

GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPORT TO THE CONTRACTING PARTIES

Draft Prepared by the Secretariat

The following draft report summarizes the action taken by the Council at the eight meetings held since the twenty-fourth session of the CONTRACTING PARTIES. It has been prepared for approval by the Council of Representatives at its meeting on 11 November for submission to the CONTRACTING PARTIES at their twenty-fifth session.

1. Membership of Council (C/M/47)

At the meeting in June Ireland was welcomed as a member of the Council.

2. Terms of appointment of Director-General (C/M/43 and 46)

At its meeting in March the Council endorsed the terms of contract which had been proposed to the heads of delegations by the Chairman of the CONTRACTING PARTIES. Mr. Olivier Long took up his duties as Director-General on 6 May, his predecessor having continued to direct the secretariat, on an interim basis, until that time.

3. Future work programme (Conclusions adopted at the twenty-fourth session)

At the twenty-fourth session the Council was authorized to supervise all aspects of the work programme undertaken by the CONTRACTING PARTIES. Basing itself on the Conclusions adopted by the CONTRACTING PARTIES (15S/67), the Council took certain decisions which were essential to the implementation of the programme:

(a) Industrial products (C/M/43, 44, 46 and 47)

The Council agreed upon the terms of reference and membership of the Committee on Trade in Industrial Products. The secretariat reported to the Council that, in consultation with contracting parties, it was preparing an analysis of the tariff situation, as it will be when all Kennedy Round concessions have been fully implemented, and an inventory of the non-tariff barriers notified by contracting parties. The Committee held its first meeting in October and a report will be submitted to the session.

(b) Agriculture (C/M/43, 44, 45 and 47)

The terms of reference and membership of the Agriculture Committee were agreed upon by the Council. Following the first meeting of the Committee, held in January, the Council was informed that arrangements have been made for the compilation of extensive material on production, protectionist measures, prices and trade in certain agricultural products. The Committee met again in October to examine the material which had been distributed. A report on the Committee's work will be submitted to the session.

At the twenty-fourth session the CONTRACTING PARTIES agreed that in urgent cases, where it was generally recognized that there were widespread difficulties affecting world trade in certain agricultural products, discussions should be initiated as a means of arriving at mutually acceptable solutions. Following upon requests for such discussions, the Council established a Working Party on Dairy Products and a Working Party on Poultry to conduct consultations under paragraph 2 of Article XXII. Several meetings of these Working Parties have been held and the consultations are continuing.

(c) Trade of developing countries (C/M/43)

At the December meeting the Director-General informed the Council of work undertaken by the secretariat with respect to various points included in Section C of the Conclusions and the work programme, including plans for the tasks assigned to the Committee on Trade and Development, the Special Group on Tropical Products, the Trade Negotiations Committee of Developing Countries, the Committee on Balance-of-Payments Restrictions and the Cotton Textiles Committee.

At the Council meeting on 11 November the Director-General will report on the work of the Committee on Trade and Development and its sub-groups and on progress in the work of the Trade Negotiations Committee of Developing Countries.

4. Discussions on trade policy (C/M/46)

At a meeting of the Council in March the Director-General drew attention to the efforts being made by the Government of the United States to bring about an improvement in its balance-of-payments situation, and to the possibility of measures being taken with respect to external trade, as an element in that situation, which would have serious repercussions on the results of the Kennedy Round and generally on the liberal trading arrangements which had been developed under the aegis of the GATT. Consultations were being held with other governments which might have it in their power to take constructive measures so that the United States need not resort to restrictive measures. Members of Council, in the discussion which followed, expressed the hope that a solution for these difficulties would be found through trade liberalizing measures rather than by restrictive action.

5. French trade measures (C/M/48 and 49)

Following the events in France in May and June, which resulted in stoppage of industrial production, the French Government introduced certain temporary restrictions on imports and assistance for exports. The Council appointed a Working Party to examine these measures and their implications. The Working Party was requested to report to the Council and to continue to be available for further consultations. The Working Party met and presented its first report to the Council in July. A further meeting was held in October. The second report (L/3081) will be submitted to the Council at its meeting on 11 November.

6. Geneva (1967) Protocol (C/M/47)

Four contracting parties (Brazil, Chile, Federal Republic of Germany and the Netherlands), having schedules of tariff concessions annexed to the Geneva (1967) Protocol, informed the Council in June that they would not be able formally to accept the Protocol by the closing date of 30 June, but that they had nevertheless already implemented their concessions or had undertaken to do so on 1 July. They requested the Council to grant an extension of the time-limit for acceptances, which the Council was empowered to do under paragraph 5(b) of the Protocol. The Council adopted a Decision extending the time-limit for the four governments until 31 December 1968.

7. Countervailing duties (C/M/43)

At the twenty-fourth session the CONTRACTING PARTIES instructed the Council to decide on the terms of reference and membership of a working party to study questions relating to countervailing duties, subsidies and other export incentives. The matter was discussed at the Council meeting in December when it was agreed that certain delegations would continue their informal discussions on the terms of reference for the working party.

8. British Steel Corporation sheet steel loyalty rebate (C/M/43)

At the twenty-fourth session the Council was instructed to establish a working party to conduct a consultation under paragraph 2 of Article XXII concerning the loyalty rebate granted by the British Steel Corporation on sheet steel. At its meeting in December, the Council appointed a Working Party. One meeting of the Working Party has been held.

9. Implementation of the Poland Accession Protocol (C/M/45)

In February the Council established a Working Party to conduct the first consultation under the provisions of paragraph 5 of Poland's Protocol of Accession. Several meetings of the Working Party were held and its report will be distributed for consideration by the CONTRACTING PARTIES at the session.

10. Trade arrangements between India, United Arab Republic and Yugoslavia (C/M/46 and 50)

In February the Governments of India, United Arab Republic and Yugoslavia notified the Director-General that they had concluded a Trade Expansion and Economic Co-operation Agreement. This Agreement was discussed at a meeting of Council in March and a Working Party was established. The report of the Working Party including a draft decision (L/3032) was approved by the Council in September and will be submitted for adoption at the session.

11. Balance-of-payments import restrictions (G/M/46, 47 and 50)

The Council has approved and recommends for adoption by the CONTRACTING PARTIES the reports by the Committee on Balance-of-Payments Import Restrictions on the consultations carried out with the following countries concerning restrictions maintained under Article XII or XVIII:B:

Iceland	BOP/R/19	United Arab Republic	BOP/R/22
Israel	BOP/R/21	Uruguay	BOP/R/20
New Zealand	BCP/R/25	Yugoslavia	BOP/R/23
Peru	BOP/R/24		

✓ In September the Committee carried out consultations with Ghana (BOP/R/26) and Spain (BOP/R/27). Consultations with Finland and South Africa will be carried out in November. The Committee's reports on these consultations will be submitted to the CONTRACTING PARTIES. ✓

12. Border tax adjustments (G/M/46)

At the meeting of the Council in March the representative of the United States put forward a request by his Government for the establishment of a working party to examine various problems arising in connexion with tax adjustments at the frontier to compensate for internal taxes. The Council established a Working Party which has held several meetings. Further meetings will be held during the session, and the Chairman of the Working Party will make an interim report to the CONTRACTING PARTIES.

13. Article XXVIII negotiations

(a) Extension of time-limit (G/M/47)

At the twenty-fourth session the CONTRACTING PARTIES extended until 30 June 1968 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. At its meeting in June the Council further extended this time-limit until the end of the twenty-fifth session.

(b) Request by Canada (G/M/47)

At the meeting in June the representative of Canada explained that the dissolution of the Canadian Parliament prevented his Government from implementing certain Kennedy Round concessions (on chemicals and plastics), which were to have been implemented on 1 July 1968, and requested authority, under the provisions of paragraph 4 of Article XXVIII, for his Government to enter renegotiations. The Canadian Government also requested a waiver of obligations under Article II so that negotiations could continue, if necessary, after 1 July 1968. The Council granted the authority, and a waiver decision was adopted by postal ballot.

[(c) Request by Israel (C/M/50)

A request for authority to renegotiate certain concessions under the provisions of paragraph 4 of Article XXVIII will be submitted to the Council on 11 November.

14. Modifications and rectifications (C/M/47)

At their last session the CONTRACTING PARTIES decided to abandon the Protocol Amending Part I and Articles XXIX and XXX and requested the Director-General to prepare proposals for implementing by other means the more important provisions of that Protocol with particular reference to the third paragraph which would have been added to Article XXX. Some aspects of this question were discussed by the Council at its meeting in June. The Director-General has distributed his proposals, in document L/3062.

15. Brazilian Schedule (C/M/44)

In February the Government of Brazil requested an extension of the time-limit in the Decision of 27 February 1967 which authorized the application of rates of duty in the new Brazilian customs tariff which are in excess of the rates bound in the Brazilian Schedule, pending completion of renegotiations under Article XXVIII which were to be completed within one year. The Council agreed to recommend an extension until the end of the twenty-fifth session. The Decision approved by the Council was adopted by postal ballot.

16. Uruguayan import surcharges (C/M/47)

On a recommendation of the Committee on Balance-of-Payments Import Restrictions, the Council approved a draft decision extending until the end of the last regular session of the CONTRACTING PARTIES in 1969 the waiver to the Government of Uruguay, which was first granted in 1961, authorizing the maintenance of import surcharges on certain items bound in the Uruguayan Schedule. The Decision was adopted by postal ballot.

17. Reports under waivers

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

Australia/Papua-New Guinea (C/M/50)
United States/Automotive Products (C/M/47 and 50)

The following reports will be submitted to the Council on 11 November:

Turkish Stamp Duty (L/3065)
United Kingdom/Article I (L/3064)
United Kingdom/Dependent Overseas Territories (L/3067)]

18. Financial and administrative questions

(a) Final 1967 budget position (C/M/46)

The Council reviewed the final 1967 budget position and authorized the Director-General to increase certain appropriations by way of transfers between budgetary items.

(b) Assessment of additional contributions (C/M/46)

The Council approved proposals by the Director-General concerning the contributions for 1967 and 1968 and the advance to the Working Capital Fund to be assessed on Ireland.

(c) Tariff study (C/M/46)

In March the Council approved a proposal by the Director-General that additional expenditure in connexion with the tariff study for the Committee on Trade in Industrial Products be met from savings or from transfers from other sectors of the budget, including if necessary from Part V - Unforeseen Expenditure.

(d) General Service category salary scales (C/M/47)

The Director-General reported to the Council on decisions by the executive heads of Geneva-based agencies concerning adjustments in the salary scales for staff members in the General Service category and the Council approved proposals involving an additional cost in 1968.

(e) Reclassification of certain posts in the International Trade Centre (C/M/47)

The Council took note of certain decisions of the Director-General concerning the grading of the post of Director of the UNCTAD/GATT Centre and of two General Service posts.

(f) Committee on Budget, Finance and Administration (C/M/47)

The Council decided upon the terms of reference and membership of the Committee for 1968. The Committee met in October and its report on the 1969 budgets for the GATT and for the International Trade Centre UNCTAD/GATT will be submitted to the session.

19. Advisory Committee to the Trade and Development Board and to the Committee on Commodities of UNCTAD (C/M/50)

At its meeting in September the Council designated Mr. Osman Ali of Pakistan as the nominee of the CONTRACTING PARTIES on the Advisory Committee, to take the place of the late Mr. S.A. Hasnie.

20. Accession of Rumania

Rumania's application to accede to the GATT will be referred to the Council on 11 November.