proposals before it and that the necessary votes would be forthcoming. His Government was willing and ready to sign the Protocol of Accession. His Government was intent on increasing its trade with other countries on a non-discriminatory basis. The contracting parties' share in Romania's global trade had increased in the past. It was however to be noted that an increase of Romania's imports from GATT countries depended also on its possibilities of increasing its exports to these countries. His Government hoped that the United States would also soon be able to apply the provisions of the General Agreement with respect to Romania.

The Chairman confirmed that there was nothing in the rules of the GATT which would prevent a contracting party from voting in favour of a decision pursuant to Article XXXIII, even if it did not consent to apply the General Agreement to the newly acceding country in accordance with Article XXXV.

The Council approved the terms of the draft Protocol (Annex I to the Report of the Working Party) and the text of the Draft Decision (Annex II).

The Council adopted the Report as a whole.

The text of the Decision for the Accession of Romania was submitted to the contracting parties for a vote by postal ballot. The Chairman invited members of the Council having authority to vote to do so. Ballot papers would be sent by post to contracting parties not represented at the meeting. In accordance with Article XXXIII the terms of accession required the approval of two thirds of the contracting parties. The result of the vote would be announced as soon as the required number of 53 affirmative votes had been received. Thereafter the Protocol would be open for signature and Romania would become a contracting party thirty days after its acceptance of the Protocol.

The Chairman pointed out that in order to enable Romania to be a full contracting party at the opening of the session, it was essential that the required number of votes was received by 15 October. For this reason he urged representatives to return the ballots as speedily as possible. He furthermore asked the Director-General to draw this question of timing to the attention of contracting parties not represented.

2. Association between the European Economic Community and Turkey (L/3554)

The Chairman recalled that at their twenty-second session in March 1965 the CONTRACTING PARTIES had examined the report of the Working Party on the Agreement of Association between the EEC and Turkey. The CONTRACTING PARTIES had decided, inter alia, to keep the matter on the agenda and had noted that the parties to the Agreement would provide the text of the Additional Protocol when it was drawn up. The text of the Additional Protocol, which had been signed in November 1970, had now been communicated to the contracting parties in document L/3554. While awaiting the entry into force of this Protocol, the parties to the Agreement had also concluded an Interim Agreement under which certain provisions of the Protocol were being implemented. The Interim Agreement had entered into force on 1 September. The text had just been received by the secretariat and would be distributed as soon as possible, to complete the information available to the contracting parties.

The representative of the European Communities stated that the Additional Protocol was presented to the CONTRACTING PARTIES for examination in accordance with Article XXIV:7 and the assurances given by the parties in 1965. The Protocol defined the rhythm and modalities of the realization of the customs union on the basis of economic data available and of the progress realized during the preparatory stage. The Interim Agreement had been drawn up so as to avoid any difficulties that would arise from the delayed entry into force of the Additional Protocol because of the necessary ratification procedures.

The representative of Turkey pointed out that the Additional Protocol represented the beginning of a decisive step towards Turkey's eventual accession to the EEC. A period of twelve years had been envisaged for the gradual removal of import duties. In respect of certain sectors this period had been extended to twenty-two years. Since the rates of the present Turkish tariff were on the average higher than those of the Common External Tariff, the tariff realignment would result in a lowering of the general tariff incidence with regard to third countries.

The representative of the United States, recalling that the period for the formation of the customs union extended to more than thirty years, questioned whether this could be considered as a "reasonable length of time" required by Article XXIV and reserved his Government's position in this regard.

The Chairman suggested that contracting parties wishing to submit questions in writing concerning the provisions of the Agreements should do so before the end of November.

The Council agreed to set up a working party with the following terms of reference and membership:

Terms of Reference:

"To examine, in the light of the relevant provisions of the General Agreement, the provisions of the Additional Protocol between the European Economic Community and Turkey of 23 November 1970, and the annexed documents, as well as the Interim Agreement of 27 July 1971, and to report to the Council."

Membership:

Argentina	Greece	Portugal
Australia	India	Spain
Canada	Israel	Turkey
Chile	Japan	United Kingdom
European Communities and member States	Nigeria	United States
	Nordic countries	Yugoslavia

The Council agreed to revert at a later meeting to the question of the chairmanship and the date the Working Party should meet.

3. Agreement between the EEC and Spain (L/3579)

The Chairman recalled that in September 1970 the Council had established a Working Party to examine the provisions of the Agreement between the European Economic Community and Spain. The report of the Working Party had been distributed in document L/3579.

In introducing the report, Ambassador Boyesen (Norway), Chairman of the Working Party, noted that the report adequately reflected the differing views expressed. Because of these divergencies, it had not been possible to draw any agreed Conclusions.

Several representatives, because of the similarity of the issues involved and because their position in respect of the two agreements was identical in all essential respects, addressed their comments both to the Agreement between the EEC and Spain, and the Agreement between the EEC and Isreal (item 4 hereafter).

The representative of the United States, referring also to the Agreement with Israel, declared that in his Government's view, the agreements failed to satisfy the requirements of Article XXIV for exceptional treatment as free-trade areas or as interim agreements leading to the formation of free-trade areas and therefore were in violation of the most-favoured-nation provisions of Article I. An attempt to justify the agreements under Article XXIV stretched a reasonable interpretation of that Article to the breaking point and placed in jeopardy, in his Government's view, the multilateral system of trade represented by the General Agreement.

Neither of these agreements complied with Article XXIV criteria inasmuch as neither contained a plan and schedule for eliminating duties and other restrictions on trade on substantially all trade between the constituent territories within a reasonable period of time. The plan and schedule in the case of the agreement between the EEC and Israel was defective in three respects: there was no commitment to move toward eliminating duties and other restrictions on substantially all intra-trade; there was no time, reasonable or otherwise, specified for achievement of a free-trade area; and there was no commitment to eliminate duties and restrictions on trade where they now existed.

The agreement between the EEC and Spain failed to meet the first two of these key tests and it was not clear whether the third test was met or not.

His Government did not agree with the contention of the parties to these agreements that differences in their relative economic strengths meant that the GATT criteria of a "reasonable period of time" could be indefinite. The wording of Article XXIV did not justify such an interpretation which, if accepted, would invalidate Article I.

His Government was perfectly willing to accept any arrangement between the EEC and Spain and Israel which was consistent with the rules of the General Agreement. It was only asking that these rules be scrupulously respected. In no way did his Government intend to call into question the basic concept of the EEC itself or of its proposed enlargement or to treat these particular agreements more stringently than others.

The United States were of the view that the EEC agreements with Spain and Israel did not respect the rules of GATT and that benefits accruing to the United States under the General Agreement were being nullified and impaired by these agreements. His Government consequently intended to request consultations with the European Economic Community, Spain and Israel under the provisions of paragraph 1 of Article XXIII to be held at an early date.

Some other representatives also stated that in their view the two agreements were of a preferential character and therefore not compatible with the provisions of Article XXIV. One representative, while recognizing the right of the parties to the agreements to have recourse to Article XXIV, expected that his country's exports would be adversely affected. Should the agreements, which were of a preferential nature, be detrimental to his country's exports, his government would be making representations to the parties concerned. Some other representatives, while noting the incompatibility of the agreements with Article XXIV, anticipated a particularly damaging effect on exports from developing countries which would find access to the EEC market becoming more difficult.

A number of other representatives, on the other hand, considered that the two agreements were in conformity with the provisions of Article XXIV of the General Agreement. There was no provision in the General Agreement which declared moves towards integration to be incompatible with GATT.

Several representatives took an intermediate position. They considered that the agreements at present were not fully consistent with the provisions of Article XXIV. This should be recognized. It was, however, necessary to look at these agreements from a dynamic angle. Article XXIV could not be interpreted the way it had been interpreted in 1947; rather it had to be viewed in the light of the international developments which had occurred since. Viewed from this perspective, they could provisionally accept the two agreements. They urged, in this connexion, the holding of periodic reviews on the implementation of the objectives of the two agreements. It was, in their view, essential to establish a procedure for examining continuously that the agreements developed in conformity with the stated objectives.

The representative of Switzerland recalled that it had been his delegation's objective to reach wide consensus on a conclusion which did not simply cover a legal vacuum but which opened up the way to a more precise interpretation of Article XXIV. His delegation had, therefore, suggested that the agreements be considered inconsistent with the provisions of Article XXIV and that the right to make recommendations under paragraph 7(b) of Article XXIV be reserved.

One representative expressed concern about the justification put forward by the EEC, in connexion with these and other preferential arrangements, that it had special responsibilities in the mediterranean area. If this line of thought was followed by others, it would result in a division of the world into different areas of influence. This was quite unacceptable. Turning to the agreements with Spain and with Israel, he noted, however, that to treat the present two agreements differently from similar earlier ones would be discriminatory. There was a strong need for a clear definition of the scope of the provisions of the General Agreement, in particular Article XXIV. This problem should be approached from a dynamic point of view.

The representative of the United States informed the Council that his Government intended to propose at the forthcoming session that the CONTRACTING PARTIES initiate a major examination of the extent to which preferential and special trading arrangements, concluded or under consideration had eroded or would erode the most-favoured-nation trading rule of Article I so that the overall effects and trade policy consequences which arose from such erosion could be determined.

Several representatives expressed interest in the announcement made by the United States delegation.

The representative of the EEC reiterated the Community's view that the two agreements were fully in accordance with the provisions of the General Agreement. He had not been convinced by any argument to the contrary. The objectives of the two agreements were constructive, aimed at intensified co-operation and were not directed against any other country. He questioned how the application of one article of the General Agreement could lead to the erosion of another article of the General Agreement. At no time had the CONTRACTING PARTIES declared that the EEC had applied Article XXIV in an illegitimate manner.

The representative of Spain explained the need for his country to participate in the movement towards economic integration. His Government was firmly committed to achieving the objective of the Agreement with the EEC, viz to move towards the formation of a free-trade area. The implementation of the Agreement would not result in the creation of barriers to the trade of third countries, but rather, it would lead to an acceleration of his country's economic development which in turn would also benefit third countries.

The Council noted the differences of view expressed on the legal issues involved and noted the willingness of the parties to the Agreement to provide regularly information on the operation of the Agreement. The Council adopted the report.

#### 4. Agreement between the European Economic Community and Israel (L/3581)

The Chairman recalled that in September 1970 the Council established a Working Party to examine the provisions of the Agreement between the European Economic Community and Israel. The report of the Working Party had been distributed in document L/3581.

In introducing the report Ambassador Boyesen (Norway), Chairman of the Working Party, drew attention to the similarity with the Agreement between the EEC and Spain (item 3 above), although the Agreement with Israel had certain characteristics of its own. The report reflected the differing views expressed in the Working Party, which had not been able to come to agreed Conclusions.

Several representatives who, in the discussion on the Agreement between the EEC and Spain (item 3 above), had indicated that their comments also applied to the Agreement with Israel, or who had made comments of a more general character, did not repeat their statements. These comments are recorded under item 3. The representative of the United States in particular, wished his comments under item 3 to be also noted under item 4.

Some representatives repeated their serious doubts as to the conformity of the Agreement with the General Agreement, or recorded their view that the Agreement was not consistent with Article XXIV. Some representatives felt that the Agreement would have trade-diverting rather than trade-creating effects and would in particular be damaging for trade from developing countries.

Some representatives restated their conviction, based on the declared intentions of the parties to the Agreement, that the Agreement would increasingly approximate a Free Trade Area. Although they considered that the Agreement was not in conformity with Article XXIV at present, they could accept it provisionally and wished to have it reviewed periodically.

The representative of Yugoslavia drew attention to the fact that the provisions of Article 5 of the Protocol Concerning the Definition of the term "Products Originating In" might have the effect of excluding from Yugoslav ports the trans-shipment of goods between the parties. This would cause considerable damage to Yugoslav ports and would result in an alteration of the traditional pattern for the transport of goods via Yugoslav ports. His Government hoped that the parties to the Agreement would pay due attention to this question and would endeavour to remove the adverse consequences of this provision for Yugoslavia.

The representative of the EEC confirmed that the Yugoslav problem was being examined in Brussels and discussions between the Community and Yugoslavia on this matter had already reached an advanced stage.

The representative of Israel recalled that all delegations had expressed understanding in the Working Party of Israel's need for closer trade relations with the EEC. The Community was by far Israel's largest single trading partner. Israel was heavily dependent on foreign trade and it was therefore absolutely vital for it to have free access to its major market. His Government was firmly determined to see that this Agreement led to the formation of a full free-trade area. It was important to remember that a large number of similar agreements had gone through the GATT procedures and had been implemented without causing any difficulties to contracting parties. In view of this background of pragmatism, his delegation was disappointed over the fact that one contracting party intended to invoke Article XXIII.

The Council noted the differences of view expressed on the legal issues involved, and noted the willingness of the parties to the Agreement to provide regularly information on the operation of the Agreement. The Council adopted the report.

##### 5. Joint Advisory Group on the International Trade Centre (ITC/AG/18)

The Chairman recalled that in February 1971 the Council had considered the report of the Advisory Group on the International Trade Centre on its fourth session. As recommended in that report, the Council had initiated a discussion on the future rôle of the Advisory Group. It had been agreed, however, that more time for reflection was needed and the Council had asked the Chairman of the Advisory Group, Ambassador von Sydow (Sweden), to conduct informal consultations.

Mr. von Sydow said that he had held consultations, the results of which were contained in document ITC/AG/18. He stated that it had been the general view of the delegations that had participated in these consultations that the Advisory Group's task would be facilitated by having a small technical committee, consisting of experts in trade promotion representing governments, carry out a detailed technical examination of the work programme and organization structure of the Centre prior to the plenary sessions of the Advisory Group. It was suggested that this technical committee be convened in January 1972 on a trial basis. The establishment of such a technical committee would obviate the need for the establishment of a sessional committee of the Advisory Group. The GATT and UNCTAD secretariats were expecting to be able to absorb the cost of the meeting under existing provisions for the servicing of meetings.

Several representatives expressed support for the proposal. Some representatives expressed their interest in participating in the work of the technical committee.

The Council adopted the Conclusions of the informal consultations and agreed on the establishment of a technical committee as proposed in document ITC/AG/18.

6. Balance-of-Payments Import Restrictions - Reports of the Committee on consultations with Iceland (BOP/R/55), Korea (BOP/R/56), Brazil (BOP/R/57) and Ceylon (BOP/R/58)

Mr. Abbott (United Kingdom), Chairman of the Committee on Balance-of-Payments Restrictions, introduced the four reports on the consultations held in June 1971. He noted that the Committee welcomed the fact that Brazil no longer applied quantitative restrictions for balance-of-payments reasons, and that the provisions of Article XVIII:B were in fact not being invoked by Brazil at present. The Committee was also gratified that the Korean authorities had been successful in applying stabilization measures and expressed the hope that further progress would be made in the liberalization of imports. The consultation with Iceland had led the Committee to express the hope that a continuation of the present policies would lead to greater cost and price stability and to a sustained external balance. The Committee had urged Iceland to take advantage of the relatively comfortable balance-of-payments position to increase its efforts towards the liberalization of restrictions. In the case of Ceylon the Committee recognized that the present balance-of-payments difficulties of Ceylon warranted the use of quantitative restrictions on imports provided for under Article XVIII:B and expressed the hope that the recent trend of improvement in the level of Ceylon's monetary reserves would continue.

Commenting on the arrangements for consultations, Mr. Abbott stated that the Committee had envisaged holding some fifteen consultations in 1971 for which a tentative programme had been placed before the Council in February. In spite of the ample notice given, some of the governments concerned had found it necessary to request a postponement, sometimes at the last minute. Some consultations which were to be held in October and for which invitations had been sent to governments as early as July, had thus been postponed this week. As a result only seven of the fifteen consultations scheduled for 1971 had been carried out. The Committee intended to meet early in November to examine the Uruguayan import surcharge so as to be in a position to submit its recommendations before the twenty-seventh session.

Mr. Abbott pointed out that owing to the postponement of the large number of consultations this year the Committee faced an exceptionally heavy programme in 1972, and suggested that the Council or the CONTRACTING PARTIES, when they received the proposed 1972 programme from the secretariat next month might give some attention to the practical problems involved and consider procedural changes with a view to facilitating the Committee's operations.

The representative of India stated that his authorities had been ready to consult in October and were willing to consult at any time convenient to the Committee and the International Monetary Fund.

The Council adopted the reports on the consultations with Iceland, Korea, Brazil and Ceylon.

The Chairman thanked the representatives of the International Monetary Fund for their collaboration and their contribution to the consultations.

7. Argentina - import restrictions (L/3587)

The representative of Argentina, outlining the economic situation of her country, said that the rate of growth in the gross national product had declined from 7 per cent in 1969 and 5 per cent in 1970 to about 3 per cent for the first quarter of 1971, while the rate of inflation had risen significantly. Estimates made in August indicated a 40 per cent inflation for 1971, while last year the rate had been 25 per cent only. The foreign exchange reserves had fallen from US\$821 million in June of 1970 to US\$658 million in June 1971 and a further decrease of almost US\$100 million was expected. The principal reasons for this decline were difficulties in the meat and wheat sectors, where a decrease in production had adversely affected the exports, and the growing disparity between domestic and external prices which, together with uncertainty about future exchange rates, had accelerated imports.

The Argentine Government had taken several measures in the foreign exchange, trade and payments fields. Since April 1971, when a system of frequent adjustments in exchange rates had been introduced, the Argentine peso had been devalued by 20 per cent. As from 30 June 1971, imports of all non-essential goods had been suspended for one year. The list of products affected would shortly be submitted to the CONTRACTING PARTIES. On 29 July 1971 customs duties had been increased for certain industrial products and capital goods with a view to promoting the expansion of domestic industry. This measure did not apply to products the duties of which were bound in GATT. In spite of these measures, the disequilibrium in the balance-of-payments situation had continued to deteriorate and the Argentine Government had been obliged to suspend generally the importation of goods, including those not covered by the measure taken on 30 June. This general prohibition, introduced on 17 September 1971, was of a temporary nature to be effective until 31 October 1971. Certain exceptions had been provided for and the competent authority could grant further exemptions as necessary. Products originating in the LAFTA countries had also been excluded in order to fulfil the free-trade area commitment provided.

Restrictions had also been imposed on foreign payments and capital transfers. The general freeze on prices established on 2 September, initially for a period of sixty days, had been extended for a further ninety days.

The Argentine representative expressed her Government's willingness to follow the relevant GATT procedures and to provide contracting parties with all necessary information.

Several representatives expressed their sympathetic understanding for the serious difficulties which confronted the Argentine Government.

The Council asked the delegation of Argentina to provide full details of the measures at the earliest possible date and agreed to revert to the matter at its next meeting.

8. Yugoslavia - import surcharge (L/3586)

In amplification of the communication circulated in L/3586, the representative of Yugoslavia outlined the reasons which had prompted his Government to increase its import surcharge from 2 to 6 per cent and to extend its duration to 31 December 1971. The measures were part of an overall stabilization programme aimed at limiting domestic consumption and preventing a further worsening of the balance-of-payments situation. They were of a temporary nature and would be removed as soon as appropriate and lasting solutions had been found for the external financial problems. The aim of his Government was to ensure that domestic prices did not rise faster than world prices and to reduce the current balance-of-payments deficit, which resulted from a constantly growing trade deficit. The reduction of the surcharge from 5 to 2 per cent at the beginning of the year had been made in anticipation of certain developments which had not materialized. Exports for the first six months of 1971 had covered only 50 per cent of the imports. For the same period, the trade deficit had amounted to US\$857 million as compared with US\$770 million for the same period in 1970. Preliminary figures for the first half of 1971 indicated that the balance-of-payments deficit had reached US\$478 million as compared with US\$388 million for the whole of 1970. At the end of June of this year the level of monetary reserves had reached the very low level of US\$203 million. The representative of Yugoslavia assured the Council that the measure was of a temporary nature, that it was being applied in a non-discriminatory manner and that his Government intended to continue its policy of liberalization.

The Council took note of the statement by the representative of Yugoslavia and welcomed the intention of the Yugoslav Government to remove the surcharge by 31 December 1971. The Yugoslav delegation was asked to keep the CONTRACTING PARTIES informed of further developments.

9. Brazil - renegotiation of schedule

The representative of Brazil recalled that in February 1967 his Government had been granted a waiver from the provisions of Article II to the extent necessary to enable it to implement, as from 1 March 1967, a new Brazilian Tariff. Among the conditions specified in the waiver was the obligation to conduct negotiations pursuant to Article XXVIII and to terminate such negotiations before 29 February 1968. The time-limit for terminating the negotiations had been extended four times and would expire by the end of the twenty-seventh session. In February 1971 the representative of Brazil reported to the Council that renegotiations had been concluded with several interested contracting parties, but that negotiations were still under way with a small number of countries on a few outstanding questions. It was the sincere wish of his authorities to conclude promptly the residue of these pending negotiations. New requests had, however, been made recently by the other interested parties and his Government had difficulties in meeting these

requests. At present, therefore, it did not seem possible that agreement could be reached within a very short time.

Agreement had been reached with the following countries: South Africa, Canada, Czechoslovakia, Finland, Sweden, the United States, Norway, New Zealand, Denmark, India and Austria. Negotiations were still under way with the EEC, Japan and the United Kingdom.

The representative of Japan expressed the hope that the negotiations would be concluded as soon as possible.

The Chairman appealed to the countries concerned to make an endeavour to conclude the negotiations before the beginning of November.

The Council agreed to revert to the matter at its next meeting.

#### 10. Industrial pollution control

The Chairman recalled that at the meeting of the Council in June 1971 the Director-General had drawn attention to the problems that could be created for international trade by anti-pollution measures concerning industrial processes. The Director-General had asked contracting parties to reflect on these matters and had suggested that the Council would perhaps wish to consider this question at a meeting in the autumn.

The Director-General, referring to the note entitled "Industrial Pollution Control and International Trade" (document L/3538), stated that this study had been prepared by the secretariat at the request of Mr. Strong, Secretary-General of the United Nations Conference on the Human Environment, as a contribution to the preparatory work for the Conference to be held in Stockholm in 1972. The study did not commit the CONTRACTING PARTIES in any way. As he had indicated in the Council meeting of June, it would seem desirable for the CONTRACTING PARTIES to follow these matters closely from the beginning from the aspects directly concerning them, in other words, to consider the implications of industrial pollution control on international trade, especially with regard to the application of the provisions of the General Agreement. Contracting parties carried a special responsibility in this area. They had to ensure that the efforts of governments to combat pollution did not result in the introduction of new barriers to trade or impede the removal of existing barriers. It was, therefore, perhaps worth considering whether it would not be useful for the CONTRACTING PARTIES to set up a flexible mechanism which could be used at the request of contracting parties if the need arose.

Several representatives expressed agreement that the GATT had certain responsibilities in dealing with the implications of industrial pollution control on international trade. Many of them could support the idea of the establishment of some kind of standing mechanism for the purpose. Some of them noted that it was important that no unnecessary duplication of work developed out of the activities of such a mechanism. The Environment Committee of the OECD, e.g. was already

working on similar issues and any work in this field by GATT would have to be co-ordinated. Even within GATT, bodies such as the Group on Standards were dealing with closely connected problems. For this reason, any terms of reference for such an organ would have to be formulated with great care. Among these representatives there was some divergence of views on the nature and objectives of this mechanism and on the question whether it should be set up at this stage in anticipation of the problems or whether one should wait and see how things developed. Some representatives suggested that a decision be made only after the Stockholm Conference had taken place. Others thought it best if work on this matter could be taken up before the issues had been settled.

One representative suggested that in any case an ad hoc group should be set up as an interim solution in order to give contracting parties an opportunity to comment on the views expressed in the secretariat study. This group could then also reflect on the question whether a more permanent mechanism should be established.

Some representatives voiced doubts as to the need for the establishment of a new mechanism. The existing organs in the GATT were sufficiently equipped to deal with the matter. One representative queried whether action in this field was within the rôle and duties of GATT. He expressed fears that any action by such an organ would possibly hamper development of trade of developing countries.

Another representative thought it important that representatives from developing countries should participate in such a mechanism so as to be able to prevent the adoption of measures damaging to the trade of developing countries.

Referring to the Conclusions of the study, one representative noted that paragraph 7 was formulated in a way that could lead one to believe that it advocated direct import limiting measures, though in fact it was only signalling one of the dangers which could result from the introduction of industrial pollution control measures. He considered that such measures should be trade neutral.

One representative noted that one consideration which did not seem to have been covered by the study was the trade implications for by-products resulting from pollution control measures. Apart from effects on the supply and demand situation of products derived (as by-products) from pollution control measures, there was the point that the by-products might offset part of the costs of implementing such measures.

The Council agreed to revert to the matter at its next meeting.