

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Twenty-Fourth Session

REPORT BY THE COUNCIL OF REPRESENTATIVES

The Council of Representatives has held seven meetings since the twenty-third session in March/April 1966. The attached report summarizes the action taken by the Council.

The report is in two sections:

Section A is a report on matters dealt with by the Council which are not on the Provisional Agenda of the CONTRACTING PARTIES for their twenty-fourth session.

Section B is a report on action taken by the Council on items which appear on the twenty-fourth session agenda. It will be observed that, with the adoption of this report and subject to any further remarks that may be made in plenary, no action is required by the CONTRACTING PARTIES on three of the session items, namely:

18. Article XVIII

23(b) Reports under Waivers - Ceylon/Duty Increases

23(f) Reports under Waivers - United States/Automotive Products

SECTION A

Action by the Council on Matters which do not Appear
on the Provisional Agenda for the Twenty-Fourth Session

1. Accession of Yugoslavia, Republic of Korea, Poland, Argentina, Iceland
and Ireland

Yugoslavia (C/M/36)

Under the procedures agreed by the CONTRACTING PARTIES at their twenty-third session, the Council completed the Protocol for the Accession of Yugoslavia by annexing the schedule of concessions accorded by Yugoslavia, and put the Decision to a vote of the contracting parties in accordance with Article XXXIII. Yugoslavia acceded to the GATT on 25 August 1966.

Republic of Korea (C/M/36-39)

Following a notification from the Korean Government (L/2655) indicating its wish to accede to the General Agreement the Council agreed to request the Trade Negotiations Committee to make provision for Korea's participation in the Kennedy Round with a view to accession. The Korean Government later decided to pursue its negotiations for accession separately from the Kennedy Round (L/2690). A Working Party was appointed to examine this application. After adopting the Working Party's report (L/2720), the Council approved the texts of the draft decision and draft protocol and instructed the secretariat to attach to the protocol the consolidated schedule of concessions to be accorded by Korea when this schedule had been approved by the countries which had participated in the negotiations, and to put the complete draft protocol and draft decision to a vote under Article XXXIII. Korea acceded to the GATT on 14 April 1967.

Poland (C/M/37, 39, 41)

The representative of Poland informed the Council of his Government's intention to apply for accession to the General Agreement and to pursue its negotiations in the Kennedy Round in the context of negotiations for accession under Article XXXIII (L/2724). The Council appointed a Working Party to examine Poland's application and to submit recommendations which might include a draft protocol of accession. The report of the Working Party (L/2806) was adopted in June 1967 and the draft protocol was approved. The Decision on Poland's accession was put to a vote under Article XXXIII and Poland acceded to the GATT on 18 October 1967.

Argentina, Iceland and Ireland (C/M/41)

In June 1967 the Council adopted reports from working parties on the accession of three other countries which were participating in the Kennedy Round of trade negotiations: Argentina (L/2805), Iceland (L/2797), Ireland (L/2798). The Council also approved the draft protocol and the

text of a draft decision for each of these accessions and requested the Director-General to forward ballot papers to the contracting parties together with the relevant protocols and schedules for voting under Article XXXIII. The three Decisions were adopted. Argentina acceded to the GATT on 11 October 1967.

2. Provisional accessions (C/M/37)

In November 1966, the Council agreed that the provisional accession of Argentina and of the United Arab Republic, which were due to expire on 31 December 1966, should be prolonged for another year pending the completion of their negotiations for accession within the Kennedy Round conference. Draft decisions extending the invitations to the two Governments to participate in the work of the CONTRACTING PARTIES during the prolonged period were approved - and subsequently adopted by vote of the contracting parties - and procès-verbaux extending their provisional accession were opened for acceptance.

3. Observer status: requests from Hungary and Bulgaria (C/M/37, 41)

The Council was informed that the Governments of Hungary and Bulgaria had written to the Director-General expressing their interest in the problems which concerned the development of international trade and enquiring whether they might follow the work of the CONTRACTING PARTIES as observers. The Council instructed the Director-General to respond positively to these requests.

4. United Kingdom temporary import charges (C/M/37)

The Working Party on United Kingdom Temporary Import Charges presented its final report (L/2676) to the Council in November 1966. At the time of that meeting the United Kingdom had announced its intention to remove the remaining 10 per cent ad valorem charge on imports and it, therefore, seemed inappropriate to continue the consultation. The Council approved the report, on the understanding that its approval would become effective when the prior conditions had been fulfilled; the surcharge was removed on 30 November.

5. Reports under waivers (C/M/37, 41)

The Council took note of the following reports submitted by the parties concerned under waivers granted to them by the CONTRACTING PARTIES:

Australia/Papua-New Guinea	(L/2789)
France-Germany/Trade with the Saar	(L/2773)
United Kingdom/Article I	(L/2765)
United Kingdom/Overseas Territories	(L/2767)

6. Renegotiation of Chilean Schedule (C/M/37)

In November 1966, the Council examined a request submitted by the representative for Chile (L/2706) for a waiver of one year as from 1 January 1967, in order temporarily to suspend Chile's obligations under Article II and to enable it to bring into operation its new customs tariff without prior renegotiation of its schedule of concessions. The Council appointed a Working Party to examine the request. The Working Party's report (L/2713) recommending that a waiver be granted for one year, together with the text of a draft decision were approved by the Council. The decision was adopted by postal ballot.

7. Brazilian tariff reform (C/M/38, 39, 40)

In January 1967, the Council examined a request by the Government of Brazil for a waiver of obligations under Article II to permit the application of a new customs tariff on 1 March 1967 without prior completion of the negotiations under Article XXVIII with interested contracting parties on changes in rates of duty bound in the Brazilian Schedule. Information relative to this request was contained in documents L/2723, C/W/110 and A.S.1, C/W/111, and C/W/112.

The Council appointed a Working Party to examine this request. The Working Party recognised the liberalization trend that prevailed in Brazil's foreign trade policy of which the tariff reform was a part and recommended that a waiver be granted for one year. The Council adopted the Working Party's report (L/2739) and approved the text of a draft decision. The decision was adopted by the contracting parties by postal ballot.

8. Peruvian Schedule - request for a waiver (C/M/41)

At the meeting in June 1967 the representative of Peru explained the circumstances - mainly balance-of-payments difficulties - which had compelled his Government to introduce increases in duties on certain items on which concessions had been granted in Peru's Schedule; urgent action had been taken to reduce certain imports, mainly luxury goods. The Council appointed a Working Party to examine the problems involved, and to submit its findings and recommendations. It was agreed that the Working Party would meet when adequate documentation was available.

9. Participation in the work of the Committee on Trade and Development (C/M/37)

At its November 1966 meeting the Council took note of a statement by the Chairman of the Committee on Trade and Development recalling that at the twenty-third session of the CONTRACTING PARTIES had agreed that governments which had not undertaken to apply Part IV of the General Agreement should be urged to participate in the work of the Committee and to co-operate in the examination of possibilities of liberalizing their imports in so far as these were of concern to the Committee.

10. Article XXVIII negotiations (C/M/36, 41)

(a) Extensions of time-limit

The Council twice approved extensions of the time-limit under paragraph 1 of Article XXVIII for the completion of negotiations for the modification or withdrawal of concessions notified by certain contracting parties in 1966. The first extension was given in December 1966 and prolonged the time-limit until 30 June 1967. The second extension further prolonged the time-limit until the close of the twenty-fourth session.

(b) Request from the European Economic Community

At its forty-first meeting the Council agreed to grant authority to the European Economic Community to renegotiate a concession in its Schedule under the provisions of paragraph 4 of Article XXVIII.

11. Financial and administrative questions (C/M/36, 37, 41)

(a) Committee on Budget, Finance and Administration

The Committee's report on the budget estimates for 1967 was presented to the Council in November 1966. The Council approved the draft resolution on expenditure in 1967. The report and the Resolution on expenditure were subsequently adopted by postal ballot.

The Committee was re-established by the Council in June 1967.

(b) Financial position - 1966 and 1967

The Council reviewed the financial position and contributions outstanding at 30 September and at the end of 1966, and approved the method of financing certain excess expenditure. It also noted the financial position at the end of September 1967.

(c) Assessment of additional contributions

At different meetings the Council approved proposals of the Director-General concerning the contributions to be made by the Governments of Rwanda, Guyana, Barbados and Korea to the budget and to the Working Capital Fund.

SECTION B

Action by the Council on Items which Appear on the
Provisional Agenda of the Twenty-Fourth Session (L/2854/Rev.2)

12. Item 8: balance-of-payments import restrictions (C/M/36, 37, 41)

During the twenty-third session and in July and December 1966, the Committee on Balance-of-Payments Import Restrictions consulted with ten countries on the import restrictions they maintained under Article XII or XVIII for balance-of-payments reasons. The Committee's reports on the consultations appear in the following documents:

Brazil (L/2634 and Corr.1)	Iceland (BOP/R/3 and Corr.1)
Ceylon (BOP/R/2)	Israel (BOP/R/8)
Finland (BOP/R/4)	New Zealand (BOP/R/1)
Ghana (BOP/R/6)	South Africa (BOP/R/7)
Greece (BOP/R/5)	Spain (L/2635)

The Council approved these reports and recommends that they be adopted by the CONTRACTING PARTIES.

At its 6 November 1967 meeting the Council noted that ten further consultations had been held, and that the reports resulting therefrom would be submitted to the CONTRACTING PARTIES.

13. Item 14: European Economic Community - Association of Nigeria (C/M/41)

The text of the Agreement signed in July 1966 between the European Economic Community and the Government of Nigeria had been transmitted to the contracting parties for their information in document L/2774. The Council established in June 1967 a Working Party to examine the Agreement. Contracting parties wishing to pose questions concerning the provisions of the Agreement or its implementation have been invited to submit these to the secretariat.

At the November 1967 meeting, it was noted that the Working Party would be convened as soon as practicable.

14. Item 18: Article XVIII

At its forty-second meeting in November 1967, the Council took note of a statement by the Government of Ceylon on the measures which it had applied for many years under Section C of Article XVIII (L/2878). The Council recorded that the last of the measures applied under this Section had been withdrawn.

15. Item 20: application of Article XXIV to Japan

This item has been included in the agenda of the twenty-fourth session at the request of the Government of Japan. At the 6 November 1967 meeting of the Council, the representative for Japan drew attention to the fact that in spite of three recent disinvocations there still remained a large number of countries which continued to apply the Article against Japan. This abnormal situation posed a problem for the Japanese customs administration. The fact that Japan had no legal GATT relations with a number of contracting parties could also stand in the way of further efforts by the Government of Japan to develop with them the significant trade relations it shared with other contracting parties. His Government felt that many countries which continued to invoke Article XXIV did not do so as a conscious act of policy. He therefore appealed for early disinvocation.

Several delegates associated themselves with this appeal and hoped that their own satisfactory experience after disinvocation would encourage others to follow. The representative for the United Kingdom called the Council's attention to the recent disinvocation of Article XXIV against Japan by ten dependent territories (L/2896).

16. Item 21: Turkish Stamp Duty (C/M/37, 41)

At its November 1966 meeting the Council took note of the annual report by Turkey (L/2686) on the operation of the waiver.

In June 1967 the Council heard a request by the representative of Turkey (L/2786) for an amendment and extension of the waiver decision, which is due to expire at the end of 1967, and requested the Committee on Balance-of-Payments Import Restrictions to examine this request.

On 6 November 1967, the Committee's report (L/2824) was presented to the Council by the Acting Chairman of the Balance-of-Payments Import Restrictions Committee, which recommended that it be read in conjunction with the consultation report (BOP/R/11). In the light of the discussion and taking into account the assessment provided by the International Monetary Fund, the Committee recommended that the request of Turkey for an amendment and extension of the previous waiver be granted. It expressed the expectation, however, that the Government of Turkey would make every effort to maintain the stamp duty at as low a level as possible.

The Council adopted the report, and approved the text of the draft decision annexed to the report and recommends its adoption by the CONTRACTING PARTIES.

17. Item 22: Malawi Schedule

At the meeting of the Council on 6 November 1967, the representative of Malawi presented his Government's request (L/2816) for a waiver from the obligations of Article II pending the completion of a renegotiation of the Malawi Schedule. The Council decided to establish a Working Party to examine this request and to submit its recommendations to the CONTRACTING PARTIES during the twenty-fourth session.

The following terms of reference were agreed:

"To examine the request of the Government of Malawi to be authorized to maintain in effect the increased duties on items bound in Schedule LVIII and any increased margin of preferences pending renegotiation of such increases and examination of the new customs tariff; and to report to the CONTRACTING PARTIES."

The following were appointed as members of the Working Party:

Argentina	South Africa
India	Sweden
Ivory Coast	United Kingdom
Japan	United States
Nigeria	EEC

18. Item 23(b): Ceylon Temporary Duty Increases (C/W/37, 38)

At its meeting in November 1966, the Council was informed by the Government of Ceylon (L/2687 and Add.1) of further duty increases on bound items and of its request for a new extension of the waiver granted in 1961, which was due to expire on 31 December 1966. As the CONTRACTING PARTIES, at their twenty-third session, had instructed the Committee on Balance-of-Payments Import Restrictions to examine, during its 1966 consultation with the Government of Ceylon under Section B of Article XVIII, the situation pertaining under the waiver which authorized the maintenance of certain increased duties imposed for balance-of-payments reasons and to take account of certain further increases in duties which had been introduced in 1965, the Council referred to the Committee the additional information by Ceylon and the request for an extension of the waiver.

The report of the Committee (L/2717) was submitted to the Council in December 1966. The Council adopted the report and approved the text of a draft decision covering the duty increases introduced in 1965 and 1966 and extending the waiver until the end of 1968. The Decision was adopted by postal ballot on 21 January 1967.

At its November 1967 meeting, the Council took note of a report by the Government of Ceylon (L/2871) under the Decision of 21 January 1967.

19. Item 23(c) and (d): Italian Special Customs Treatment for Libyan and Somali Products

At the meeting on 6 November 1967, it was noted that the waivers granted to Italy authorizing special treatment for certain products imported from Libya and Somalia would both expire on 31 December 1967. The representative of Italy informed the Council that his Government wished to present to the CONTRACTING PARTIES a request for the extension of these waivers for a further period (L/2894, L/2895).

20. Item 23(e): United States Import Restrictions Waivers

At its meeting on 6 November 1967, the Council was informed that an annual report (L/2881) had been received from the Government of the United States under the Decision of 5 March 1955. At the request of a member of the Council it was agreed to set up a Working Party which would meet after the contracting parties have had an opportunity to consider the report in plenary meeting.

The following terms of reference and membership were agreed:

Terms of Reference:

"To examine the twelfth annual report (L/2881) submitted by the Government of the United States under the Decision of 5 March 1955 and to report to the CONTRACTING PARTIES."

Membership

Argentina	France	Netherlands
Australia	Germany, F.R.	New Zealand
Belgium	Ghana	United Kingdom
Canada	Italy	United States
Denmark		

The Commission of the European Communities will participate in the Working Party.

Mr. Laczynski (Poland) was appointed Chairman of the Working Party.

21. Item 23(f): United States Automotive Products

The Decision of 20 December 1965 authorizing the United States to eliminate customs duties on certain automotive products from Canada requires the United States Government to submit an annual report. This report (L/2800) was submitted to the Council at its November 1967 meeting. The Council took note of this report. As the operation of the waiver is to be reviewed by the CONTRACTING PARTIES two years after its entry into force, which was just before the end of 1965, the Council agreed that it would arrange for the conduct of this review in the spring of 1968 when the trade statistics for the first two years (1966/67) would be available.

22. Item 24: Provisional Accession of Tunisia and the United Arab Republic

The representative of Tunisia informed the Council on 6 November 1967 that, although negotiations for full accession had been initiated, it was unlikely that his Government will have acceded to the GATT by the end of the year, at which time the present arrangement for provisional accession will expire. It was, therefore, his Government's hope that the arrangement for provisional accession would be extended for a further year. The Council noted that a similar request had been received from the United Arab Republic. It was agreed that these two requests should be referred to the CONTRACTING PARTIES for consideration during the session.

23. Item 25: Newly Independent States

On 6 November 1967, the Council approved the text of a new recommendation, proposed by the Director-General in document L/2757, providing for the de facto application of the GATT between contracting parties and newly-independent States. The Council proposes that this recommendation be adopted by the CONTRACTING PARTIES.

24. Item 27: Financial and Administrative Questions

The report of the Committee on Budget, Finance and Administration was submitted to the Council at its 6 November 1967 meeting (L/2872). In presenting the report the Chairman of the Committee drew the Council's attention to the expenditure and income estimates for 1968, to the recommendation concerning the Working Capital Fund and to the statement by the Director-General to the Committee reproduced in annex 3 of the report. The Council approved the report, including the recommendations contained therein and the draft resolution on expenditure for 1968, subject to the reservations expressed by the representatives of India and Cuba to make statements on this matter at the session, and recommends its adoption by the CONTRACTING PARTIES.

25. Item 30: United States Subsidy on Unmanufactured Tobacco

In October 1967 the Government of Malawi, having advised that further to the consultations it had had with the United States Government under paragraph 1 of Article XIII concerning the 5 cents per pound subsidies introduced by the United States in June 1966 on exports of unmanufactured tobacco, it wished to have recourse to the provisions of paragraph 2 of Article XIII, (L/2856). At its meeting of 6 November 1967 the Council heard a statement by the representative for Malawi in support of his Government's request for the appointment of a working party under the terms of paragraph 2 of article XIII to examine Malawi's complaint and to report to the CONTRACTING PARTIES at the twenty-fourth session. The Council agreed to appoint a Working Party with the following terms of reference:

"To conduct on behalf of the CONTRACTING PARTIES consultations under Article XXII:2 with respect to the export subsidy on unmanufactured tobacco introduced by the Government of the United States in June 1966 and to report to the CONTRACTING PARTIES."

The following membership was agreed:

Canada	Malawi
Germany, F.R.	Switzerland
India	Turkey
Jamaica	United Kingdom
Japan	United States

The Commission of the European Communities will participate in the Working Party.

Chairman: Mr. A. Mahmood (Pakistan).

It was further agreed that the report on the consultation which had been previously held under Article XXII:1, should be submitted to the Working Party for its consideration together with any other relevant documents.