

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

C/W/227/Add.1  
26 October 1973

Limited Distribution

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COUNCIL

COUNCIL OF REPRESENTATIVES

Draft Report on Work Since the Twenty-Eighth Session

Addendum

6. Balance-of-payments import restrictions

(b) Consultations on balance-of-payments restrictions

Page 10: To the section relating to the consultation with Spain the following should be added:

At its meeting on 19 October 1973 the Council adopted the report of the Committee on Balance-of-Payments Restrictions (BOP/R/68) and recommended that the Government of Spain intensify their efforts in pursuing their policy of liberalization resumed in the last quarter of 1972.

The representative of Spain gave an account of the recent developments of Spain's economic policy. He stated that the Spanish authorities had already planned to intensify their efforts in pursuing the policy of selective liberalization they had undertaken unilaterally and which they would continue to apply to the extent that domestic and external economic circumstances permitted.

Some representatives expressed satisfaction at the adoption of the report and the conclusions of the Committee. They looked forward with expectation to the implementation of Spain's liberalization policy.

Page 10: To be added at the end of the section:

At its meeting on 19 October 1973 the Council considered the report of the Committee on its examination of written statements presented under the simplified procedures by India, Indonesia, Korea and Sri Lanka. The Council adopted the report of the Committee (BOP/R/69) and agreed that Indonesia, Korea and Sri Lanka be deemed to have fulfilled their obligations under article XVIII:12(b) for 1973. The Council noted that a full consultation with India would take place at the end of October 1973.

10. Customs Unions and Free Trade Areas: Regional Agreements

- Information on developments furnished by member States

Page 17:

(b) European Free Trade Association and Finland/EFTA Association (C/M/90)

At the Council meeting on 19 October 1973 the member States of the EFTA and Finland EFTA Association presented a report on developments under the Association Agreements. The report was presented in accordance with the Calendar of Biennial Reports.

The report described the EFTA and FINEFTA reorganization which had taken place following the far-reaching changes in trade relationships in Europe which had occurred in the period under review. The representative of the United States expressed concern over the amendment of the EFTA rules of origin which had made these rules substantially more stringent.

The Council took note of the report.

11. Customs Unions and Free Trade Areas: Regional Agreements

- Agreements concluded with the European Communities

Page 20:

(b) Free Trade Area Agreements with

- Switzerland and Liechtenstein (C/M/90)
- Sweden (C/M/90)
- Austria (C/M/90)
- Portugal (C/M/90)
- Iceland (C/M/90)

At their twenty-eighth session the CONTRACTING PARTIES had established five working parties to examine, in the light of the relevant provisions of the General Agreement, the agreements concluded between, on the one hand, the European Communities and, on the other hand, Switzerland and Liechtenstein, Sweden, Austria, Portugal and Iceland.

The reports of the five working parties were presented to the Council on 19 October 1973.

Several representatives, addressing themselves to general issues common to all the Agreements, were of the opinion that the Agreements were not consistent with the General Agreement but constituted preferential trading arrangements rather than free-trade areas. Some representatives expressed concern at the erosion of the multilateral framework for international trade and at the effects the Agreements would have on their trade with the countries concerned. The representative of the European Communities considered that the examination of the Agreements in the working parties fully supported the view that they were in conformity with the General Agreement. The representatives of Switzerland, Sweden, Austria, Portugal and Iceland, addressing their remarks to the Agreement concluded by their respective countries, shared the view of the Communities that this agreement fully complied with Article XXIV.

The Council adopted the reports of the Working Parties on the Agreements between the European Communities and Switzerland and Liechtenstein (L/3898), Sweden (L/3899), Austria (L/3900), Portugal (L/3901) and Iceland (L/3902).

The representative of the United States expressed concern at the stringency of the rules of origin provided under the Agreements and of their protectionist effect. He asked that a detailed study of the problems of rules of origin be undertaken. He proposed that a working party be set up to carry out a detailed examination and analysis of the problems of trade deflection and rules of origin in free-trade areas and of the GATT rules relating thereto, with special reference to the Agreements concluded between the European Communities and the EFTA countries. Several representatives supported the United States proposal.

The representative of the Communities and of Switzerland, Sweden, Austria, Portugal and Iceland pointed out that the working parties had had an extensive examination of the rules of origin established under the Agreements, as was reflected in the five reports. Moreover, the rules of origin were subject to review in the light of the evolution of the free-trade arrangements. They therefore saw no reason for repeating this work and could not support the establishment of a working party as proposed by the United States representative. They all stated their readiness to provide additional information or clarification with regard to these rules through the normal bilateral channels.

The Council agreed to defer until its next meeting the question of establishing a working party for the examination of the problems of trade deflection and rules of origin.

[To be concluded]

Free Trade Area Agreement with Finland (C/M/90)

The representative of Finland informed the Council at its meeting on 19 October 1973 of the signature of a Free Trade Agreement between the European Communities and Finland. The text of the Agreement had been submitted to the Finnish Parliament for approval.

The Council took note of this information.

(c) Agreements with some Mediterranean countries and Mauritius

- Association with Tunisia and Morocco

Page 21: To be added at the end of this section:

The text of the Protocol concluded with Morocco was presented to the Council at its meeting on 19 October 1973. The representative of the European Communities said that the Protocol was of a transitional nature and would be replaced by a new agreement on a broader basis. Negotiations for a new agreement were in progress.

The Council took note of the Protocol.

/To be concluded/

Page 21:

- Agreement with Egypt (C/M/90)

At its meeting on 19 October 1973 the Council was informed that the text of the Agreement and Additional Protocol concluded between the European Economic Community and Egypt had been submitted to the CONTRACTING PARTIES and would be circulated before the end of the month.

The Council agreed to initiate the customary procedures for the examination of the Agreement and set up a working party, open to all contracting parties.

13. Waivers under Article XXV:5

Page 24:

(c) India - auxiliary duty of customs (C/M/90)

At its meeting on 19 October 1973 the Council considered a report from the Government of India for a waiver from its obligations under Article II in order to enable it to apply, on a temporary basis, an auxiliary duty of customs on certain goods (L/3924).

The representative of India informed the Council that the levying of auxiliary duties was one of a number of measures imposed in the context of the 1973-74 budget to raise additional resources required for development needs and to meet higher outlays on social welfare schemes.

The Council approved the text of a draft decision and recommended its adoption by the CONTRACTING PARTIES.

(d) Indonesia - Renegotiation of schedule (C/M/90)

At its meeting on 19 October 1973 the Council received a request from the Government of Indonesia for a waiver from its obligations under Article II in order to enable it to apply a newly introduced customs tariff pending the conclusion of negotiations in accordance with the provisions of Article XXVIII (L/3939).

The representative of Indonesia stated that a new customs tariff based on the Brussels Tariff Nomenclature had been introduced by his Government with effect from 31 January 1973. The revision was aimed at simplifying and rationalizing the Indonesian tariff structure. His Government stood ready to enter into consultations and negotiations with interested contracting parties, with a view to completing such negotiations on items on which GATT bindings might be effected, not later than 31 December 1975.

The Council agreed to consider the matter at its next meeting.

To be concluded

14. Reports under waivers

Page 25:

(b) Australia - Papua/New Guinea (C/M/90)

At its meeting on 19 October 1973 the Council took note of the nineteenth annual report (L/3903) submitted by the Government of Australia.

25. Administrative and financial questions

(b) Assessments of additional contributions

Page 32: To be added to the end of the section:

At its meeting on 19 October 1973 the Council, following the accession to the GATT of Singapore and Hungary and the provisional accession of the Philippines, adopted the assessments of the contribution to the 1973 budget and the advance to the Working Capital Fund on these governments (L/3922, L/3923, L/3924).

(f) Representation allowance of the Director-General

At its meeting on 19 October 1973 the Council approved a proposal by the Chairman of the CONTRACTING PARTIES to establish the representation allowance of the Director-General in Swiss francs at an amount of Sw F 45,000, effective 1 January 1973. This was done to restore the value in money terms of the allowance to approximately the amount agreed to in 1968.

Page 32: To add

26. Arrangements for the twenty-ninth session (C/M/90)

At its meeting on 19 October 1973 the Council agreed that the twenty-ninth session of the CONTRACTING PARTIES be held from 13 to 15 November 1973.

27. Membership of the Council (C/M/90)

At its meeting on 19 October 1973 the Council welcomed Hungary as a member of the Council.