

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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COUNCIL
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MINUTES OF MEETING

Held in the International Labour Office Building, Geneva
on 2 June 1975

Chairman: Mr. K.A. SAHLGREN (Finland)

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1. Provisional Accession of Colombia (L/4173)

The Chairman recalled that in March 1974 the Council had established a Working Party to examine the request by the Government of Colombia to accede provisionally to the General Agreement. The Working Party had now submitted its report and its recommendations in document L/4173.

Mr. Pajic (Yugoslavia), speaking on behalf of Dr. Tomić, Chairman of the Working Party, said that the Working Party had considered, inter alia, the level of protection provided by the Colombian Tariff, the security payment on imports, import taxes applied for the financing of an Export Promotion Fund and other measures adopted by Colombia to stimulate exports. The Working Party had noted the intention of the Government of Colombia to seek full accession to GATT in the context of the multilateral trade negotiations and recommended that the request by the Government of Colombia for provisional accession to the General Agreement be granted. The Working Party also recommended that Colombia be invited without delay to participate in the work of the CONTRACTING PARTIES.

The representative of the United States, while supporting the provisional accession of Colombia, pointed out that, since the Working Party had met, the Government of Colombia had changed the tariff rates on over 1,000 items with most of the changes being increases in the rates. He expressed the hope that contracting parties would be informed of these changes.

Several representatives expressed support for the provisional accession of Colombia.

The representative of Colombia expressed his Government's appreciation for the work done by the Working Party. He stated that his Government was looking forward to participating fully in the work of GATT. He explained that his Government had recently carried out a harmonization of the tariff, as a result of which a number of rates had gone up while others had decreased. A copy of the new tariff would be submitted to GATT as soon as possible.

The Council recommended that the text of the draft Declaration on the Provisional Accession of Colombia be approved by the CONTRACTING PARTIES and that the Decision on the Participation of Colombia in the work of the CONTRACTING PARTIES be adopted.

The Council adopted the report of the Working Party (L/4173).

The approval of the Declaration and the adoption of the Decision were submitted to contracting parties for a vote by postal ballot. 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. The result of the vote would be announced as soon as the two-thirds majority of the contracting parties was obtained. Thereafter the Declaration would be open for signature.

2. Committee on Balance-of-Payments Restrictions

The Chairman stated that in April 1975 the Committee on Balance-of-Payments Restrictions had carried out its regular consultations with Finland and Turkey. It had also considered a written statement submitted by Chile under the simplified procedures. In particular, the Committee had been charged to examine the recently introduced Finnish Import Deposit Scheme and the Turkish request for an extension of the Stamp Duty Waiver.

(a) Consultation with Finland - Import Deposit Scheme (BOP/R/79)

Mr. Dunkel (Switzerland), Chairman of the Committee on Balance-of-Payments Restrictions, stated that the Committee had concentrated on the Import Deposit Scheme introduced by Finland on 24 March 1975. The Committee had regretted the introduction of the measures but had also expressed understanding for Finland's particular balance-of-payments situation. The Committee had concluded that the scheme was not more restrictive than measures permitted under Article XII of the General Agreement and that it was applied on a non-discriminatory basis. Finland was urged to review the Scheme periodically and to reduce the deposit rates whenever possible.

The representative of Canada expressed the hope that Finland would be able to phase out its Import Deposit Scheme before its termination date in March of 1976.

The Council adopted the report (BOP/R/79).

(b) Consultation with Turkey - Stamp Duty (BOP/R/81)

Mr. Dunkel (Switzerland), Chairman of the Committee on Balance-of-Payments Restrictions, said that in the consultation with Turkey the Committee had also examined Turkey's request for a further extension of the waiver granted to permit the levying of a stamp duty on bound items. He pointed out that the Committee had agreed that there were no clear balance-of-payments grounds for the maintenance of the stamp duty. However, the Committee had come to the conclusion that the temporary maintenance of the stamp duty for revenue purposes could be warranted pending the completion of a fiscal reform which was presently being undertaken and which would permit the elimination of the stamp duty by the end of 1977. The Committee recommended therefore to the CONTRACTING PARTIES the extension of the waiver until 31 December 1977. As regards import restrictions maintained by Turkey the Committee urged the Turkish Government to pursue its current efforts to achieve trade liberalization in view of the relatively comfortable level of reserves.

The representative of Japan said that he supported the extension of the waiver and he expressed the hope that the Turkish Government would do its best to remove the stamp duty as soon as possible.

The Council approved the text of the draft Decision proposed by the Committee and recommended its adoption by the CONTRACTING PARTIES.

The draft Decision was submitted to a vote by postal ballot 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 to those contracting parties not represented at the meeting.

The Council adopted the report (BOP/R/81).

(c) 1975 Consultations with Chile (BOP/R/80)

Mr. Dunkel (Switzerland), Chairman of the Committee on Balance-of-Payments Restrictions, stated that the Committee had reviewed the Chilean import restrictions under the simplified procedure for consultations. The Committee had decided that a full consultation was not desirable on the understanding that the Government of Chile would supply supplementary information on a number of specific points. This information had been received in the meantime, and would be distributed shortly.

The Council adopted the report (BOP/R/80) and agreed, as recommended by the Committee, that Chile should be deemed to have consulted with the CONTRACTING PARTIES in fulfilment of its obligations under Article XVIII:12(b).

3. Anglo-Irish Free Trade Area (L/4176)

The Chairman pointed out that, in accordance with the Calendar of Biennial reports on developments under regional agreements, the parties to the Anglo-Irish Free Trade Area Agreement had submitted their sixth report on the development of the Free Trade Area (L/4176).

The representative of Ireland, introducing the report on behalf of the two governments, stated that the development of the Free Trade Area was proceeding in accordance with the terms of the Agreement. The Irish side had made two further 10 per cent reductions in protective duties and in protective elements of certain fiscal charges on British goods. In 1973, Irish exports to the United Kingdom had increased by 20.5 per cent and imports from the United Kingdom by 35 per cent. Although both countries were now members of the European Communities the Agreement was still an important instrument in the development of closer integration until the full customs union was reached with the European Communities in 1977.

The Council took note of the report.

4. Consultation with Poland

The Chairman recalled that the Protocol for the Accession of Poland provided for annual consultations during which a review on trade between the contracting parties and Poland should be conducted. During these consultations the CONTRACTING PARTIES should also review the measures taken by contracting parties for the progressive relaxation during the transitional period of restrictions maintained against imports of Polish origin.

The Chairman furthermore pointed out that, in accordance with paragraph 3(c) of the Protocol, the CONTRACTING PARTIES were required to consider the establishment of a date for the termination of the transitional period. This question had already been examined during the third, fourth, fifth, sixth and seventh annual consultations from 1970 to 1974.

The Council agreed to establish a working party with the following terms of reference and composition:

Terms of reference:

To conduct, on behalf of the CONTRACTING PARTIES, the eighth annual consultation with the Government of Poland provided for in the Protocol of Accession; to re-examine the question of the establishment of a date for the termination of the transitional period referred to in paragraph 3(a) of the Protocol; and to report to the Council.

Membership:

Argentina	Cuba	Finland	Norway
Australia	Czechoslovakia	Hungary	Poland
Austria	Egypt	India	Romania
Brazil	European Communities	Japan	Sweden
Canada	and their member States	Nigeria	Switzerland
			United States

Chairman: Mr. Chadha (India)

The representative of Poland recalled that no final date had as yet been established on which all outstanding discriminatory quantitative restrictions should be eliminated, as provided by the Polish Protocol of Accession. The position of his Government on this subject remained unchanged. He expressed the hope that the new consultation would correct the distortion of rights and obligations to which his country was subject, particularly as Poland had largely fulfilled its commitment under the Protocol.

Several representatives expressed support for Poland.

The Council took note of the statements.

5. Australia - Import Restrictions

The representative of the United States, raising a matter under Other Business, referred to the statement made by his delegation at an earlier Council meeting relating to import restrictive measures taken by Australia. He expressed concern that Australia had introduced again certain import restrictions. He asked for an explanation of the measures and for plans for their elimination.

The representative of the European Communities shared the concern expressed by the representative of the United States and reserved the right to come back to this question. The representative of Japan repeated the concern already expressed by his delegation at an earlier Council meeting. His delegation was presently engaged in bilateral consultations with Australia.

The representative of Australia stated that he had no detailed information on the two most recently introduced import restrictions on carpets and mushrooms. He pointed out that the recent emergency measures had been taken to restrain imports of a small number of items in particular sectors. All measures were safeguard actions of a short-term nature and were decided upon only after independent public enquiries had taken place. The measures were designed to alleviate disruption of domestic activities caused by very rapid increases in imports. He emphasized that in the areas of temporary restraint there were no import prohibitions but the flow of imports was permitted to continue in a stable manner. The actions were therefore not to be seen as a move to transfer domestic problems to overseas suppliers, nor as a move to rely on import restrictions as a principal means of dealing with domestic problems. He explained that his Government had introduced a comprehensive scheme of structural adjustment assistance measures designed to help firms to adapt to a more competitive industrial environment and to encourage reallocation of resources. His Government remained firmly committed to its policy of promoting the continued liberalization of world trade. Australia maintained the 25 per cent across-the-board tariff reduction introduced in 1973 and the tariff reductions which had resulted from other reviews. Exporters to Australia were furthermore assisted by changes in the parity rate of the Australian dollar. This was reflected by OECD calculations which showed that in 1974 Australian imports had increased in volume by 28 per cent as compared to 2 per cent on average of the total of the OECD countries' imports.

The Council took note of the statements made and decided to revert to the matter at a later meeting.

6. United Kingdom Export Credit Insurance Scheme

The representative of the United States recalled that he had expressed concern at the last Council meeting about the United Kingdom intention to set up an insurance plan to compensate British exporters of certain capital equipment to non-EEC markets for increases in the cost of production. He had indicated that in his delegation's view this was to be considered a subsidy which was to be notified under Article XVI. Furthermore, this measure would constitute a violation of the provisions of Article XVI:4. He pointed out that other countries had similar systems in force which had not been notified to the GATT and he requested that all countries having export credit insurance schemes should notify them in accordance with the provisions of Article XVI.

The representative of Japan shared the concern expressed by the United States delegation. He recalled that he had presented a number of questions to the United Kingdom delegation.

The Council agreed to keep the possibility open to revert to the matter at a forthcoming meeting.

7. Portugal - Surcharge

The representative of Portugal informed the Council of the imposition of a surcharge on imports by his Government in order to assist the deteriorating balance-of-payments situation. The surcharge would be non-discriminatory. Full details of the measures would be circulated to the contracting parties as soon as they were available. His delegation was prepared to enter into consultations with any contracting party expressing the wish to do so.

The Chairman pointed out that in accordance with the provisions of Article XV the contracting parties were called upon to consult with the International Monetary Fund when considering monetary reserves, balance-of-payments or foreign exchange arrangements. The appropriate arrangements with the Fund would be made upon receipt of the notification of the surcharge by the Portuguese delegation.

The Council decided to refer the matter for examination to the Committee on Balance-of-Payments Restrictions at a date to be fixed in consultation with the Fund and the parties concerned.

8. Agreement between Finland and the German Democratic Republic

The representative of Finland informed the Council that an agreement had been signed between Finland and the German Democratic Republic on the reciprocal removal of obstacles to trade, taking into account the provisions of Article XXIV of the General Agreement. The relevant text would be circulated to

the contracting parties in due course. His delegation was prepared to follow the usual procedures for the examination of such agreements.

The Council took note of the information and agreed to revert to the matter when the text of the Agreement had been distributed.

9. Association between the European Economic Community and Greece

The representative of the European Communities informed the Council that the Communities and Greece had concluded on 28 April 1975 a Supplementary Protocol to the Association Agreement between the EEC and Greece, consequent on the accession of three new member States to the Community. As the Protocol had to be ratified, which would take time, the two parties had also concluded an Interim Agreement. The Interim Agreement would enter into force on 1 July 1975. It covered the modalities in the field of trade between Greece and the three new members of the Community. The text of the Supplementary Protocol and of the Interim Agreement would be submitted to the contracting parties as soon as possible. The Community was ready to follow the traditional procedure for the examination of these agreements in the light of the provisions of the GATT.

The representative of Greece confirmed the statement made by the representative of the Communities. He also expressed his delegation's readiness to follow the procedure for the examination of these agreements.

The Council agreed to revert to the matter when the texts of the agreements had been made available to the contracting parties.

10. Agreement between the European Economic Community and Israel

The representative of the European Communities informed the Council that on 11 May 1975 the EEC had concluded a new agreement with Israel. This new agreement, which was already provided for in the 1970 Agreement, superseded the old Agreement and added to it new areas. It would enter into force in July 1975. Its purpose was to pursue the gradual establishment of a free-trade area and of economic co-operation as a complementary factor to trade. He added that parallel to this agreement a similar agreement had been negotiated with Israel to cover items in the coal and steel sector. The texts of these agreements would be submitted in due course and the Community was ready to follow the normal procedure for the examination of such agreements in the light of the provisions of the GATT.

The representative of Israel confirmed the statement made by the representative of the Communities. He also expressed his delegation's readiness to follow the procedure for the examination of these agreements.

The Council decided to revert to the matter when texts of the agreements had been made available to the contracting parties.