

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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COUNCIL  
5/6 November 1986

## STATUS OF WORK IN PANELS AND IMPLEMENTATION OF PANEL REPORTS

### Report by the Director-General

#### A. STATUS OF WORK IN PANELS ESTABLISHED BY THE COUNCIL

##### 1. European Economic Community - Tariff treatment on imports of citrus products from certain countries in the Mediterranean region

The Panel was established in November 1982 at the request of the United States. Its report was transmitted to the Council in February 1985 (L/5776). It was considered by the Council at its meetings in March, April, May and June 1985. At the June 1985 Council meeting the representative of the United States said that his authorities were convinced that further discussions in the Council would not lead to resolving the issues and that they therefore had no alternative but to seek a solution outside the GATT dispute settlement procedures. At its November 1985 meetings the Council was informed that, effective 1 November 1985, the United States had increased its tariffs on imports of pasta to redress the imbalance created by the non-resolution of the dispute on citrus products and that the European Economic Community, in response to the United States measures, had increased its tariffs on imports of lemons and walnuts from the United States. These tariff increases were withdrawn in August 1986 when the parties to the dispute concluded ad referendum an agreement settling the dispute. The terms of this settlement have not yet been notified to the GATT.

##### 2. Canada - Measures affecting the sale of gold coins

The Panel, established in November 1984 at the request of South Africa, submitted its report in September 1985 (L/5863). At issue in this case was the differential fiscal treatment in Ontario between Maple Leaf gold coins and other gold investment coins. This differential treatment was removed on 7 January 1986. The report was discussed at five Council meetings. At the May 1986 meeting Canada stated that it was not in a position to indicate whether it could support the adoption of the report.

##### 3. Canada - Import, distribution and sale of alcoholic drinks by provincial marketing agencies

The Panel was established in March 1985 at the request of the European Economic Community. The Chairman of the Council was authorized to draw up the terms of reference of the Panel and to designate its

chairman and members, in consultation with the parties concerned. The Council was informed of the terms of reference in February 1986. Efforts to compose the Panel failed twice because of the unavailability of the persons agreed to by the two parties. Consultations between the two parties on the substantive issue have been held but have not produced a mutually satisfactory solution. In the meantime, the parties have agreed once more to the composition of the Panel. It is expected that the first substantive meeting of the Panel will be held in the week of 15 December.

4. United States - Restrictions on imports of certain sugar-containing products

The Panel was established in March 1985 at the request of Canada. The Chairman of the Council was authorized to draw up the terms of reference of the Panel and to designate its chairman and members, in consultation with the parties concerned. These consultations have been deferred since the two parties are having bilateral discussions on the matter of the dispute.

5. United States - Trade measures affecting Nicaragua

The Panel was established in October 1985 at the request of Nicaragua. The Council was informed of the terms of reference at its March 1986 meeting and of the composition of the Panel in April 1986 through document C/137. The Panel submitted its report in October 1986 (L/6053); it will be considered at the regular Council meeting on 5/6 November 1986.

6. Japan - Restrictions on imports of certain agricultural products

The Panel was established in October 1986 at the request of the United States. The Chairman of the Council was authorized to draw up the terms of reference of the Panel and to designate its chairman and members, in consultation with the parties concerned.

B. STATUS OF WORK OF PANELS ESTABLISHED BY MTN COMMITTEES

1. European Economic Community - Subsidies on exports of wheat flour

2. European Economic Community - Subsidies on exports of pasta products

The reports of these two Panels, established by the Committee on Subsidies and Countervailing Measures at the request of the United States (SCM/42 and SCM/43), were submitted to the Committee in March and May 1983, respectively. They deal with fundamental issues, bearing on the interpretation of Article 10 in the wheat flour case and on the application of Article 9 in the pasta products case. As there have been divergent perceptions in the Committee in this respect, it has not been possible, so far, to adopt these reports.

3. United States - Definition of "industry" for wine and grape products

The Panel was established by the Committee on Subsidies and Countervailing Measures in February 1985 at the request of the EEC. The Panel submitted its report (SCM/71) to the Committee in March 1986. The Committee discussed the report at meetings in April and October 1986 but no agreement on its adoption could be reached.

4. United States - Countervailing duty investigation into softwood lumber products from Canada

The Panel was established by the Committee on Subsidies and Countervailing Measures in August 1986 at the request of Canada and has begun its work.

5. Canada - Countervailing duty investigation into manufacturing beef from the EEC

The Panel was established by the Committee on Subsidies and Countervailing Measures in October 1986 at the request of the EEC.

C. IMPLEMENTATION OF PANEL REPORTS ADOPTED BY THE COUNCIL

1. European Economic Community - Quantitative restrictions against imports of certain products from Hong Kong

The report of this Panel was adopted in July 1983 (BISD 30S/129). At the meeting of the Council in May 1986 the representative of Hong Kong pointed out that, although nearly three years had elapsed since the adoption of that report, the Panel's recommendation that the measures be eliminated had still not been fully complied with.

2. United States - Manufacturing clause

The report of this Panel was adopted in May 1984 (BISD 31S/74). The Panel found the manufacturing clause in the United States' copyright legislation to be inconsistent with the obligations of the United States under the General Agreement. The manufacturing clause lapsed on 1 July 1986.

D. IMPLEMENTATION OF PANEL REPORTS ADOPTED BY MTN COMMITTEES

European Economic Community - Value-added tax and threshold

The report of this Panel was adopted by the Committee on Government Procurement in May 1984 (BISD 31S/247). The Panel found that the value-added tax is to be included when determining whether a contract falls above or below the threshold value of SDR 150,000. Proposals by the EEC for a solution to the dispute have not been accepted by the United States. At its last meeting the Committee reached some procedural understandings and expressed the hope that a mutually satisfactory solution could be brought to the Committee's next regular meeting in February 1987 (L/6058).