

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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MINUTES OF MEETING

Held in the Palais des Nations, Geneva,
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Chairman: Mr. C.H. Archibald (Trinidad and Tobago)

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1. Declarations on international economic relations

The Chairman drew attention to the joint Japan-United States Statement on International Economic Relations of 9 February 1972, and the Joint European Community-United States Declaration of 11 February 1972, transmitted to contracting parties in documents L/3669 and L/3670, respectively. Contracting parties had also received a declaration of the Swiss authorities dated 23 February, circulated in document L/3675.

The Director-General recalled that the declarations dealt with central issues discussed at some length at the twenty-seventh session of the CONTRACTING PARTIES. He drew particular attention to a number of aspects of the declarations: the undertaking to initiate and actively support multilateral comprehensive negotiations in the framework of GATT beginning in 1973, subject to such internal authorization as might be required; the statement that the negotiations would be conducted on the basis of mutual advantage and mutual commitment, with overall reciprocity and covering agricultural as well as industrial trade; the agreement that progress in GATT in solving specific problems in 1972 could facilitate the way in GATT for this major 1973

initiative; the statement that special attention should be given to the problems of developing countries and the agreement to analyze and evaluate in 1972 alternative techniques and modalities for multilateral negotiations of long-term problems affecting all elements of world trade. He noted that the negotiations foreseen for 1973 had the important objective of bringing about expansion and greater liberalization of world trade and improvement in the standard of living of peoples of the world. The major trading countries who had adopted these declarations not only invited other contracting parties to associate themselves with the declarations, but also expressed the hope that the negotiations foreseen for 1973, and therefore by implication the important work to be done in 1972, should involve the active participation of as many countries as possible. Because of the importance of these declarations the matter was on the agenda of the Council so that contracting parties would be able to give their views and reactions to this most significant and encouraging development in international trade policy.

The representative of Australia emphasized the importance of the declarations and recalled the statements made by the Rt. Hon. J.D. Anthony, Deputy Prime Minister and Minister for Trade and Industry, on this matter on 10 and 12 February 1972. His Government welcomed and supported these major new initiatives towards freer world trade. They had broken a deadlock. The major trading nations had expressed a positive political will to improve conditions of world trade. His Government would do everything possible to ensure that these initiatives were translated into action.

The representative of Chile expressed satisfaction over the intention of the contracting parties subscribing to the declarations to hold a new round of trade negotiations in the framework of GATT. He pointed out, however, that a major trade liberalization was not necessarily of advantage to his country, since it would, for example, result in an eventual loss of preferences. On the other hand, such trade liberalization could be expected to have a trade creating effect. In any case, a solution had to be found which took into account the varying levels of developments and the unequal distribution of wealth. The support of his delegation, however, was subject to a number of conditions. The negotiations would have to take fully into account the needs of developing countries. The negotiations should establish a qualitative balance in concessions, because the unlimited application of the principle of strict reciprocity, based on trade volume, had led to unacceptable solutions. A clear definition of the principle of non-reciprocity as recognized in Part IV should be determined. Compensatory machinery should be determined for possible deterioration of preferential treatment. The techniques and modalities for the participation of developing countries in the negotiations should be worked out in advance.

The representative of Canada confirmed his delegation's support for the decisions announced, which were of major importance. He hoped that all contracting parties would be in a position to support the initiative, which was, among other things, in line with the views taken by the Group of Three. The negotiations should cover all elements of world trade and take into consideration the needs of the developing countries. The initiative should help to keep up the momentum

towards freer world trade. It had now to be decided how best to translate the undertakings into concrete action. The Council should perhaps consider at an early date whether the preparatory work could be completed in the course of this year with the existing set-up or whether additional machinery was needed.

The representative of Egypt said that his delegation had no objection in principle to the proposed round of negotiations. They should however not be held on the basis of the previous one, where the interests of developing countries had not been taken into consideration sufficiently. His delegation could give its approval provided the negotiations did not relegate the interests of developing countries to a secondary position. Careful attention had to be paid to the recommendations of the Group of Three.

The representative of Switzerland recalled that in their notification to the Director-General the Swiss authorities had expressed satisfaction at the undertaking made to enter multilateral comprehensive negotiations in the framework of GATT. He pointed out that the declarations did not contain any limitation as to the extent of the negotiations. Two aspects to which special attention should be devoted were techniques and modalities for negotiations, and the need to ensure that the negotiations were of a truly multilateral character. His delegation would do everything possible to assist in the realization of the objectives contained in the declarations.

The representative of Sweden welcomed the declarations and expressed the need for intensifying the preparations for negotiations in 1973 which should comprise all types of trade obstacles affecting industrial and agriculture products, developed and developing countries.

The representative of Norway welcomed the initiative, which would require large-scale preparatory work. Some preparatory work had already been undertaken in the Agriculture Committee, and it was expected that the Industrial Committee would take similar steps. A very important element in the preparations was to ensure that the interests of developing countries were duly considered.

The representative of Yugoslavia pointed to the need for continued co-operation in the GATT and for appropriate and balanced action in order to assure the success of the Second Development Decade. A number of essential elements had to be clarified before the Council could take any decision. The Council should invite the Committees to accelerate their work programmes and to elaborate techniques and modalities comprising all elements of world trade. The barriers to trade of developing countries had to be removed. The modalities of the negotiations should be based on existing rules, including the principle concerning reciprocity as provided in Part IV. Particular attention had to be paid to developing countries.

The representative of Portugal expressed his satisfaction over the recent development. Careful consideration would have to be given to the establishment of an equitable relationship between contracting parties of varying economic levels and systems. His country would contribute to the negotiations in accordance with its possibilities.

The representative of South Africa welcomed and supported the proposals put forward in the declarations. The negotiations would have to take into account the structural changes that had occurred in individual countries since 1948 and the divergent development needs and burdens of countries in different stages of economic development. The simple dualism between developed and developing countries could no longer be applied to a country like his own and needed rethinking. The negotiations should also take account of the changing pattern and geographic distribution of world trade and of the need for positive and constructive international arrangements to promote stable marketing conditions for and expansion of world trade in primary products.

The representative of the United Kingdom welcomed the proposals and stated that his delegation fully associated itself with the EEC in the declaration made jointly with the United States. His delegation was ready to play a full part in the negotiations and hoped that as many contracting parties as possible would be able to participate.

The representative of Turkey expressed his delegation's active support for the proposals put forward.

The representative of Denmark expressed satisfaction over the declarations. Since the negotiations with the Communities had been concluded, it was realistic to embark on a new round of broad negotiations. Special attention would have to be given to the needs of developing countries.

The representative of Austria welcomed the declarations, which were an important step towards a new round of negotiations. The negotiations would have a positive bearing on the interests of developing countries. Austria was prepared to participate fully in the negotiations and the preparatory work.

The representative of Argentina had taken note of the declarations with great appreciation and stressed that such negotiations had to be carried out in the GATT. She trusted that appropriate conditions would be created to permit her country to participate. Until more details of the negotiations were known, her authorities could not take a decision on whether to participate. It was important that the negotiations covered - unlike the Kennedy Round - other elements than solely tariffs. The needs of developing countries would have to be taken into account and a balance would have to be found between countries on an unequal economic footing. The principle of non-reciprocity for developing countries was already envisaged in the General Agreement with regard to tariff negotiations. Worth considering was the question whether the time had not come to strengthen the provisions of Part IV so as to make it really effective.

The representative of Brazil noted the weakness of the developing countries' bargaining position. The world's major trading nations were not complying with the provisions of the GATT; this had particularly serious consequences for the developing countries. His delegation welcomed the idea of comprehensive and multilateral negotiations within the framework of GATT. The terms of the declarations, however, seemed to require some additional precisions

on such questions as reciprocity to be expected from developing countries, possible compensation for the erosion of preferential margins under the Generalized System of Preferences and the inclusion in the negotiations of non-tariff barriers. Developing countries should not benefit only marginally from negotiations which in practice were conducted by developed contracting parties. His authorities' decision to participate would be taken in the light of effective perspectives of a fair deal.

The representative of Malaysia noted that while his delegation had always supported initiatives undertaken in GATT, it required more time and information in the present case in order to appreciate fully all the implications. The texts of the declarations required further clarification. It should be clearly stated that no reciprocity would be expected from developing countries. The question of the effect on generalized preferences should also be carefully considered. Before a decision on participation could be taken such questions had to be answered and the ground rules for the negotiations had to be known. He also stressed his Government's interest in commodity agreements.

The representative of Spain expressed satisfaction over the declarations. The GATT was the appropriate forum for the envisaged negotiations. Their modalities, in particular as regards participation of developing countries, should be determined in an appropriate manner. The question of reciprocity, for example, should be considered in the light of varying levels of economic development of the contracting parties. His authorities were prepared to contribute to the preparations. Their final position would be determined once the results of the preparatory work were known.

The representative of Uruguay had taken note of the declarations with qualified satisfaction. He hoped that the reference to developing countries would be translated into concrete measures, and supported the views expressed by the representatives of Argentina, Brazil, Chile and Malaysia. It was necessary to co-ordinate the negotiations with the activities in other fora. The modalities as to the participation of developing countries should be clarified. It was evident that equal principles could not be applied to partners of unequal economic strength. The applicability of the reciprocity provisions had to be carefully evaluated. A study on the possible repercussions of the negotiations on developing countries and on how their negative effects could be counterbalanced, would have to be made. His authorities' final attitude depended on the outcome of these preparations.

The representative of New Zealand associated himself with the initiative. He recalled that the Kennedy Round had involved only 4 per cent of his country's exports. There was a need for a realistic approach to the problems of trade in agricultural products.

The representative of Israel stated that her delegation was in principle favourably inclined to the initiative. The developing countries should contribute to the negotiations in accordance with their abilities and benefit from them in accordance with their needs. All contracting parties should be able to participate in the preparations for the negotiations and the rules for the negotiations would have to be formulated in such a way as to ensure the widest participation.

The representative of Romania stated that his delegation was in principle favourably disposed to the declarations. He was concerned that the negotiations should take account of all contracting parties without discriminating against any economic system. He favoured the application of a reciprocity principle that took into consideration the differing levels of economic development of contracting parties. In the light of these considerations his authorities were willing to participate in the preparations.

The representative of Poland welcomed the change of attitude evidenced by the declarations and expressed appreciation for the initiative. The GATT was the appropriate forum for trade negotiations which should embrace as many countries and problems as possible. One major problem was the discriminatory non-tariff barriers and quota restrictions his country's exports were facing. His delegation would participate in the preparatory work.

The representative of Indonesia took note of the declarations with satisfaction. Special attention would have to be given to the problems of developing countries and existing provisions of the General Agreement, including those relating to reciprocity, should in no way be modified. His delegation was willing to participate in the forthcoming negotiations provided the ground rules took this fully into account.

The representative of Cuba expressed some reservations about the envisaged negotiations, since such negotiations had in the past - in his view - never been universal or equitable. Developing countries had not, so far, fully benefited nor had political barriers been suppressed. Moreover, the advantages of the Generalized System of Preferences might be eliminated. He did not deny the importance of negotiations but emphasized that they should be of value to all contracting parties.

The representative of India welcomed the initiative taken. He recalled, however, the joint statement made by developing countries after the Kennedy Round, in which they felt most problems had remained unsolved. There was now a need for some agreement on ground rules. The developing countries felt at present uneasy and he hoped they would be reassured. It was worth noting that the reference to overall reciprocity had been given different emphasis in the two declarations. No reciprocity should be expected from developing countries.

The representative of Greece welcomed the initiative, and supported the idea of a review of the preparatory work towards the end of the current year.

The representative of Pakistan welcomed the initiative, which had been undertaken after a long period of inaction. He hoped that the developing countries would be able to participate in the preparatory work as well as in the negotiations, when certain points of uncertainty had been clarified.

The representative of Finland stated that his Government had noted the declarations with satisfaction. It believed that comprehensive multilateral negotiations would best serve the interests of all contracting parties. Trade with socialist countries was an important element to be taken into account in these negotiations.

The representative of Korea welcomed the declarations and endorsed the concept of mutual advantage and participation by as many contracting parties as possible. One of the main questions, however, was whether the negotiations would contribute to the expansion of trade of developing countries. He strongly hoped that the major trading powers did not expect to apply the principle of overall reciprocity too strictly to developing countries.

The representative of Jamaica associated himself with the statements made by other developing countries and recalled the points raised by the representative of Malaysia. He welcomed the declarations and considered that the developing countries could not afford to remain outside. His Government was, however, not in a position to make a firm commitment on participation until more information was available on how special attention would be given to the problems of developing countries. Some assurances were also necessary with respect to existing preferential arrangements.

The representative of the United States expressed satisfaction at the fact that a large number of delegations had welcomed the declaration and that an even larger number of delegations had indicated their support for the substance of the declarations. He stated that the United States attached great importance to work on techniques and modalities. He noted that some concern had been expressed regarding certain questions such as the concept of reciprocity and the modalities for participation of developing countries in the negotiations. He stressed his view that participation in the negotiations would in no way modify the existing provisions of the General Agreement, including the provisions on reciprocity. He agreed that the work on modalities would clearly have to include modalities for participation of developing countries. It was of course impossible to forecast at this stage the precise modalities which would be worked out. As to commodity agreements, he said that the United States statement, set out in the declaration, had been made in relation to possible agreements for temperate zone agricultural products. The United States point of view in respect of other commodity agreements was well known.

The representative of Japan said that his delegation was encouraged by the fact that so many delegations had welcomed the prospect of negotiations. He was confident that all contracting parties would take account of the concern

of the developing countries, and the need to give consideration to the interests of these countries.

The representative of the European Communities also welcomed the reaction of delegations to the declarations and was grateful for the support expressed. At the same time, he indicated his delegation's understanding of the position of countries which had reservations about the manner of organizing the negotiations. He stressed that all problems before the world trading community could be dealt with in the negotiations. It was not possible to say now how the negotiations would be organized; the precise modalities were a matter for contracting parties, a factor which provided the best guarantee that all questions would be discussed. The Communities considered that the time was now ripe to undertake an initiative.

In summing up the discussion the Chairman said that the Council had had a responsible and serious discussion on the initiative taken by those contracting parties which had made the two declarations. As was to be expected on such an important matter, different delegations had emphasized different aspects in their statements. Those countries normally thought of in the GATT as the industrialized and highly developed countries had welcomed this initiative and had given notice of their intention of joining in the undertaking to initiate and actively support multilateral and comprehensive negotiations in the framework of GATT beginning in 1973, subject to whatever internal authorization may be required.

As regards the developing countries, the spokesmen of these countries had certainly displayed appreciation of the initiatives but they had also made it clear that their association with the undertakings was conditional upon the details to be applied to their participation. They needed more time and more information - more information in particular with regard to the techniques and modalities to be worked out in the 1973 negotiations.

There had been widespread support for the proposal that, in 1972, solutions to current trade problems should be actively sought in GATT and an analysis and evaluation undertaken of alternative techniques and modalities for multilateral negotiations on long-term problems. The Council was agreed that attention had to be given to the problems of developing countries, including the special modalities that would be required for the participation of these countries.

2. European Communities - Accession of Denmark, Ireland, Norway and the United Kingdom (L/3677)

The Chairman drew attention to a communication from the Council of the European Communities whereby it had notified the legal instruments establishing the modalities of accession of Denmark, Ireland, Norway and the United Kingdom to the European Communities. A similar communication had been received from the four Governments acceding. The communications made clear that the instruments were still subject to the various procedures of ratification in the countries concerned. In view of their importance, however, contracting parties would undoubtedly desire to begin studying the various provisions as soon as the instruments were actually available and make such other preparatory arrangements as might be practicable.

The representative of the European Communities expressed the conviction that the enlargement of the Communities was a new factor of progress and development. The Communities were ready to undertake, within the framework of the GATT and in the light of the provisions of the General Agreement, the examination of the relevant provisions of the instruments of accession. The examination would have to deal with the modalities of the extension to new members of a customs union already in existence.

The representatives of the United Kingdom, Denmark, Norway and Ireland considered that the enlargement of the Communities would contribute to an expansion of trade and to further economic progress on a wide basis. Some of these representatives expressed their understanding that the examinations carried out by the working party would be timed so as not to interfere with the ratification procedures in the various countries. Until these procedures had been completed, the examination could only be of a preparatory and technical character.

Many representatives welcomed the accession actions taken by the four acceding contracting parties and by the European Communities. They noted that it was important that a working party be set up soon, so that a thorough and detailed examination of the instruments submitted could be carried out.

Several representatives expressed some apprehension over the possible effects of the enlargement on the trade of third countries, and in particular of developing countries. The accession of the United Kingdom would result in a loss of existing Commonwealth preferences; this would have serious consequences, since the United Kingdom was one of the most important markets for some developing countries. Article XXIV of the General Agreement required that duties should, on the whole, not be higher and that existing preferences should not be affected, but might be eliminated or adjusted by means of negotiations. It was important that the provisions of this Article were closely followed in the present case.

Some representatives recalled that under the provisions of Part IV of the General Agreement developed contracting parties had committed themselves to give special treatment to developing countries and to refrain from introducing, or increasing the incidence of customs duties or non-tariff import barriers on products of particular export interest to developing contracting parties. The developed countries had, in addition, made a commitment within the framework of the Strategy for the Second Development Decade.

The representative of Brazil, furthermore, emphasized that the enlargement of the European Communities would result in increases in bound duties and in the introduction of new duties in the acceding countries on a number of products which were of great interest to his country. He considered, therefore, that, rather than accepting the common external tariff of the EEC, an arithmetical average of the individual tariffs should have been applied. There was an absolute necessity for full compliance by all countries concerned with their commitments undertaken under the General Agreement. It was also important to note that Article XXIV did not permit that, through the establishment of a customs union or a free-trade area, new barriers be raised against trade with third countries.

The Council agreed to set up a working party open to all contracting parties wishing to participate and with the following terms of reference:

"To examine, in the light of the relevant provisions of the General Agreement on Tariffs and Trade, the provisions of the legal instruments establishing the modalities of accession to the European Communities by Denmark, Ireland, Norway and the United Kingdom and to report to the CONTRACTING PARTIES."

The Council nominated Mr. Kitahara (Japan) as Chairman of the Working Party.

The Chairman asked contracting parties wishing to participate in the work of the Working Party to inform the secretariat as soon as possible. He suggested that the Working Party should meet at an early date to decide on how to arrange its work.

The representative of the European Communities pointed out that with regard to the examination, the usual GATT procedures should be followed. When establishing a time-table careful consideration should be given to the fact that the instruments were still subject to internal ratification procedures.

3. India - Regulatory Duty (L/3654)

The Chairman recalled that at its last meeting the Council had been informed by the representative of India about a recently introduced temporary regulatory duty on imports and that it had agreed to revert to the matter at its next meeting.

The representative of India stated that in the light of the legal position and of consultations with other interested contracting parties, his Government had decided to seek an authorization in accordance with Article XXV:5, to cover the temporary maintenance of the regulatory duty. The duty had been imposed in December 1971. His Government sought a short-term authorization only, until 30 June 1972, because as a result of the new budget to be introduced in Parliament later in the month the regulatory duty might well be modified or abolished. The matter would be put to a final vote in May. The result would then be notified by his Government to the GATT.

Several representatives expressed support for the Indian request and could approve the text of the draft decision (C/W/197). Some representatives noted that if the need for an extension of the waiver arose, the corresponding request should be tabled well in time so as to permit a thorough examination in the regular manner before the expiry of the waiver.

The representative of the United States furthermore expressed the hope that the Government of India would be in a position to remove the regulatory duty before the waiver expired in June 1972.

The Council approved the text of the draft Decision (C/W/197) and recommended its adoption by the CONTRACTING PARTIES.

The draft Decision was submitted to a vote and the Chairman invited members of the Council having authority to vote on behalf of their governments to do so. Ballot papers would be sent by mail to those contracting parties not represented at the meeting.

4. International Trade Centre (ITC/AG/23)

Report of the Joint Advisory Group

The Chairman recalled that the Joint UNCTAD/GATT Advisory Group on the International Trade Centre had held its fifth session in January to review the activities of the Centre and to recommend a work programme for 1973.

Mr. Von Sydow (Sweden), Chairman of the Group, in introducing the report, stated that the small Technical Committee set up in 1971 on a trial basis had met just before the meeting of the Joint Advisory Group. Delegations seemed to have considered the meeting of the Committee useful and facilitating the work of the Advisory Group. The Group was, therefore, recommending that a Technical Committee be also convened prior to the sixth session of the Advisory Group. The outcome

of this second meeting would then permit a more definitive recommendation concerning the establishment of the Technical Committee on a permanent basis. The fifth session had been mainly concerned with the operational problems arising from the overall expansion in the volume and variety of the technical assistance programmes. A detailed enquiry into the programme of the Market Research Service had revealed that the usefulness and efficacy of the services provided were highly regarded in developing countries and that, as a result of the improved possibilities of access to markets, the Service would have to respond to an increasing volume of requests for identification of marketing opportunities and marketing assistance. There had been a general endorsement by the Joint Advisory Group of the work programme proposed for the International Trade Centre for 1973.

Several representatives expressed appreciation for the work of the International Trade Centre and recommended the adoption of the report and the maintenance of the Technical Committee which permitted the Joint Advisory Group to concentrate on broader policy questions.

The representative of Turkey furthermore recalled his suggestion made in the Joint Advisory Group that delegations be enabled to attend the meetings of the Technical Committee as observers.

The representative of Trinidad and Tobago pointed out that his country was at present benefiting from export promotion work carried out by the International Trade Centre.

The representative of the United Kingdom emphasized that the quality of the Technical Committee depended on its members and on full accessibility to documentation.

The Council approved the recommendation of the Advisory Group relating to the work programme for 1973 and adopted the Report.

5. Balance-of-Payments Import Restrictions
Report of the Committee on the consultation with South Africa (BOP/R/59)

The Chairman recalled that at its last meeting the Council had initiated discussion on a recent decision by South Africa to invoke Article XII of the General Agreement and to intensify its remaining import restrictions. Since the Committee on Balance-of-Payments Restrictions had already made arrangements for a consultation with South Africa, the Council had agreed to revert to the matter at its next meeting, when the report of the consultation would be available.

Mr. Dunkel (Switzerland), Chairman of the Committee, stated that the Committee had paid particular attention to the prospects of payments on current account and to capital movement. It had been satisfied that the South African authorities were fully aware of the importance of reliance on internal, fiscal and monetary measures and that they had in fact made the maximum possible use of them within what they considered to be the appropriate limits. The Committee had generally agreed that the circumstances prevailing in mid-November 1971 had been such as to justify action by South Africa to redress external equilibrium. Since then, however, South Africa had devalued the rand. While the beneficial results of this action on the current account might not be immediately effective, it was felt that devaluation should have a fairly prompt effect on capital movement. There had been, therefore, on the one hand, a feeling that the intensified import restrictions introduced in November 1971 had been rendered excessive, if not redundant, by the subsequent devaluation. On the other hand, it had appeared to be premature to pass judgement on the severity of the intensified restrictions pending disclosure of the amount of 1972 permits to be issued in April-May. In the circumstances, while urging the South African Government to make every effort to remove the new restrictions rapidly, members of the Committee had felt that the matter should be looked into once again when the effects of the devaluation became clearer and data concerning the issue of 1972 permits became available. It was, therefore, the Committee's recommendation that the Council might wish to keep the matter under review and arrange for the Committee on Balance-of-Payments Restrictions to resume this consultation some time before the middle of 1972.

Several representatives expressed their willingness to adopt the report and supported its proposals.

Some representatives emphasized the seriousness of the issue. South Africa had already been applying import restrictions before November 1971. Thereafter, severe intensifications, which they considered excessive, had been introduced. In their view, the devaluation of the rand was sufficient to redress the balance-of-payments situation. They asked South Africa to relax the restrictions before the next consultation.

The representative of South Africa stated that he would convey these views to his authorities. His Government had undertaken to keep under review the reserve position and the possibility of removing the recently imposed restrictions as soon as circumstances permitted. Until more data were available on the evolution of South Africa's trade and balance of payments, his Government could not take a decision on relaxation or removal of the restrictions.

The Council decided, in accordance with the recommendation of the Committee, to keep the matter under review and requested the Committee to reconvene before the middle of 1972 in order to continue the consultation.

The report was adopted.

6. Latin American Free Trade Association (L/3661)

Information about the activities within the Latin American Free Trade Association toward the formation of a free trade area in 1970 had been circulated in document L/3661.

Mr. Brum (Uruguay) introduced the report on behalf of the member States. Intra-area imports had increased in 1970 by \$49 million. Imports from third countries had increased in 1970 by 19 per cent, the largest increase since the application of the Montevideo Treaty. With regard to concessions negotiated, there had been no uniform progress. In 1970 only twenty-six concessions had been negotiated. This had been partly compensated by the conclusion of complementarity agreements, resulting in concessions on a considerable number of products. Five new such agreements had been signed in 1970, covering 691 products and 698 concessions. Work had also continued in the field of harmonization of customs instruments. The report further covered, among others the operation of the Cartagena Agreement, the harmonization of economic and social policies and the association of Venezuela with the Agreement.

The representative of Canada suggested that the Council provide for the possibility of submitting supplementary questions with regard to the Latin American Free Trade Association through the intermediary of the secretariat. This would permit contracting parties to follow up developments on matters of particular importance to them.

The representative of Chile, referring to the legal aspects of the Cartagena Agreement, recalled that the Montevideo Treaty envisaged the establishment of a Latin American Customs Union. A first step to achieve this was the establishment of a free trade area. In accordance with the provisions of the Montevideo Treaty, some Latin American countries had decided to accelerate this movement towards regional economic integration. The contracting parties to the Montevideo Treaty approved thereupon the Cartagena Agreement which came into effect on 31 December 1970. It was expected that by 1980 a Common External Tariff would be in effect. So far, therefore, the Cartagena Agreement had met the different objectives set out in the Montevideo Treaty.

The Council took note of the report and agreed to the possibility of submitting supplementary questions through the secretariat.

7. Regional Agreements

Calendar of biennial reports for examination (C/W/195)

The Chairman recalled that at the twenty-seventh session the CONTRACTING PARTIES had instructed the Council to establish a calendar fixing dates for the examination, every two years, of the reports on regional agreements. In document C/W/195 the secretariat had drawn up a tentative calendar for the submission of such reports.

The representative of the United States suggested that the examination of the arrangements could be facilitated by the adoption of a simple standard reporting outline. Since one aim of the examination was to see if the arrangement had stimulated trade amongst the parties and had affected trade with third countries, the standard outline should elicit statistics on trade among the parties and on trade between the parties and third countries. The data should be sufficiently detailed to permit analysis of trade flows between product groups and sufficiently uniform to permit comparisons among regional arrangements. These objectives would be met if all data conformed to a standard such as the categories defined by BTN sections or chapters. Tariff averages for internal and external trade should also be provided for each BTN section. Finally, the report should also include a brief background explanation of developments and changes in the arrangements since the previous report. If such a standardized reporting procedure were adopted, he would see no need for automatic examination of each submission. Reports could simply be noted by the Council, without debate unless a contracting party wished to request a more thorough examination on the basis of the information provided. His delegation would favour the establishment of a new standing working party with open-ended membership to conduct such examinations on request. He suggested the secretariat be asked to draw up, in consultation with the principal interested delegations, a draft outline of such a standardized report for consideration at the next Council meeting and to adopt a procedure of this kind on a trial basis, perhaps for two years. It could then be re-examined by the Council in the light of experience during the first reporting cycle. It was of course, his delegation's understanding that these new procedures in no way overrode or replaced the requirements of Article XXIV:7.

The representative of the EEC pointed out that the aim of the examination was not to study the effect of these arrangements on world trade. Article XXIV of the General Agreement was based on the concept that regional integration arrangements are beneficial to world trade. The only question to be considered was, therefore, whether the development of these arrangements remained within the framework originally conceived, i.e. within the provisions of Article XXIV. It had been on this understanding that the Communities had agreed to participate in these biennial reviews. With regard to procedures it seemed impossible to standardize these examinations because of the very different character of each of these arrangements. The setting up of a special group to examine these arrangements seemed unnecessary. It was only important that each consultation was preceded by a report which was presented well ahead of the consultation so as to permit its examination. The examination itself could very well take place in the Council.

The representative of the United States expressed disappointment over the preliminary reaction of the representative of the EEC on the proposal put forward by his delegation, whose aim had been precisely to suggest an easy procedure for these examinations.

The Council approved the suggested time-table for reporting dates. It was understood that the Council would remain free to amend and modify the time-table if this was considered appropriate in the light of circumstances.

The Chairman requested the secretariat to get in touch with the contracting parties concerned and, if appropriate, with the secretariats of the regional groupings, on this matter.

8. Committee on Budget, Finance and Administration - Establishment

Upon a proposal by the Chairman, the Council appointed the Committee on Budget, Finance and Administration for 1972, with the following terms of reference and membership:

Terms of reference:

- (i) To examine any questions arising in connexion with the audited accounts for 1971, the financing of the 1972 budgets and proposals for the budget for 1973 of the GATT and of the International Trade Centre UNCTAD/GATT.
- (ii) To study any financial and administrative questions which may be referred to it by the Council or submitted to it by the Director-General, and undertake such other duties as may be assigned to it by the Council.

Membership:

Australia	India	Senegal
Brazil	Israel	Sweden
Canada	Japan	Switzerland
France	Nigeria	United Kingdom
Germany	Poland	United States

Chairman: To be appointed.