

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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COUNCIL  
22 September 1993

## MINUTES OF MEETING

Held in the Centre William Rappard  
on 22 September 1993

Chairman: Mr. A. Szepesi (Hungary)

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1. Kyrgyzstan - Request for observer status (L/7269)

The Chairman drew attention to the communication from Kyrgyzstan in L/7269 requesting observer status in the GATT which, while addressed to the GATT on 22 June 1993, had not been received in time to be considered by the Council at its July meeting. At that meeting the Council had adopted a Decision (L/7286) establishing a set of requirements to be fulfilled by governments requesting observer status. The Government of Kyrgyzstan had since been duly advised of these requirements, in particular that it should provide contracting parties with a clear indication of its intention to accede to the GATT within 5 years, and with a description of its current economic and trade policies, as well as any intended future reforms thereof. Accordingly, and on the understanding that Kyrgyzstan would provide the required information and communication shortly, he proposed that the Council agree at the present meeting to grant Kyrgyzstan observer status.

The Council so agreed.

2. Committee on Balance-of-Payments Restrictions

(a) Consultation with South Africa (BOP/R/211)

(b) Note on the meetings of 24-25 May, 1-2 and 7-8 July (BOP/R/212)

(a) Consultation with South Africa (BOP/R/211)

Mr. Witt (Germany), Chairman of the Committee, said that at the consultation with South Africa on 7 and 8 July, the Committee had welcomed South Africa's readiness to consult on its import surcharge under the GATT balance-of-payments (BOP) provisions and had expressed support for the socio-political and economic reform process presently taking place in that country. The Committee had recognized the political and economic difficulties which had led to the introduction, expansion and present form of the import surcharge and had understood that adjustment to these difficulties had required generation of current account surpluses to deal with a heavily negative capital account of the balance of payments. South Africa had experienced slow growth from 1986 to 1990 and negative growth since then, with growth in 1993 expected to be slow with unemployment increasing further. The level of international reserves was very low, having fallen to around six weeks of imports. The Committee had noted that, under the circumstances, and following recent steps towards fiscal consolidation, the

authorities' room for policy manoeuvre was very limited and would continue to be so; in particular, the need to obtain and maintain an adequate level of international reserves would remain a basic constraint on economic policy.

The Committee had recognized that the normalization of South Africa's external trade and financial relations would depend not only on confidence in the political developments, but also on its pursuit of sound macroeconomic and structural policies. In this context, it had stressed the need for simplification and greater transparency of South Africa's complex import régime and had therefore welcomed South Africa's determination to pursue domestic economic policies that, by accelerating the opening of the economy to internal and external competition, would promote its full integration into the international economy. The Committee had welcomed the progress made thus far in reducing the rates of the import surcharge and the commitment of the South African authorities to phase it out as a priority. Members of the Committee had expressed concern that the surcharge had been applied inconsistently with the principle of non-discrimination. The Committee had urged South Africa to eliminate this discriminatory treatment and had emphasized that an early abolition of the surcharge would be the best way to correct this inconsistency with its GATT obligations. The Committee had urged South Africa to phase out the import surcharge and had reiterated the need for a time-frame in this regard. It had welcomed the readiness of the South African authorities to provide information on progress by mid-1994. Thereafter, the Committee would consult again on any BOP measure still maintained.

The Council took note of the statement and adopted the report in BOP/R/211.

(b) Note on the meetings of 24-25 May, 1-2 and 7-8 July (BOP/R/212)

Mr. Witt (Germany), Chairman of the Committee, said that the Committee had covered two major subjects under "Other Business". On 25 May and 2 July, the Philippines had been urged to notify its import restrictions maintained under Article XVIII:B, as requested by the Committee in February 1993. Subsequently, on 30 August, the Philippines had sent in its notification, which would shortly be circulated. On 2 July, several members of the Committee had pointed out that documentation prepared for BOP consultations often did not allow the Committee to establish precisely which measures were maintained for BOP purposes by the consulting country. Therefore, the Committee had requested the consulting countries and the Secretariat to include in their consultation documents a section that would describe in detail all the measures maintained under the GATT's BOP provisions. The need for circulation of documentation in good time had also been stressed.

The representative of the United States said that in recent months it had been increasingly difficult for the Committee to conduct adequate reviews of the application of import measures for BOP purposes. The Committee scheduled meetings following consultation with the interested parties, and then convened only to learn that the countries under review had not supplied even basic documentation listing and describing the measures they had applied and for which they were seeking the Committee's approval. Promises to provide the documentation at a later date were quite often not honoured, notwithstanding many reminders. Late arrival of the basic documents for the consultations, when they were produced, had become a frequent occurrence. Recent scheduled consultations had been plagued with last-minute cancellations by the consulting countries. The invocation of Articles XII and XVIII to justify otherwise GATT-inconsistent import restrictions was a serious exception to GATT obligations. Review of the scope, nature, and justification for such measures was critical in order to minimize damage to other contracting parties' trade interests. If the use of BOP restrictions was to be disciplined within the terms of GATT rules, one needed to find a method to encourage more respect for the process of consultation review and a more responsible attitude towards provision of documentation therefor. In

response to this situation, members of the Committee had requested that the consulting countries and the Secretariat should include in their consultation documents a section which would describe in detail all the measures maintained under the GATT's BOP provisions. This documentation should also be circulated in a timely manner. The United States wished to bring this problem to the attention of contracting parties, and hopefully to spark additional interest in improving the situation. It firmly supported efforts by the Committee Chairman, and recent initiatives from other Committee members, to strengthen the consultation process.

The representative of Canada expressed support for the United States' statement and for the efforts of the Committee Chairman as well as those of other Committee members to try and make the Committee's work more effective.

The representative of the European Communities fully supported the efforts by the Committee Chairman to improve the efficiency of the Committee's work. The Community agreed with the United States that the lack of precision in the description of measures for which consulting countries were seeking approval was a problem. It was regrettable that while consulting countries often provided a certain list of measures, it became clear in the course of the consultations that other existing measures had not been brought to the Committee's attention.

The representative of Sweden, speaking on behalf of the Nordic countries, said that the United States had pointed to certain problems that contracting parties had recently become aware of in the Committee, and to some important proposals as how to deal with them. The Nordic countries supported the United States' statement.

The Council took note of the statements and of the information in BOP/R/212.

3. EEC - Restrictions on imports of apples  
- Communication from Chile (DS39/2, DS41/2)

The Chairman recalled that the Council had considered this matter at its meeting in July, and had agreed to revert to it at the present meeting. In response to a suggestion by the European Community at that meeting, he had held consultations with the parties concerned to see how the problem of time might be overcome in this dispute. While the consultations had helped to clarify positions, they had not, unfortunately, resulted in any agreement. He remained at the disposal of the parties concerned for any further consultations on this matter.

The representative of Chile said that Chile had held a second round of consultations with the Community on 27 July and a final informal consultation on 16 September. Neither had led to a satisfactory solution in a way that would guarantee access for Chile's apples to the Community market under normal competitive conditions both in 1994 and in future seasons. Under these circumstances, Chile reiterated its request for a panel, and trusted that the CONTRACTING PARTIES would abide by the April 89 Decision<sup>1</sup> and establish a panel at the present meeting on the terms requested in Chile's statement at the July Council meeting (see C/COM/1). Chile also requested that the work of the panel be concluded in as short a period of time as possible. His delegation wished to express its gratitude to the Council Chairman and the Secretariat for their good offices in attempting to achieve an agreement with the Community on the question of urgency procedures.

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<sup>1</sup>Improvements to the GATT dispute settlement rules and procedures (BISD 36S/61).

The representative of the European Communities noted that Chile's request was on the Council's Agenda for the second time, and said that the April 1989 Decision would have to be respected. The Community therefore recognized Chile's right to the establishment of a panel. In order to avoid any misunderstanding which might have arisen as a result of the discussion at the July Council meeting, he said that the Community would not consider the establishment of a panel as a hostile act and would remain ready to consult with Chile at any time. Nonetheless, the existence of a panel would not necessarily facilitate any on-going discussions. As to the question of urgency procedures, it should be recognized that the conditions for applying such procedures had not been met. This being said, the Community was not insensitive to the reasons and to the realities of the production and marketing of apples which had motivated Chile's request for these procedures. The Community would, for its part, use the maximum amount of understanding in its conduct and in the defence of its position. In conclusion, while the Community recognized that under the April 1989 rules it was obliged to agree to the establishment of a panel, such a panel should follow normal procedures and time periods.

The representative of Chile said that his delegation had listened carefully to the Community's reasons for not accepting urgency procedures. However, Paragraph C.4 of the April 1989 Decision included amongst cases of urgency those that involved perishable goods. As Chile had stated from the outset, it had two reasons for seeking to invoke such procedures. First, the perishable nature of apples and, second, the serious damage caused to Chile's apple producers and exporters by the Community's measures. Given that Chile had not reached a mutually satisfactory agreement with the Community thus far, the next marketing season for apples would come up against similar, if not worse, problems as those faced in 1993. Contracts for 1994 would be negotiated at the beginning of that year. Therefore, it was necessary to expedite the panel's work so as to ensure that its report -- which would no doubt be favourable to Chile -- would be circulated as soon as possible, and that the Community could reflect on it and bring its régime into GATT conformity, thereby enabling Chile's products to have access to its market under normal competitive conditions. For these reasons, Chile reiterated its request that the urgency procedure be followed. Failing consensus on this matter in the Council, Chile would request that the panel itself, at its very first meeting and as one of its first tasks, resolve it. Chile wished to put on record its view that a panel was competent to pronounce itself on any matter it considered relevant to the question under examination.

The representatives of the United States, Argentina, Australia, Canada, Brazil, Mexico and Uruguay expressed satisfaction that the Community had accepted the establishment of a panel to examine the matter at hand. The representatives of Argentina, Australia, Mexico and Uruguay stressed their support for Chile's request that urgency procedures be followed in this case, since they considered, *inter alia*, that apples were a perishable good. The representatives of the United States, Argentina, Australia, Canada, Brazil, Uruguay and New Zealand reserved their respective countries' third-party rights in the panel proceedings. The representatives of Canada, Brazil and Uruguay wished to put on record their respective countries' export interests in this matter.

The representative of Argentina noted with satisfaction the Community's statement that the use of the panel procedure to resolve differences was not a hostile act but rather a normal and peaceful means of clarifying matters such as those that had been discussed on earlier occasions between Argentina and the Community. Argentina, however, disagreed with the Community with regard to the application of the urgency procedures in the case at hand. Given the very nature of the market for this product and the expectations that were generated between exporters and importers, it was fundamental that all knew with sufficient anticipation the decisions that needed to be taken in order to manage their contracts and their marketing plans for 1994. For this reason, Argentina supported Chile's request that an urgency procedure be followed in this case.

The representative of Canada said that his Government believed there was no inherent incompatibility between the search for a solution and the establishment of a panel. Indeed, Paragraph 16 of the 1979 Understanding<sup>2</sup> made clear that in the process of dispute settlement, panels should consult regularly with the parties to the dispute and give them adequate opportunity to develop a mutually-satisfactory solution.

The representative of the European Communities said that the question of whether a product was perishable or not was not self-evident. The Community strongly believed that the matter of whether or not to follow urgency procedures was not one that could usefully be discussed by the panel. Otherwise, one would not only certainly lose the three months established for completion of a panel's work in cases of urgency to discuss just this question, but no agreement would ever be reached because perishability was not a scientifically clear-cut matter. This matter should therefore be left where it stood because without agreement between the two parties there was no possibility of imposing urgency procedures.

The representative of Mexico supported Chile's suggestion that if the Council did not take a position on the question of urgency, this should be taken up by the panel itself.

The Council took note of the statements and agreed to establish a panel with the following terms of reference unless, as provided for in the Decision of 12 April 1989 (BISD 36S/61), the parties agreed on other terms within the next twenty days:

"to examine, in the light of the relevant GATT provisions, the matters referred to the CONTRACTING PARTIES by Chile in document DS39/2 - DS41/2, and to make such findings as will assist the CONTRACTING PARTIES in making the recommendations or in giving the rulings provided for in Article XXIII:2."

The Council authorized its Chairman to designate the Chairman and members of the Panel in consultation with the parties concerned.

4. EEC - Member States' import régimes for bananas  
- Panel report (DS32/R)

The Chairman recalled that the Council had considered this Panel report at its meetings in June and July. He also recalled that in July it had been suggested that he should consult prior to the present meeting on how the debate could best be carried out. He had held such consultations and had been in a position to inform Council members on the arrangements made at an informal consultation held the day before.

The representative of Costa Rica, speaking also on behalf of Colombia, Guatemala, Nicaragua and Venezuela, said that, as their countries had stated at the June Council meeting, the conclusions of this Panel had resulted from a sound and logical analysis of the régimes in question, in the light of obligations under the General Agreement. The Panel's recommendations would lead to these régimes being brought into GATT conformity and thereby to a solution to a problem that had had serious consequences for their countries. While they were satisfied that the Panel had established clearly and

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<sup>2</sup>Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210).

irrefutably the GATT-inconsistency of these restrictive régimes, they were frustrated at the Community's hindrance to the adoption of the report, and its unjustifiable refusal to act in conformity with its recommendations. More than four months had passed since the report had been submitted to the parties, and with it the hope that banana imports would receive GATT-consistent treatment in the Community. The Council should, at the present meeting, bring an end to this unjustifiable delay in the adoption of this report, not only because of the commercial damage that their countries suffered, but also because GATT rights and obligations should not be allowed to become a dead letter. The fact that the Community had disregarded the results of this report and had refused to accept its recommendations simply because they went against it, was not only an unacceptable precedent but also an abandonment of the rule of law that was the basis of trade relations. By continuing to block adoption of a report which responded in all respects to principles recognized by all, the Community would reopen the door to areas one had left behind in the development of relations between States. It would be a clear indication that the Community was still clinging to old beliefs under which peaceful and healthy trading relations were only possible between equal powers. It would also be a clear omen of difficult times for all contracting parties that had placed their trust in GATT rules for the security and predictability of their trading relations. Their Governments therefore appealed that the Council adopt the Panel report, and that its recommendations be applied fully and immediately by the Community.

The representative of the European Communities said that his delegation had listened carefully to Costa Rica's statement. At the July Council meeting, his delegation had spoken precisely and at length on the contents of the Panel report. As far as he was aware, nothing had happened since then to modify the conclusions that the Community had drawn from the report. The Community could therefore do no more than to reiterate the points it had made in July.

The representative of Jamaica, speaking on behalf of the ACP contracting parties, recalled that at the Council meetings in June and July, her delegation had given clear and precise reasons as to why Jamaica and the ACP contracting parties were not in a position to agree to adoption of the Panel report. A number of other ACP delegations had also expressed their governments' support for this position, and had urged the Council not to adopt the report. The position of Jamaica and of all ACP contracting parties had not changed since then, and they were not in a position to support adoption of the report at the present meeting.

The representative of Argentina said that, as his delegation had stated at the July Council meeting, the matter at hand was of great political and economic importance for the Latin American countries involved. It would be a serious error to underestimate the impact of the banana problem on the international trading system, and all the more necessary to find a solution to it quickly. Argentina believed that the Panel's conclusions were legally irrefutable, and supported adoption of its report without any reservations. Argentina also believed that the GATT would not be able to function credibly now or in the future, if it showed itself incapable of bringing contracting parties' illegal measures into conformity with the contract that all had signed. Argentina's position did not in any way affect its conviction that the legitimate socio-economic needs of the ACP countries should be met adequately by the Community. However, the only means of doing so without indirectly affecting the trading system in general, and each of the participants therein in particular, was through direct aid measures which were completely neutral in trade terms. Finally, Argentina wished to call on all contracting parties, and the Community in particular, to reflect on the international context in which this matter was being dealt with and the urgent need to conclude the Uruguay Round as an indispensable means of achieving a resurgence in the international economy. Argentina appealed to the collective responsibility of all contracting parties to avoid recourse, in this and in future cases, to solutions inconsistent with GATT obligations, or to the inappropriate use of legitimate GATT rights -- such as those in Article XXVIII - which could turn the GATT system into a parody.

The representative of Côte d'Ivoire, speaking also on behalf of Cameroon, Madagascar and Senegal, said that the Council was again in the unprecedented situation of having to pronounce itself on a Panel report concerning the import régimes on bananas applicable in the Community's member States prior to 1 July 1993, the date at which a new Community Regulation (No.404/93) had entered into force cancelling all the measures -- essentially bilateral -- described in Chapter II of the report. Côte d'Ivoire called on the Council to reject the Panel's conclusions, since no consensus would be possible thereon. The Panel's conclusions did not take into account the realities of the market for bananas, nor the very understandable interests of contracting parties. Furthermore, the conclusions did not take account of the reports of the various Working Parties that had reviewed the GATT conformity of the Lomé Conventions, and disregarded, in particular, various GATT provisions, notably Articles I:2, I:4 and XX (h).

The representative of the United States expressed his gratitude to the Chairman for his efforts to ensure that the discussion on this item at the present meeting would be conducted responsibly and constructively. Since the matter under consideration was so important to so many contracting parties, emotional debate in the past had not been unexpected. However, the emotional nature of the debate had threatened to cloud the otherwise clear legal issues that should be the focus of attention in the Council. The United States supported adoption of this Panel report, and wished to see it adopted sooner rather than later. The report contained clearly-reasoned conclusions, and it was regrettable that the Council had not yet been able to act on its adoption. If the report could not be adopted at the present meeting, it should be at the next. The Council's continued failure to adopt the report would serve only to undermine the GATT's legal system, a result which could not give any contracting party satisfaction.

The Chairman said that in light of the discussion thus far it was clear that a consensus on the adoption or non-adoption of the Panel report would not be possible at the present meeting, and recalled, in this connection, that Council decisions were traditionally adopted by consensus, and not through a vote. He recalled also that at its meeting in June, the Council had taken note of certain practices that were intended to render its work more efficient. In the spirit of those practices, and in order to expedite the consideration of this issue, he proposed that the Council end the debate at the present meeting at this point. He invited those representatives that had wished to speak and to be associated with the views expressed by one or the other parties in the debate to so indicate for the record.

The representatives of Australia, Bolivia, Brazil, Canada, Chile, El Salvador, Indonesia, Japan, Mexico, Pakistan, Peru, Philippines, Thailand and Uruguay wished to be associated with the views expressed by Costa Rica, also on behalf of Colombia, Guatemala, Nicaragua and Venezuela, and by Argentina and the United States.

The representatives of Belize, the Dominican Republic, Egypt, Ghana, Kenya, Morocco, Nigeria, St. Lucia, Tanzania, Trinidad and Tobago, Tunisia and Zimbabwe wished to be associated with the views expressed by the Community, Côte d'Ivoire, also on behalf of Cameroon, Madagascar and Senegal, and Jamaica on behalf of the ACP contracting parties.

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

5. Monitoring of implementation of panel reports under paragraph I.3 of the April 1989 Decision on improvements to the GATT dispute settlement rules and procedures (BISD 36S/61)

The Chairman recalled that this item was on the Agenda pursuant to paragraph I.3 of the April 1989 Decision, and that in the course of informal consultations held in 1992 and the early part of 1993 it had been understood that it would continue to appear on the agenda in its present form. He drew attention to a recent communication from the United States (DS23/11) on the status of implementation of the Panel report on US measures affecting alcoholic and malt beverages (DS23/R).

The representative of the United States said that, as indicated in DS23/11, officials of the Office of the United States Trade Representative (USTR) had continued their efforts to secure implementation by the states of the recommendations of the Panel on US measures affecting alcoholic and malt beverages. In July, a USTR official had held discussions with state legislators representing a majority of states. The official had answered questions concerning the report, stressed the importance of continued action to implement the Panel's recommendations, and suggested ways in which the states might accomplish this. In Minnesota, legislation introduced in 1993 to extend excise tax credits to imported beer had not been voted on prior to the conclusion of the 1993 legislative session. Minnesota legislators had indicated that they expected that similar legislation would be introduced at the start of the 1994 session. With respect to the federal measures addressed in the Panel report, USTR officials were in the process of consulting with staff members of the Senate Finance Committee concerning implementation.

With regard to the Panel report on the United States' denial of m.f.n. treatment as to imports of non-rubber footwear from Brazil (DS18/R), he said that the final resolution of this matter was still under consideration by his authorities.

The representative of Canada expressed satisfaction that the United States continued to seek implementation by state governments of the recommendations of the alcoholic and malt beverages Panel. While Canada was disappointed with the lack of effectiveness of those efforts, it remained hopeful. His delegation had noted the United States' statement regarding the federal measures addressed by the Panel. Since these measures fell directly under the control of the US Administration, Canada believed they would be easier to deal with and therefore had higher expectations in their regard. Canada continued to urge the United States to make serious efforts to implement the Panel's recommendations as soon as possible at both the federal and state levels.

The representative of Brazil, addressing the non-rubber footwear Panel report, said that it was now more than a year since the adoption of that report, and nearly two years since it had been made available to contracting parties. The Council was well aware of the commercial importance of this matter and of all the repeated and continued requests that the United States bring itself into conformity with its international obligations. To date, however, nothing had been done by the latter. It was more than just disappointing that one of the champions of the efficiency of the GATT dispute settlement system should behave in this manner, as several contracting parties had reminded the United States at previous Council meetings. Beyond disappointment, Brazil's position in this case had been that since the United States did not wish to be confronted with specific remedies in panel reports, it should decide by itself what measures to take to bring itself into conformity with its obligations. However, Brazil could not accept that US authorities should decide that they were entitled to do nothing. Since they did not seem to be able to find ways to implement the Panel report, Brazil could not refrain, at this stage, from informing the Council that the United States had, in a recent court case in that country that was related to the facts of this Panel case, insisted on the very position that the Panel had found to have violated the GATT. Brazil urged the United States to at least begin to bring itself into conformity

with the Panel's finding by ceasing to advance that position in court. It should not be forgotten that, besides the significant commercial interests, the very foundation of the GATT, namely the m.f.n. principle, was at stake in this case.

The representative of Australia joined Canada in urging the United States to provide additional details on the progress of implementation at both federal and state levels of the recommendations of the alcoholic and malt beverages Panel report. This was a matter in which Australia had a commercial and trade policy interest.

The Council took note of the statements.

6. EEC - Countervailing charges on lemons  
- Communication from Argentina (DS45/1)

The Chairman recalled that the Council had considered this matter at its meeting in July and had agreed to revert to it at the present meeting. He drew attention to a recent communication from Argentina in document DS45/1.

The representative of Argentina said that, as indicated in DS45/1, and for the reasons set out therein, Argentina had requested Article XXII:1 consultations with the Community on this matter. His delegation noted with satisfaction that the Community had agreed to hold these consultations soon.

The representative of the European Communities confirmed that the Community had accepted Argentina's request for consultations and said that these consultations would be held on 24 September. He noted that although the countervailing charges complained of by Argentina had been in place during the period between June and August, no such charges were being applied at present. The Community could not accept Argentina's contention that these measures were GATT inconsistent, nor that they nullified or impaired Argentina's GATT rights within the meaning of Article XXIII:1(a).

The representative of Chile supported the points made by Argentina and said that this was another example of the damage caused, in particular to economies of developing countries, by the application of Community Regulation 1035/72. Chile considered this Regulation to be GATT inconsistent. It hoped that the consultations would lead to a solution satisfactory to both parties and urged the Community to ensure that such a solution would be found as quickly as possible.

The representative of Australia said that the situation faced by Argentina's lemon exports was similar to that of Chile's apple exports (see Agenda item 3), and that Australia had frequently had concerns with regard to the operation by the Community of countervailing charges for agricultural products. It believed that this was another example of the highly restrictive nature of the Community's import régime for these products. Australia therefore fully supported Argentina with regard to this matter.

The representative of Brazil said that the use of reference prices and countervailing charges by the Community as a mechanism to control and reduce imports into its market for fruits and vegetables had been a long standing source of concern to Brazil, along with other Community mechanisms to protect its agricultural producers from external competition. Such charges, which could be easily modified and significantly increased as in the recent cases of lemons and apples, invariably produced a negative impact on the exports of competitive products, the prices of which happened to fall below

the reference prices established by the Community. Under this system, which appeared to be especially conceived to prevent the entry of non-desired lower-priced products into a highly protected market, exporters were at the mercy of the Community's regulations and contracting parties were likely to face nullification or impairment of their rights under the GATT. As a producer of fruits and vegetables with an interest in the Community market, Brazil shared the concerns expressed by Argentina and, like Argentina, considered that Regulation 1035/72 was GATT inconsistent. Brazil welcomed the Community's acceptance of consultations with Argentina, and hoped that these would result in a mutually-satisfactory solution.

The representative of Mexico supported Argentina's concerns. As Mexico had stated on several occasions, the reference prices applied by the Community on import of fruits and vegetables had in general adverse effects on trade, since they insulated the Community's market from international price signals. Mexico hoped that in the course of the consultations positive results would be achieved.

The representative of Uruguay said that his delegation shared Argentina's concerns. The Community's reference price system was in fact operating as a minimum import price mechanism and distorted trade. Uruguay's lemon exports to the Community had also been affected on several occasions by such countervailing charges. Uruguay, therefore, fully shared Argentina's view that this system was GATT inconsistent. It hoped that the consultations would produce a solution satisfactory to both parties, and that this would be the first step towards the dismantling of the system as a whole.

The Council took note of the statements.

7. United States - Legislation concerning the use of imported tobacco by domestic cigarette manufacturers
  - (a) Communication from Brazil (DS44/1)
  - (b) Communication from Chile (DS44/2)

The Chairman recalled that at its meeting in July, the Council had considered the United States' proposed legislation on the use of imported tobacco by domestic cigarette manufacturers. This item was on the Agenda of the present meeting at the request of Brazil, Chile and Canada. He drew attention to the communications from Brazil, also on behalf of Argentina, Colombia, El Salvador, Guatemala, Thailand, Venezuela and Zimbabwe in document DS44/1, and from Chile in document DS44/2.

The representative of Brazil, speaking also on behalf of Argentina, Colombia, El Salvador, Guatemala, Thailand, Venezuela and Zimbabwe, said that the United States' Omnibus Budget Reconciliation Act of 1993, signed into law on 10 August 1993, contained provisions amending the US Tobacco Programme and requiring that US cigarette manufacturers use a minimum of 75 per cent of domestically-grown tobacco each calendar year in their products, or face penalties. The new provisions also imposed a fee on the import of flue-cured and burley tobacco. At the July Council meeting, Brazil and other tobacco-producing countries had expressed concern at the possible approval of the then proposed legislation. Representations by several tobacco-exporting countries had also been made to US authorities before passage of the bill. However, notwithstanding the concerns expressed, the legislation had regrettably been enacted. The measures, which were mandatory, were clearly in breach of Article III:5, as well as of other relevant GATT provisions. They would result in adverse trade effects for all flue-cured and burley tobacco exporting countries, especially developing countries whose tobacco exports were of significant importance to their economies and in their overall exports. In view of the United States' GATT-illegal measures, and of the importance of their countries' tobacco exports to the United States, their Governments, acting jointly and separately, had requested Article XXIII:1

consultations with the United States. The latter had responded favourably to their requests, and they hoped that the consultations -- which they would report on to the Council -- would result in the United States bringing itself into GATT conformity. In parallel, their Governments were notifying this matter to the Uruguay Round Surveillance Body, since the measures were also in breach of the standstill commitment undertaken at Punta del Este. It was regrettable that at a time when participants in the Uruguay Round were engaged in and devoted to concluding the Round by the end of 1993, measures of a protectionist nature that clearly ran counter to the spirit of the negotiations should be adopted by one of the major trading partners.

The representative of Chile said that the recently adopted US legislation would have serious effects on his country. Chile believed that US orders for Chilean tobacco in 1993 would drop by half and, given that 70 per cent of Chile's tobacco exports went to the United States, the impact of this measure in 1993 could reach 2,700 tons. He noted, in this connection, that Chile's tobacco manufacturing company, the CCT S.A., had invested US\$26 million in the past three years in a new plant for processing tobacco destined primarily for export to the United States. Furthermore, tobacco plantations, which were operated by 2,300 small farmers and planters, would also be affected. Chile believed the US measures were clearly in breach of Article III:5, as well as of other GATT provisions, and constituted a violation of the standstill commitment of the Punta del Este Declaration. It would, therefore, join Argentina, Brazil, Colombia, El Salvador, Guatemala, Thailand, Venezuela and Zimbabwe in notifying this measure to the Surveillance Body. Chile had also requested Article XXIII:1 consultations with the United States, to which the latter had agreed. Chile would participate in these consultations jointly with the eight countries mentioned above, and hoped these would lead to a satisfactory solution which would duly safeguard Chile's GATT rights.

The representative of Canada said that this issue was important also for Canadian tobacco producers, who were highly dependent on exports. They exported more than half of the flue-cured tobacco they produced, and the United States was their second largest export market, accounting for about 26 per cent of total tobacco exports. The recent amendments to the US Tobacco Programme would severely curtail and possibly eliminate Canada's exports to the United States. They would also reduce other countries' exports to the United States, thereby resulting in a reduction of tobacco prices around the world, with a profound impact on all producers. In Canada's view, the legislation was not consistent with the United States' GATT obligations, in particular, but not limited to, the provisions of Article III, Paragraphs 1, 2, 4 and 5. Canada had therefore requested Article XXIII:1 consultations with the United States.

The representative of the European Communities said that although the Community had on several occasions conveyed to members of the US Congress and to the US Administration its considerable concern at the initiative that had been undertaken in the United States, the legislation concerned had, unfortunately, now been adopted. In the Community's view, this legislation was contrary to Article III:5. It would also have a very negative impact on the Community's tobacco exports to the United States, and thereby on its tobacco-producing regions, which were already at a very strong social and economic disadvantage. The Community would, therefore, be requesting Article XXIII:1 consultations with the United States on this matter.

The representative of Singapore, speaking on behalf of the ASEAN contracting parties, associated their Governments with Brazil's statement on behalf of Argentina, Colombia, El Salvador, Guatemala, Thailand, Venezuela and Zimbabwe, and noted Chile's statement. The ASEAN contracting parties noted with satisfaction that the United States had agreed to hold consultations with the parties concerned, and hoped that these would lead to a speedy and mutually-satisfactory solution to this dispute.

The representative of Australia shared the concerns expressed as to the GATT consistency of the United States' measures on imported tobacco and on their implications for and consistency with the emerging Uruguay Round package. Australia would therefore welcome the United States' explanation at the present meeting.

The representative of Japan said that although Japan did not export tobacco, it was concerned with the consequences of the US measures for the multilateral trading system. The legislation, which contained a local-content requirement, was, in Japan's view, clearly inconsistent with GATT provisions, including Article III:5. Japan, therefore, shared the concerns expressed by previous speakers, and wished to monitor developments in this case closely.

The representative of the United States acknowledged that the legislation concerned had been signed into law on 10 August. The United States had received a request for consultations on this issue from Brazil, Argentina, Colombia, El Salvador, Guatemala, Thailand, Venezuela and Zimbabwe as a group, and a separate request from Chile, and had responded affirmatively to both. Earlier the same day, it had also received a request for consultations from Canada, and expected another from the Community based on the latter's statement at the present meeting. These consultations could be held as early as 27 September. If the Community and Canada wished to join the other contracting parties, and if the latter did not object to their joint participation, all the interested exporting countries concerned could be accommodated in a single consultation process. The United States would try to be as constructive as possible in the consultations, and looked forward to an early meeting and an early resolution of this matter.

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

8. Japan - Restrictions on imports of certain agricultural products  
- Follow-up on the Panel report (BISD 35S/163, DS25/2, 3 and 4)

The Chairman said that this item was on the Agenda of the meeting at the request of Australia and New Zealand, and drew attention to a recent communication from Australia in document DS25/4.

The representative of Australia said that, as indicated in DS25/4, Australia had held Article XXII:I consultations with Japan in 1991 and 1992 regarding the implementation of the Panel report on Japan's restrictions on imports of certain agricultural products (BISD 35S/163), adopted in February 1988. Australia had also raised the question of implementation at a number of Council meetings since the adoption of that report. In addition, Australia had held a series of bilateral consultations with Japan regarding implementation of the Panel's recommendations in respect of dairy and starch products. There were still a number of outstanding issues in relation to this matter, and consultations were continuing. Australia recognized that Japan had introduced liberalization measures for some of the processed agricultural products in which it had been found to be in breach of its GATT obligations. However, it was of concern that both in bilateral discussions as well as in the Article XXII consultations there had been no progress in liberalization in three main areas in which Japan had outstanding obligations to Australia, namely bulk milk powders, certain value-added dairy products and unmodified starch. Australia considered implementation of confirmed and outstanding GATT obligations as separate from the Uruguay Round negotiations, which were concerned with anticipated future obligations. However, Australia was prepared to agree that full GATT-consistent liberalization might await the end of the Uruguay Round if interim arrangements were introduced, comparable to those negotiated between the United States and Japan. In discussions with Japan in November 1992, Australia and New Zealand had put forward some reasonable suggestions for interim liberalization arrangements. At Japan's request,

they had repeatedly deferred recourse to Article XXIII:2 procedures pending further consultations.

However, the situation had worsened in the bulk products area. Japan had moved even further away from GATT consistency, and the restrictiveness of its import régime had intensified, reflected in the fact that the Livestock Industry Promotion Corporation had not purchased any imported skim milk powder in 1993. In the value-added sector and in unmodified starch, the quota administration and allocation arrangements continued to deny Australian exporters GATT-consistent access opportunities. It was unreasonable to expect exporters of those products and of the bulk dairy products to await the implementation of the Uruguay Round outcome before there could be any improvements in the existing unsatisfactory and GATT-inconsistent arrangements. Australia wished to continue to consult with Japan on reasonable means of beginning this process, along the lines previously suggested, and hoped that there could be meaningful progress. Australia therefore wished to hear from Japan as to what steps were being taken to begin the process of GATT-consistent liberalization in these three areas. If meaningful progress could be achieved in the near future, Australia was prepared to refrain from resorting to further dispute settlement procedures.

The representative of New Zealand said that, for reasons set out in DS23/3, New Zealand had sought consultations with Japan regarding the latter's incomplete implementation of this Panel report. These consultations had been held in September 1992, but had not resulted in a mutually-satisfactory solution. Since then, New Zealand and Japan had held further consultations, but still without satisfactory results. This was a very important issue for New Zealand, as it concerned trade in one of its major products and one of its largest export markets. New Zealand was continuing consultations for the present and hoped to be able to achieve satisfactory progress soon. It hoped also to be able to resolve this matter without further recourse to dispute settlement procedures.

The representative of Argentina shared and supported the concerns expressed by Australia and New Zealand. Argentina believed that the main point in this discussion was whether one could indulge in non-compliance with present GATT rules merely because new rules were under negotiation in multilateral trade negotiations. This was not intended under the present multilateral trading system, even less so under the improved and integral trading system one hoped to establish through the Uruguay Round.

The representative of Japan said that, as his delegation had stated on earlier occasions, Japan had implemented promptly and in good faith the majority of the Panel's recommendations on this matter. On dairy products and starch, however, Japan had made reservations regarding the implementation of the recommendations, since its views differed with the Panel's on the interpretation of Article XI:2 and on the findings concerning the requirements for imposing restrictive measures thereunder. Nonetheless, Japan had expressed its intention to take appropriate action in light of the outcome of the Uruguay Round, and had been making efforts to improve market access for these products as well. Japan had been conducting consultations on dairy products and starch with Australia and New Zealand, and would continue to do so to reach mutually satisfactory solutions as soon as possible. Access for dairy products and starch, along with other items, had been negotiated in the context of the Uruguay Round negotiations, which were to be concluded by the end of the year. Japan therefore expected that the dairy products and starch issues would be settled in a mutually satisfactory manner as a part of these negotiations.

The Council took note of the statements.

9. Roster of non-governmental panelists  
(a) Proposed nomination by Austria (C/W/751)  
(b) Proposed nominations by Canada (C/W/754/Rev.1)  
(c) Proposed nomination by Hungary (C/W/753)

The Chairman drew attention to documents C/W/751, C/W/754/Rev.1 and C/W/753 containing proposed nominations by Austria, Canada and Hungary to the roster of non-governmental panelists.

The Council approved the proposed nominations.

10. Harmonized System - Request for waiver under Article XXV:5  
- Venezuela (C/W/745, L/7238)

The Chairman drew attention to Venezuela's request (L/7238) for a waiver in connection with its implementation of the Harmonized System, and to the draft decision which had been circulated to facilitate consideration of this item (C/W/745).

The representative of Venezuela said that in order to comply with the commitment to transform its Schedule into the Common Tariff Nomenclature of the member States of the Cartagena Agreement (NANDINA) based on the Harmonized System, and to fulfill the procedures established under the Council Decision on rectification and renegotiation of Schedules of concessions negotiated in GATT in the context of the Harmonized System (BISD 30S/17) and to hold Article XXVIII consultations, his Government was requesting a temporary waiver from its obligations under Article II until 30 June 1994. He added that Venezuela's customs tariff based on the Harmonized System had entered into force on 10 May 1990.

The representative of the European Communities sought clarification as to whether Venezuela was seeking a waiver for the first time or an extension of a waiver previously granted in connection with its implementation of the Harmonized System.

The representative of Venezuela said that his Government was making its request for the first time.

The Council took note of the statements, approved the text of the draft decision in C/W/745, and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

11. Committee on Budget, Finance and Administration  
- Report of the Committee (L/7288)

The Chairman drew attention to the Committee's report in L/7288.

Mr. Kesavapany (Singapore), Chairman of the Committee, introduced the report on the matters considered by the Committee at its meeting on 22 July. With regard to the financial implications of the appointment of the new Director-General, the Committee had decided to recommend to the Council that the financial implications linked to this appointment should be financed by utilizing the 1993 credit of SwF 100,000 under "Unforeseen Expenditure", with the balance being withdrawn from the Working Capital Fund by application of paragraph (iii) (b) of the rules governing the use thereof. With regard to the final position of the 1992 Budget, the Committee had noted that excess of expenditure over

appropriations on various items was SwF 501,209, which had been totally offset by savings of SwF 3,021,927 on other sections. There had thus been an overall budgetary surplus of SwF 2,520,708. The Committee had thus decided to recommend to the Council that transfers between sections of SwF 501,219, which were necessary to cover the excess expenditure over approved appropriations on the sections mentioned in paragraph 17 of document L/7258 by savings on other sections, be approved. Other items considered by the Committee concerned additional assessments to the 1993 budget and the Working Capital fund for three new contracting parties: Saint Lucia, Dominica and St. Vincent and the Grenadines. The recommendations in respect of each of the new contracting parties were contained in paragraphs 27, 28 and 29 of the report.

The Council took note of the statement, approved the Committee's recommendations in Paragraphs 7, 15, 27, 28, and 29 of its report (L/7288), and adopted the report.

12. Japan - Customs duties, taxes and labelling practices on imported wines and alcoholic beverages  
- Follow-up on the Panel report (BISD 34S/83)

The representative of the European Communities, speaking under "Other Business", recalled that at the June Council meeting (C/M/264, item 7), his delegation had voiced frustration with the insufficient implementation by Japan of the Panel report concerning its customs duties, taxes and labelling practices on imported wines and alcoholic beverages, adopted in November 1987 (BISD 34S/83). The Community continued to believe that the fiscal reform measures adopted by Japan in 1989 did not comply fully with the Panel's ruling, and it could not agree with Japan's view, as stated at the June Council meeting, that the Panel's recommendations had been implemented. The Community was particularly concerned at the fiscal distortion in the competitive relationship between shochu and other distilled spirits resulting from the fact that, under the present system, taxes on shochu were between 3 and 8 times lower than those on other distilled spirits. This situation went against the key finding of the Panel that imported products should neither be taxed in excess of like domestic products nor be subject to internal taxes affording protection to domestic production of directly competitive or substitutable products. The Panel had further found that shochu and vodka could be considered to be like products and that all distilled liquors, including whisky, brandy, vodka and shochu A and B, were directly competitive or substitutable. The Community urgently requested Japan to take all the necessary measures to promptly and fully implement the Panel's recommendations, at the latest in the framework of the 1994 tax bill. It stressed the importance of this matter in light of the high export potential of its alcoholic beverages in Japan's market against the background of Japan's persistent and unacceptably high current account surplus. The Community would revert to this matter in the light of measures taken by Japan in the 1994 tax bill, and would decide on that basis whether further steps should be taken.

The representative of the United States said that, like the Community, the United States was concerned over Japan's failure to implement the Panel report adequately. The United States had participated actively in the Panel's proceedings because of the traditional importance -- which continued to the present -- to US producers of sales of alcoholic beverages in Japan's market. The Panel report had concluded that several of Japan's taxation and import duty practices relating to alcoholic beverages had violated national treatment principles of Article III by discriminating against like or directly competitive imports. Since the adoption of the Panel report, Japan had taken measures to eliminate certain discriminatory aspects of its tax system. The United States welcomed these actions by Japan but noted, like the Community, that troublesome features remained. In particular, Japan continued to maintain different tax rates for products the Panel had found to be like, directly competitive, or

substitute products. Tax rates for whisky and brandy were still more than 5 times the rates for shochu, while rates for other spirits such as vodka were more than twice those for shochu. The Panel report had specifically addressed the issue of lower tax rates for shochu, and had found that this practice provided protection to domestic production of shochu, to the detriment of directly competing imported whiskies, brandies and other spirits, in violation of Article III. Like the Community, the United States urged Japan to abide by the Panel's recommendations and reform its taxation of alcoholic beverages. An equitable way to do so would be to adopt a single rate of taxation for all liquor categories based on alcohol content.

The representative Japan said that his delegation had made its position very clear at the June Council meeting. He reiterated that, since the adoption of the Panel report, Japan had taken a number of measures as part of a comprehensive tax reform in 1989. It had abolished the ad valorem tax on whisky, brandy and other spirits, as well as the grading system applied to whisky and brandy. The tax on Japanese shochu, on the other hand, had been increased. As a result of these measures, tax differences between whisky and shochu had been significantly reduced. It was therefore Japan's firm view that the Panel report had been implemented.

The Council took note of the statements.

13. United States - Section 337 of the Tariff Act of 1930  
- Follow-up on the Panel report (BISD 36S/345)

The representative of Japan, speaking under "Other Business", said that since the adoption of the Panel report on Section 337 of the US Tariff Act of 1930 (BISD 36S/345) in November 1989, Japan had repeatedly urged the United States to implement the Panel's recommendations quickly and to refrain from taking further action under Section 337. Regrettably, however, there seemed to be no progress on this matter in the United States. On the contrary, the United States had continued to apply Section 337 to a number of cases in 1993, and had initiated another investigation involving Japanese companies under this Section as recently as 26 August. Japan believed that the US Administration should at least refrain from taking new actions under Section 337, and urged it once again to implement the Panel's recommendations faithfully and without further delay. Failing such action, Japan might have to consider taking further steps to preserve its GATT rights.

The representative of the United States said that the United States remained fully committed to implementing the Panel's recommendations. At the time of adoption of the Panel report, and since then, the United States had indicated that amendments to Section 337 would most usefully be part of the implementing legislation for the Uruguay Round results. This approach would be certain to guarantee bringing the United States into consistency with its GATT obligations on this question. The United States' policy on this had not changed. What had changed, if anything, was that there was now increased Congressional interest in amending Section 337, and a bill that would make important amendments to this Section had recently been introduced in the Senate. The US Administration had not taken a position on this pending legislation, and intended to submit its own proposals on amending Section 337, which would best be part of legislation to implement the Uruguay Round results.

The Council took note of the statements.

14. Canada - Import, distribution and sale of certain alcoholic drinks by provincial marketing agencies  
- Follow-up on the Panel report (DS17/R, DS17/10)

The representative of Canada, speaking also on behalf of the United States, under "Other Business", informed the Council that on 5 August 1993, their Governments had signed a Memorandum of Understanding regarding the implementation of the Panel report on the import, distribution and sale of certain alcoholic drinks by Canada's provincial market agencies (DS17/R). Under the Memorandum, each party had terminated retaliatory duties on beer imported from the other. The Memorandum did not constitute a waiver of either party's GATT rights. With the exception of one provision concerning an accelerated tariff reduction under the United States-Canada Free-Trade Agreement, Canada intended to apply the terms of the Memorandum on an m.f.n. basis. The Memorandum was being communicated to contracting parties (DS17/10), and the parties were available to consult with any contracting party on the terms of the Memorandum at a mutually convenient time.

The representative of the European Communities said that the Community had an important trade interest in this matter, and wished to examine the Memorandum referred to by Canada in detail. The Community believed that some elements, in particular the fees charged by the Ontario Liquor Board on draught beer, could be considered as discriminatory, and would need to be looked at carefully. This was a long-standing item for the Community -- which had itself had a Panel examine Canada's practices<sup>3</sup> -- and the Community would pursue the matter in detail.

The Council took note of the statements.

15. EEC - Variable levy on poultry

The representative of Brazil, speaking under "Other Business", drew attention to a Regulation (No. 2511/93) adopted by the European Economic Community on 13 September, which established a 100 per cent increase in the levy on imports of poultry meat from Brazil. As it had a major export interest in poultry, Brazil had repeatedly expressed its concerns on this matter to the Community. The Community was once again making use of one of its restrictive trade mechanisms -- in this case the variable levy -- to prevent the imports of yet another agricultural product. Brazil reserved the right to revert to this matter at a future Council meeting, if this were necessary to protect its GATT rights.

The Council took note of the statement.

16. South Asian Association for Regional Cooperation (SAARC)  
- Agreement on a Preferential Trading Arrangement

The representative of Bangladesh, speaking on behalf of the members of the South Asian Association for Regional Cooperation (SAARC)<sup>4</sup>, under "Other Business", informed the Council that

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<sup>3</sup>Canada - Import, distribution and sale of alcoholic drinks by provincial marketing agencies (BISD 35S/37).

<sup>4</sup>Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

an Agreement on the SAARC Preferential Trade Arrangement (SAPTA) had been entered into between their governments on 11 April 1993. Paragraph 2(c) of the Enabling Clause<sup>5</sup> provided for regional trading arrangements among less-developed contracting parties, and the SAPTA was one such arrangement aimed at promoting and sustaining mutual trade and economic cooperation among the members of the Arrangement. Pursuant to Paragraph 4(a) of the Enabling Clause, his delegation was thereby notifying the SAPTA to the CONTRACTING PARTIES. The SAPTA was only a framework Agreement, and members were expected to enter into negotiations for the exchange of concessions in the future. Their Governments would keep the CONTRACTING PARTIES informed of further developments in this regard.

The Council took note of this information.

17. Trade Policy Review Mechanism  
- Programme of reviews for 1993

The Chairman, speaking under "Other Business", said that the original schedule of trade policy reviews until December 1993 comprised six more reviews, namely those of India, Turkey, Peru, Senegal, Israel and the United States. As Council members were aware, it was the Director-General's opinion that the conclusion of the Uruguay Round by 15 December was the overriding priority for the work of GATT in the months to come. This view was also widely shared by members of the Council. At the Council meeting in July, he had noted that flexibility in the implementation of the 1993 programme might be necessary. In that connection, he informed the Council that it was currently proposed to hold the review of India on 19-20 October, a slippage of approximately three weeks from the date originally planned. The reviews of Senegal, Israel and the United States were, in principle, scheduled for late November and mid-December, at a time when the Uruguay Round was expected to be in its closing stage. With the concurrence of those contracting parties, he proposed to postpone these reviews to the second half of January 1994. He had also consulted with Turkey and Peru -- reviews of which had been initially scheduled for late October and early November -- regarding their views on the feasibility of a postponement of these reviews so as to ensure the fullest possible participation also until January/February 1994. Turkey had indicated a preference for its review to be held on 20-21 January. Peru had agreed to a similar deferment, to a date yet to be announced. The reviews of Iceland and Australia would be held, as originally agreed, in January/February 1994. He hoped that Council members would understand the circumstances pertaining to the Uruguay Round deadline that underlay this reorganization of the programme. These postponements were being kept as short as possible, in order to avoid interfering with the programme for 1994. Precise dates for the postponed meetings would be established in consultation with the delegations concerned and communicated to all Council members.

The Council took note of this information.

18. United States and European Economic Community wheat export subsidies

The Chairman, speaking under "Other Business", recalled that at the Council meeting in July, at the request of a number of delegations, he had announced his intention to resume informal consultations

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<sup>5</sup>Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (BISD 26S/203).

on the wheat export subsidy issue. He had recently held such an informal consultation with a number of delegations concerned. Participants had found the exchange of views useful, and that the respective positions had been expressed in a constructive manner. Some ideas had been put forward concerning this problem. He hoped that before returning to this matter in the Council, further careful consideration would be given to these ideas, as well as to the whole issue of competitive export subsidization in the wheat sector. It was his intention to hold another informal consultation on this matter.

The Council took note of this information.

19. Accession of Panama  
- Working Party Chairman

The Chairman, speaking under "Other Business", recalled that in October 1991, the Council had established a Working Party to examine Panama's request for accession, and had authorized him to designate its Chairman in consultation with representatives of contracting parties and with the representative of Panama. He informed the Council that Mr. Tironi Barrios (Chile) had agreed to serve as Chairman of the Working Party.

The Council took note of this information.

20. Observer status of governments in the Council (L/7286)

The Chairman, speaking under "Other Business", referred to the Decision on observer status of governments in the Council (L/7286), adopted by the Council at its meeting in July, and said that the Secretariat had sent an official communication containing the Decision to governments having observer status in the Council. It appeared that the following observer governments had not yet supplied the information on their trade policy that would meet the requirements of that Decision: Armenia, Azerbaijan, Croatia, Iran, Kazakhstan, Moldova, Turkmenistan and Ukraine; they had, accordingly, been invited to do so.

The Council took note of this information.