

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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COUNCIL

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REPORT BY THE COUNCIL OF REPRESENTATIVES

Draft Report on the Council's Activities (1966-67) for Submission  
to the CONTRACTING PARTIES at the Twenty-Fourth Session

Note by the Director-General

Attached is a draft of a report on the work which the Council has carried out at the six meetings held since the twenty-third session of the CONTRACTING PARTIES (C/M/36-41).

At the meeting beginning on 6 November, the Council will review the Provisional Agenda for the twenty-fourth session (L/2854/Rev.1) and will carry out as much preparation as possible. It is suggested that the Council may be able to deal particularly with items 16 to 25 inclusive. With some of these items the Council may be able to deal definitively so that they can be disposed of in the session by the adoption of the Council's report; on others the Council may be able to establish procedures or make recommendations which will facilitate the work of the CONTRACTING PARTIES.

The attached draft will be revised and supplemented in the light of action taken by the Council at the meeting beginning on 6 November and the Council's report will be submitted to the CONTRACTING PARTIES at the twenty-fourth session.

1. Accession of Yugoslavia, Republic of Korea, Poland, Argentina, Iceland and Ireland

Yugoslavia (C/M/36)

Under the procedures agreed by the CONTRACTING PARTIES at their twenty-third session, the Council completed the Protocol for the Accession of Yugoslavia by annexing the schedule of concessions accorded by Yugoslavia, and put the Decision to a vote of the contracting parties in accordance with Article XXXIII. Yugoslavia acceded to the GATT on 25 August 1966.

Republic of Korea (C/M/36-39)

Following a notification from the Korean Government (L/2655) indicating its wish to accede to the General Agreement the Council agreed to request the Trade Negotiations Committee to make provision for Korea's participation in the Kennedy Round with a view to accession. The Korean Government later decided to pursue its negotiations for accession separately from the Kennedy Round (L/2690). A Working Party was appointed to examine this application. After adopting the Working Party's report (L/2720), the Council approved the texts of the draft decision and draft protocol and instructed the secretariat to attach to the protocol the consolidated schedule of concessions to be accorded by Korea when this schedule had been approved by the countries which had participated in the negotiations, and to put the complete draft protocol and draft decision to a vote under Article XXXIII. Korea acceded to the GATT on 14 April 1967.

Poland (C/M/37, 39, 41)

The representative of Poland informed the Council of his Government's intention to apply for accession to the General Agreement and to pursue its negotiations in the Kennedy Round in the context of negotiations for accession under Article XXXIII (L/2724). The Council appointed a Working Party to examine Poland's application and to submit recommendations which might include a draft protocol of accession. The report of the Working Party (L/2806) was adopted in June 1967 and the draft protocol was approved. The Decision on Poland's accession was put to a vote under Article XXXIII and Poland acceded to the GATT on 18 October 1967.

Argentina, Iceland and Ireland (C/M/41)

In June 1967 the Council adopted reports from working parties on the accession of three other countries which were participating in the Kennedy Round of trade negotiations: Argentina (L/2805), Iceland (L/2797), Ireland (L/2798). The Council also approved the draft protocol and the text of a draft decision for each

of these accessions and requested the Director-General to forward ballot papers to the contracting parties together with the relevant protocols and schedules for voting under Article XXXIII. The three Decisions were adopted. Argentina acceded to the GATT on 11 October 1967.

2. Provisional accessions of Argentina and the United Arab Republic (C/M/37)

In November 1966, the Council agreed that the provisional accession of Argentina and of the United Arab Republic, which were due to expire on 31 December 1966, should be prolonged for another year pending the completion of their negotiations for accession within the Kennedy Round conference. Draft decisions extending the invitations to the two Governments to participate in the work of the CONTRACTING PARTIES during the prolonged period were approved - and subsequently adopted by vote of the contracting parties - and procès-verbaux extending their provisional accession were opened for acceptance.

3. Observer status: requests from Hungary and Bulgaria (C/M/37, 41)

The Council was informed that the Governments of Hungary and Bulgaria had written to the Director-General expressing their interest in the problems which concerned the development of international trade and enquiring whether their missions in Geneva might follow the work of the CONTRACTING PARTIES as observers. The Council instructed the Director-General to respond positively to these requests.

4. Balance-of-payments import restrictions (C/M/36, 37, 41)

During the twenty-third session and in July and December 1966, the Committee on Balance-of-Payments Import Restrictions consulted with ten countries on the import restrictions they maintained under Article XII or XVIII for balance-of-payments reasons. The Committee's reports on the consultations appear in the following documents:

Brazil (L/2634 and Corr.1)	Iceland (BOP/R/3 and Corr.1)
Ceylon (BOP/R/2)	Israel (BOP/R/8)
Finland (BOP/R/4)	New Zealand (BOP/R/1)
Ghana (BOP/R/6)	South Africa (BOP/R/7)
Greece (BCP/R/5)	Spain (L/2635)

The Council approved these reports and recommends that they be adopted by the CONTRACTING PARTIES.

The Council approved the arrangements proposed for further consultations by the Committee in 1967.

5. United Kingdom temporary import charges (C/M/37)

The Working Party on United Kingdom Temporary Import Charges presented its final report (L/2676) to the Council in November 1966. At the time of that meeting the United Kingdom had announced its intention to remove the remaining 10 per cent ad valorem charge on imports and it, therefore, seemed inappropriate to continue the consultation. The Council approved the report, on the understanding that its approval would become effective when the prior conditions had been fulfilled; the surcharge was removed on 30 November.

6. Reports under waivers (C/N/37, 41)

The Council took note of the following reports submitted by the parties concerned under waivers granted to them by the CONTRACTING PARTIES:

Australia/Papua-New Guinea	(L/2789)
France-Germany/Trade with the Saar	(L/2773)
United Kingdom/Article I	(L/2768)
United Kingdom/Overseas Territories	(L/2767)

7. Extension and amendment of waivers

(a) Ceylon Temporary Duty Increases (C/M/37, 38)

At its meeting in November 1966, the Council was informed by the Government of Ceylon (L/2687 and Add.1) of further duty increases on bound items and of its request for a new extension of the waiver granted in 1961, which was due to expire on 31 December 1966. As the CONTRACTING PARTIES, at their twenty-third session, had instructed the Committee on Balance-of-Payments Import Restrictions to examine, during its 1966 consultation with the Government of Ceylon under Section B of Article XVIII, the situation pertaining under the waiver which authorized the maintenance of certain increased duties imposed for balance-of-payments reasons and to take account of certain further increases in duties which had been introduced in 1965, the Council referred to the Committee the additional information by Ceylon and the request for an extension of the waiver.

The report of the Committee (L/2717) was submitted to the Council in December 1966. The Council adopted the report and approved the text of a draft decision covering the duty increases introduced in 1965 and 1966 and extending the waiver until the end of 1968. The Decision was adopted by postal ballot.

(b) Turkish Stamp Duty (C/M/37, 41)

At its November 1966 meeting the Council took note of the annual report by Turkey (L/2686) on the operation of the waiver.

In June 1967 the Council heard a request by the representative of Turkey (L/2789) for an amendment and extension of the waiver decision, which is due to expire at the end of 1967, and requested the Committee on Balance-of-Payments Import Restrictions to examine this request. The Committee's report and its recommendation that a new waiver be granted will be submitted to the twenty-fourth session in document L/2824.

8. New waivers granted

(a) Renegotiation of Chilean Schedule (C/M/37)

In November 1966, the Council examined a request submitted by the representative for Chile (L/2706) for a waiver of one year as from 1 January 1967, in order temporarily to suspend Chile's obligations under Article II and to enable it to bring into operation its new customs tariff without prior renegotiation of its schedule of concessions. The Council appointed a Working Party to examine the request. The Working Party's report (L/2713) recommending that a waiver be granted for one year, together with the text of a draft decision were approved by the Council. The decision was adopted by postal ballot.

(b) Brazilian Tariff Reform (C/M/38, 39, 40)

In January 1967, the Council examined a request by the Government of Brazil for a waiver of obligations under Article II to permit the application of a new customs tariff on 1 March 1967 without prior completion of the negotiations under Article XXVIII with interested contracting parties on changes in rates of duty bound in the Brazilian Schedule. Information relative to this request was contained in documents L/2723, C/W/110 and Add.1, C/W/111, and C/W/112.

The Council appointed a Working Party to examine this request. The Working Party recognized the liberalization trend that prevailed in Brazil's foreign trade policy of which the tariff reform was a part and recommended that a waiver be granted for one year. The Council adopted the Working Party's report (L/2739) and approved the text of a draft decision. The Decision was adopted by the contracting parties by postal ballot.

9. Peruvian Schedule - request for a waiver (C/M/41)

At the meeting in June 1967 the representative of Peru explained the circumstances - mainly balance-of-payments difficulties - which had compelled his Government to introduce increases in duties on certain items on which concessions had been granted in Peru's Schedule; urgent action had been taken to reduce certain imports, mainly luxury goods. The Council appointed a Working Party to examine the problems involved, and to submit its findings and recommendations. It was agreed that the Working Party would meet when adequate documentation was available.

10. European Economic Community - association of Nigeria (C/M/41)

The text of the Agreement signed in July 1966 between the European Economic Community and the Government of Nigeria had been transmitted to the contracting parties for their information in document L/2774. The Council established a Working Party to examine the Agreement. Contracting parties wishing to pose questions concerning the provisions of the Agreement or its implementation have been invited to submit these to the secretariat.

11. Participation in the work of the Committee on Trade and Development (C/M/37)

At its November 1966 meeting the Council took note of a statement by the Chairman of the Committee on Trade and Development recalling that at the twenty-third session the CONTRACTING PARTIES had agreed that governments which had not undertaken to apply Part IV of the General Agreement should be urged to participate in the work of the Committee and to co-operate in the examination of possibilities of liberalizing their imports in so far as these were of concern to the Committee.

12. Article XXVIII negotiations (C/M/38, 41)

(a) Extensions of time-limit

The Council twice approved extensions of the time-limit under paragraph 1 of Article XXVIII for the completion of negotiations for the modification or withdrawal of concessions notified by certain contracting parties in 1966. The first extension was given in December 1966 and prolonged the time-limit until 30 June 1967. The second extension further prolonged the time-limit until the close of the twenty-fourth session.

(b) Request from the European Economic Community

At its forty-first meeting the Council agreed to grant authority to the European Economic Community to renegotiate a concession in its Schedule under the provisions of paragraph 4 of Article XXVIII.

13. Financial and administrative questions (C/M/36, 37, 41)

(a) Committee on Budget, Finance and Administration

The Committee's report on the budget estimates for 1967 was presented to the Council in November 1966. The Council approved the draft resolution on expenditure in 1967. The report and the Resolution on expenditure were subsequently adopted by postal ballot.

The Committee was re-established by the Council in June 1967 and its report on the budget for 1968 will be submitted to the session.

(b) Financial position - 1966

The Council reviewed the financial position and contributions outstanding at 30 September and at the end of 1966, and approved the method of financing certain excess expenditure.

(c) Assessment of additional contributions

At different meetings the Council approved proposals of the Director-General concerning the contributions to be made by the Governments of Rwanda, Guyana, Barbados and Korea to the budget and to the Working Capital Fund.