

# GENERAL AGREEMENT ON

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# TARIFFS AND TRADE

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CONTRACTING PARTIES  
Forty-Fourth Session

## COUNCIL OF REPRESENTATIVES

### Report on Work since the Forty-Third 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 10 meetings since the Forty-Third Session in November 1987. The minutes of these meetings, which remain the record of the Council's work, are contained in documents C/M/217-C/M/226. Adoption of this report, which summarizes the action taken by the Council, will constitute approval by the CONTRACTING PARTIES of that action.

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1. <u>Work Program resulting from the the 1982 Ministerial Meeting</u>	
(a) <u>Dispute settlement procedures</u> (C/M/217, 220, 223, 224, 226)	

In November 1985, the Council had approved a roster of non-governmental panelists (L/5906), and in November 1987 had agreed to extend the roster for an additional year.

At its meeting on 2 February 1988, the Council considered a proposed nomination by the European Communities (C/W/536).

The representative of the European Communities spoke.

The Council took note of the statement and approved the proposed nomination.

At its meeting on 4 May 1988, the Council considered a proposed nomination by Brazil (C/W/545) and one by the United States (C/W/546).

The representatives of Brazil and the United States spoke.

The Council took note of the statements and approved the proposed nominations.

At its meeting on 20 July 1988, the Council considered a proposed nomination by Austria (C/W/559).

The representatives of Austria and Jamaica spoke.

The Council took note of the statements and approved the proposed nomination.

At its meeting on 22 September 1988, the Council considered a proposed nomination by Israel (C/W/560) and two by Finland (C/W/562).

The representatives of Israel and Finland spoke.

The Council took note of the statements and approved the proposed nomination in C/W/560 and one of the nominations in C/W/562.

At its meeting on 19-20 October 1988, the Council considered a proposed nomination by the European Communities (C/W/565) and one by the United States (C/W/568).

The representatives of the European Communities, the United States and Jamaica, and the Director-General and the Chairman spoke.

The Council took note of the statements, approved the proposed nomination in C/W/565 and agreed to defer consideration of the proposed nomination in C/W/568.

(b) Derestriction of future panel reports (C/M/220)<sup>1</sup>

At its meeting on 4 May 1988, the Council considered a proposal by the Director-General (C/W/544) concerning the derestriction of future panel reports.

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<sup>1</sup>See also under sub-point 13(h)(ii): "United States - Customs User Fee".

The representatives of the United States, Jamaica, Australia and the European Communities, and the Director-General spoke.

The Council took note of the statements and agreed that in future, panel reports would be derestricted upon their adoption by the Council or the CONTRACTING PARTIES unless, prior to adoption, a party to the dispute had informed the Council Chairman or CONTRACTING PARTIES' Chairman that it opposed derestriction in that particular case. The Secretariat would check with the parties to a dispute prior to the Council meeting or CONTRACTING PARTIES' Session in this connection.

- (c) Quantitative Restrictions and Other Non-Tariff Measures  
- Technical Group on Quantitative Restrictions and Other Non-Tariff Measures (C/M/226)

At the Council meeting on 19-20 October 1988, the Director of the Non-Tariff Measures and Surveillance Division introduced the interim report of the Technical Group on Quantitative Restrictions and Other Non-Tariff Measures (L/6397).

The Council took note of the statement and adopted the report.

- (d) Export of Domestically Prohibited Goods (C/M/226)

At the Council meeting on 19-20 October 1988, the Chairman made a statement concerning a forthcoming consultation on this subject.

The Council took note of the information.

2. Reviews of developments in the trading system (special meetings on Notification, Consultation, Dispute Settlement and Surveillance)  
(C/M/221, 225)

At their Thirty-Fifth Session in November 1979, the CONTRACTING PARTIES had adopted the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210). In March 1980, the Council had adopted a proposal which provided for the Council to review developments in the trading system at sessions specially held for that purpose (BISD 27S/20). At its special meeting in July 1983, the Council had agreed that these meetings would also serve to monitor paragraph 7(i) of the 1982 Ministerial Declaration (BISD 29S/9) and that such special meetings would preferably be held twice a year.

At its special meeting on 15 June 1988, the Council reviewed recent developments in the trading system and monitored implementation of paragraph 7(i) of the 1982 Ministerial Declaration. A note by the Secretariat on "Developments in the Trading System, October 1987-March 1988" (C/W/548 and Add.1)<sup>2</sup> served as a reference document for the discussion.

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<sup>2</sup>Subsequently revised and issued as L/6366.

The representatives of the United States, the European Communities, Yugoslavia, Nigeria, Singapore, Australia, Brazil, Korea, Romania, Norway on behalf of the Nordic countries, Hong Kong, Canada, Turkey, Japan, Poland, Colombia, Chile, Cuba, India, Mexico, Jamaica, Peru and Argentina spoke. The Director-General and the Chairman also spoke.

The Council discussed ways of improving and making more useful the notification and surveillance mechanism of the special Council, with an emphasis on the documentation prepared for these meetings. While many representatives were satisfied with the document, the view was expressed that it was unbalanced and inadequate, and that its emphasis on negative trends in the trade area gave insufficient coverage to positive developments. The question of the Secretariat's scope in preparing the document, in particular the summary and conclusions, was widely discussed, and its freedom in exercising this responsibility was generally supported. The Director-General asked that contracting parties allow the Secretariat to go on taking risks in preparing the special Council documentation, and suggested that in order to give direction to the special Council meetings, contracting parties try to agree in advance to focus on one or several specific themes.

The increased resort to dispute settlement procedures concurrent with the Uruguay Round negotiations was seen by some representatives as a positive development, and by others as a negative one with potentially serious effects on the negotiating process; it was stressed that GATT's normal activities and work in the Round should be pursued independently. It was suggested that contracting parties focus more on the overall trading environment, including its financial and monetary aspects, and less on specific trade measures.

The following subjects were also raised: specific measures, both liberalizing and restrictive, taken by contracting parties, including the trade liberalization programs of developing countries and their efforts towards structural adjustment; concerns about continuing protectionist trends in major trading partners, as illustrated by unilateral or bilateral measures, proposed legislation and wider recourse to grey-area measures; the application of more restrictive criteria and exclusion of some beneficiaries from schemes under the Generalized System of Preferences; the increased use of import licensing and anti-dumping regulations to restrict imports; competitive subsidization in agriculture; the interrelationship between trade measures and monetary and financial policies, and the need to recognize the realities of the trade policy environment and to act in solidarity.

The Director-General introduced his periodic report on the Status of Work in Panels and Implementation of Panel Reports (C/156), and said that efforts were still needed to accelerate the constitution of panels.

The Chairman, in summing up, said that in his view the Secretariat had made a serious and exhaustive effort to cover developments in the trade area during the period under review. Whatever those developments might be, a sound management of international monetary liquidity was essential to solving problems in the trade field.

The Council took note of the statements and agreed that the review of developments in the trading system had been conducted.

At its special meeting on 19 October 1988, the Council again reviewed recent developments in the trading system and monitored implementation of paragraph 7(i) of the 1982 Ministerial Declaration. A note by the Secretariat on "Developments in the Trading System, April 1988-August 1988 (C/W/566 and Add.1) served as a reference document for the discussion, as well as an advance copy of Section 3 of the Secretariat's Annual Report "International Trade 1987/88" (Spec(88)51), which had been issued with a view to providing closer synchronization with the timing of the Secretariat's usual background documentation for the special Council meetings and of GATT's Annual Report.

The Director-General introduced his periodic report on the Status of Work in Panels and implementation of Panel Reports (C/160), drawing attention to several trends which could be discerned in the report: the further increase in the number of panels, a sudden rise in concurrent complaints by several contracting parties relating to the same subject matter and standard terms of reference having been agreed in almost all recent cases. He further reported that, following a request by Canada and the European Communities, he had rendered an advisory opinion to them in July 1988 on whether a tariff concession granted by Portugal to Canada in 1961 was applicable to wet salted cod.

The representatives of the United States, the European Communities, Brazil, Tanzania, Japan, Australia, Canada, Sweden on behalf of the Nordic countries, Bangladesh, Hong Kong, Chile, Korea, Czechoslovakia and New Zealand spoke.

Many representatives welcomed the synchronization of the Secretariat's documentation and praised the quality of the Secretariat's preparatory work and of the background document in C/W/566, which had been further improved. Some factual inaccuracies were pointed out, and attention was drawn by some representatives to the need for care in the presentation and selection of some facts. Some representatives commented that the treatment of trade in services, commodity trade and bilateral and regional arrangements in the document was insufficient or timid. It was stated that the documentation should provide an analysis of the consequences for the developing countries' economies of developments in the global economy and in trade, and look also at the trade policy environment of those countries at the receiving end of the developed countries' restrictions and/or market opening measures.

Attention was drawn to Section 3 of "International Trade 1987/1988", in particular to the two main questions that it highlighted: technology as a factor of market globalization and the relationship between population trends and market dynamics. It was said that developing countries needed to stimulate domestic demand in order to create the necessary job opportunities; developed countries could contribute to these efforts by



broadening access to their markets and carrying out structural adjustments, which however, in their turn, required an environment of economic growth. It was further noted that not only the forces behind these long term trends, but also the rapidity with which the changes brought about imbalances, had to be borne in mind.

A number of representatives referred to liberalizing measures recently implemented by their authorities, or reviewed what they considered as successful trade policies pursued over the second half of the 1980s. In this respect, the reduction of the US trade deficit was welcomed, although its real impact was described as still uncertain.

The United States Omnibus Trade and Competitiveness Act, the United States/Canada Free Trade Agreement and the European Economic Community's 1992 objectives received attention, as did agreements among certain members of the Latin American Integration Association. Many representatives expressed satisfaction with the US President's veto of the Textiles and Apparel Bill, although new draft legislation might be introduced in 1989.

A number of issues which had been discussed at the special Council meeting in June 1988 were raised again, including specific measures -- both liberalizing and restrictive -- taken by contracting parties. Views were expressed on developments affecting the functioning of the GATT system, protectionist trends in some trading partners as illustrated by "voluntary" export restraint arrangements for certain products, new anti-dumping regulations, discriminatory unilateral restrictions and domestic subsidization of agriculture or of production in general. The lack of progress in reaching solutions for the debt problem of developing countries received special attention from a number of representatives, in particular, these countries' capacity to service their debt in the light of protectionist measures affecting their export markets and the extreme volatility of exchange rates. Shipping and related problems were also singled out as further aggravating developing countries' export problems, particularly with respect to primary products.

The Uruguay Round was described as the best way of countering protectionist pressures, reducing imbalances, bringing about longer-term solutions to the concerns expressed with regard to population and technology trends, as well as dealing with the "new" areas of trade policy. Hope was expressed that there would soon be concrete results and further impetus to across-the-board progress.

The Chairman, in summing up, said that he had noted that important issues had been fully and usefully discussed. The preparation of the documentation for the Council's review involved studying a spectrum of globally diverse trading realities and giving it a systemic aspect. Understandably, there was a cluster of realities, and it was not a purely mechanical, physical mixture of elements, but perhaps a chemistry thereof. He hoped that given the time dimension of the problems, an appropriate mix of policies would be applied to ensure symmetrical development of the global economy in its entirety through the instrumentality of international trade.

The Council took note of the statements and agreed that the review of developments in the trading system had been conducted.

3. Consultative Group of Eighteen (C/M/217, 226)

At the November 1987 Session of the CONTRACTING PARTIES, the Chairman of the Consultative Group of Eighteen had announced that consultations on the question of the Group's composition for 1988 were still underway. It had been decided then that this matter should be deferred until the first Council meeting in 1988.

At the Council meeting on 2 February 1988, the Chairman of the Consultative Group of Eighteen said that he had held consultations with a large number of delegations but could not yet make a proposal. He would pursue the consultations with a view to making a proposal for the Council's approval at its next meeting.

The representatives of Hong Kong, Mexico and Yugoslavia spoke.

The Council took note of the statements.

At the Council meeting on 19-20 October 1988, the Chairman of the Consultative Group of Eighteen said that the intense pressure of work in the Uruguay Round, in addition to the normal business of GATT, had made it preferable not to convene the Group in 1988. For the same reason, he had not requested the Council to take a decision on the Group's composition for 1988, and would propose to the CONTRACTING PARTIES at their forthcoming session that in principle the Group should remain in suspense during 1989.

The Council took note of the Director-General's report.

4. Tariff matters

(a) Committee on Tariff Concessions

(i) Designation of Chairman and Vice-Chairman (C/M/218)

At its meeting in January 1980, the Council had established the Committee on Tariff Concessions and had authorized the Council Chairman to designate the Chairman and Vice-Chairman of the Committee in consultation with interested delegations.

At its meeting on 22 March 1988, the Chairman informed the Council of the Chairman and Vice-Chairman designated for 1988.

(ii) Report (C/M/226)

At the Council meeting on 19-20 October 1988, the Chairman of the Committee on Tariff Concessions introduced its report (TAR/171/Rev.1).

The representatives of Jamaica and Chile, and the Chairman spoke.

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

(b) Morocco - Renegotiation under Article XXVIII:4 (C/M/220)

At its meeting on 4 May 1988, the Council considered a request by Morocco for authority under the provisions of Article XXVIII:4 to renegotiate four concessions included in its Schedule (L/6326 and Add.1).

The representative of Morocco spoke.

The Council took note of the statement, agreed to grant the authority sought by Morocco, and invited any contracting party which considered that it had a principal supplying interest or a substantial interest, as provided for in Article XXVIII:1, to communicate its claim in writing and without delay to the Government of Morocco and at the same time to inform the Director-General. Any such claim recognized by the Government of Morocco would be deemed to be a determination within the terms of Article XXVIII:1.

(c) Floating initial negotiating rights (C/M/222)

At its meeting on 15-16 June 1988, the Council considered a draft decision concerning floating initial negotiating rights (C/W/550) which had been referred to it by the Committee on Tariff Concessions.

The representative of Jamaica, and the Chairman and the Legal Adviser to the Director-General spoke.

The Council took note of the statements and adopted the decision (L/6367).

5. GATT Integrated Data Base (C/M/220)

At its meeting on 4 May 1988, the Council considered a progress report by the Director-General on this matter (C/155).

The representatives of the European Communities, Pakistan, Morocco, Malaysia and the United States, and the Director-General spoke.

The Council took note of the statements.

6. Trade in textiles  
- Report of the Textiles Committee (C/M/218)

At the Council meeting on 22 March 1988, the Director-General, Chairman of the Textiles Committee, presented the Committee's report (COM.TEX/55) and the report of the Textiles Surveillance Body (COM.TEX/SB/1316 and Add.1).

The Council took note of the statement and of the report of the Textiles Surveillance Body, and adopted the report of the Textiles Committee.

7. Committee on Balance-of-Payments Restrictions

(a) Consultations (C/M/217, 223, 226)

At its meeting on 2 February 1988, the Council Chairman, speaking on behalf of the Chairman of the Committee on Balance-of-Payments Restrictions, introduced the Committee's reports on its consultations with Korea (BOP/R/171 and Add.1), Brazil (BOP/R/172 and Add.1) and Peru (BOP/R/173). He drew attention to the schedule of consultations for 1988 (C/W/535) and to the report on the meeting in January 1988 (BOP/R/174).

The representatives of the European Communities, the International Monetary Fund (as an observer), and Yugoslavia spoke.

The Council took note of the statements and of the information in C/W/535, and adopted the reports.

At the Council meeting on 20 July 1988, the Chairman of the Committee on Balance-of-Payments Restrictions introduced the Committee's reports on its consultations with Bangladesh (BOP/R/175) and Egypt (BOP/R/176), and the report on the meeting in June 1988 (BOP/R/177).

The representative of the European Communities spoke.

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

At the Council meeting on 19-20 October 1988, the Chairman of the Committee on Balance-of-Payments Restrictions introduced the Committee's reports on its consultations with Turkey (BOP/R/178), and Argentina, Nigeria, the Philippines, Tunisia and Yugoslavia (BOP/R/179), and the report on the meeting of October 1988 (BOP/R/180).

The representatives of the United States and Turkey spoke.

The Council took note of the statements, adopted the reports, agreed that Argentina, Nigeria, the Philippines and Tunisia be deemed to have fulfilled their obligations under Article XVIII:12(b) for 1988, and took note that it would be desirable to schedule a full consultation with Yugoslavia at an appropriate time during 1990, the exact date to be determined under the normal consultation procedure.

(b) Designation of Chairman (C/M/222)

At its meeting on 15-16 June 1988, the Council appointed the Chairman of the Committee on Balance-of-Payments Restrictions.

The representatives of Australia and the United States, and the Council Chairman spoke.

The Council took note of the statements.

8. Emergency action  
- European Economic Community - Article XIX action by Spain on certain steel products (C/M/217)

At the Council meeting on 2 February 1988, the representative of Canada said that while notification of the extension of the time-limit in Spain's Article XIX action on steel had recently been received (L/6179/Add.4), that Article required advanced notification.

The Council took note of the statement.

9. Measures affecting the world market for copper ores and concentrates (C/M/223)

In December 1987, the European Economic Community and Japan had informed the CONTRACTING PARTIES of their request for the good offices of the Director-General under paragraph 8 of the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210) concerning their dispute on certain pricing and trading practices for copper in Japan (SR.43/4).

At its meeting on 20 July 1988, the Chairman informed the Council that the Director-General had appointed a personal representative for the good offices.

The representative of Jamaica and the Director-General spoke.

The Council took note of the information from the Chairman and of the statements.

10. Agreements among Argentina, Brazil and Uruguay (C/M/223, 224, 226)

At the Council meeting on 20 July 1988, the representative of the United States asked for specific information from the parties concerned, regarding the trade agreements signed under the auspices of the Latin American Integration Association (LAI).

The representatives of Argentina, Brazil and Uruguay spoke.

The Council took note of the statements.

At its meeting on 22 September 1988, the Council again considered this matter.

The representatives of the United States, Brazil, Argentina, Uruguay, Japan and the European Communities spoke.

The Council took note of the statements and agreed to revert to this item at a future meeting.

At its meeting on 19-20 October 1988, the Council again considered this matter.

The representatives of the United States, Brazil on behalf of Argentina and Brazil, Canada and the European Communities spoke.

The Council took note of the statements.

11. EEC - Hungary Agreement (C/M/226)

At the Council meeting on 19-20 October 1988, the representatives of the European Communities and Hungary informed the Council that the European Community and Hungary had signed a bilateral agreement on trade, commercial and economic cooperation on 26 September 1988. The text of the Agreement would be made available to the Secretariat for the information of contracting parties.

The Council took note of the statements.

12. Korean Foreign Trade Act (C/M/222)

At the Council meeting on 15-16 June 1988, the representative of the United States said that in the course of consultations with Korea it had been discovered that the Foreign Trade Act of 31 December 1986 had not been notified to GATT.

The representative of Korea spoke.

The Council took note of the statements.

13. United States - Omnibus Trade and Competitiveness Act (C/M/224)

At the Council meeting on 22 September 1988, the representative of the European Communities expressed the Community's concern regarding the United States Omnibus Trade and Competitiveness Act.

The representatives of Japan, Hong Kong, Korea, Switzerland, Sweden on behalf of the Nordic countries, Uruguay, Canada, Australia, Brazil, India and the United States spoke.

The Council took note of the statements.

14. Recourse to Articles XXII and XXIII

(a) Canada

(i) Import, distribution and sale of alcoholic drinks by provincial marketing agencies (C/M/217, 218)

In March 1985, the Council had established a panel to examine the complaint by the European Communities. The Panel had submitted its report to the parties in October 1987.

At the Council meeting on 2 February 1988<sup>3</sup>, the representative of the European Communities referred to the report to be circulated by the Panel to the CONTRACTING PARTIES.

The representatives of Canada and the United States spoke.

The Council took note of the statements.

At its meeting on 22 March 1988, the Council considered the Panel report (L/6304).

The representatives of the European Communities, Canada, Japan, Chile, the United States, Jamaica and Australia spoke.

The Council took note of the statements and adopted the Panel report.

(ii) Measures on exports of unprocessed salmon and herring (C/M/217, 218, 220)

At their Session in December 1987, the CONTRACTING PARTIES had considered the Panel report in L/6268 and had agreed that this matter should be considered by the Council at its first meeting in 1988.

At its meeting on 2 February 1988, the Council considered the Panel report.

The representatives of the United States, Canada and the Philippines on behalf of the ASEAN contracting parties spoke.

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

At its meeting on 22 March 1988, the Council again considered the Panel report.

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<sup>3</sup>In C/M/217, shown as "Canadian provincial liquor board practices".

The representatives of the United States and Canada spoke.

The Council took note of the statements and adopted the Panel report (L/6268).

At its meeting on 4 May 1988, the Council considered the follow-up on the Panel report.

The representatives of the United States and Canada spoke.

The Council took note of the statements.

(b) European Economic Community

(i) Prohibition on imports of almonds by Greece (C/M/218, 220)

At the Council meeting on 22 March 1988, the representative of the United States said that his country was requesting consultations with the Community under Article XXIII:1 concerning Greece's ban on almond imports since November 1987.

The representative of the European Communities spoke.

The Council took note of the statements.

At its meeting on 4 May 1988, the Council considered a request by the United States for the establishment of a panel to examine its complaint (L/6327).

The representative of the United States spoke.

The Council took note of the statement.

(ii) Import licences for dessert apples (C/M/218, 219, 220, 222)<sup>4</sup>

At the Council meeting on 22 March 1988, the representative of Chile expressed concern over the Community's establishment of a system of import licences for dessert apples.

The representatives of the United States, New Zealand, Argentina, Australia, South Africa, Canada and the European Communities spoke.

The Council took note of the statements.

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<sup>4</sup>For 1987, see "European Economic Community - Proposed import restrictions on certain agricultural products".



At its meeting on 8 April 1988, the Council again considered this matter.

The representatives of Chile, Hungary and the European Communities spoke.

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

At its meeting on 4 May 1988, the Council considered a request by Chile for the establishment of a panel to examine this matter (L/6329 and Add.1, L/6337).

The representatives of Chile, the European Communities, New Zealand, South Africa, the United States, Argentina, Canada, Brazil, Hungary, Uruguay, Australia, Romania, Thailand, Poland and Israel spoke.

The Council took note of the statements, agreed to establish a panel and authorized its Chairman to draw up the terms of reference and to designate the Chairman and members of the Panel in consultation with the parties concerned.<sup>5</sup>

At its meeting on 15-16 June 1988, the Council considered a communication from Chile (L/6362) concerning the urgent problem of Chile's exports of apples en route.

The representatives of Chile, the European Communities, Canada, the United States, Australia and Argentina spoke.

The Council took note of the statements.

(iii) Restrictions on imports of apples (C/M/223, 224, 226)

At the Council meeting on 20 July 1988, the Chairman drew attention to a request by the United States for the establishment of a panel to examine the Community's restrictions on imports of apples (L/6371). As bilateral consultations were in progress, the United States had asked that consideration of this item be deferred.

The Council took note of this information.

At its meeting on 22 September 1988, the Council considered the US request for a panel.

The representatives of the United States, the European Communities, Canada, Chile, Australia, New Zealand and Argentina spoke.

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<sup>5</sup>The Panel's terms of reference and composition were announced on 5 August 1988 (C/158).

The Council took note of the statements, agreed to establish a panel and authorized the Council Chairman to draw up the terms of reference and to designate the Chairman and members of the Panel in consultation with the parties concerned.

At the Council meeting on 19-20 October 1988, the Chairman announced the terms of reference and composition of the Panel.

The Council took note of this information.

- (iv) Payments and subsidies paid to processors and producers of oilseeds and related animal-feed proteins (C/M/220, 222, 224)

At its meeting on 4 May 1988, the Council considered a request by the United States for the establishment of a panel to examine the European Economic Community's payments and subsidies paid to processors and producers of oilseeds and related animal-feed proteins (L/6328).

The representatives of the United States, the European Communities, Canada, Jamaica, New Zealand, Australia, Malaysia, Uruguay, Argentina, Indonesia and Brazil, and the Chairman spoke.

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

At its meeting on 15-16 June 1988, the Council again considered this matter.

The representatives of the United States, the European Communities, Jamaica, France, Australia, India, Brazil, New Zealand, Argentina, Canada, Thailand, Malaysia, Indonesia, Uruguay, Peru, Hong Kong and Mexico, and the Director-General and the Chairman spoke.

The Council took note of the statements, agreed to establish a panel and authorized the Council Chairman to draw up the terms of reference and to designate the Chairman and members of the Panel in consultation with the parties concerned.

At the Council meeting on 22 September 1988, the representative of the United States expressed his country's concern over the length of time being taken to draw up terms of reference for, and to compose, the Panel.

The representative of the European Communities spoke.

The Council took note of the statements.

(v) Regulation on imports of parts and components (C/M/220<sup>6</sup>,  
224, 226)

At the Council meeting on 4 May 1988, the representative of Japan expressed his country's concern regarding the European Economic Community's adoption on 22 June 1987 of an anti-dumping regulation against local production using imported parts.

The representatives of the European Communities, Hong Kong, Singapore and Jamaica spoke.

The Council took note of the statements and agreed to revert to this item at an appropriate time.

At the Council meeting on 22 September 1988, the representative of Japan said that his country had held consultations with the European Economic Community under Article XXIII:1 on this matter (L/6381).

The representative of Hong Kong spoke.

The Council took note of the statements.

At its meeting on 19-20 October 1988, the Council considered a request by Japan for the establishment of a panel to examine this matter (L/6410).

The representatives of Japan, the European Communities, Korea, Brazil, Hong Kong, Singapore, the United States, Canada, Australia, Thailand, Jamaica and Mexico, and the Director-General and the Chairman spoke.

The Council took note of the statements, agreed to establish a panel and authorized the Council Chairman to draw up the terms of reference and to designate the Chairman and members of the Panel in consultation with the parties concerned.

(c) India

(i) Import restrictions on almonds (C/M/218)

In November 1987, the Council had established a panel to examine the US complaint in L/6157.

At the Council meeting on 22 March 1988, the representative of the United States said that India had agreed to standard terms of reference for the Panel.

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<sup>6</sup>Carried in C/M/220 as "European Economic Community - Amendment to anti-dumping regulations", and in 1987 as "European Economic Community - Proposed amendment to anti-dumping regulations".

The representatives of India, Yugoslavia, Brazil, Egypt and Mexico spoke.

The Council took note of the statements.<sup>7</sup>

(d) Japan

(i) Restrictions on imports of certain agricultural products  
(C/M/217, 219, 220, 222)

At their Session in December 1987, the CONTRACTING PARTIES had considered the Panel report in L/6253 and had agreed that it would be before the Council for consideration and appropriate action.

At its meeting on 2 February 1988, the Council considered the Panel report.

The representatives of the United States, Japan, Australia, the European Communities, Thailand on behalf of the ASEAN contracting parties, New Zealand, Argentina, Uruguay, Canada, Finland on behalf of the Nordic countries, Austria and Switzerland, and the Deputy Director-General spoke.

The Council took note of the statements and adopted the Panel report.

At its meeting on 8 April 1988, the Council considered the follow-up on the Panel report.

The representatives of the United States and Japan spoke.

The Council took note of the statements.

At its meeting on 4 May 1988, the Council again considered this matter.

The representatives of the United States, Japan, Australia, Thailand on behalf of the ASEAN contracting parties, and Uruguay spoke.

The Council took note of the statements.

At its meeting on 15-16 June 1988, the Council again considered this matter.

The representatives of the United States, Japan and Australia spoke.

The Council took note of the statements.

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<sup>7</sup> The Panel's terms of reference and composition were announced on 20 April 1988 (C/154). Contracting parties were informed on 8 June 1988 that India and the United States had reached a mutually satisfactory solution of their dispute (C/154/Add.1).

(ii) Restrictions on imports of beef and citrus products  
(C/M/218, 219, 220, 223)<sup>8</sup>

At the Council meeting on 22 March 1988, the representative of the United States said that it was his Government's intention to request an additional Council meeting as early as possible in April to discuss the serious issue of Japan's import restrictions on certain agricultural products.

The representatives of Australia, Nicaragua, Japan and Argentina spoke.

The Council took note of the statements.

At its meeting on 8 April 1988, the Council considered a request by the United States for the establishment of a panel to examine this matter (L/6322).

The representatives of the United States, Japan, the European Communities, Australia, Canada, Chile and New Zealand spoke.

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

At its meeting on 4 May 1988, the Council again considered this matter.

The representatives of the United States, Japan, Australia, Israel, Argentina, New Zealand, Brazil, Uruguay, Canada and the European Communities spoke.

The Council took note of the statements, agreed to establish a panel and authorized the Council Chairman to draw up the terms of reference and to designate the Chairman and members of the Panel in consultation with the parties concerned. The Council Chairman would consult with the parties and with the Secretariat concerning the appropriate administrative arrangements for this Panel.

At its meeting on 20 July 1988, the Chairman informed the Council of the United States' withdrawal of its complaint (L/6322/Add.1).

The representatives of Japan, Australia, Canada, the United States, Hungary, Israel, New Zealand, Jamaica and Malaysia spoke.

The Council took note of the information from the Chairman and of the statements.

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<sup>8</sup>In C/M/218, carried as "Import restrictions on additional agricultural products".

(iii) Restrictions on imports of beef  
- Recourse by Australia (C/M/220, 223)<sup>9</sup>

At its meeting on 4 May 1988, the Council considered a request by Australia for the establishment of a panel to examine Japan's restrictions on beef imports (L/6333, L/6340).

The representatives of Australia, Japan, New Zealand, the European Communities, the United States, Argentina, Uruguay and Canada spoke.

The Council took note of the statements, agreed to establish a panel and authorized the Council Chairman to draw up the terms of reference and to designate the Chairman and members of the Panel in consultation with the parties concerned. The Council Chairman would consult with the parties and with the Secretariat concerning the appropriate administrative arrangements for this Panel, in the light of the establishment of a panel under the agenda item "Japan - Restrictions on imports of beef and citrus products".

At its meeting on 20 July 1988, the Chairman informed the Council of Australia's withdrawal of its complaint (L/6333/Add.1).

The representatives of Japan, Australia, Canada, the United States, Hungary, Israel, New Zealand, Jamaica and Malaysia spoke.

The Council took note of the information from the Chairman and of the statements.

(iv) Restrictions on imports of beef  
- Recourse by New Zealand (C/M/222, 223)

At the Council meeting on 15-16 June 1988, the Chairman drew attention to New Zealand's request for the establishment of a panel to examine Japan's system of import quotas and licensing controls on beef imports (L/6355) and said that New Zealand had asked that its request be deferred for consideration at the next Council meeting.

The Council took note of the Chairman's statement and agreed to revert to this item at its next meeting.

At its meeting on 20 July 1988, the Chairman informed the Council of New Zealand's withdrawal of its complaint (L/6355/Add.1).

The representatives of Japan, Australia, Canada, the United States, Hungary, Israel, New Zealand, Jamaica and Malaysia spoke.

The Council took note of the information from the Chairman and of the statements.

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<sup>9</sup>For 1987, see under "State trading".

(v) Imports of spruce-pine-fir (SPF) dimension lumber (C/M/218, 222)

At its meeting on 22 March 1988, the Council considered a request by Canada for the establishment of a panel to examine Japan's restrictions on imports of spruce-pine-fir (SPF) dimension lumber (L/6315).

The representatives of Canada, Japan, New Zealand, Finland and the European Communities spoke.

The Council took note of the statements, agreed to establish a panel and authorized the Council Chairman to draw up the terms of reference and to designate the Chairman and members of the Panel in consultation with the parties concerned.

At its meeting on 15-16 June 1988, the Council was informed of the Panel's terms of reference and composition.

The representatives of Jamaica, Australia, the European Communities and Malaysia, and the Chairman and the Director-General spoke.

The Council took note of the information and the statements.

(vi) Trade in semi-conductors (C/M/219, 220, 226)

In April 1987, the Council had established a Panel to examine the complaint by the European Economic Community.

At its meeting on 8 April 1988, the Council considered the Panel report (L/6309).

The representatives of the European Communities, Japan, the United States and Switzerland spoke.

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

At its meeting on 4 May 1988, the Council again considered the Panel report.

The representatives of the European Communities, Japan, the United States, Hong Kong, Australia, Singapore, Jamaica and Sweden on behalf of the Nordic countries spoke.

The Council took note of the statements and adopted the Panel report (L/6309).

At the Council meeting on 19-20 October 1988, the representative of the European Communities raised the issue of the follow-up to the Panel report.

The representative of Japan spoke.

The Council took note of the statements.

(vii) Customs duties, taxes and labelling practices on imported wines and alcoholic beverages (C/M/217, 218)

In November 1987, the Council had adopted the Panel report (L/6216).

At its meeting on 2 February 1988, the Council considered the follow-up on the Panel report.

The representatives of the European Communities, Japan and the United States spoke.

The Council took note of the statements.

At its meeting on 22 March 1988, the Council again considered this matter.

The representatives of the European Communities, Finland on behalf of Finland and Sweden, Canada, Japan and the United States spoke.

The Council took note of the statements.

(e) Korea - Restrictions on imports of beef

(i) Recourse by the United States (C/M/218, 219, 220, 223, 224)

At its meeting on 22 March 1988, the Council considered a request by the United States for the establishment of a panel to examine Korea's restrictions on imports of bovine meat (L/6316).

The representatives of the United States, Korea, Australia, Canada, New Zealand, the European Communities, Norway and Japan, and the Director-General and the Chairman spoke.

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

At its meeting on 8 April 1988, the Council again considered the US request.

The representatives of the United States, Korea, Australia, Canada, New Zealand and the European Communities spoke.

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

At its meeting on 4 May 1988, the Council again considered the US request.

The representatives of the United States, Australia, Korea, New Zealand, Argentina, Uruguay, Canada and the European Communities spoke.



The Council took note of the statements, agreed to establish a panel and authorized its Chairman to designate the Chairman and members of the panel in consultation with the parties concerned. The Council simultaneously established a panel to examine the complaint by Australia.<sup>10</sup> The Council Chairman would consult with the parties to the two panels and with the Secretariat concerning the appropriate administrative arrangements.

At the Council meeting on 20 July 1988, the representative of the United States expressed concern over the lack of progress in organizing the work of the two panels established in May.

The representatives of Korea and Australia spoke.

The Council took note of the statements.

At the Council meeting on 22 September 1988, the Chairman announced the Panel's composition.

The Council took note of this information.

(ii) Recourse by Australia (C/M/220<sup>11</sup>, 224)

At its meeting on 4 May 1988, the Council considered a request by Australia for the establishment of a panel to examine Korea's restrictions on beef imports (L/6332).

The representatives of the United States, Australia, Korea, New Zealand, Argentina, Uruguay, Canada and the European Communities spoke.

The Council took note of the statements, agreed to establish a panel and authorized its Chairman to designate the Chairman and members of the panel in consultation with the parties concerned. The Council simultaneously established a panel to examine the complaint by the United States.<sup>12</sup> The Council Chairman would consult with the parties to the two panels and with the Secretariat concerning the appropriate administrative arrangements.

At the Council meeting on 22 September 1988, the Chairman announced the Panel's composition.

The Council took note of this information.

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<sup>10</sup> See following sub-point.

<sup>11</sup> In C/M/220, this item was considered together with the US request for a panel.

<sup>12</sup> See previous sub-point.

(iii) Recourse by New Zealand (C/M/222, 223, 224, 226)

At its meeting on 15-16 June 1988, the Council considered a request by New Zealand for the establishment of a panel to examine Korea's suspension of imports of beef (L/6354).

The representatives of New Zealand, Korea, Australia, the United States, Canada and Jamaica spoke.

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

At its meeting on 20 July 1988, the Council again considered this matter and an additional communication from New Zealand (L/6354/Add.1).

The representatives of New Zealand, Korea, the United States, Australia, Canada, the European Communities, Uruguay and Hungary, and the Chairman spoke.

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

At its meeting on 22 September 1988, the Council again considered this matter.

The representatives of New Zealand, Korea, the United States, Canada, the European Communities and Australia spoke.

The Council took note of the statements, agreed to establish a panel, and authorized its Chairman to designate the Chairman and members of the Panel in consultation with the parties concerned.

At the Council meeting on 19-20 October 1988, the Chairman announced the Panel's composition.

The Council took note of this information.

(f) Norway

- Restrictions on imports of apples and pears (C/M/218, 222)

At its meeting on 22 March 1988, the Council considered a request by the United States for the establishment of a panel to examine Norway's restrictions on imports of apples and pears (L/6311).

The representatives of the United States, Norway, Australia, Canada, Hungary and the European Communities spoke.

The Council took note of the statements, agreed to establish a panel and authorized the Council Chairman to draw up the terms of reference and to designate the Chairman and members of the Panel in consultation with the parties concerned.

At its meeting on 15-16 June 1988, the Chairman informed the Council of the Panel's terms of reference and composition.

The representatives of Norway and the United States spoke.

The Council took note of the information by the Chairman and of the statements.

(g) Sweden

- Restrictions on imports of apples and pears (C/M/217, 220, 222, 226)

At the Council meeting on 2 February 1988, the representative of the United States said that his country had been engaged for some time in discussions with Sweden concerning Sweden's maintenance of quantitative restrictions on imports of apples and pears.

The representatives of Sweden and Australia spoke.

The Council took note of the statements.

At its meeting on 4 May 1988, the Council considered a request by the United States for the establishment of a panel to examine its complaint (L/6330).

The Chairman spoke.

The Council took note of the statement.

At its meeting on 15-16 June 1988, the Chairman informed the Council that bilateral consultations had resumed and that the United States had asked that consideration of this item be deferred.

The Council took note of this information.

At the Council meeting on 19-20 October 1988, the representative of the United States said that his delegation intended to renew its request for a panel at the forthcoming CONTRACTING PARTIES' session in November.

The representative of Sweden spoke.

The Council took note of the statements.

(h) United States

- (i) Generalized System of Preferences - United States' removal of Chile from GSP scheme (C/M/217, 218, 219, 220)

At its meeting on 2 February 1988, the Council considered a communication from Chile in which that country had requested consultations under Article XXII:1 (L/6298) with the United States over the latter's removal of Chile from its scheme under the Generalized System of Preferences (GSP).

The representatives of the United States, Chile, Colombia, Peru, Argentina, Brazil, Uruguay, Jamaica, Hong Kong, India and Nicaragua spoke.

The Council took note of the statements.

At its meeting on 22 March 1988, the Council again considered this matter.

The representative of Chile spoke.

The Council took note of the statement.

At its meeting on 8 April 1988, the Council again considered this matter.

The representative of Chile spoke.

The Council took note of the statement.

At its meeting on 4 May 1988, the Council considered a request by Chile for consultations under Article XXII:1 with the United States (L/6298).

The representatives of Chile and the European Communities spoke.

The Council took note of the statements.

(ii) Customs user fee (C/M/217, 218)

In March 1987, the Council had established a Panel to examine the complaints by Canada and the European Communities. The Panel's report (L/6264) had been circulated shortly before the CONTRACTING PARTIES' Session in December 1987, at which it had been agreed that this matter should be considered by the Council at its first meeting in 1988.

At its meeting on 2 February 1988, the Council considered the Panel's report.

The representatives of the European Communities, Canada, the United States, Jamaica, Sweden on behalf of the Nordic countries, Mexico, Australia, Switzerland, India and Hong Kong spoke.

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

At its meeting on 22 March 1988, the Council considered a request from the United States (L/6312) for the immediate derestriction of the Panel report.

The representatives of the United States, the European Communities, Canada, Australia and Mexico, and the Director-General spoke.

The Council took note of the statements, agreed to the immediate derestriction of document L/6264, and agreed to revert at its next meeting to the matter of derestricting future panel reports automatically upon their adoption. (See sub-point 1(b))

(iii) Quality standards for grapes (C/M/220)

At its meeting on 4 May 1988, the Council considered a request by Chile for consultations with the United States under Article XXIII:1 concerning the quality standards applied to US imports of grapes from Chile (L/6324).

The representatives of Chile and the United States spoke.

The Council took note of the statements.

(iv) Imports of sugar (C/M/222, 223, 224)

At the Council meeting on 15-16 June 1988, the representative of Australia said that his country had held consultations with the United States under Article XXII for the purpose of establishing the United States' justification in GATT terms for its current sugar import régime.

The representatives of the United States and the European Communities spoke.

The Council took note of the statements.

At its meeting on 20 July 1988, the Council considered a request by Australia for the establishment of a panel to examine the United States' import quotas on sugar (L/6373).

The representatives of the United States, the European Communities, Argentina, Brazil, Nicaragua, Colombia, Thailand, Canada and Jamaica, and the Director-General spoke.

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

At its meeting on 22 September 1988, the Council again considered this matter.

The representatives of Australia, the United States, Brazil, Canada, the European Communities, Nicaragua, Argentina, Colombia and Thailand, and the Director-General spoke.

The Council took note of the statements, agreed to establish a panel, and authorized its Chairman to designate the Chairman and members of the Panel in consultation with the parties concerned.

(v) Import restrictions on certain products from Brazil  
(C/M/224)

At the Council meeting on 22 September 1988, the representative of Brazil said that his country had requested consultations with the United States under Article XXIII:1 concerning the United States' import restrictions on certain products from Brazil (L/6386).

The representatives of the United States, Argentina, Nicaragua, Cuba, Yugoslavia, Mexico, Uruguay, Colombia and Chile spoke.

The Council took note of the statements.

(vi) Restrictions on the importation of agricultural products applied under the 1955 Waiver and under the Headnote to the Schedule of tariff concessions (Schedule XX - United States) concerning Chapter 10 (C/M/224, 226)

At its meeting on 22 September 1988, the Council considered a request by the European Economic Community for the establishment of a panel to examine the United States' restrictions on the importation of agricultural products applied under the 1955 Waiver and under the Headnote to the Schedule of tariff concessions (Schedule XX - United States) concerning Chapter 10 (L/6393).

The representatives of the European Communities, the United States, Japan, Australia, Brazil, Argentina, Canada, Uruguay, New Zealand, Jamaica, Nicaragua and Peru, and the Chairman spoke.

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

At its meeting on 19-20 October 1988, the Council again considered this matter.

The representatives of the European Communities and the United States spoke.

The Council took note of the statements.

(vii) Follow-up on petroleum and certain imported substances  
(L/617, 218, 220, 222, 223, 224, 226)

In June 1987, the Council had adopted the Panel report (L/6175).

At its meeting on 2 February 1988, the Council considered the follow-up on the Panel report.

The representative of the European Communities, Mexico, Canada, Kuwait, the United States, Nigeria and Malaysia spoke.

The Council took note of the statements and agreed to revert to this matter in due course.

At its meeting on 22 March 1988, the Council considered a request by the European Communities that the Council authorize the withdrawal of equivalent concessions granted to the United States, and agree that the circumstances were serious enough to justify such action (C/W/540).

The representatives of the European Communities, Canada, Mexico and the United States, and the Legal Adviser to the Director-General spoke.

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

At its meeting on 4 May 1988, the Council again considered this matter and an additional communication from the European Communities (C/W/540/Add.1).

The representatives of the European Communities, the United States, Nigeria, Mexico, Canada, Norway, Malaysia and Australia, and the Legal Adviser to the Director-General spoke.

The Council took note of the statements and agreed to revert to this item after the Chairman had consulted informally with interested delegations.

At the Council meeting on 15-16 June 1988, the Chairman said that he had consulted with interested delegations on this matter. As it had become apparent that there were essentially technical questions to be answered, and that a working party might not be the most suitable way to address them, he suggested that the Secretariat give the two parties technical advice to determine whether the Community's assessment of damages was correct and, if not, what the appropriate amount, if any, would be, and that the Council agree to revert to this item at its next meeting. This technical advice would also be made available by the Secretariat to other interested contracting parties.

The representatives of Mexico, Canada and the European Communities spoke.

The Council took note of the statements and agreed to the Chairman's suggestion.

At the Council meeting on 20 July 1988, the Chairman reported that the Secretariat had begun its task. As several technical questions still remained to be answered, he suggested that the Council revert to this item at its next meeting.

The representatives of the European Communities, Canada and Mexico spoke.

The Council took note of the information from the Chairman and of the statements.

At its meeting on 22 September 1988, the Council again considered this matter, and was informed by the Chairman that the Secretariat had transmitted the technical advice to the two parties and to other contracting parties which had expressed an interest in receiving it.

The representatives of the European Communities, Mexico, Canada, the United States, Jamaica, Nigeria, Kuwait, Brazil and Nicaragua, and the Deputy Director-General and the Chairman spoke.

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

At its meeting on 19-20 October 1988, the Council again considered this matter.

The representatives of the United States, the European Communities, Mexico and Canada spoke.

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

15. Customs unions and free-trade areas; regional agreements

(a) Canada - United States Free-Trade Agreement (C/M/217)

In October 1987, the Council had taken note of statements by the representatives of Canada and the United States concerning the conclusion, on 3 October 1987, of a free-trade agreement between the two countries.

At its meeting on 2 February 1988, the Council considered a communication from Canada and the United States (L/6299) related to this agreement.

The representatives of Canada, the United States, Mexico, Japan, Brazil and Korea spoke.

The Council took note of the statements.

(b) Third Lomé Convention (C/M/224)

In March 1987, the Council had established a working party to examine the Third ACP-EEC Convention of Lomé, which had entered into force on 1 May 1986.

At the Council meeting on 22 September 1988, the Chairman of the Working Party presented its report (L/6382).

The Council took note of the statement and adopted the report.



(c) Accession of Portugal and Spain to the European Communities  
(C/M/226)

In February 1986, the Council had established a working party to examine the accession of Portugal and Spain to the European Communities.

At the Council meeting on 19-20 October 1988, the Chairman of the Working Party introduced its report (L/6405).

The representatives of Canada, the United States, Australia, Japan, Finland on behalf of the Nordic countries, Hungary, Austria, New Zealand, Poland, Turkey, Uruguay, Romania, the European Communities and Chile spoke.

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

(d) Biennial reports

(i) South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) (C/M/217)

At its meeting on 2 February 1988, the Council considered the report in L/6279.

The representatives of New Zealand, the United States and Jamaica spoke.

The Council took note of the statements and of the report.

(ii) EEC - Cyprus Association Agreement (C/M/218)

At its meeting on 22 March 1988, the Council considered the report in L/6313.

The representatives of the United States, the European Communities and Australia spoke.

The Council took note of the statements and of the report.

(iii) EEC - Malta Association Agreement (C/M/218)

At its meeting on 22 March 1988, the Council considered the report in L/6314.

The representatives of the United States, the European Communities and Australia spoke.

The Council took note of the statements and of the report.

(iv) EEC - Turkey Association Agreement (C/M/224)

At its meeting on 22 September 1988, the Council considered the report in L/6380.

The representatives of the United States and the European Communities spoke.

The Council took note of the statements and of the report and agreed to revert to this item at a future meeting.

16. Waivers under Article XXV:5

(a) Uruguay - Import surcharges (C/M/222)

By their Decision of 24 October 1972 (BISD 19S/9), the CONTRACTING PARTIES had waived the application of the provisions of Article II to the extent necessary to allow Uruguay to maintain certain import surcharges in excess of bound duties. The waiver, which had been extended a number of times, was due to expire on 30 June 1988.

At its meeting on 15-16 June 1988, the Council considered Uruguay's request (L/6352) for a further extension of the waiver, and a draft decision to this effect (C/W/552).

The representatives of Uruguay, the United States, Jamaica and the European Communities spoke.

The Council took note of the statements, approved the text of the draft decision in C/W/552 extending the waiver until 30 June 1989, and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

The decision was adopted on 18 July 1988 (L/6378).

(b) Pakistan - Renegotiation of Schedule (C/M/226)

By their Decision of 29 November 1977 (BISD 24S/15), as extended until 31 December 1988 (BISD 34S/34), the CONTRACTING PARTIES had waived application of the provisions of Article II of the General Agreement to enable Pakistan to maintain in force the rates of duty provided for in its revised Customs Tariff, pending the completion of negotiations for the modification or withdrawal of concessions in its Schedule XV.

At the Council meeting on 19-20 October 1988, the representative of Pakistan said that, taking account of the negotiations and consultations conducted in terms of the waiver, his authorities hoped to submit shortly a new draft schedule of concessions in the Harmonized System nomenclature. If a further extension of the waiver became necessary, however, Pakistan would circulate a request for this with the hope that it could be dealt with before the end of the year.

The Council took note of the statement.

(c) Harmonized System

(i) Indonesia (C/M/218)

At its meeting on 22 March 1988, the Council considered a request by Indonesia for a waiver in connection with the implementation of the Harmonized System (L/6310).

The representative of Indonesia spoke.

The Council took note of the statement, approved the text of the draft decision (C/W/539) and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

The decision was adopted on 27 April 1988 (L/6331).

(ii) Bangladesh, Mexico, Israel, Malaysia, Yugoslavia (C/M/222)

At their Forty-Third Session in November 1987, the CONTRACTING PARTIES had adopted decisions granting waivers in connection with the implementation of the Harmonized System inter alia to Israel (L/6287), Malaysia (L/6286) and Yugoslavia (L/6285).

At its meeting on 15-16 June 1988, the Council considered the requests by Bangladesh (L/6347) and Mexico (L/6358) for waivers for the same purpose, and the requests by Israel (L/6356), Malaysia (L/6359) and Yugoslavia (L/6350) for extensions of the waivers already granted to them in this connection.

The representatives of Jamaica, the European Communities and India, and the Legal Adviser to the Director-General spoke.

The Council took note of the statements, approved the texts of the draft decisions (C/W/549/Rev.1 - Bangladesh; C/W/544 - Mexico; C/W/553 - Israel; C/W/555 - Malaysia; and C/W/551 - Yugoslavia) and recommended their adoption by the CONTRACTING PARTIES by postal ballot.

The decisions were adopted on 18 July 1988 (L/6374 - Bangladesh; L/6377 - Mexico; L/6375 - Israel; L/6376 - Malaysia; and L/6379 - Yugoslavia).

(iii) Sri Lanka (C/M/226)

At its meeting on 19-20 October 1988, the Council considered a request by Sri Lanka for a waiver in connection with its implementation of the Harmonized System (L/6409).

The representative of Sri Lanka spoke.

The Council took note of the statement, approved the text of the draft decision (see Annex I) and recommended its adoption by the CONTRACTING PARTIES by a vote at their Forty-Fourth Session.

17. Accession, provisional accession

(a) Bolivia (C/M/223)

In October 1987, the Council had established a working party to examine Bolivia's request for accession to the General Agreement.

At the Council meeting on 20 July 1988, the representative of Bolivia (as an observer) said that his country had submitted the Memorandum on its foreign trade régime at the end of June, and hoped that the Working Party could soon start the examination thereof.

The Council took note of the statement.

(b) Bulgaria (C/M/222, 223, 224, 226)

In November 1986, the Council had agreed to establish a working party to examine Bulgaria's request for accession, and had agreed to consider in due course the procedural aspects of its establishment.

At the Council meeting on 15-16 June 1988, the representative of Bulgaria (as an observer) said that his Government had submitted a Memorandum on the main features of Bulgaria's economic and trade policies and on its foreign trading system (L/6364).

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

At the Council meeting on 20 July 1988, the Chairman reported on his consultations on the chairmanship and terms of reference for the Working Party established by the Council in November 1986 to examine Bulgaria's request for accession.

The representative of Bulgaria (as an observer) spoke.

The Council took note of the statement and of the information from the Chairman.

At the Council meeting on 22 September 1988, the Chairman announced that his consultations were still continuing, and that as it appeared that more time would be needed, the consultations would be continued.

The Council took note of this information.

At its meeting on 19-20 October 1988, the Chairman informed the Council that his consultations on this matter were still continuing.

The representatives of Bulgaria (as an observer) and the United States spoke.

The Council took note of the statements and of the information from the Chairman.

(c) El Salvador (C/M/224)

At the Council meeting on 22 September 1988, the representative of El Salvador (as an observer) informed the Council that on 6 September 1988, his country had submitted the Memorandum on its foreign trade régime.

The Council took note of the statement.

(d) Lesotho (C/M/217)

At the Council meeting on 2 February 1988, the Chairman, on behalf of the Council, welcomed Lesotho as the 96th contracting party.

The representative of the United States referred to Lesotho's recent succession to GATT under the provisions of Article XXVI:5(c), and said that the United States was considering the possibility of requesting a working party to examine Lesotho's rights and obligations and to report back to the Council.

The representative of Japan spoke.

The Council took note of the statements.

(e) Tunisia (C/M/217, 222)

At their Thirty-seventh Session in November 1981, the CONTRACTING PARTIES had established a working party to examine Tunisia's application to accede to the General Agreement.

At its meeting on 2 February 1988, the Council considered the Working Party's report (L/6277).

The representatives of Tunisia (as an observer), the European Communities, Canada and Morocco, and the Chairman of the Working Party spoke.

The Council took note of the statements and agreed to revert to this item at a future meeting.

At its meeting on 15-16 June 1988, the Council considered a communication from the Director-General suggesting that the time-limit in paragraph 5 of the draft Protocol of Accession of Tunisia be changed to 15 November 1988 (C/W/556).

The Council took note of this change.

18. Consultations on trade

(a) Trade with Romania (C/M/217)

In November 1986, the Council had established a working party to carry out the sixth consultation with the Government of Romania and to report to the Council.

At the Council meeting on 2 February 1988, the representative of Uruguay, on behalf of the Chairman of the Working Party, introduced the Working Party's report (L/6282).

The representative of Romania spoke.

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

(b) Trade with Hungary (C/M/226)

The Protocol for the Accession of Hungary provides for consultations to be held between Hungary and the CONTRACTING PARTIES biennially, in a working party to be established for this purpose, in order to carry out a review of the operation of the Protocol and of the evolution of reciprocal trade between Hungary and the contracting parties (BISD 20S/3).

At its meeting on 19-20 October 1988, the Council agreed to establish a working party to conduct the seventh consultation with Hungary.

19. De facto application of the General Agreement (C/M/222)

At its meeting on 15-16 June 1988, the Council considered the seventh report by the Director-General (L/6349) on the application of the Recommendation of 11 November 1967 (BISD 15S/64), inviting contracting parties to continue to apply the General Agreement de facto in respect of newly-independent territories on a reciprocal basis (L/6349).

The representative of Jamaica and the Director-General spoke.

The Council took note of the report and of the statements and invited the Director-General to remain in contact with the governments of the States concerned and to report again on the application of the Recommendation within three years.

20. India's implementation of the Customs Valuation Code (C/M/217)

At the Council meeting on 2 February 1988, the representative of the United States referred to the two extensions of time granted to India regarding its obligation to implement the Customs Valuation Code, and reserved his delegation's right to revert to this matter.

The representative of India spoke.

The Council took note of the statements.

21. Generalized System of Preferences - United States' removal of Hong Kong, Korea and Singapore from GSP Scheme (C/M/217)

At the Council meeting on 2 February 1988, the representative of Korea expressed his country's regret over the recent US decision to remove Korea, along with three other countries, from its scheme under the Generalized System of Preferences (GSP), effective January 1989.

The representatives of Singapore, Hong Kong and the United States spoke.

The Council took note of the statements.

22. Communication from the United States concerning the relationship of internationally-recognized labour standards to international trade (C/M/217, 218, 220, 222, 223, 226)

In November 1987, the Council had agreed that the Chairman would hold informal consultations on the US proposal to establish a working party (L/6196, L/6243) on the relationship of internationally-recognized labour standards to international trade.

At its meeting on 2 February 1988, the Council again considered this matter.

The representative of the United States spoke.

The Council took note of the statement.

At its meeting on 22 March 1988, the Council again considered this matter.

The representative of the United States spoke.

The Council took note of the statement.

At its meeting on 4 May 1988, the Council again considered this matter.

The representatives of the United States, Nicaragua, New Zealand, Canada, Mexico, Sweden on behalf of the Nordic countries, Thailand on behalf of the ASEAN contracting parties, Japan, Cuba, Chile, Romania, Israel, Nigeria, Hong Kong, Brazil, Pakistan, Egypt, the European Communities, Turkey, India and Yugoslavia spoke.

The Council took note of the statements.

At its meeting on 15-16 June 1988, the Council again considered this matter.

The representative of the United States spoke.

The Council took note of the statement.

At its meeting on 20 July 1988, the Council again considered this matter.

The representatives of the United States and Jamaica spoke.

The Council took note of the statements.

At its meeting on 19-20 October 1988, the Council again considered this matter.

The representative of the United States spoke.

The Council took note of the statement.

23. Training activities (C/M/226)

At the Council meeting on 19-20 October 1988, the Director-General introduced his report on the Secretariat's training activities (L/6404).

The representatives of Bangladesh, Mexico, Uruguay, Cuba, Colombia, Nigeria, Peru and Chile spoke.

The Council took note of the statements and of the report.

24. International Trade Centre  
- Report of the Joint Advisory Group (C/M/224)

At its meeting on 22 September 1988, the Council considered the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-first session (ITC/AG(XXI)/112).

The Chairman of the Group introduced the report. The representatives of Sweden on behalf of the Nordic countries, Bangladesh, Canada, Chile, the European Communities, Argentina, Uruguay, India, Nicaragua, Peru, Mexico, Pakistan, Nigeria, Colombia, Tunisia, Morocco and Israel spoke.

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



25. Administrative and financial matters

(a) Current cash situation<sup>13</sup> (C/M/218, 220, 222, 223)<sup>14</sup>

At its meeting on 10-11 November 1987, the Council had asked the Committee on Budget, Finance and Administration to make an urgent review of GATT's cash situation and to report back with recommendations not later than 31 March 1988. This matter had also been discussed at the November 1987 Session of the CONTRACTING PARTIES.

At its meeting on 22 March 1988, the Council again considered this matter.

The representative of Jamaica, and the Director-General and the Chairman of the Budget Committee spoke.

The Council took note of the statements and of the information given by the Director-General on the current cash situation, and agreed to extend the time period for the Budget Committee's deliberations in the light of the statement by the Chairman of that Committee.

At its meeting on 4 May 1988, the Council again considered this matter.

The representative of Canada and the Chairman spoke.

The Council took note of the statements.

At its meeting on 15-16 June 1988, the Council again considered this matter.

The Chairman of the Budget Committee spoke.

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

At its meeting on 20 July 1988, the Council again considered this matter.

The representatives of Singapore, Malaysia and Jamaica, and the Chairman of the Budget Committee, the Director-General and the Council Chairman spoke.

The Council took note of the statements.

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<sup>13</sup> See also under Point 25(b)(ii).

<sup>14</sup> Carried in the Minutes under "Committee on Budget, Finance and Administration.

(b) Committee on Budget, Finance and Administration

(i) Membership (C/M/217)

At its meeting on 2 February 1988, the Council considered a request from Belgium (L/6301) to join the Committee.

The representatives of Japan, Australia, the United States, the European Communities, Canada and India, and the Chairman and the Director-General spoke.

The Council approved Belgium's request for membership on the Budget Committee and agreed that some further work was needed in order to find a way for the Committee to reflect the Council's wishes regarding informal consultations on the principle to be followed in such requests.

(ii) Reports (C/M/224, 226)

At the Council meeting on 22 September 1988, the Chairman suggested that in order to provide further time for delegations to complete their consideration of the report of the Committee on Budget, Finance and Administration dated 12 September 1988 (L/6384), the Council agree to revert to this item at its next meeting on 19 October, and that in the meantime, there would be consultations on this open to all interested delegations.

The Council so agreed.

At its meeting on 19-20 October 1988, the Council considered the Budget Committee's report dated 12 September 1988 (L/6384) and its report dated 7 October 1988 (L/6408).

The Chairman of the Budget Committee and the Director-General spoke.

The Chairman read out a statement on behalf of Argentina, Colombia, Cuba, Mexico, Nicaragua, Peru and Uruguay.

The representative of Brazil spoke.

The Council took note of the statements, approved the Budget Committee's specific recommendations in Paragraphs 16, 25, 33, 41, 43, 46, 48, 49, 53 and 57 of its report dated 12 September 1988 in L/6384, and adopted the report in L/6384.

The representatives of Tanzania, Bangladesh, the United Kingdom and Romania spoke.

The Council took note of the statements.

The Chairman then proposed that the Council approve the Budget Committee's specific recommendations in Paragraphs 63, 73 and 74 of its report dated 7 October 1988 in L/6408, and agree to submit the draft

resolution referred to in Paragraph 64 to the CONTRACTING PARTIES for consideration and approval at their Forty-Fourth session. He also proposed that the Council approve the Budget Committee's report in L/6408 and recommend that the CONTRACTING PARTIES adopt it at their Forty-Fourth session, including the recommendations contained therein and the Resolution on the expenditure of the CONTRACTING PARTIES in 1989 and the ways and means to meet that expenditure.

The representatives of Brazil, Jamaica, India and Malaysia spoke.

The Council took note of the statements and agreed to the Chairman's proposal.

The representatives of Australia and Colombia, and the Chairman of the Budget Committee and the Council Chairman spoke.

The Council took note of the statements.

(c) Office of Director-General (C/M/224, 226)

At the Council meeting on 22 September 1988, the Chairman of the CONTRACTING PARTIES announced that in accordance with the rules and procedures adopted for the renewal of the appointment of the Director-General (BISD 33S/55), he had convened consultations the following day at heads-of-delegation level.

The Council took note of this information.

At the Council meeting on 19-20 October 1988, the Chairman of the CONTRACTING PARTIES confirmed that he had convened a consultation on this matter for 25 October.

The Council took note of this information.

26. Schedule of work (C/M/222)

At the Council meeting on 15-16 June 1988, the Director-General said that following consultations with delegations, and taking into account the current year's heavy work schedule, he had decided that the Secretariat should be in a position to carry out its responsibilities after the summer break as from the week of 29 August.

The Council took note of the statement.

27. Calendar of meetings (C/M/224)

At the Council meeting on 22 September 1988, the representative of Bangladesh said there was a need for greater cooperation and coordination among multilateral organizations in Geneva, particularly between GATT and UNCTAD, concerning the scheduling of their respective meetings.

The Director-General spoke.

The Council took note of the statements.

28. Council membership

- Zimbabwe (C/M/217)

At its meeting on 2 February 1988, the Council welcomed Zimbabwe as a Council member.

29. Appointment of presiding officers of standing bodies (C/M/224, 226)

At the Council meeting in June 1988<sup>15</sup>, it had been suggested that the Secretariat prepare some information which could serve as the basis for informal consultations on how to regularize the process for appointing the presiding officers of standing bodies.

At the Council meeting on 22 September 1988, the Chairman informed the Council that he had held two informal consultations on this matter and that further consultations would be held.

The Council took note of this information.

At the Council meeting on 19-20 October 1988, the Chairman informed the Council that his consultations were continuing and that he hoped that a satisfactory conclusion could be reached within the next few days. Were that to be the case, he would make his report to the CONTRACTING PARTIES at their forthcoming session in November.

The representatives of Jamaica, Colombia, Chile and the European Communities spoke.

The Council took note of the statements and of the information from the Chairman.

30. Arrangements for the Forty-Fourth Session

- Consultations by the Chairman of the CONTRACTING PARTIES (C/M/224, 226)

At the Council meeting on 22 September 1988, the Chairman of the CONTRACTING PARTIES informed the Council that he would shortly begin consultations regarding the election of officers at the next CONTRACTING PARTIES Session.

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<sup>15</sup> See C/M/222, page 27.

The representative of Jamaica spoke.

The Council took note of the statements.

At the Council meeting on 19-20 October 1988, the Chairman of the CONTRACTING PARTIES informed the Council that he had convened a consultation on this matter for 1 November.

The Council took note of this information.

ANNEX I

SRI LANKA - ESTABLISHMENT OF A NEW SCHEDULE VI

Draft Decision

Considering that the Government of Sri Lanka, in a communication dated 6 October 1988 (L/6409), has informed the CONTRACTING PARTIES that it was in the final stage of completing the transposition of its Customs Tariff from the CCCN to the Harmonized Commodity Description and Coding System (Harmonized System) and that the Government of Sri Lanka has decided to implement the Harmonized System on 1 January 1989;

Noting that the Government of Sri Lanka has based its decision on the fact that a number of Sri Lanka's trading partners have implemented the Harmonized System on 1 January 1988 or will implement it in the near future;

Considering that the relevant Harmonized System documentation required for the negotiations under Article XXVIII will be submitted to the Secretariat for distribution to contracting parties as soon as possible;

Noting that the Government of Sri Lanka has emphasized that in the process of conversion, it will be ensured that no change in the tariff rates of bound items, the Initial Negotiating Rights or the product descriptions will take place, but that the Government of Sri Lanka is prepared to enter into consultations with any interested contracting parties;

Recognizing that in view of the time constraint, it will not be possible for the Government of Sri Lanka to conduct consultations under the procedures of Article XXVIII of the General Agreement before the scheduled date of implementation;

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

Decide, in view of the exceptional circumstances to suspend the application of the provisions of Article II of the General Agreement to enable the Government of Sri Lanka to implement on 1 January 1989, the Harmonized Commodity Description and Coding System, subject to the following conditions:

1. The Government of Sri Lanka will promptly enter into negotiations and consultations with interested contracting parties pursuant to paragraphs 1-3 of Article XXVIII.

2. The negotiations and consultations mentioned above shall be completed not later than 30 June 1989.
3. Pending the entry into force of the results of the negotiations or consultations mentioned above, the other contracting parties will be free to suspend concessions initially negotiated with Sri Lanka to the extent that they consider that adequate compensation is not offered by the Government of Sri Lanka.