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# GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL

## COUNCIL OF REPRESENTATIVES

### Report on Work Since the Thirty-Fifth Session

In accordance with the Decision of 4 June 1960 establishing the Council of Representatives, the Council is required to report to the CONTRACTING PARTIES on the matters considered between sessions of the CONTRACTING PARTIES.

In carrying out its task, the Council has held seven meetings since the thirty-fifth session in November 1979. The minutes of these meetings are contained in documents C/M/138-C/M/144. Adoption of this report, which summarizes the action taken by the Council, will constitute approval by the CONTRACTING PARTIES of that action.

The following subjects are included in the report:

1. GATT Work Programme (C/M/139, C/M/141)

At the meeting of the Council on 26 March 1980, the representative of New Zealand drew attention to his delegation's communication (L/4956) concerning the Work Programme adopted by the CONTRACTING PARTIES in November 1979 (BISD 26S/219). New Zealand's special concern was with agricultural trade, for which, he said, the MTN results were limited, despite the prominence given to it by the Tokyo Round objectives. He recalled that the CONTRACTING PARTIES' November 1979 Decision stated that the rôle of agriculture should be an important one within that Programme. The delegation of New Zealand proposed, therefore, that after another twelve or eighteen months the CONTRACTING PARTIES should reflect on what else needed to be done, in the light of the progress made in implementing the MTN and in carrying out the other parts of the GATT Work Programme.

A number of delegations expressed their support for the New Zealand proposal, some of them adding their own priority issues, such as quantitative restrictions, co-operation amongst developing countries and the problems of the least developed countries.

The Council took note of the statements and agreed to revert to this matter at its next meeting.

At the meeting of the Council on 18 June 1980, the representative of New Zealand drew attention to several points in the Work Programme that would have a direct bearing on GATT's concern with agricultural trade.

The representative of Japan expressed doubts as to whether the CONTRACTING PARTIES should already take a decision to undertake such a review. A large number of representatives expressed support for the New Zealand proposal on the grounds that not enough progress had been made in the field of agricultural trade in the MTN. A number of them were also of the opinion that a stocktaking was required in other fields connected with the MTN Agreements. Reference was also made to the up-dating of the information on quantitative restrictions, which should lead to the identification of possible action. Some delegations suggested that both the bilateral and multilateral aspects of the quantitative restriction issue be considered, which could serve as a basis for exploring the existing possibilities for a standstill against the establishment of new restrictions and for the progressive removal of remaining restrictions.

The representative of the European Communities expressed support for the statement made by the representative of Japan. He said that the review requested by New Zealand was already listed in the tasks given to the Committees and Councils set up as a result of the MTN, and applied to the agricultural sector as well as to non-tariff measures. It therefore seemed premature at this stage to introduce new initiatives. The representative of the United States also had some questions as to the meaningfulness of the New Zealand proposal at that time, and suggested that it would be appropriate to return to this matter after the Director-General had presented his report on his consultations in agriculture, at the end of the year.

The Council took note of the statements and agreed to revert to this matter at an appropriate future meeting.

2. Framework texts (C/M/138)

At the meeting of the Council on 29 January 1980 the representative of Australia recalled that at the thirty-fifth session and at previous Council meetings Australia had not been in a position to comment on the framework texts (L/4884/Add.1, Annex III, and L/4885). He informed the Council that Australia could associate itself with points 1, 2, 3 and 4 of the texts, but its position remained the same as recorded earlier in relation to export restrictions and charges under point 5.

The Council took note of the statement.

3. Notification and surveillance (C/M/139, 144)

At their thirty-fifth session the CONTRACTING PARTIES had adopted an Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210).

At the meeting of the Council on 26 March 1980 the Director-General introduced a proposal related to notification requirements and modalities (C/111). He said that a number of informal consultations had been held on this subject and that he had attempted to strike a balance between different views expressed during these consultations and to present a pragmatic proposal designed to get the work started.

The representative of Canada said that his delegation could accept the Director-General's proposal with respect to paragraph 2 of the Understanding, but wished to clarify several points relating to paragraphs 3 and 24 thereof. The representative of Korea expressed support for the Canadian statement. He said that the procedure should be preliminary and experimental and that it should be modified in the course of time.

The Council adopted the proposal on Notification and Surveillance contained in document C/111, bearing in mind the statements made on its experimental nature. Contracting parties were invited to submit notifications in accordance with the calendar set out in Annex III of the document.

Upon the adjournment of its regular meeting on 10 November 1980 the Council met in special session to conduct the first review of developments in the trading system under paragraph 24 of the Understanding, in accordance with the procedures adopted at the March 1980 meeting of the Council (C/111).

The Chairman recalled that the arrangements for the review were to be experimental in nature and as simple as possible, and drew attention to the factual note by the secretariat in document C/W/349.

The representative of Brazil said that the exercise was an extremely important one which could not be carried out hastily, and suggested that it be postponed so as to allow delegations more time for preparation.

The representative of the United States agreed that the topic was an important one and suggested that the Council revert to the matter at its next meeting.

The Chairman proposed that at its next meeting the Council resume the special session at the close of its regular business.

The Council agreed to the suspension of the special session.

4. Inventories of Non-tariff measures (C/M/139)

At the meeting of the Council on 26 March 1980 the Director-General presented a proposal in respect of documentation on non-tariff measures (C/110). The proposal envisaged that the Inventories of Non-Tariff Measures covering trade in both agriculture and industry, while maintaining their basic structure, be put on a revised basis. These inventories had served a

very useful purpose in the MTN, but had now become unreliable and contained much obsolete material. The basic elements of the updating process foresaw an initial stage, the aim of which would be to arrive at a new basic documentation. In this updating process, the secretariat would - as in the past - remain in close contact with delegations and would refrain from making entries in the inventories in cases where existence of a notified measure was challenged and bilateral consultations between contracting parties concerned were still going on. The secretariat would stand ready to provide any technical assistance which developing countries might require.

Several delegations welcomed the proposal. They stressed the need for finalizing the revised documentation after a process of verification. It was stated that contracting parties should look at the structure of the inventory to determine whether the current categories were still sufficient to cover the notifications or whether new categories would be desirable, such as service-related measures, investment incentives and performance requirements. Furthermore it was suggested that the secretariat should compile lists of notifications submitted by developing countries to enable them to confirm which ones they wanted to maintain, amend or delete.

The Council agreed on the updating of the Inventories of Non-Tariff Measures according to the procedure set forth in paragraph 4 of document C/110, and requested the secretariat to proceed along the lines indicated in that document, taking into account the material points made by delegations in the discussion.[1]

## 5. Tariff matters

### (a) Extension of time-limit for acceptance of the Geneva (1979) Protocol and the Supplementary Protocol (C/M/141, 144)

At its meeting on 18 June 1980 the Council noted that the Geneva (1979) Protocol and the Protocol Supplementary thereto were open for acceptance until 30 June 1980, and that some contracting parties having schedules annexed to the protocols would be unable to accept them before the expiry of the time-limit.

The Council adopted a decision extending the time-limit for acceptance of the protocols to 31 December 1980 (L/4995).

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[1] A Note by the secretariat on "Updating of Documentation on Non-Tariff Measures" was circulated in document L/5053.

At its meeting on 10 November 1980, the Council noted that some contracting parties which had schedules annexed to the Protocols would be unable to accept them before the expiry of the extended time-limit.

The Council approved the text of a draft decision to extend further the time-limit for acceptance until 30 June 1981, and recommended that the decision (reproduced in Annex I) be adopted by the CONTRACTING PARTIES at their thirty-sixth session.

(b) Committee on Tariff Concessions (C/M/138, 144)

At their thirty-fifth session in November 1979 the CONTRACTING PARTIES had adopted the GATT Work Programme (BISD 26S/219) which provided for the establishment of a Committee on Tariff Concessions. At its meeting on 29 January 1980, the Council agreed to establish the Committee with a mandate to supervise the task of keeping the GATT schedules up to date, supervise the staging of tariff reductions, and provide a forum for discussion of questions relating to tariffs.

At the meeting of the Council on 10 November 1980 the Vice-Chairman of the Committee on Tariff Concessions presented a summary of the Committee's activities. He referred to the establishment of a loose-leaf system for the schedules of tariff concessions (see under (c) hereafter) and said that contracting parties had not been able to observe the time-limit of 30 September 1980 for the submission of draft consolidated schedules. He also referred to the staging of tariff reductions granted in the MTN and mentioned that a few countries had implemented their reductions in full on 1 January 1980. Most countries had implemented the first stage of their reductions on that date; and some countries had delayed implementation of their reductions but had introduced two stages of reduction simultaneously. He also referred to the proposal elaborated by the Committee for procedural guidelines for negotiations under Article XXVIII (see under (d) hereafter) and to a suggestion that the Committee should serve as the forum for examination of adjustments in specific duties under Article II:6(a) of the General Agreement (see under item 8 hereafter).

(c) Introduction of a loose-leaf system for the schedules of tariff concessions (C/M/138, C/M/139)

At its meeting on 29 January 1980, the Council considered a Note by the secretariat concerning the establishment of a loose-leaf system for the schedules of tariff concessions (L/4821 and Addenda 1 and 2). The Note described the existing system and the problems which had been encountered in this regard, and set forth a possible solution in the form of a loose-leaf system. The Council considered a formal proposal on the introduction of a loose-leaf system (C/107), which would replace the Decision on the certification of changes to schedules of November 1968 (BISD 16S/16).

A number of delegations welcomed in principle the proposal for setting up a loose-leaf system. Some delegations were, however, still in the process of considering certain details as they affected their national customs tariff, initial negotiating rights, and certain technical and legal problems that could arise. It was suggested that the Committee on Tariff Concessions should be charged with working out certain technical details. After a certain period of time the loose-leaf system should become the sole legal source for negotiated tariff concessions.

The Council agreed to postpone a decision on this matter until its next meeting.

At its meeting on 26 March 1980 the Council was informed that consultations had been carried out in the Committee on Tariff Concessions, as a result of which the Committee had revised certain sections of the proposal (C/107/Rev.1). The Chairman of the Committee said that there was a general understanding to proceed speedily with the establishment of such a system. Although some delegations had explained their concern in respect of certain problems, the Committee believed that a pragmatic approach would lead to satisfactory solutions. He mentioned that in respect of paragraph 1 of the draft decision, one delegation had pointed out that the time-limit of three months would start from the moment when the domestic legal procedures had been completed. The Committee had shared this interpretation on the understanding that it would not preclude certain delegations from notifying changes before domestic procedures had been completed.

Several delegations spoke on this matter. It was pointed out that in view of the time frame envisaged, due flexibility should be provided for developing countries to permit them to adjust to the loose-leaf system. It was also stated that it was essential to achieve uniformity and better discipline in the area of tariff schedules in order to increase transparency, which required a more detailed outline of the format than that proposed.

The representative of Australia, while supporting in principle the concept of the loose-leaf system for schedules of tariff concessions, said that the proposal would involve major policy and practical problems for Australia in respect of the operation and administration of its customs tariff. Australia would nevertheless participate in the new system on a best-endeavour basis, which would incorporate certain specific points which he spelled out in the Council.

It was also stressed that in the case of some countries, for constitutional reasons, the certification would contain not only the approved loose-leaf pages but also the text of each rectification or modification spelled out in the form originally used to describe the changes submitted by them.

The Council adopted the proposal on the introduction of a Loose-Leaf System for the Schedules of Tariff Concessions (C/107/Rev.1) and adopted the decision on the Procedures for Modification and Rectification of Schedules of Tariff Concessions (L/4962).

(d) Procedures for negotiations under Article XXVIII (C/M/144)

At meetings of the Council in July and October 1978 the Council had initiated consideration of procedural guidelines for renegotiations under Article XXVIII, on the basis of a proposal made by the Director-General. This matter was further discussed by the Committee on Tariff Concessions at meetings in July and November 1980.

At its meeting on 10 November 1980 the Council was presented with revised guidelines proposed by the Committee on Tariff Concessions (C/113 and Corr.1).

The Council adopted the Guidelines for Procedures for Negotiations under Article XXVIII.

6. Safeguards (C/M/143, 144)

At the meeting of the Council on 9 October 1980 the Director-General introduced the Report of the Committee on Safeguards (L/4998), which had been established by the CONTRACTING PARTIES' Decision of 28 November 1979 (BISD 26S/202). He said that at its first meeting in June 1980 members of the Committee had affirmed their determination to work towards agreement on an improved safeguard system. The Committee had noted that intensive, informal consultations were under way and felt that it was premature to draw any conclusions at that stage. It believed that the process of consultations should be continued, intensified, enlarged and accelerated.

The representative of Colombia said that the developing countries had already expressed their disappointment that no agreement had been reached in the field of safeguards during the Multilateral Trade Negotiations, and had stressed the need to find a solution as rapidly as possible. The representative of Yugoslavia said that it appeared premature to draw any conclusions as to the outcome of the informal consultations currently being pursued. His delegation therefore felt that formal negotiations should be started in order to assess the stage reached regarding safeguard measures and to ensure that every contracting party participated in finding a suitable solution. At the same time informal consultations could be pursued further.

The Council adopted the Report and took note of the statements made.

The Council agreed to revert to this item at a future meeting.

At its meeting on 10 November 1980 the Council considered the Report of the Committee (L/5061) which related to the second meeting of the Committee on 29 October 1980.

The Director-General said that the Report brought out clearly that informal discussions and consultations among delegations had not yet advanced to a stage at which contracting parties could consider specific

answers or solutions. He endorsed the hope that sufficient progress should be made in the coming six months for the Committee to engage in substantive discussion of the issues before it at its next meeting, to be held in April 1981 at the latest.

The Council adopted the Report.

7. Consultative Group of Eighteen (C/M/144)

At the meeting of the Council on 10 November 1980 the Director-General, Chairman of the Consultative Group of Eighteen, presented a Report on the Consultative Group's activities in 1980 (L/5066). The Report had been prepared, as usual, on his own responsibility. He said that its main feature was the section devoted to structural adjustment and trade policy, recalling that at the thirty-fifth session of the CONTRACTING PARTIES, the Consultative Group had been requested to advise the Council and through it, the Committee on Trade and Development on the modalities for carrying out further work on this subject.

He said that after a number of discussions about the nature of the adjustment process and of the rôle which the GATT could play in this field, the Consultative Group had decided to recommend to the Council that it should establish a working party, as indicated in paragraph 14 of the Report. The Consultative Group had further decided to recommend to the Council that it invite the working party to report to it by March 1981.

The representative of Brazil made a suggestion, which was supported by the representatives of Argentina and Jamaica, that the Director-General prepare a background document summarizing discussions in the Consultative Group, that the working party could use in its deliberations. The representatives of Pakistan and Zaire commented on some aspects of the Report.

The Council agreed to establish a working party with a mandate to elaborate specific proposals for the future work of GATT relating to structural adjustment and trade policy, including the nature and objectives of such work, in the light of the report of the Consultative Group of Eighteen and of the views expressed in the Council, as well as the discussions in the Committee on Trade and Development. The working party was invited to report to the Council by March 1981.

The Council took note of the understanding in the Consultative Group that the working party would bear in mind the provisions of the General Agreement, including Part IV, and that the Council, in its consideration of the working party report, should take account of the views expressed on the report by the Committee on Trade and Development and the Consultative Group.

The Council took note of the Report.

8. Adjustment of specific duties (C/M/138, 144)

In May 1978 the Council had established a Working Party to examine, in consultation with the International Monetary Fund, the modalities for the application of Article II:6(a) in the current monetary situation.

The Report of the Working Party (L/4858) had been presented to the Council on 16 November 1979.

The Council had agreed, after some preliminary discussion, to defer further consideration of this matter to another meeting in order to give representatives more time for reflexion.

At the meeting of the Council on 29 January 1980, several representatives commented on the Report of the Working Party. It was noted that no single method of measuring a currency depreciation was satisfactory from all points of view. A measurement in terms of the currencies of the trading partners of the contracting party wishing to adjust its specific duties was more appropriate than the other two methods considered by the Working Party. An adjustment of specific duties should not be undertaken in a rigid and mechanical manner, and it should not lead to a net increase in the level of protection.

The Council took note of the statements made and adopted the Report, including the Guidelines for Decisions under Article II:6(a) of the General Agreement (L/4938), recommended by the Working Party.

At its meeting on 10 November 1980 the Council considered a proposal by the Chairman of the Committee on Tariff Concessions (C/112), in which it was suggested that the functions assigned to the Committee on Balance-of-Payments Restrictions, in connexion with the new guidelines on the adjustment of specific duties, should be allotted to the Committee on Tariff Concessions.

The Council approved the proposal.

9. Balance-of-payments import restrictions

- Appointment of a new Chairman (C/M/143)

At its meeting on 9 October 1980 the Council agreed to the appointment of the new Chairman of the Committee.

- Consultations on balance-of-payments restrictions

(a) Arrangements for consultations in 1980 (C/M/138)

Arrangements for consultations on balance-of-payments import restrictions in 1980 were presented to the Council on 29 January 1980 (C/W/335).

The Council took note of the arrangements.

(b) Consultation with Greece (C/M/141)

In May 1980 the Committee on Balance-of-Payments Restrictions held a consultation with Greece. The Report (BOP/R/114) was presented to the Council on 18 June 1980. The Committee had concluded that the seriousness of Greece's balance-of-payments situation had justified the temporary maintenance of the remaining restrictive import measures, and had requested Greece to report details of a system of voluntary self-restraints on imports which it intended to maintain until the end of 1980.

The Council adopted the Report.

(c) Consultation with Israel (C/M/141)

In May 1980 the Committee on Balance-of-Payments Restrictions held a consultation with Israel. The Report (BOP/R/113) was presented to the Council on 18 June 1980. The Committee had noted, inter alia, that the import deposit scheme introduced in November 1979 had a relatively small restrictive effect and was part of a comprehensive set of measures of an internal character designed to restore equilibrium.

The Council adopted the Report.

(d) Consultation with Korea (C/M/138)

In October 1979 the Committee on Balance-of-Payments Restrictions held a consultation with Korea. The Report (BOP/R/109) was presented to the Council on 29 January 1980. The Committee had welcomed the substantial liberalization undertaken since 1976 and Korea's intention to pursue this course further. The Committee had urged Korea to further simplify its still complex trade control system.

The Council adopted the Report.

(e) Consultation with the Philippines (C/M/144)

In October 1980 the Committee on Balance-of-Payments Restrictions held a consultation with the Philippines. The Report (BOP/R/115) was presented to the Council on 10 November 1980. The Committee had welcomed the recently adopted import liberalization programme of the Philippines and concluded that the remaining restrictive import measures were justified as a temporary means to safeguard the balance of payments until more fundamental policies became effective.

The Council adopted the Report.

(f) Consultation with Portugal (C/M/141)

In May 1980 the Committee on Balance-of-Payments Restrictions held a consultation with Portugal. The Report (BOP/R/111) was presented to the Council on 18 June 1980. The Committee had noted, inter alia, that Portugal's external financial position had deteriorated in early 1980 and that, as the outlook for the remaining part of the year was uncertain, this had created problems for the immediate removal of restrictive import measures.

The Council adopted the Report.

(g) Consultation with Tunisia (C/M/138)

In November 1979 the Committee on Balance-of-Payments Restrictions held a consultation with Tunisia under Article XVIII:12(a). The Report (BOP/R/110) was presented to the Council on 29 January 1980. In its conclusion the Committee noted the progressive relaxation of restrictions and the favourable prospects for Tunisia's balance of payments.

The Council adopted the Report.

(h) Examination under simplified procedures

- Consultations with Egypt, Indonesia, Peru and Sri Lanka (C/M/138)

At its meeting in November 1979 the Balance-of-Payments Committee had examined written statements supplied by Egypt, Indonesia, Peru and Sri Lanka under the simplified procedures.

The Report (BOP/R/108) was presented to the Council on 29 January 1980.

The Council adopted the Report and agreed, as recommended by the Committee, that Egypt, Indonesia, Peru and Sri Lanka should be deemed to have consulted with the CONTRACTING PARTIES and thus to have fulfilled their obligations under Article XVIII:12(b).

- Consultations with India and Pakistan (C/M/141)

At its meeting in May 1980 the Balance-of-Payments Committee examined written statements supplied by India and Pakistan under the simplified procedures.

The Report (BOP/R/112) was presented to the Council on 18 June 1980.

The Committee had welcomed the trade liberalization measures taken by India since the last consultation in 1978. Furthermore, the Committee had welcomed the intention of India to continue its policy of gradual trade liberalization despite unfavourable balance-of-payments prospects for the fiscal year 1980-81.

The Council adopted the report and agreed, as recommended by the Committee, that India and Pakistan should be deemed to have consulted with the CONTRACTING PARTIES and thus to have fulfilled their obligations under Article XVIII:12(b) for 1980.

- Consultations with Bangladesh, Brazil and Ghana (C/M/144)

At its meeting in October 1980 the Balance-of-Payments Committee had examined written statements supplied by Bangladesh, Brazil and Ghana under the simplified procedures.

The Report (BOP/R/116) was presented to the Council on 10 November 1980.

The Committee had concluded with respect to Bangladesh and Ghana that full consultations were not desirable. As regards Brazil, the Committee had decided that a full consultation should be held in 1981, taking into account that changes had recently been introduced in Brazil's import régime which warranted a more detailed review.

The Council adopted the report and agreed that Bangladesh and Ghana should be deemed to have fulfilled their obligations under Article XVIII:12(b) for 1980. The Council took note that a full consultation would be held with Brazil in 1981.

10. Emergency action and trade restrictive measures

- United States - Proposed Article XIX action for leather wearing apparel (C/M/139)

At its meeting on 26 March 1980 the Council was informed by the representative of the United States that on 24 March 1980 the President of the United States had decided to deny import relief to producers of leather wearing apparel.

The Council took note of the statement.

11. Recourse to Articles XXII and XXIII

(a) European Communities

(i) - Imports of beef from Canada (C/M/139, 141, 143)

At the meeting of the Council on 26 March 1980, the representative of Canada referred to the tariff quota established by the EEC for high quality grain-fed beef as part of the MTN settlement. The relevant paragraph of the EEC Regulation provided for 10,000 tons of grain-fed beef and outlined product specification with the notation "beef graded USDA choice or prime automatically meets the definition above". Annex II thereof indicated that the USDA was the only authority empowered to issue the required certificates of authenticity under that paragraph.

He pointed out that Canada had shown that it could certify, on shipment basis, that beef from Canada met the exact specifications required for access under this concession, but that the EEC had not amended its regulations to allow for the entry of beef from Canada. He said that if this matter were not resolved in the near future, Canada would request the Council to establish a panel under Article XXIII:2.

The representative of the European Communities explained that the negotiations on this matter had not yet been completed and that the EEC had the intention to continue them.

The Council took note of the statements.

At its meeting on 18 June 1980, the Council noted the request by Canada that a panel be established to examine this matter (L/4987).

The Council agreed to establish a panel and authorized the Chairman of the Council to nominate the Chairman and the members of the Panel in consultation with the two parties concerned.

At its meeting on 9 October 1980, the Council was informed of the composition of the Panel.

The Council took note of the composition of the Panel.

(ii) Refunds on exports of sugar

- Recourse by Australia (C/M/138, 139 143, 144)

In October and November 1978 the Council had considered the Australian complaint relating to EEC sugar export refunds and had established a Panel to examine the matter.

At its meeting on 6 November 1979 the Council had adopted the Report of the Panel (L/4833) and had agreed to revert to this matter at an early meeting.

At the meeting of the Council on 29 January 1980 the representative of Australia said that upon its adoption, the Report had become the considered view of the CONTRACTING PARTIES. This was also, in his view, an important step in demonstrating the willingness of the CONTRACTING PARTIES to take effective action on export subsidies on agricultural products. He recalled that the Panel had found that the Community system of export refunds on sugar and its application had caused a significant increase in EEC sugar exports, had contributed to depressed world sugar prices in recent years, thereby causing serious prejudice to Australia, and that the system did not comprise

any pre-established effective limitations in respect of either production, price, or the amounts of export refunds and constituted a permanent source of uncertainty in world sugar markets. It constituted therefore a threat of prejudice in terms of Article XVI:1. He pointed out that since the EEC had been found by the Panel to be in breach of Article XVI:1, the CONTRACTING PARTIES were entitled to ask the EEC what action it intended to take and in what time frame it would remove the prejudice and threat of prejudice to Australia and other sugar exporting countries.

The representatives of Argentina and Brazil, as important sugar exporters, shared the concern about the EEC policy in respect of sugar. The representative of Brazil recalled that his delegation was pursuing a similar case.

The representative of the European Communities stated that there were no facts and figures to show that the EEC sugar policy caused harm to the world sugar market. As the conclusions of the Report were delicately balanced, it was inappropriate to extract some elements from the conclusions in an effort to prove the EEC wrong. The Panel had been unable to recognize any damage by the EEC sugar policy to Australia in the absence of any pertinent and concrete element to be supplied by that country. The EEC was ready to engage in discussions and consultations, but only on the basis of precise, quantifiable and quantified data.

The Council took note of the statements and agreed to refer this matter to a future meeting of the Council.

At the meeting of the Council on 26 March 1980, the representative of Australia said that the Panel Report had stated that the EEC system was open-ended and therefore always constituted a threat of prejudice. For the removal of the breach, the EEC was required to discuss with the CONTRACTING PARTIES the possibility of limiting the subsidization. At the Australian delegation's request, the secretariat had circulated a draft decision (C/W/341) as a request to follow-up the Panel's findings of prejudice and threat of prejudice in terms of Article XVI:1, found to have been caused by the EEC system. The representative of Australia recalled that the Panel had found that the system and its application had caused a significant increase in EEC sugar exports, that it had contributed to depress world sugar prices in recent years, that it did not comprise pre-established effective limitations in respect of either production, price or the amount of export subsidies paid and therefore constituted a permanent source of uncertainty in the world sugar market and a threat of prejudice in terms of Article XVI:1, and finally that it contained no element that would prevent the EEC from having more than an equitable share of the world exports of sugar. The EEC had therefore a clear obligation under the GATT to discuss with the CONTRACTING PARTIES the possibility of limiting the subsidization. As to the willingness of the EEC to consult and discuss only on the basis of precise, quantifiable and quantified data, the Australian delegation was of the view that Article XVI:3 was irrelevant in the context of a debate on Article XVI:1. There was no reference in Article XVI:1 or in any Annex to that Article for the need for the discussions to be based on such data.

The representative of the European Communities wondered whether it was appropriate to call the EEC policy into question when sugar prices were increasing. Moreover, as the present organization of marketing in this sector was expiring and the new organization had not yet been decided upon, the EEC considered it unwise and unacceptable to discuss the EEC sugar policy.

The Australian representative rejected the argument that the EEC sugar policy could not be called into question at a time of rising sugar prices, since the volatile nature of the world sugar market was widely known and well documented. It was the open-ended nature of the scheme which caused concern to sugar exporting countries, making it necessary for the EEC to discuss the limitation of the scheme. This item was an important test case as to whether effective international action could be taken within the framework of the GATT in the area of export subsidies on agricultural products.

The representative of the European Communities stated that the EEC system of refunds on exports of sugar could not be considered as a breach of the provisions of Article XVI:1. The Panel had recognized that the EEC had made the notifications required. The provisions of Article XVI:3 were not irrelevant in this context since they set out the specific obligations of the contracting parties, while Article XVI:1 contained a set of general principles. It was therefore important that the system should be in conformity with the provisions of Article XVI:3, so that exporters like the EEC would not obtain more than their equitable share in the world export trade of the product concerned. The Panel had ruled that the 1976 and 1977 increases in the EEC share had not been unduly large, and had stated that for 1978 it was not in a position to conclude that the EEC had obtained more than an equitable share in the world trade of sugar in terms of Article XVI:3. With respect to the alleged prejudice to Australia's interests, the Panel had found that in spite of the increase in Community exports in 1978, Australian exports were displaced only to a limited extent and in a few markets. As to the impairment of any benefits accruing to Australia under the General Agreement, the Panel had not considered those questions because no detailed submission had been made by Australia. The EEC furthermore had reduced the amount of refunds in the light of developments of world sugar prices.

The representative of the European Communities also noted that the Panel Report had stated that the EEC refund system did not imply pre-established constraints on production, prices, or the amounts of refunds which constituted a factor of uncertainty for the world sugar market. He was of the opinion, however, that there was nothing in the General Agreement which would make it compulsory for the EEC to establish efficient limitations to be applied to production, prices or the level of refunds. It was difficult to see the basis on which the CONTRACTING PARTIES could decide that the EEC system should be changed.

A number of representatives supported the draft decision proposed by Australia in document C/W/341.

The representative of the European Communities was of the opinion that the draft proposal should be carefully examined since a number of delegations considered this to be a test case to be used as a precedent. He therefore recommended that the Council avoid precipitous action with respect to the proposed decision and that it carefully examine all aspects of this case, which did not only concern sugar.

The representative of Australia felt that the EEC should explain how it disagreed with the Panel's findings.

The representative of the European Communities maintained that it was difficult to assert that the refund system on sugar had a depressive effect on world sugar prices. Moreover, the strong increase of sugar prices since September 1978 tended to invalidate the Panel's assumptions in regard to a depressive effect on prices. The Panel's Report had been adopted by the Council with reservations made on this point.

The Council took note of the statements made and agreed to revert to this matter at its next meeting.

At the meeting of the Council on 9 October 1980 it was noted that further bilateral consultations on the Panel's findings had been held by Australia and the European Communities, as reflected in the reports circulated by those delegations (L/5031 and L/5032).

The representative of Australia recapitulated the chronology of events in regard to this matter. He recalled that the Panel Report had been adopted without dissent. He said that the draft decision proposed by his delegation (C/W/341) had been supported by a large number of delegations. He called for the adoption of the draft decision by consensus at the present meeting.

The representative of the European Communities confirmed that the consultations held by the two delegations had been concluded. In its view, the procedures pursuant to Article XVI:1 were now exhausted. He noted that his delegation considered that the proposed decision presented problems of both substance and procedure in the sense that it was inconsistent with the GATT rules.

A large number of delegations supported the adoption of the decision.

The representative of the European Communities also added that developments in the price of sugar had rendered the proposed decision irrelevant.

The representative of Australia repeated his Government's concern that when the price of sugar fell again, the EEC system would still be in operation.

The Chairman suggested that before the Council took a final decision on this matter, delegations should discuss the matter with the participation of the Chairman of the Council. He appealed to all delegations to reflect again on the matter so that a satisfactory conclusion could be reached at the next meeting of the Council.

The Council agreed that the question should be pursued further at its next meeting. In the meantime, interested delegations should, with the assistance of the Chairman of the Council, hold informal discussions.

At the meeting of the Council on 10 November 1980 the Chairman said that the informal discussions had resulted in the text of a draft decision for adoption by the Council, as follows:

> "With regard to the report of the GATT Panel entitled "European Communities: Refunds on exports of sugar - Complaint by Australia" (document L/4833) adopted by the CONTRACTING PARTIES on 6 November 1979 and considering the conclusions of the Panel (paragraphs (g) and (h)) and considering as well the debates which took place in the Council and the reports submitted by Australia and EEC on their exchanges of views under the terms of paragraph 1 of Article XVI of the General Agreement, the CONTRACTING PARTIES request the EEC to discuss with them the possibility of limiting the subsidization.
>
> "The Director-General is invited to organize such discussions in a working party and to submit a report to the Council within three months."

The Council adopted the decision.

The representatives of Australia and of the European Communities agreed to the decision ad referendum[1] and made interpretative statements.

- Recourse by Brazil (C/M/144)

At their thirty-fourth session the CONTRACTING PARTIES had established a panel to examine the complaint by Brazil.

At its meeting on 10 November 1980 the Council considered the Report of the Panel (L/5011).

The representative of Brazil expressed regret that, in the first part of the conclusions (items (a)-(e)), the Panel had found that on the basis of the evidence available to it in this particular case, it was unable to conclude that the increased share of EEC exports had resulted in

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[1] Subsequently confirmed.

more than an equitable share of world export trade in the product, in terms of Article XVI:3. He said that the problem of the methodology for determining what was a "more than equitable share of world export trade" under Article XVI:3 was one which deserved the attention of the CONTRACTING PARTIES in the future. Nevertheless, he added, it was clear that the EEC traditionally a net importer, had become a net exporter through subsidization. He found the conclusions of the Panel relating to Article XVI:1 and Part IV of the General Agreement to be absolutely clear and irrevocable and said that it was obvious that the EEC system of export refunds and its application, in the present form, constituted a permanent threat of serious prejudice to Brazil and other exporting countries. He proposed that the Council call on the EEC to take the necessary steps to correct the situation described in the Panel's Report.

The representative of the European Communities noted that the Panel had examined in great depth the world export trade in sugar and the problem concerning the concept of "equitable share". He pointed out that the Panel had not reached a finding of any violation by the EEC of Article XVI:3. In respect of the finding that the EEC system had contributed to depress world sugar prices and that this constituted a serious prejudice to Brazil in terms of Article XVI:1, he noted that the Panel had not carried out any systematic examination concerning price formation in the world market for sugar and the multiple factors that influence price levels, including the rôle of each partner in world export trade. In connexion with sub-paragraph (h) of the conclusions, he stressed that this finding by the Panel had been essentially motivated by the EEC's non-participation in the International Sugar Agreement (1977) which could not, in itself, be considered as non-compliance with a commitment.

The Council took note of the statements made and adopted the Report.

The representative of Brazil proposed that a follow-up of the adoption of the Report be pursued at the thirty-sixth session of the CONTRACTING PARTIES in November 1980, and reserved the position of his delegation to make further comments at the session in respect of the statement made by the representative of the European Communities.

The representative of Australia expressed concern at the methodology used by the Panel in relation to the interpretation of Article XVI:3 ("equitable share") and foreshadowed that this point would be taken up with the CONTRACTING PARTIES at a later stage.

The representative of the European Communities recalled that neither in the Report of the Panel nor in that of the Panel which had examined the complaint by Australia (L/4833) had there been found a violation of Article XVI:3.

(iii) Restrictions on imports of apples from Chile (C/M/138, 144)

In July 1979 the Council had agreed to establish a panel to examine the complaint by Chile. After having agreed on terms of reference for the Panel at its meeting on 6 November 1979, it had authorized the Chair to nominate the chairman and members of the Panel, in consultation with the two parties concerned.

At its meeting on 29 January 1980 the Council was informed of the composition of the Panel.

The Council took note of the composition of the Panel.

At its meeting on 10 November 1980 the Council considered the Report of the Panel (L/5047).

The representative of Chile stated that his Government had found it to be a careful and well-reasoned document which clearly delineated Chile's rights. He felt that the Panel's conclusions would influence Chile's exports in the future.

The representative of the European Communities said that the Report was balanced and very moderate, and that the EEC was willing to enter into bilateral consultations with Chile on the quota share for Chile. He also called attention to one aspect of the Panel's conclusions, namely, that a voluntary restraint agreement or export restraint was not similar to an import restriction, which he thought would merit further reflexion.

The Council adopted the Report of the Panel, and took note that the delegations of the United States, Australia and New Zealand reserved their rights to comment on the Report in the future.

(iv) Imports of poultry from the United States (C/M/143)

At its meeting of 9 October 1980, the Council considered a request by the United States for the establishment of a panel, pursuant to Article XXIII:2, to examine certain practices in the United Kingdom affecting imports of poultry from the United States (L/5033). A statement by the European Communities regarding this matter had been circulated in document L/5040.

The representative of the European Communities said that there had been consultations under Article XXIII:1, and that high-level discussions between the two parties would soon take place. He asked the Council to postpone for a while its decision on the request.

The representatives of Brazil, Canada and New Zealand supported the setting up of a panel.

The Council agreed to set up a panel and authorized the Chairman to decide on its composition and on appropriate terms of reference in consultation with the parties concerned.

(b) Japan

(i) Restraints on imports of manufactured tobacco

- Recourse by the United States (C/M/139)

At the meeting of the Council on 16 November 1979, the representative of the United States had referred to Japanese measures affecting imports of manufactured tobacco. The Council had authorized its Chairman to establish a panel in consultation with the two parties concerned, if the matter had not been settled satisfactorily by 31 December 1979.

On 26 March 1980 the Council was informed of the establishment of a panel, its terms of reference and composition.

The Council took note of the information.

(ii) Measures on imports of leather

- Recourse by Canada (C/M/139, 144)

At its meeting on 6 November 1979 the Council had received a complaint by Canada relating to Japanese restrictions on imports of leather. On 16 November 1979 the Council had agreed to establish a panel and had authorized the Chairman of the Council to nominate the chairman and the members of the panel in consultation with the two parties concerned.

At its meeting on 26 March 1980, the Council was informed of the composition of the Panel.

The Council took note of the information.

At its meeting on 10 November 1980 the Council considered the Report of the Panel (L/5042). The Panel had held a total of eight meetings between March and the end of June 1980, during which it encouraged bilateral efforts with the aim of developing a mutually satisfactory solution between the two parties. The Panel had therefore been pleased to be advised by the parties that on 22 September 1980 they had signed a Record of Discussions, which contained a solution to the dispute and a statement that Canada would be withdrawing the complaint filed under Article XXIII:2. As the two parties

had reserved their rights under the General Agreement, it was understood that the matter could be subject to further GATT proceedings should the conclusions of the discussions not be put into practice to the satisfaction of either government. He said that the two parties intended to provide the substance of their agreement to other interested delegations upon request.

The representative of the European Communities, in agreeing to the adoption of the report, recalled the EEC's interest for the whole of this sector, including finished products and particularly shoes. The EEC therefore reserved its rights under the General Agreement.

The Council took note of the statements and adopted the Report.

(iii) Measures on edible fats containing milk fat (C/M/143)

At the meeting of the Council on 9 October 1980, the representative of New Zealand referred to a reported decision by the Government of Japan to impose quotas on prepared edible fats containing milk fats, by virtue of a reclassification which would bring the product under the heading CCCN 21.07. Noting that the unilateral reclassification in the customs tariff by any contracting party was an important issue, he said that the proposed action would be inconsistent with Japan's GATT obligations and that New Zealand would seek consultations under the appropriate article of the General Agreement.

The representative of Japan, having been informed of the intention of New Zealand to intervene on this matter only on the previous day, said that his delegation would respond at a later date, as necessary, in an appropriate manner.

The Council took note of the statements.

(c) Norway

- Restrictions on imports of certain textile products (C/M/139, C/M/141, C/M/143, 144)

This question was first raised in the Council in May 1978. On 25 July 1979, the Council had agreed to establish a panel to examine Norway's Article XIX action on certain textile products.

At the meeting of the Council on 26 March 1980, the representative of the United Kingdom, speaking for Hong Kong, noted that the Panel Report had just been circulated. He referred to the Panel's findings and requested Norway not to extend, as planned, its Article XIX action by six months from 1 July to 31 December 1980. The representative of Norway stated that the Report was being studied by his authorities.

The Council took note of the statements.

At its meeting on 18 June 1980 the Council considered the Report of the Panel (L/4959). The Panel had concluded that the quantitative import restrictions in respect of the textile categories in question were subject to the provisions of Article XIII and that since Norway had failed to allocate a share to Hong Kong, in accordance with Article XIII:2(d), Norway's Article XIX action was not consistent with Article XIII. The Panel had therefore found that Norway should either terminate the Article XIX action in its present quantitative restriction form or should make its action consistent with the provisions of Article XIII.

The representative of the United Kingdom, speaking for Hong Kong, recalled that two and a half years had passed since the dispute had first arisen and that Hong Kong's clothing exports to Norway had suffered considerably over this period. He urged the Council to adopt the Report.

The representative of Norway said that Norway had conducted a very liberal trade policy in the field of textiles and clothing, which was reflected in the strong increase in imports during 1974-1977. Hong Kong had in particular profited from this policy and had obtained an increasingly larger share of Norway's market. He said that Norway had concluded bilateral agreements with other textile exporting countries with the intention of acceding to the extended MFA, but as no agreement could be reached with Hong Kong, Norway had been obliged to take recourse to Article XIX on a global basis.

As to the Panel's finding that Norway should immediately terminate the Article XIX action, he pointed out that no country had questioned the justification for taking Article XIX action and that Norway was entitled to maintain its action as long as the underlying causes for doing so continued to exist. The global quota system would be terminated as soon as an acceptable bilateral agreement, based on the provisions of the MFA, had been concluded with Hong Kong. As regards the finding that Norway should make its action consistent with Article XIII, he pointed out that Article XIII:2(d) set out two alternative ways of allocating quotas among supplying countries. The first alternative, which required agreement with all supplying countries, was excluded since Hong Kong insisted on the same export opportunities as under an agreement based on the MFA. The second alternative, which allotted a share based on imports during a previous representative period, would have meant that Hong Kong should probably be allotted a share based on a base period during which imports from Hong Kong had reached their peak. Since such a formula would mean that the whole Article XIX action would have been in vain, the country-share solution was not practical.

He believed that there existed other ways of making the Article XIX action consistent with the provisions of the GATT; but since Norway wished to honour its bilateral agreements, which all parties appeared to support, his delegation would welcome any suggestions on ways to solve this problem.

The representative of the United Kingdom, speaking for Hong Kong, said that Hong Kong's exports of clothing to Norway had first come under restraint in the mid-1960s and that by 1977, the last year in which Hong Kong had a bilateral agreement with Norway under the MFA, the bulk of Hong Kong's clothing exports to Norway had been placed under restraint. He said that several options were open to Norway: the termination of the Article XIX action and the conclusion of a bilateral agreement with Hong Kong under the MFA; the modification of the existing Article XIX action to make it consistent with Article XIII by allocating a country share to Hong Kong; and, finally, the termination of the bilateral agreements. However, the agreements with other Asian countries should not be put at stake in this dispute. Hong Kong only asked for the allocation of an appropriate share. As regards the question of a bilateral agreement, when Norway had insisted that bilateral consultations were conditional upon a reduction of 30 per cent of Hong Kong's textile exports to Norway, Hong Kong had found this condition unacceptable.

The representative of Norway confirmed that Norway had improved its offer to Hong Kong to a 30 per cent average, and said that more specific indications had been given later on for the consultations, leaving aside the percentage figure.

A great number of delegations spoke on this matter.

The Council noted the statements by the representative of Norway to the effect that no contracting party had contested Norway's right to invoke Article XIX. The Council adopted the Report in principle, noting the statements of certain representatives, and made a strong appeal to the two parties to intensify their efforts to reach a mutually acceptable agreement, and recommended to the Norwegian Government to make its Article XIX action consistent with Article XIII as soon as possible. To this end, the Council also requested the Director-General to initiate consultations with the two parties and agreed to revert to the matter after the summer recess.

At the meeting of the Council on 9 October 1980, the Chairman said, with the agreement of the parties concerned, that this matter had been deferred to the next meeting of the Council.

The Council took note of this statement.

At the meeting of the Council on 10 November 1980 the representative of the United Kingdom, speaking for Hong Kong, said that Hong Kong had made a conditional offer to Norway but had later been informed that Norway had concluded that under the present circumstances there was not sufficient basis in Norway for concluding the bilateral consultations. Noting that Norway had thus discontinued the efforts to reach a mutually acceptable agreement without responding to the conditional offer, he said that Hong Kong was sadly left with no alternative but to reserve its GATT rights, and might find it necessary at the thirty-sixth session of the CONTRACTING PARTIES to revert to any issues that might be raised by an impending Norwegian decision concerning the trade régime for 1981.

The representative of Norway confirmed that his Government would take a decision on Norway's import régime for 1981 on 17 November 1980, taking into account the Council decision of 18 June 1980, as Norway understood it. He said that Norway wanted, to the extent possible, to avoid any action which would discontinue the six bilateral agreements reached with developing countries in Asia.

The representative of Hungary recalled his delegation having reserved Hungary's GATT rights in respect of the Norwegian measures.

The representative of Japan recalled that the global quotas introduced by Norway did not apply to all contracting parties. His delegation considered this point to be important.

The Council took note of the statements made.

(d) Spain

(i) Tariff treatment of unroasted coffee (C/M/138, 139, 141, 143)

The question of Spain's tariff treatment of unroasted coffee had been raised at the meetings of the Council on 6 and 16 November 1979.

At the meeting of the Council on 29 January 1980 the representative of Brazil said that a new Spanish law had introduced certain modifications in the tariff treatment applied to imports of certain types of coffee, now subject to a less-favourable tariff treatment than that accorded to other types of coffee. Prior to this new law there had been no differentiation in the tariff treatment applied by Spain to imports of unroasted coffee. As the principal supplier of coffee to Spain, Brazil was concerned with the discriminatory character of the new tariff rates and had requested Article XXII:1 consultations with Spain (L/4832).

At the meeting of the Council on 26 March 1980, the representative of Brazil informed the Council of Brazil's request to hold Article XXIII:1 consultations with Spain on this matter (L/4954).

The Council noted that consultations between the two contracting parties were getting under way.

At its meeting on 18 June 1980, the Council was informed that these consultations had not resulted in a satisfactory adjustment between the parties and that Brazil invoked the procedures of Article XXIII:2 for the examination of this matter by a panel (L/4974).

The Council agreed to establish a panel and authorized the Chairman of the Council to nominate the chairman and members of the panel in consultation with the two parties concerned.

At its meeting on 9 October 1980 the Council was informed of the composition of the panel.

The Council took note of the composition of the Panel.

(ii) Measures concerning domestic sale of soyabean oil

- Recourse by the United States (C/M/138, 139)

At its meeting on 16 November 1979 the Council had considered a complaint by the United States relating to Spanish measures in respect of the domestic sale of soyabean oil. The Council had urged the two parties to pursue their consultations and agreed to revert to this matter at its first meeting in 1980.

At its meeting on 29 January 1980 the Council agreed to establish a panel and authorized its Chairman to nominate the chairman and the members of the panel in consultation with the two parties concerned.

At its meeting on 26 March 1980 the Council was informed of the composition of the panel.

The Council took note of the composition of the panel.

(e) United States

(i) Prohibition of imports of tuna and tuna products from Canada (C/M/138, C/M/139, C/M/141, 144)

At the meeting of the Council on 29 January 1980 the representative of Canada reported that on 31 August 1979 the United States had prohibited imports of tuna and tuna products from Canada. He mentioned that Canada had filed a request for the establishment of a panel under the provisions of Article XXIII:2 (L/4931) and expressed the hope that if this matter had not been solved before the next meeting of the Council, the Council would be prepared to establish a panel at that time.

At the meeting of the Council on 26 March 1980, the representative of Canada said that written representations and bilateral consultations had not resulted in a satisfactory solution of this matter. His authorities therefore requested the establishment of a panel to examine the compatibility with the GATT of the United States measure and to make recommendations and rulings as appropriate.

The representative of the United States said that this matter stemmed from the incompatibility between the domestic legislation of soverign States. The United States did not recognize that tuna was subject to the jurisdiction of coastal States in their fisheries zones. The Canadian legislation, on the other hand, called for the seizure of boats fishing in Canadian territorial waters. The United States Fisheries Conservation and Management Act of 1976 prohibited imports of fish and fish products from the fisheries concerned when United States boats were seized purusant to a claim for jurisdiction which the United States did not recognize.

The Council agreed to set up a panel and authorized its Chairman to nominate the chairman and the members of the panel in consultation with the two parties.

At its meeting on 18 June 1980 the Council was informed of the composition of the panel.

The Council took note of the composition of the Panel.

At its meeting on 10 November 1980 the Council was informed of the new composition of the Panel.

The Council took note of the new composition of the Panel.

(ii) Imposition of countervailing duty without injury criterion/ Industrial fasteners imported from India (C/M/143, 144)

At the meeting of the Council on 9 October 1980, the representative of India said that his Government had requested consultations with the United States under Article XXIII:1 concerning the denial to India of the injury criterion in respect of dutiable products while extending the benefit to other contracting parties (L/5028). He recalled that one of the major objectives of the Multilateral Trade Negotiations had been the securing of additional benefits for developing countries, and said that the United States action was severely inhibitive in this and other respects. He also recalled the CONTRACTING PARTIES' having noted at their session in November 1979 that existing GATT rights and benefits, including those derived from Article I, were not affected by the agreements arising from the MTN.

The representative of the United States proposed that the consultations take place on 21 October 1980.

Several delegations stated that they would be following the consultations with utmost care, in the light of the fundamental importance of the unconditional application of most-favoured-nation treatment in GATT.

The Council took note of the statements.

At the meeting of the Council on 10 November 1980 the representative of India referred to document L/5062 containing a communication by his delegation stating that the Article XXIII:1 consultations had not resulted in a satisfactory adjustment of the matter, and requesting that a panel be established under Article XXIII:2.

The representative of the United States said that his delegation had been proceeding in the Article XXIII:1 consultations on the basis of the matters raised by India in document L/5028, while in document L/5062 India had raised certain new issues related exclusively to the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement. The United States had agreed to India's request for a special meeting in December 1980 of the Committee on Subsidies and Countervailing Measures and was prepared to agree to the establishment of a panel under Article XXIII:2, but only to deal with problems related to rights and obligations under the General Agreement.

The representative of India said that all the points in document L/5062 were interrelated with one another and had been raised by India during the consultations with the United States.

The Council agreed to set up a panel and authorized the Chairman to decide on its composition and appropriate terms of reference in consultations with the parties concerned.

## 12. Customs unions and free-trade areas, regional agreements

### (a) European Communities

#### (i) Accession of Greece (C/M/141, 144)

On 6 November 1979 the Council had established a Working Party to examine the accession of Greece to the European Communities, and had authorized the Chairman of the Council to nominate the Chairman of the Working Party, in consultation with the delegations principally concerned.

At its meeting on 18 June 1980, the Council was informed of the nomination.

The Council took note of the nomination.

At its meeting on 10 November, the Council was informed of the nomination of the new Chairman of the Working Party.

The Council took note of the nomination.

(ii) ACP/EEC Convention of Lomé (C/M/139)

On 16 November 1979 the representative of the European Communities had informed the Council of the signature of the new Lomé Convention. At its meeting on 26 March 1980 the Council was informed by the representative of the European Communities that the Convention had not come into force on 1 March 1980, as anticipated, so that the commercial provisions of the former Lomé Convention had to be extended until the end of 1980.

The Council took note of the statement.

(iii) Agreement with Yugoslavia (C/M/139, 143, 144)

At the meeting of the Council on 26 March 1980 the representative of the European Communities said that on 25 February 1980 a Co-operation Agreement had been initialled between Yugoslavia and the EEC. The goal of this Agreement was to intensify co-operation between the two parties in order to contribute to economic and social development and to reinforce the mutual links between them.

In the trade field the relevant clauses of the Agreement would enter into force on 1 July 1980. A parallel Agreement had been drawn up between Yugoslavia and the European Coal and Steel Community.

The Council took note of the statement.

At the meeting of the Council on 9 October 1980 the Chairman noted that copies of the text of the Agreement had been circulated to CONTRACTING PARTIES with document L/5007/Add.1.

At the request of some delegations the Council agreed to revert to the matter at its next meeting.

At its meeting on 10 November 1980 the Council again agreed to revert to this item at its next meeting.

(iv) Information on developments furnished by member States

- Agreement with Israel (C/M/138)
- Association EEC-Cyprus (C/M/141)
- Association EEC-Malta (C/M/141)
- Agreement with Spain (C/M/141)
- ACP/EEC Convention of Lomé (C/M/143)
- Agreements with Egypt, Jordan, Lebanon and Syria (C/M/143)
- Agreements with Algeria, Morocco and Tunisia (C/M/143)
- Association EEC-Turkey (C/M/144)

In accordance with the calendar of biennial reports on developments under regional agreements, a Report was submitted to the Council at its meeting on 29 January 1980 relating to the Agreement between the European Communities and Israel (L/4886).

At its meeting on 18 June 1980 Reports were submitted to the Council on the Association Agreement between the EEC and Cyprus (L/4982), the Association Agreement between the EEC and Malta (L/4966) and the Agreement between the EEC and Spain (L/4973).

At its meeting on 9 October 1980 Reports were submitted to the Council relating to the ACP-EEC Convention of Lomé (L/4992), the Agreements between the EEC and Egypt, Jordan, Lebanon and Syria (L/5029), and the Agreements between the EEC and Algeria, Morocco and Tunisia (L/5030).

At its meeting on 10 November 1980 a Report was submitted to the Council relating to the Association Agreement between the EEC and Turkey (L/5064).

The Council took note of the Reports.

(b) European Free Trade Association

- Agreement between the EFTA countries and Spain (C/M/138, 141, 144)

At its meeting in July 1979 the Council had been informed that a free-trade agreement had been concluded between the EFTA countries and Spain in June 1979. Copies of the text of the Agreement had been circulated in document L/4867/Add.1.

At the meeting of the Council on 29 January 1980 the representative of Sweden said on behalf of the EFTA countries and Spain that the ratification procedures were under way and that the Agreement would enter into force shortly.

The Council agreed to establish a working party for the examination of the Agreement and authorized the Chair to nominate the Chairman of the Working Party in consultation with the delegations principally concerned.

At its meeting on 18 June 1980 the Council was informed of the nomination.

At its meeting on 10 November 1980 the Council considered the report of the Working Party (L/5045). The Working Party had taken up matters such as trade coverage, bilateral agreements on agriculture, quantitative restrictions, licensing, rules of origin and questions relating to safeguards. The Working Party had not been able to reach unanimous conclusions as to whether the Agreement was in conformity with the relevant provisions of the General Agreement. The Working Party had noted that the parties to the Agreement would submit biennial reports in accordance with normal GATT practice.

The Council adopted the report.

(c) Agreements concluded by Finland

(i) Finland-Hungary Agreement (C/M/138)

(ii) Finland-Czechoslovakia Agreement (C/M/143)

In accordance with the calendar of biennial reports on developments under regional agreements, a report was submitted to the Council on 29 January 1980 relating to the Agreement between Finland and Hungary (L/4878).

At its meeting on 9 October 1980 a report was submitted to the Council on the Agreement between Finland and Czechoslovakia (L/4988).

The Council took note of the reports.

(iii) Finland-Poland Agreement (C/M/139)

In May 1978 the Council had established a Working Party to examine the Agreement between Finland and Poland.

At its meeting on 26 March 1980, the Council considered the Report of the Working Party (L/4928). The Working Party had been unable to reach any unanimous conclusions as to the compatibility of the Agreement with the provisions of the General Agreement. It had been agreed to reconvene at a future date; but no agreement had been reached on an appropriate time for such a future meeting. The Working Party had therefore agreed to submit these matters to the Council for appropriate action.

The Council agreed that the Chairman of the Working Party, in consultation with the delegations concerned, should fix an appropriate time for a future meeting of the Working Party, and adopted the Report.

(d) Latin American Integration Association (C/M/144)

At the meeting of the Council on 10 November 1980 the representative of Uruguay said that the Treaty establishing the Latin American Integration Association had been initialed in Montevideo on 12 August 1980 by Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela. He said that in due course the text of the Treaty, which would replace the Treaty establishing the Latin American Free Trade Association (LAFTA) would be notified to the CONTRACTING PARTIES together with information concerning the entry into force of the new Treaty.

The Council took note of the information.

13. Waivers under Article XXV:5

(a) India - Auxiliary duty of customs (C/M/139)

By the Decision of 15 November 1973 as extended (BISD 26S/226), the CONTRACTING PARTIES had waived until 31 March 1980 the application of the provisions of paragraph 1 of Article II to the extent necessary to enable the Government of India to apply the temporary auxiliary duty of customs on certain items included in its Schedule XII.

At its meeting on 26 March 1980, the Council considered a request by India for an extension of the waiver until 31 March 1981 (L/4958).

The representative of India explained that the special circumstances which had compelled his Government to maintain the auxiliary duty of customs as a means to provide resources for essential development needs continued to exist. He expressed his delegation's willingness to consult with any contracting party which considered that serious damage was caused or threatened to be caused to its trade interests.

The Council approved the text of a draft decision, extending the waiver until 31 March 1981, and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

The Decision was adopted on 30 April 1980 (L/4975).

(b) Indonesia - Renegotiation of Schedule (C/M/138, 144)

Under their Decision of 22 November 1976 (BISD 23S/9) the CONTRACTING PARTIES had waived the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to enable the Government of Indonesia to maintain in force the rates of duty in its new customs tariff, introduced on 1 February 1973, which exceeded the bound rates, pending the completion of the necessary renegotiations. The time period had been extended until 31 December 1979 by the CONTRACTING PARTIES by their Decision of 27 November 1978 (BISD 25S/12).

At its meeting on 29 January 1980 the Council considered a request by the Government of Indonesia for a further extension of the time-limit by another year. The representative of Indonesia explained that Indonesia expected to resume the renegotiation by the middle of 1980 and would do its utmost to expedite this matter.

Several delegations supported the extension of the time-limit.

The Council approved the text of the draft decision and recommended that the decision be adopted by the CONTRACTING PARTIES by postal ballot.

The Decision was adopted on 29 February 1980 (L/4943).

At its meeting on 10 November 1980 the Council considered a further request by the Government of Indonesia for an extension of the time-limit (L/5060). The representative of Indonesia stated that negotiations with one of its main trading partners had been concluded in the middle of the year, and that a list of items for inclusion in Indonesia's Schedule XXI would be deposited in due course. The Indonesian delegation had informed other interested delegations of its readiness to begin the negotiations.

The Council approved the text of a draft decision extending the waiver until 31 December 1981 (reproduced in Annex II) and recommended that the decision be adopted by the CONTRACTING PARTIES by a vote at their thirty-sixth session.

(c) Pakistan - Renegotiation of Schedule (C/M/144)

Under the Decision of 29 November 1977 the Government of Pakistan had been authorized to maintain in force the rates of duty provided in its revised Customs Tariff pending the completion of negotiations for the modification or withdrawal of concessions in the Pakistan Schedule before 31 December 1979. The time period had been extended until 31 December 1980 by the CONTRACTING PARTIES by their Decision of 27 November 1979.

At the meeting of the Council on 10 November 1980 the representative of Pakistan presented a request for a further extension of the waiver by one year (L/5063).

The Council approved the text of a draft decision extending the waiver until 31 December 1981 (reproduced in Annex III) and recommended that the decision be adopted by the CONTRACTING PARTIES by a vote at their thirty-sixth session.

(d) Uruguay - Import surcharge (C/M/144)

Under their Decision of 24 October 1972, as extended until 31 December 1979, the CONTRACTING PARTIES had waived the provisions of Article II of the General Agreement to the extent necessary to allow the Government of Uruguay to maintain certain import surcharges in excess of bound duties.

At its meeting on 10 November 1980, the Council considered Uruguay's request for an extension of the waiver (L/5048).

The representative of Uruguay recalled that Uruguay was engaged in a process of simplifying its import tariff through the application of a single customs tax, which would incorporate the system of import surcharges. His delegation hoped to be able to present, in the course of 1981, a proposed new Schedule XXXI to the CONTRACTING PARTIES.

The Council approved the text of a draft decision extending the waiver until 31 December 1981 (reproduced in Annex IV) and recommended that the decision be adopted by the CONTRACTING PARTIES by a vote at their thirty-sixth session.

14. Reports under waivers

(a) United States - Agricultural Adjustment Act (C/M/139, C/M/141, C/M/143)

At its meeting on 26 March 1980 the Council considered the twenty-second annual report by the United States (L/4925) on action taken under the Decision of 5 March 1955 (BISD 3S/32).

The representative of the United States described certain changes made in the course of the Multilateral Trade Negotiations (MTN), and explained that the effect of these changes was to facilitate the maximum utilization of the quotas.

The representative of New Zealand noted that it was just over twenty-five years since the CONTRACTING PARTIES had agreed to a United States request for a waiver in respect of section 22 of the United States Agricultural Adjustment Act. He recalled that for a number of years it had been the practice to consider the annual report by the United States in a working party. In the light of the many changes in the United States farming industry and in international trade during the past ten years, he proposed that a working party be set up to review the twenty-second annual report.

Several representatives supported the proposal by New Zealand.

The Council agreed to set up a working party to examine the twenty-second annual report (L/4925) submitted by the Government of the United States, and authorized the Chairman of the Council to nominate the Chairman of the Working Party in consultation with the delegations principally concerned.

At its meeting on 18 June 1980, the Council was informed of the nomination.

At its meeting on 9 October 1980, the Council considered the Report of the Working Party (L/4999). It was pointed out that the Working Party had devoted special attention to the section of the annual report submitted by the United States (L/4925) dealing with dairy products. It was noted that several members of the Working Party had felt that the information in that report was incomplete and, in its present form could no longer provide any basis for a full examination as envisaged under the waiver. It was also noted that the representative of the United States had agreed to provide such further information as was requested by members of the Working Party in the next annual report.

The representative of the United States expressed the opinion that the Report of the Working Party contained a fair and balanced presentation of the views expressed in the Working Party.

The representative of New Zealand, while appreciating that the United States was one of the very few major agricultural economies prepared to put its trade practices and policies on the table forGATT consideration, expressed the hope that certain views reflected in the Report of the Working Party would be conveyed to the United States authorities as well as to internal dairy interests in that country.

The representative of Hungary pointed out that United States quotas on imports of cheese were not in conformity with Article XIII of the General Agreement.

The representative of Australia expressed concern about the lack of adjustment in the United States dairy industry. He noted that a number of questions raised in the Working Party would be addressed in the next annual report, which was due to be submitted at the time of the thirty-sixth session of the CONTRACTING PARTIES.

The representative of Jamaica noted that sugar had not received the same attention as dairy products in the Report of the Working Party, and expressed the hope that the next annual report by the United States would deal with the question of fees on sugar imports.

The Council took note of the statements and adopted the Report of the Working Party.

(b) Turkey - stamp duty (C/M/139)

At the meeting of the Council on 26 March 1980, the representative of Turkey said that his Government had taken a number of measures in order to improve the economic situation of Turkey (L/4960 and L/4964). One of the measures involved the reduction of the stamp duty from 25 to 1 per cent.

The other set of measures included the devaluation of the Turkish pound, the abolition of subsidies to State enterprises, except in respect of certain raw materials and services, the reduction to zero of certain customs duties, a liberalization of the legislation and practices concerning foreign investment in Turkey and the promotion of oil exploration with special facilities accorded to foreign capital.

The Council took note of the report by the representative of Turkey.

15. Consultations on trade

(a) Hungary - (C/M/139)

The Protocol for the accession of Hungary provides for consultations to be held biennially between Hungary and the CONTRACTING PARTIES in order to carry out a review of the operation of the Protocol and of the evolution of trade between Hungary and contracting parties.

The Council had established a Working Party in July 1979 to conduct the third consultation with the Government of Hungary.

At its meeting on 26 March 1980 the Council considered the Report of the Working Party (L/4930). The Working Party had noted that discriminatory quantitative restrictions inconsistent with Article XIII of the General Agreement were still maintained against exports from Hungary by the EEC, Norway and Sweden. The Working Party had discussed at length the question of removing these restrictions as well as the question of export incentives, subsidies and fiscal matters. It had also examined Hungary's imports in general and certain aspects of its import régime in particular, such as the status of the global quota on consumer goods, and the criteria used in the licensing system. The Working Party had furthermore considered matters relating to bilateral payments agreements, the publication of trade regulations, the import turnover tax and export prices and tariffs.

The Council adopted the Report.

(b) Romania (C/M/144)

At its meeting on 6 November 1979 the Council had established a Working Party to carry out the consultations to be held every two years between Romania and the CONTRACTING PARTIES pursuant to paragraph 5 of the Protocol of Accession of Romania.

At its meeting on 10 November 1980 the Council considered the Report of the Working Party (L/5046). In the Working Party there had been a broad exchange of views on different aspects of trade with Romania. The Working Party had noted some progress in phasing out quantitative restrictions applied against imports from Romania. Hope had been expressed within the Working Party

that complete elimination of restrictions, in accordance with paragraph 3(a) of the Protocol of Accession, would be achieved at an early date. The Working Party had taken note with satisfaction that Romania had fulfilled its commitment under the Protocol of Accession.

The Council adopted the Report.

16. Provisional accession of Colombia (C/M/144)

At its meeting on 10 November 1980 the Council considered a request by the Government of Colombia for a further extension of the period of validity of the Declaration on its Provisional Accession (BISD 22S/3) and of the Decision of 23 July 1975 (BISD 22S/7) inviting Colombia to participate in the work of the CONTRACTING PARTIES.

The representative of Colombia stated that the Protocol for the Accession of Colombia to the GATT had been submitted to Parliament for ratification. Although he hoped that it would be possible to complete the ratification procedures before the end of 1980, this could not be a matter of certainty. His authorities had therefore decided to seek an extension of the arrangements for provisional accession of one year.

The Council agreed to the extension of the provisional accession until 31 December 1981. The Council approved the text of the Third Procès-Verbal Extending the Declaration and agreed that the Procès-Verbal be opened for acceptance by the parties to the Declaration. The Council approved the text of a Decision extending the invitation to Colombia to participate in the work of the CONTRACTING PARTIES (reproduced in Annex V) and recommended its adoption by the CONTRACTING PARTIES.

17. Egypt - Economic Development Tax (C/M/144)

Under paragraph 6 of its Protocol of Accession the Government of Egypt reserved the possibility to maintain in effect the temporary consolidation of economic development tax on bound duties. The Protocol provides that if the measure is still in effect on 31 December 1975 the matter shall be reviewed by the CONTRACTING PARTIES.

The CONTRACTING PARTIES reviewed this matter in November 1975 and agreed that the measure could be maintained in effect until the end of 1980, by which time, if the measure was still in effect, the matter should be reviewed again.

At its meeting on 10 November 1980 the Council considered a communication from the Government of Egypt (L/5039) notifying the intention to maintain the tax for a period of five years, as it was considered essential for the financing of the Third Five Year Development Plan ending in 1985.

The Council reviewed the matter in accordance with the provisions of the Protocol of Accession and agreed that the measure could be maintained in effect until the end of 1985, by which time, if the measure was still in effect, the matter should again be reviewed by the CONTRACTING PARTIES.

The Council approved the text of a draft decision to this effect (reproduced in Annex VI) and recommended its adoption by the CONTRACTING PARTIES.

18. Trade in Textiles

- Report on the annual review of the Textiles Committee (C/M/139, 144)

At its meeting on 26 March 1980 the Council considered the report by the Textiles Committee on its annual review of the operation of the Arrangement regarding International Trade in Textiles, submitted in accordance with the provisions of Article 10:4 of the Arrangement (COM.TEX/15). The review had been based on a report from the Textile Surveillance Body on its activities from October 1978 to November 1979 (COM.TEX/SB/519).

The Committee had asked the Textiles Surveillance Body to prepare a catalogue of all cases where the provisions of agreements entered into involved variations from the provisions of Annex B of the Arrangement. It had further need agreed that a Working Group of the Textiles Committee should carry out a detailed examination of adjustment measures with reference to the objectives set out in paragraph 4 of Article 1 of the Arrangement.

At the meeting of the Council on 10 November 1980 the Director-General presented the Reports of the Textiles Committee on its meetings in July and October 1980 (COM.TEX/17, COM.TEX/19 and Corr. 1 and 2). In carrying out the major review under Article 10:4 of the Arrangement, the Committee had been assisted by a Report from the Textiles Surveillance Body in its activities since the extension of the Arrangement (COM.TEX/SB/610 and Corr.1 and Add.1-4). The Committee agreed to have a further meeting in December 1980 to start consideration of the future of the Arrangement, as required under Article 10:5. It also requested the secretariat to prepare a paper bringing out more clearly, on the basis of available statistics, the facts regarding demand, production and trade in textiles, with a view to assisting the Committee to make an assessment of the extent to which the objectives of the Arrangement had been achieved. The Committee also agreed that the Working Group on Adjustment Measures should continue its work and prepare a report early in 1981.

The Council adopted the Reports.

19. Sub-Committee on Protective Measures (C/M/143)

At the meeting of the Council on 9 October 1980 it was recalled that in March 1980 the Committee on Trade and Development had established a Sub-Committee on Protective Measures (COM.TD/104) in accordance with the Decision of the CONTRACTING PARTIES of 28 November 1979 on the Examination of Protective Measures affecting Imports from Developing Countries (BISD 26S/219). That Decision provided that the Sub-Committee would report on its work to the Committee on Trade and Development and through it to the Council. At its July 1980 meeting (COM.TD/105) the Committee on Trade and Development took note of the Report of the Sub-Committee (COM.TD/SCPM/1) and forwarded it to the Council for adoption.

The Council adopted the Report contained in document COM.TD/SCPM/1.

20. Training activities (C/M/144)

At the meeting of the Council on 10 November 1980 the Director-General presented a Report on training activities (L/5034). He referred to the importance of the courses in creating a better understanding of the principles and mechanisms of the multilateral trading system. He pointed out that the courses were open to all countries, whether they were contracting parties or not, and thus contributed to giving a universal character to the activities of the CONTRACTING PARTIES. One of the objectives of the programme was the training of trade negotiators and commercial diplomats; but the courses also enabled participants to establish useful contacts with the public and private sectors in the countries visited during the study tours. The growing number of requests for participation in the courses was proof of the increasing interest of governments in this activity of GATT. He stressed that this was indeed an activity of the GATT, as it was the CONTRACTING PARTIES which provided the financing. He expressed his gratitude to the UNDP which had financed the courses in the past, and now continued to provide co-operation in transmitting the candidatures from various countries and in assuring the liaison with the governments and the candidates.

The Director-General expressed his gratitude to the governments for their continuing interest in these training activities and for the hospitality extended to the participants during their visits.

He also mentioned that in 1980 the secretariat had organized two special courses of short duration for officials of the least advanced countries. These courses had been made possible through the generous financial support of Finland, Norway and Sweden, whom the Director-General thanked in particular. He also expressed thanks to the representatives of delegations and other international organizations for the lectures they had given.

The Council took note of the Report.

21. Administrative and financial questions

(a) New Director-General (C/M/140, C/M/142)

At meetings held on 13, 26, 28 March and 2 April 1980, at the level of Heads of Delegations, the Council considered the appointment of a new Director-General, as the tenure of appointment of Mr. Olivier Long was due to expire on 5 May 1980. On 2 April 1980, the Chairman stated that broad agreement had been reached that Mr. Arthur Dunkel (Switzerland) should replace Mr. Long as the new Director-General.

The Council recommended the nomination of Mr. Dunkel to the CONTRACTING PARTIES.

Subsequent to the appointment of the new Director-General by the CONTRACTING PARTIES at their Third Special Session on 28 April 1980, the Council at its meeting on 29 July 1980, held at the level of Heads of Delegations, adopted the terms of appointment of the new Director-General, which had been proposed to the contracting parties by the Chairman of the CONTRACTING PARTIES.

(b) Deputy Director-General posts (C/M/140)

At its meeting on 2 April 1980 the Council agreed to the appointment of Mr. William B. Kelly Jr., as successor to Mr. Gardner Patterson, Deputy Director-General, and noted that the tenure of appointment of Mr. M.G. Mathur, Deputy Director-General, would be extended for a further period of four years upon expiry of his present term of appointment on 31 December 1980.

(c) Final position of the 1979 Budget (C/M/139)

At its meeting on 26 March 1980 the Council considered the report on the final position of the 1979 Budget of the GATT (L/4941).

The Council authorized the necessary increase in the appropriations in respect of certain excess expenditures and approved the proposed financing.

(d) GATT meetings and documentation (C/M/141)

At its meeting on 18 June 1980 the Director-General addressed the Council in respect of problems which had arisen in the scheduling of meetings and in regard to requests for documents. He cited structural limitations on the capacity of the secretariat to comply with requests for meeting facilities and even more so for issuing documents.

He said that delegations as well as the secretariat would have to contain very seriously the expenditures relating to meetings and documentation.

The Council took note of the statement.

(e) Committee on Budget, Finance and Administration

(i) Chairman and membership (C/M/141)

At its meeting on 18 June 1980 the Council agreed to appoint Mr. Williams (United Kingdom) as the new Chairman of the Committee on Budget, Finance and Administration.

The Council agreed on the membership of the Committee.

(ii) Exchange rate problems (C/M/138)

In December 1978 the Council had adopted a Decision providing for the transfer to a special and temporary account of certain surpluses resulting from the depreciation of the United States dollar with relation to the accounting rate used in preparing the 1978 and 1979 budgets (C/104).

At the meeting of the Council on 29 January 1980 the Director-General said that action expected at the thirty-fourth session of the General Assembly of the United Nations, to correct the distortions that had arisen in the United Nations pension system, had not been taken and that the General Assembly had referred the matter again to the International Civil Service Commission and to the United Nations Joint Staff Pension Board so that proposals could be submitted to the thirty-fifth session of the General Assembly, to take place at the end of 1980.

He proposed that the Council defer further consideration of this matter until the results of the thirty-fifth session of the General Assembly were known, and that, in the meantime, it maintain the temporary and special account until the Council took a decision in regard to this matter. He also proposed that the Decision relating to the 1979 surplus (C/104) be extended to any such surpluses that might occur during 1980.

The Council agreed to the proposals.

(iii) Report of the Committee (C/M/144)

At its meeting on 10 November 1980 the Council considered the Report of the Committee on its meeting in October 1980 (L/5044).

In introducing the Report, the Chairman of the Committee stated that in connexion with documentation the Committee had stressed the importance of individual committees'becoming increasingly cost-conscious and aware of the financial implications of their requests and decisions.

The Committee had recognized that the over-expenditure resulting from the increased documentation, the technical co-operation missions and some other items in 1980 could not be fully offset by savings within the Budget, and recommended that the Director-General be authorized to use the provision for unforeseen expenditure.

With regard to the problem of outstanding contributions, the Chairman of the Committee stressed the Committee's appeal to pay pending contributions immediately.

The Committee had also examined the Director-General's report on the Working Capital Fund. The Committee had decided to revert to this matter early next year to discuss the level to which the Fund should be increased and ways and means of financing such an increase.

The Council approved the recommendations in the Report and recommended its adoption by the CONTRACTING PARTIES at their thirty-sixth session, including the recommendations contained therein and the Resolution on the Expenditure of the CONTRACTING PARTIES in 1981 and the ways and means to meet such expenditure.

22. Council membership (C/M/138)

The Council was informed at its meeting on 29 January 1980 that the Government of Zaire had requested membership in the Council.

On behalf of the Council, the Chairman welcomed Zaire as a new member of the Council.

ANNEX I

GENEVA (1979) PROTOCOL TO THE GATT AND
PROTOCOL SUPPLEMENTARY TO THE GENEVA (1979) PROTOCOL TO THE GATT

Extension of Time-Limit for the Acceptance of the Protocols

Draft Decision

The final date for acceptance stipulated in the Geneva (1979) Protocol and in the Supplementary Protocol was 30 June 1980. The Council on 18 June 1980 decided to extend the time-limit for the acceptance of the Protocols until 31 December 1980 (C/M/141).

It has now become clear that some contracting parties which have schedules annexed to the Geneva (1979) Protocol and to the Supplementary Protocol will not be able to accept these Protocols before the expiry of the extended time-limit. The following draft decision extending further the time-limit for acceptance of the Protocols is therefore proposed for consideration by the Council:

"Considering that the Geneva (1979) Protocol to the GATT and the Protocol Supplementary to the Geneva (1979) Protocol to the GATT have not yet been accepted by all contracting parties which have schedules of tariff concessions annexed to these Protocols,

Considering the established GATT practice according to which the CONTRACTING PARTIES or the Council, under such circumstances have authority to decide on an extension of the time-limit for the acceptance of such Protocols and other instruments of a similar nature in case of compelling need,

Recalling that the Council on 18 June 1980 decided to extend the time-limit for the acceptance of the Protocols until 31 December 1980,

The CONTRACTING PARTIES

Decide to extend further the time-limit for acceptance of the said Protocols until 30 June 1981, and

Urge the contracting parties which have schedules annexed to the said Protocols and have not yet accepted them to make every effort to do so in the near future."

## ANNEX II

## INDONESIA - ESTABLISHMENT OF A NEW SCHEDULE XXI

### Extension of Time-Limit

### Draft Decision

Considering that the CONTRACTING PARTIES, by Decision of 22 November 1976[1/] suspended the application of the provisions of Article II of the General Agreement to the extent necessary to enable the Indonesian Government to maintain in force its new Customs Tariff, subject to certain specified conditions;

Considering that among the conditions mentioned above was the obligation to conduct negotiations or consultations in conformity with the principles of Article XXVIII, while the detailed procedural requirements of this Article would not apply, and to terminate such negotiations or consultations before 31 December 1977;

Considering that the CONTRACTING PARTIES by Decisions of 29 November 1977[2/], 27 November 1978[3/] and 29 February 1980[4/] extended the time-limit for the completion of the negotiations or consultations to be conducted by the Government of Indonesia until 31 December 1978, 31 December 1979 and 31 December 1980 respectively;

Considering that consultations and negotiations have been undertaken since 1977 but that during the last stages of the Multilateral Trade Negotiations priority was directed towards negotiations in the framework of the MTN;

Considering that subsequently the Government of Indonesia has continued carrying out negotiations and consultations and has reached agreement with one of its main trading partners, and that it expects to conclude negotiations and consultations with other interested governments in the course of 1981;

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement,

Decide that the time-limit provided for in paragraph 1 of the Decision of 22 November 1976 shall be extended until 31 December 1981.

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1/ BISD 23S/9
2/ BISD 24S/15
3/ BISD 25S/12
4/ L/4943

## ANNEX III

## PAKISTAN - RENEGOTIATION OF SCHEDULE

### Extension of Time-Limit

### Draft Decision

An extension of the time-limit prescribed in the Decision of the CONTRACTING PARTIES of 29 November 1977[1] to waive the obligations under Article II of the General Agreement has been requested by the Government of Pakistan in a communication dated 30 October 1980 (L/5063). The following draft decision is circulated in order to facilitate the consideration by the Council of the request from Pakistan.

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Considering that the CONTRACTING PARTIES, by Decision of 29 November 1977, suspended the application of the provisions of Article II of the General Agreement to the extent necessary to enable the Government of Pakistan to maintain in force the rates of duty provided in its revised Customs Tariff, subject to certain specified conditions;

Considering that among the conditions mentioned above was the obligation to conduct negotiations or consultations in conformity with paragraph 1 to 3 of Article XXVIII and to terminate such negotiations or consultations before 31 December 1979;

Considering that the CONTRACTING PARTIES by Decision of 27 November 1979[2] extended the time-limit for the completion of the negotiations or consultations to be conducted by the Government of Pakistan until 31 December 1980;

Considering that the Government of Pakistan has notified that it will not be possible to conclude these negotiations and consultations by the date specified and has requested an extension of the time-limit for their conclusion by one year;

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement,

Decide that the time-limit provided for in paragraph 3 of the Decision of 29 November 1977 shall be extended until 31 December 1981.

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[1] BISD 24S/15

[2] BISD 26S/227

## ANNEX IV

## URUGUAY - IMPORT SURCHARGES

### Extension of Time-Limit

### Draft Decision

Considering the Decision taken by the CONTRACTING PARTIES under paragraph 5 of Article XXV on 24 October 1972[1] to waive, subject to the terms and conditions laid down in the Decision, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Uruguay to apply the import surcharges which were effectively applied on 31 May 1972, the validity of which Decision was, by successive decisions by the CONTRACTING PARTIES, extended until 31 December 1979[2];

Considering that the Government of Uruguay has been simplifying its import tax system, a part of which efforts was the entry into force on 1 January 1978 of the Single Customs Tax[3] incorporating the surcharges, together with a time-table for reduction of rates[4], and considering that two such reductions have taken place[5];

Considering that the Government of Uruguay is continuing the process of adapting Schedule XXXI so as to reflect the simplification of its import tax system, and that it expects to submit a proposed new Schedule XXXI in the course of 1981, to be examined under the relevant GATT procedures;

Considering that the Government of Uruguay has requested an extension of the above-mentioned Decision until the end of 1981;

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement,

Decide that the Government of Uruguay be authorized to maintain the surcharges at present applied by it, subject to the terms and conditions of the Decision of 24 October 1972, until 31 December 1981.

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[1] BISD 19S/9
[2] BISD 23S/11 and BISD 25S/15
[3] L/4646
[4] L/4808
[5] L/4808 and L/5025

## ANNEX V

## PARTICIPATION OF COLOMBIA IN THE WORK OF THE CONTRACTING PARTIES

### Further Extension of the Decision of 23 July 1975

### Draft Decision

Considering that the parties to the Declaration of 23 July 1975 on the Provisional Accession of Colombia to the General Agreement on Tariffs and Trade are taking steps, pursuant to paragraph 4 of that Declaration, to extend the period of validity of the Declaration;

The CONTRACTING PARTIES

Decide to extend the period of validity of the Decision of 23 July 1975, which provided for the participation of Colombia in the work of the CONTRACTING PARTIES, until the Government of Colombia accedes to the General Agreement under the provisions of Article XXXIII or until 31 December 1981; whichever date is earlier.

## ANNEX VI

## EGYPT - CONSOLIDATION OF ECONOMIC DEVELOPMENT TAX

### Draft Decision

Noting that the Government of Egypt in its Protocol of Accession to the General Agreement on Tariffs and Trade, dated 27 February 1970, has reserved the possibility to maintain in effect on bound duties the temporary "Consolidation of Economic Development Tax", at rates not exceeding the rates in force on the date of the Protocol, until 31 December 1975, by which time, if the measure was still in effect, the matter would be reviewed by the CONTRACTING PARTIES; and

Noting that after reviewing the matter, the CONTRACTING PARTIES decided that the Government of Egypt may maintain the temporary "Consolidation of Economic Development Tax" until 31 December 1980, subject to the same conditions;

Considering that the Government of Egypt has notified its wish to maintain in effect the tax, which it considers essential for the financing of the Third Five-Year Development Plan, until 31 December 1985;

The CONTRACTING PARTIES decide that the Government of Egypt may maintain in effect on bound duties the temporary "Consolidation of Economic Development Tax", at rates not exceeding those in force on 27 February 1970, until 31 December 1985, by which time, if the measure is still in effect, the matter shall be reviewed by the CONTRACTING PARTIES.