

GENERAL AGREEMENT ON

RESTRICTED

L/6277

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TARIFFS AND TRADE

Limited Distribution

REPORT OF THE WORKING PARTY ON THE ACCESSION OF TUNISIA

1. On 24 November 1981, the CONTRACTING PARTIES appointed a Working Party to examine the application of the Government of Tunisia to accede to the General Agreement under Article XXXIII, and to submit to the Council recommendations which might include a draft Protocol of Accession.

2. The Working Party met on 19 February, 24-25 June and 19-20 November 1987 under the Chairmanship of H.E. Mr. F. Jaramillo (Colombia).

3. The Working Party had before it, to serve as a basis for its discussions, a Memorandum on the Foreign Trade Régime of Tunisia (L/5566 and Add.1) and the questions submitted by contracting parties on the Tunisian trade régime and the replies of the Tunisian authorities thereto (L/6075/Add.1 and Spec(87)23). In addition, the representative of Tunisia made available to the Working Party the following material:

- General Objectives of the VII Development Plan (1987-1991)
- Import and Export Customs Duties Tariff, 1987 edition
- Selection of taxes
- Foreign Trade and Currency Notice No. 10 and amendments thereto (L/6075/Add.2 and 4)
- Foreign trade and currency authorization form
- Manufacturing Industries Investment Code
- Tourism Investment Code
- Agricultural Investment Code
- Special régime in favour of export industries
- Notice to importers and exporters listing products liberalized for import (February 1987) (L/6152)
- Tunisia's trade statistics 1981-1985, and 1985-1986 (L/6152)
- Note on the prices policy (L/6273).

4. In an introductory statement, the representative of Tunisia recalled that Tunisia for a long time had been following with serious interest GATT's activities aimed at the liberalization of international trade. Tunisia had been a provisional member of GATT thus applying the m.f.n. principle and the provisions of the General Agreement in its trade relations with virtually all contracting parties. Over a period of time Tunisia had experienced particularly difficult economic conditions and his authorities were grateful to the CONTRACTING PARTIES for their constant willingness to renew the status of provisional member.

¹The terms of reference and membership of the Working Party are set out in document L/5259/Rev.4.

5. Tunisia, a newly-independent country, had had to strive for economic and social development in the midst of an international economic crisis and negative factors in the world economy which had negatively affected its national economy. In an environment of low commodity prices, difficult conditions for market access, declining export receipts, a heavy debt burden, international monetary instability, etc., the Tunisian Government had established an economic recovery plan aimed at maintaining economic growth and re-establishing global equilibrium in the national economy. This programme which was in line with the VII National Development Plan 1987-1991 had, inter alia, the following objectives: increasing exports other than oil and phosphates; upgrading agriculture; fighting unemployment; and optimizing the use of national resources.

6. Having regard to the above mentioned objectives, the Tunisian Government had initiated a policy of gradual liberalization of the economy and in particular foreign trade, prices and investments with the aim of eliminating, if possible, by 1991 most of the obstacles to the good functioning of the national economy. In this framework and with the aim of reforming the system of protection for the national industry, the Tunisian authorities had recently implemented the following two measures. Firstly, in the 1987 Financial Law customs duties had been lowered significantly and the maximum tariff rate had been set at 45 per cent ad valorem. Second, at the end of 1987 the free import régime would cover a significantly larger share of imported goods. The percentage of Tunisia's imports exempt from import restrictions which had been 27 per cent at the end of 1985 and 42 per cent at the end of 1986 would be almost 57 per cent by the end of 1987.

7. Tunisia had adhered to the Protocol Relating to Trade Negotiations Among Developing Countries and two of the Tokyo Round Agreements, namely: the Agreement on Technical Barriers to Trade and the International Bovine Meat Arrangement. In 1986, Tunisia decided to recommence the process of negotiations with the CONTRACTING PARTIES for full accession to the General Agreement, with the intention also to participate actively in the Uruguay Round of Multilateral Trade Negotiations which Tunisia believed should strengthen the GATT and re-activate international trade in goods and services. As a developing country, Tunisia expected that the CONTRACTING PARTIES would understand certain constraints and requirements which resulted from imperative economic and social development needs. Tunisia hoped that this goodwill would be reflected in the provisions of a standard Protocol of Accession. Tunisia was ready to enter into tariff negotiations relating to accession with interested contracting parties. In conclusion, the representative of Tunisia expressed the hope that the activities of the Working Party would be satisfactorily completed in the near future and that Tunisia would be able to become a full contracting party to GATT in 1987.

8. Recalling that tariff negotiations were required for accession to the General Agreement under Article XXXIII, the Chairman noted that Tunisia had invited, as of 18 November 1986, contracting parties wishing to enter into tariff negotiations to contact the Tunisian authorities (document L/6075/Add.1 and GATT/AIR/2337). Some members of the Working Party indicated that they had been in touch with the Tunisian delegation, their request lists would be submitted shortly and negotiations with a view to the exchange of tariff concessions would be initiated soon thereafter. The

Working Party agreed to invite contracting parties interested in carrying out tariff negotiations with Tunisia, which had not yet done so, to notify the Tunisian authorities and inform the secretariat no later than 31 July 1987. It was also agreed to invite interested contracting parties to submit their request lists to Tunisia as soon as possible, and to make every effort to conclude the tariff negotiations before the end of September 1987 (GATT/AIR/2449).

9. Members of the Working Party welcomed the application of Tunisia for full accession to the General Agreement. Tunisia's decision to negotiate for its accession to GATT at the time of the initiation of a new round of multilateral trade negotiations was regarded as a timely and positive development which reinforced confidence in the multilateral trading system. Members noted that Tunisia's recent trade liberalization measures appeared to be in accord with the objectives of the General Agreement and that membership in GATT could be expected to contribute to the expansion of Tunisia's trade exchanges with contracting parties. Every effort should be made in order to expedite the process of full accession of Tunisia to the General Agreement.

10. A member of the Working Party, recalling the links of all kinds joining Tunisia to his own country, said that he was sure that the Tunisian foreign trade régime was consistent with the major principles and practices set forth in the General Agreement. He expressed the firm hope that contracting parties would fully appreciate the open-mindedness with which Tunisia was approaching the question of its accession to the General Agreement, and therefore would do their utmost to facilitate that accession.

11. The spokeswoman for a group of contracting parties referred to a co-operation agreement and other traditional links which these countries maintained with Tunisia over the years. While noting the interest in further increasing trade with Tunisia, these members paid tribute to the trade diversification effort being carried out by that country. Indicating that they would not seek tariff concessions from Tunisia, they expressed the hope that the accession of Tunisia to the General Agreement would have further positive consequences for mutual trade relations, and more generally for the multilateral trading system as a whole.

12. The Working Party carried out an examination of various points concerning Tunisia's trade régime. During the examination in the Working Party, the Tunisian delegation supplied additional information on the Tunisian Government's economic and commercial policies. The main points brought out in the discussion in the Working Party are set out hereunder in paragraphs 13 to 37.

Economic policy

13. The representative of Tunisia described the main elements of the VII National Development Plan and the current programme for economic liberalization as follows: (i) transparency of policies and measures; (ii) safeguard of the country's financial and balance-of-payments situation; (iii) progressive liberalization of trade restrictions in a

manner compatible with Tunisia's balance-of-payments and supply needs; (iv) substantial tariff reductions; (v) simplification of customs procedures; (vi) rationalization of the taxation system; (vii) liberalization of pricing policies in order to enable the market through the supply and demand mechanism to regulate the level of prices. In response to a number of questions, the representative of Tunisia said that in certain sectors of agricultural production where price controls had been in force, the Tunisian authorities had determined that the prices being applied had not been sufficiently remunerative. Thus, it was expected that the decision to liberalize prices would motivate farmers to increase their production. He added that the liberalization of agricultural producer prices being implemented by Tunisia would not entail any form of price support.

14. A member requested information with respect to the relationship between Tunisia's customs valuation practices and the application of prices under Tunisia's price control system, the impact of price controls on the demand for imports and the approximate percentage of Tunisia's import trade subject to price controls. The representative of Tunisia said that there were no price controls on importation, but that when they were marketed imported products were subjected to the regulations in force in the country. A note on the prices policy established under the Seventh National Development Plan of Tunisia was provided by the representative of Tunisia and is reproduced in document L/6273 for the information of the Working Party and has no legal status.

15. With reference to Tunisia's VII National Development Plan, a member stated that his government would wish to examine more in detail the VII National Development Plan and its specific objectives concerning a maximum tariff.

Local content requirements

16. The new régime applicable to investments in the manufacturing sector in Tunisia is laid down by Law No. 87-51 of 2 August 1987 establishing the Industrial Investment Code (JORT No. 56 of 14 August 1987). The basic aims of the new legislation are: liberalization of industrial investment; and, State aid will be reserved only for projects meeting certain specific criteria, such as the realization of export operations, inflow of technology and degree of integration.

Trade régime

17. Referring to the status of the annexes to the document regarding the Questions and Replies (L/6075/Add.1), the representative of Tunisia said that the situation had evolved positively. Annexes 1 and 2 of L/6075/Add.1 which had reflected the situation in 1985 had been replaced in 1987 by Annex 1 to the Notice to importers and exporters listing the products liberalized for import as of February 1987. This Notice had been reproduced in extenso in document L/6152. With respect to Annex 2 of L/6075/Add.1 whose heading is "List of products under import quota", a member asked to what range of products Tunisia applied similar measures. The representative of Tunisia confirmed that this List had been eliminated.

The products listed in Annex 2 were now subject to import licensing and not to import quotas. For a limited number of items, import controls were exercised through the import licensing system. With reference to Annex 3 of L/6075/Add.1, whose correct heading is "List of products prohibited for export", the representative of Tunisia said that at present the items listed therein were not prohibited for export but subject only to export licensing. Certain sensitive products in short supply some of which were imported by Tunisia such as tariff items 01.02 (live animals of the bovine species), 07.01 (potatoes), 07.05 (beans for sowing), 10.01 (soft wheat) could not be exported unless the Administration determined that there was a surplus production which might be exported. The Tunisian authorities considered this measure fully justified in terms of the General Agreement in the light of the modest size of the Tunisian economy and the need to maintain adequate supplies of certain sensitive products thus ensuring that excessive exports would not disrupt the domestic market. Tunisia had the intention, nevertheless, to reduce the list of products subject to export licensing to the maximum extent possible.

18. The representative of Tunisia stated that on 24 June 1986 Tunisia had signed the International Convention on the Harmonized Commodity Description and Coding System. The Convention had been ratified by Law 87-2 of 6 February 1987 and Tunisia would apply the Convention as of 1 January 1988, the date stipulated therein. In the course of bilateral negotiations on tariff concessions, Tunisia would provide, to the extent possible, the concordance in the Harmonized System for any product to which concessions would apply.

Import documentation

19. The representative of Tunisia said that complete and up-to-date information with respect to import documentation requirements had been circulated in documents L/6075/Add.2 and L/6075/Add.4 which reproduced the Foreign Trade and Currency Notice No. 10 and amendments thereto. This Notice codified the principal rules governing the realization of and payment for imports and exports of goods from and to foreign countries. The Notice specified the form and content of the foreign trade and currency document and the other documents to be annexed thereto depending on the nature of the transaction, and described the way it was prepared, used and issued, as well as the conditions governing its domiciliation and period of validity. The Annexes listed the imports and exports not entailing any formalities.

Foreign exchange

20. In response to a question concerning the availability of foreign exchange to importers who had the appropriate permission to import, the representative of Tunisia said that in accordance with Foreign Trade and Currency Notice No. 10 (L/6075/Add.2 and 4) and in conformity with international rules and practices, when the import licence was granted the foreign exchange required by the importers was made available in the currency requested. As indicated in document L/6075, a sample of the foreign trade and currency authorization form had been deposited with the secretariat for the information of contracting parties.

Fiscal regulations

21. In connection with Tunisia's 5 per cent customs formalities tax, a member enquired what was included in the tax, why was the tax indexed to the value of the product and what were the modalities for its application. The representative of Tunisia said that the customs formalities tax was applied every time that a formality which required the intervention of the Customs administration took place. For imports, the rate of the tax was 5 per cent ad valorem except in the case of temporary admission where a specific rate levied in relation to the weight of the product was currently fixed at 100 millimes per 1,000 gross kg. or fraction thereof. For exports, the rate of the tax was 1.5 per cent of the value of the exported goods except for certain products subject to a specific tax of 30 millimes per 1,000 gross kg. or fraction thereof. A member noted that Article VIII of the General Agreement provides that fees and charges on or in connection with importation and exportation shall be limited in amount to the approximate cost of services rendered. In his view, the customs formalities tax should be levied at a fixed rate. This member reserved his position on the conformity of the 5 per cent customs formalities tax with the General Agreement. The representative of Tunisia said that in the light of the objectives of the VII National Development Plan, the Tunisian authorities had decided to incorporate the customs formalities tax into the customs tariff rates under the framework of the Finance Law of 1988 that will enter into force on 1 January 1988. The Working Party took note of this information.

Other taxes

22. In response to questions concerning the municipal slaughter charge and the charge on eggs and poultry, their respective levels and the existence of other taxes or charges applied only to imports and not to similar domestic products, the representative of Tunisia said these charges applied both to domestic and imported meat products at rates which varied according to various meat categories. In the case of imported meat products the charges were levied on a specific basis; for meat products domestically produced the slaughter charge was levied on an ad valorem basis. The rates at which these and other charges such as those applicable to fruit products, professional activities, etc. were levied appeared to be moderate; as these charges had a very small budgetary impact, the Tunisian authorities had been considering their possible rationalization or elimination.

23. A member who had asked whether Tunisia applied all non-tariff import and export taxes equally to the trade of all its trading partners said that his delegation would expect Tunisia to bring any discriminatory import taxes and charges into conformity with the provisions of Article III of the General Agreement. With reference to the municipal slaughter charge and the charge on eggs and poultry, the representative of Tunisia said that the 1988 Finance Law would establish the same rates for domestic and imported products.

Import regulations

24. Referring to licensing and other quantitative import restrictions, a member enquired whether these restrictions were applied equally to the trade of all Tunisia's trading partners and requested information concerning the further expansion of the number of items that could be imported without prior authorization as well as the time-table and level of liberalization planned. In response, the representative of Tunisia said that non-tariff import policy instruments such as licensing and quantitative restrictions were applicable without discrimination to all trading partners whether or not eligible for preferential treatment. The representative of Tunisia added that as indicated in Foreign Trade and Currency Notice No. 10 (L/6075/Add.2 and 4) as well as in the February 1987 Notice to importers and exporters listing the products liberalized for import (L/6152), Tunisia had liberalized imports significantly over the recent period. As the import of raw materials and semi-manufactured goods imported for approved industrial undertakings earning 15 per cent of their turnover from exports, as well as of capital goods for approved investment projects, had already been liberalized, in 1987 products still subject to import licensing represented 54.3 per cent of total imports. In accordance with the guidelines set out in the VII National Development Plan, the liberalization of imports would be pursued gradually and, in 1991, was expected to cover some 60 per cent of Tunisia's total imports. The 60 per cent figure represented all the products that would be freely imported in 1991, namely: products listed in the relevant Notice to importers and exporters, capital goods required for investments in certain sectors of the Tunisian economy duly approved by the relevant investment agencies, imports under temporary admission and imports carried out by industrial undertakings 15 per cent or more of whose turnover was accounted for by exports.

25. In response to questions concerning the criteria and time period required for the issuance of import licences, the representative of Tunisia said that import licences were granted by the Ministry of Industry and Trade, and endorsed by the Central Bank of Tunisia, in accordance with general criteria which included the country's balance-of-payments situation and market requirements, i.e. an evaluation of the volume of imports needed to satisfy domestic market demand. In view of Tunisia's current economic situation, imports were basically carried out by a limited number of importers and certain transactions had to be observed closely in order to ensure that imports of certain products would not be effected in a manner detrimental to public interest in matters such as volume, quality, price, standards, etc. No production sectors or branches nor specific products had been designated as eligible for permanent protection and the protection of national industry was not one of the criteria applied for the issuance of import licences. He added that, as a provisional member, Tunisia had observed the provisions of Article XVIII:B of the General Agreement together with the appropriate procedures governing its application and would continue to do so in the future. He recalled, nevertheless, that Article XVIII:C of the General Agreement and the 1979 CONTRACTING PARTIES' Decision on Safeguard Action for Development Purposes recognized to developing countries the right to protect infant domestic industries. The representative of Tunisia added that the time required for obtaining an

import licence varied according to the nature of the product and the urgency of the transaction. Priority could be accorded to the import of items in short supply and for which there was a pressing need. A member recommended that Tunisia not invoke Article XVIII:B to justify protective measures taken for development purposes to establish or protect infant industries. Rather, Tunisia should adhere to the provisions of Article XVIII:C or XVIII:D, or other GATT provisions as appropriate, to justify protection for these reasons.

26. The representative of Tunisia confirmed that his country's import regulations were consistent with Article XIII of the General Agreement. In reply to a question he said that past trade exchanges with some contracting parties had remained limited to one or two items as a result of unfavourable market conditions such as Tunisia's small industrial base, geographical situation, cost of transport, limited market information, absence of trade promotion, etc. He reiterated, however, that Tunisia's import licensing régime was not applied in a discriminatory manner. Responding to a member who had noted that his country's exporters had been unable to enter the Tunisian market with sawn lumber because this product was apparently being treated as a luxury commodity and preference was therefore given to the utilization of local materials, the representative of Tunisia confirmed that there were no provisions prohibiting the import of resource-type commodities including logs and wood pulp. Some forest products appeared in the Notice to importers and exporters listing the products liberalized for import as of February 1987 (L/6152). Moreover, recent trade statistics demonstrated that Tunisia had imported wood from the contracting party concerned. In the light of the relevant provisions of the General Agreement, Tunisia was willing to discuss bilaterally with interested contracting parties any difficulties which specific products might have encountered in securing access to the Tunisian market. The Working Party took note of the assurances given by the representative of Tunisia.

27. In response to a member who enquired whether Tunisia would consider adherence to the Agreement on Import Licensing Procedures, the representative of Tunisia recalled that his country had already adhered to the Agreement on Technical Barriers to Trade and the Arrangement Regarding Bovine Meat, was preparing accession to the Customs Valuations Code and would examine accession to the other MTN Agreements and Arrangements case-by-case once the procedures for full accession to the General Agreement had been completed.

28. A member requested that Tunisia be asked to notify its import restrictions under the appropriate GATT Articles. Another member said that his Government would need to look more closely at the effect of Tunisia's import licensing requirements on the trade of contracting parties. The Working Party took note that it was Tunisia's intention to continue progressively to remove import licensing requirements while having regard to the provisions of Article XVIII and other Articles of the General Agreement. Tunisia confirmed that it is prepared to notify and justify any remaining restrictions under GATT provisions. To this effect Tunisia will follow normal GATT procedures of notification, consultation and justification, including those established by the Technical Group on Quantitative Restrictions and Other Non-Tariff Measures in document NTM/W/6/Rev.4.

State-trading

29. Responding to a number of questions concerning compliance with the criteria listed in Article XVII of the General Agreement to import and export trade conducted by State-trading monopolies, the representative of Tunisia stated that the State-trading monopolies acted in a manner consistent with the general principle of non-discriminatory treatment and made purchases or sales in accordance with commercial considerations as prescribed in Article XVII and the other relevant provisions of the General Agreement. As could be expected, these enterprises sought to make the best purchase, or sale, at the best possible price. At the request of a member, the representative of Tunisia exemplified the operation of the import monopoly for the purchase of coffee: an agency called the National Purchasing Commission composed by representatives from the Prime Minister's Office, the Ministries of Finance, Industry and Trade and the Central Bank followed day-by-day the evolution of the commodity market for coffee; when the price situation appeared to be favourable, the National Purchasing Commission requested financially-qualified exporters to submit offers for the sale of coffee to Tunisia. The purchases made by the State-trading enterprises were related to the market conditions of supply and demand of the products concerned and there were no annual quantitative limits for such purchases. The Tunisian Trade Bureau (OCT) had had a good record as an importer of commodities.

30. In a response to a further question concerning State-traded imports, the representative of Tunisia stated that the imports by State-trading monopolies in 1985 and 1986 had been 30 per cent and 20 per cent of total imports, respectively. He confirmed, moreover, that at present only the following products were subject to State-trading: (i) imports: pharmaceutical products; rice; sugar; tea; coffee and cocoa beans; pepper; tobacco; petroleum products; oils; grains; white cement; and alcohol; (ii) exports: petroleum; mining products; olive oil; and wine. As part of the recent trade liberalization programme, the import monopoly for rice had been abolished. However, due to the lack of interested private importers, imports were still being carried out by the Cereals Bureau of Tunisia. Having regard to economic conditions, the Tunisian authorities intended to pursue the process of gradual liberalization of State-trading through the privatization of certain sectors. The representative of Tunisia added that following accession to GATT, as a contracting party, Tunisia would comply with the obligations established in Article XVII of the General Agreement. The Working Party took note of the information and assurances provided by the representative of Tunisia.

Safeguard measures

31. Referring to a question concerning the invocation of Article 41 of Law 76-18 of 21 January 1976 and to the conduct of import restrictive measures in conformity with appropriate GATT Articles such as Articles XVIII or XIX, the representative of Tunisia stated that Tunisia had no legal provisions which corresponded to Article XIX of the General Agreement. However, under Law 76-18 of 21 January 1976, the Minister for the National Economy could, after consulting the Governor of the Central Bank, prohibit or restrict the

import of goods subject to conditions laid down in a decree. This provision which was considered to be a general safeguard clause allowing the Ministry for the National Economy to intervene in the event of exceptional circumstances had never been invoked nor applied. This provision was similar to the safeguard provisions established in bilateral agreements subscribed by Tunisia and some contracting parties. The representative of Tunisia added that, as a contracting party, Tunisia would comply with the relevant provisions of the General Agreement. With reference to Article XVIII of the General Agreement, he noted that Tunisia had been consulting periodically with the Committee on Balance-of-Payments Restrictions, had honoured its obligations pursuant to Article XVIII without having to seek special derogations and would continue to do so in the future. The Working Party took note of the assurances provided by the representative of Tunisia.

Trade agreements

32. In response to a request to specify on a country-by-country basis the exact nature of the tariff preferences currently granted by Tunisia, the representative of Tunisia said that in the context of the Arab Common Market and the African Common Market, the latter established pursuant to the Lagos Plan of Action, tariff preferences consisting of either duty-free treatment or tariff reductions had been granted to a number of products originating in certain countries as follows: (i) duty-free without list of products: Algeria, Bahrain, Guinea, Iraq, Jordan, Kuwait, Libya, Mauritania, Morocco, Syria and United Arab Emirates; (ii) tariff reductions without list of products: Niger and Saudi Arabia; (iii) duty-free for a list of products and tariff reductions for other products: Sudan; and (iv) duty free for a list of products: Côte d'Ivoire and Senegal.

33. Referring to Tunisia's preferential agreements, a member requested information on the meaning and method of implementation of the "principle of priority supply", in the context of non-tariff import trade preferences, its relation with State-trading monopolies and its conformity with the principle of non-discrimination established in Articles I and XVII of the General Agreement. The representative of Tunisia said that the principle of priority supply which appeared in certain trade agreements with the Maghreb and Arab countries was not a specific trade measure but rather a political and moral commitment to seek to increase their mutual trade. In his view, the principle of priority supply was in conformity with Part IV of the General Agreement and paragraph 2(c) of the Enabling Clause Decision of November 1979 which had authorized developing countries to exchange tariff and non-tariff measure preferences in the context of regional or global arrangements. He reiterated that the purpose of this non-tariff preference was to stimulate the growth of mutual trade exchanges and to achieve a greater degree of integration with the other Maghreb and Arab countries whenever possible, and not to discriminate against the trade of third countries. The representative of Tunisia added that in 1986 trade exchanges with these countries had been less than 10 per cent of total Tunisian trade.

34. In response to a further question concerning the meaning of the principle of preference listed as "free movement of products of Arab origin" in the context of the Arab Common Market and whether products of direct foreign investment would be considered Arab if produced within the borders of the Arab Common Market, the representative of Tunisia stated that the relevant Trade and Tariff Convention concluded on 17 February 1981 had only been ratified recently by the Arab League States; consequently, this issue which would require the interpretation of certain provisions of the Convention had not yet been addressed and would have to be considered by the member States in due course. Relevant information would be communicated to the CONTRACTING PARTIES when available. He added that in the context of certain trade agreements, the origin criterion for products to qualify as Tunisian was a minimum of 40 per cent of local value-added. Tunisia would consider to be of Arab origin products resulting from Arab investments which had a minimum of 40 per cent Arab value-added.

35. A member stated that on the assumption that the 1981 Trade and Tariff Convention had not been reviewed by the CONTRACTING PARTIES, he would reserve his country's position with respect to its provisions. He recalled, moreover, that pursuant to the Enabling Clause Decision of 1979, the exchange of non-tariff measure preferences called for certain action by the CONTRACTING PARTIES and that this question was still open.

36. A member said that given the increasing number of North African states participating in the GATT, her delegation believed that the regional trade and economic integration agreements to which these countries belong should be formally reviewed by the CONTRACTING PARTIES. Her delegation was likely to request notification and examination of these agreements at the appropriate point in the future.

Countertrade and offset

37. With reference to imports under trade offset or countertrade arrangements described in the Foreign Trade and Currency Notice No. 10 (L/6075/Add.2), the representative of Tunisia said that countertrade and offset were not considered to be a trade policy objective but rather one of the instruments used by Tunisia to seek to expand trade with those countries who require the establishment of mutual trade programmes. The number of products that could be subject to countertrade operations was being reduced gradually and countertrade would continue to be applied only in sectors such as the automobiles sector where contracts had been entered into with certain foreign investors. Having regard to the economic liberalization programme being implemented by Tunisia, countertrade would be an increasingly exceptional instrument with limited use. The Working Party took note of the assurances given by the representative of Tunisia. A member said that this issue would require bilateral consultations between his Government and the Tunisian authorities.

Conclusions

38. Having carried out the examination of the foreign trade régime of Tunisia and in the light of the explanations and assurances given by Tunisian representatives, the Working Party reached the conclusion that, subject to the satisfactory conclusion of the relevant tariff negotiations, Tunisia should be invited to accede to the General Agreement under the provisions of Article XXXIII. For this purpose the Working Party has prepared the draft Decision and Protocol of Accession reproduced in the Appendix to this report. It is proposed that these texts be approved by the Council when it adopts the report. When the tariff negotiations between Tunisia and contracting parties in connection with accession have been concluded, the resulting Schedule of Tunisia and any concessions granted by contracting parties as a result of negotiations with Tunisia would be annexed to the Protocol. The Decision would then be submitted to a vote by contracting parties in accordance with Article XXXIII. When the Decision is adopted, the Protocol of Accession would be open for acceptance and Tunisia would become a contracting party thirty days after it accepts the said Protocol.

APPENDIX

ACCESSION OF TUNISIA

Draft Decision

The CONTRACTING PARTIES,

Having regard to the results of the negotiations directed towards the accession of the Government of Tunisia to the General Agreement on Tariffs and Trade and having prepared a Protocol for the accession of Tunisia,

Decide, in accordance with Article XXXIII of the General Agreement, that the Government of Tunisia may accede to the General Agreement on the terms set out in the said Protocol.

DRAFT PROTOCOL FOR THE ACCESSION OF TUNISIA
TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The governments which are contracting parties to the General Agreement on Tariffs and Trade (hereinafter referred to as "contracting parties" and "the General Agreement", respectively), the European Economic Community and the Government of Tunisia (hereinafter referred to as "Tunisia"),

Having regard to the results of the negotiations directed towards the accession of Tunisia to the General Agreement,

Have through their representatives agreed as follows:

PART I - GENERAL

1. Tunisia shall, upon entry into force of this Protocol pursuant to paragraph 6, become a contracting party to the General Agreement, as defined in Article XXXII thereof, and shall apply to contracting parties provisionally and subject to this Protocol:

- (a) Parts I, III and IV of the General Agreement, and
- (b) Part II of the General Agreement to the fullest extent not inconsistent with its legislation existing on the date of this Protocol.

The obligations incorporated in paragraph 1 of Article I by reference to Article III and those incorporated in paragraph 2(b) of Article II by reference to Article VI of the General Agreement shall be considered as falling within Part II for the purpose of this paragraph.

2. (a) The provisions of the General Agreement to be applied to contracting parties by Tunisia shall, except as otherwise provided in this Protocol, be the provisions contained in the text annexed to the Final Act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment, as rectified, amended or otherwise modified by such instruments as may have become effective on the day on which Tunisia becomes a contracting party.

(b) In each case in which paragraph 6 of Article V, sub-paragraph 4(d) of Article VII, and sub-paragraph 3(c) of Article X of the General Agreement refer to the date of that Agreement, the applicable date in respect of Tunisia shall be the date of this Protocol.

PART II - SCHEDULE

3. The schedule in the Annex shall, upon the entry into force of this Protocol, become a Schedule to the General Agreement relating to Tunisia.

4. (a) In each case in which paragraph 1 of Article II of the General Agreement refers to the date of the Agreement, the applicable date in respect of each product which is the subject of a concession provided for in the Schedule annexed to this Protocol shall be the date of this Protocol.

(b) For the purpose of the reference in paragraph 6(a) of Article II of the General Agreement to the date of that Agreement, the applicable date in respect of the Schedule annexed to this Protocol shall be the date of this Protocol.

PART III - FINAL PROVISIONS

5. This Protocol shall be deposited with the Director-General to the CONTRACTING PARTIES. It shall be open for signature by Tunisia until 30 June 1988. It shall also be open for signature by contracting parties and by the European Economic Community.

6. This Protocol shall enter into force on the thirtieth day following the day upon which it shall have been signed by Tunisia.

7. Tunisia having become a contracting party to the General Agreement pursuant to paragraph 1 of the Protocol, may accede to the General Agreement upon the applicable terms of this Protocol by the deposit of an instrument of accession with the Director-General. Such accession shall take effect on the day on which the General Agreement enters into force pursuant to Article XXVI or on the thirtieth day following the day of the deposit of the instrument of accession, whichever is the later. Accession to the General Agreement pursuant to this paragraph shall, for the purposes of paragraph 2 of Article XXXII of that Agreement, be regarded as acceptance of the Agreement pursuant to paragraph 4 of Article XXVI thereof.

8. Tunisia may withdraw its provisional application of the General Agreement prior to its accession thereto pursuant to paragraph 7 and such withdrawal shall take effect on the sixtieth day following the day on which written notice thereof is received by the Director-General.

9. The Director-General shall promptly furnish a certified copy of this Protocol and a notification of each signature thereto, pursuant to paragraph 5 to each contracting party, to the European Economic Community, to Tunisia and to each government which shall have acceded provisionally to the General Agreement.

10. This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Done at Geneva this [date to be inserted] day of [] one thousand nine hundred and eighty-eight in a single copy, in the English, French and Spanish languages, except as otherwise specified with respect to the Schedule annexed hereto, each text being authentic.

ANNEX

Schedule LXXXIII - Tunisia

[to be completed]