

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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MINUTES OF MEETING

Held in the Palais des Nations, Geneva
on 29 November 1974

Chairman: Mr. K.A. SAHLGREN (Finland)

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1. Accession of Paraguay (L/4111)

The Chairman said that a communication had been received from the Government of Paraguay expressing its wish to accede to the GATT in accordance with the provisions of Article XXXIII. In connexion herewith the Government of Paraguay had been invited to be represented at this meeting of the Council by observers. The Council approved this invitation.

The representative of Paraguay said that his Government was convinced that its participation in GATT would make it possible for his country to contribute to the collective effort towards the expansion of world trade. His Government was concerned about developments in the international economy. He hoped that the attitude of GATT towards the developing countries would be further developed in the multilateral trade negotiations and he was therefore, convinced that Paraguay's participation as a full member in these negotiations would be advantageous to it.

A number of representatives welcomed the fact that Paraguay had indicated its desire to accede to the General Agreement.

The Council agreed to set up a working party with the following terms of reference and membership:

Terms of Reference:

To examine the application of the Government of Paraguay to accede to the General Agreement under Article XXXIII, and to submit to the Council recommendations which may include a draft protocol of accession.

Membership:

Argentina	European Communities and	Nordic Countries
Australia	their member States	Peru
Brazil	India	Spain
Canada	Japan	United States
Chile	Nigeria	Yugoslavia

Chairman: Mr. Lacey (United Kingdom)

The Chairman stated that the representative of Paraguay had already been in touch with the secretariat as to the further procedures, in particular with respect to the basic documentation to be considered by the Working Party. A memorandum on the Foreign Trade Regime of Paraguay would in due course be circulated to the contracting parties, after which contracting parties would have the opportunity to submit specific questions in writing to the secretariat for transmission to the Government of Paraguay.

The Council agreed that in order to enable the representatives of Paraguay to acquaint themselves with the work of the GATT the delegation of Paraguay should be invited to send observers to the regular GATT Committees and working parties.

2. Canada - Article XXIV:6 negotiations with the European Communities
(L/4107, C/M/101, C/W/250, C/W/251)

The Chairman recalled that at the meeting of the Council on 8 November 1974 the representative of Canada had raised the question of the Article XXIV:6 negotiations between Canada and the European Communities. Canada had invoked the conciliation procedure of the GATT under paragraph 2 of Article XXIII and, related hereto, requested an extension of the time limit laid down in Article XXVIII:3. The Council had heard the objections of the European Communities to the Canadian

request. Several representatives had spoken on the subject and without expressing themselves on the substance of the matter, there had been a large measure of support for the Canadian request. The Council had then decided to revert to this matter at the present Council meeting.

The representative of Canada said that, as he had pointed out at the last Council meeting, it had not been possible for Canada to reach agreement with the European Communities in the Article XXIV:6 negotiations. He had, therefore, requested that, pursuant to paragraphs 1(c) and 2 of Article XXIII, the CONTRACTING PARTIES should establish a panel of experts to investigate the matter. Furthermore, in order to provide adequate time for the panel to conduct its investigation, his delegation had also requested that the Council should extend the time-limit laid down in Article XXVIII:3. This request was set out in documents L/4107 and C/W/250. He noted that, as was indicated on page 10 of C/M/101, Canada's request had received a large measure of support.

He said that since the last Council meeting there had been further discussions between the European Communities and Canada, but that it had not been possible to reach agreement. He expressed the hope, however, that these attempts at reaching agreement would continue while the panel was conducting its investigation.

He recalled that it had been suggested that Canada was seeking an indefinite extension of the time-limit in Article XXVIII:3. His request, however, called for an extension of this limit for a definite period of six months after the CONTRACTING PARTIES had made recommendations or had given a ruling. It was implicit in his request that the extension of the time-limit would be limited to the imbalance, if any, in the level of concessions determined by the panel, and his delegation would be prepared either to see this made explicit or to have the extension limited in terms of products.

In the light of the discussion at the last meeting of the Council and subsequent developments, his delegation asked the Council to take a decision to establish a panel and extend the deadline in accordance with Canada's request set out in the last two paragraphs of C/W/250; and to give authority to the Chairman to enter into appropriate consultations and to appoint the Chairman and members of the panel.

The representative of the European Communities stated that he regretted that the bilateral discussions with Canada which had taken place since the last Council meeting had not led to an agreement. He restated the difference between the two delegations as follows: Canada felt that it had not been compensated for the withdrawal of concessions on grains by the United Kingdom and Denmark, while the Community felt that compensation had been given. The Community was prepared to

defer the time-limit in Article XXVIII:3 in respect of this issue, it being understood that the respective positions of the two delegations would be set out in the deferral arrangement. The last point was not acceptable to Canada. He repeated the objections of the Community with regard to a conciliation procedure in this field and reiterated that the Community could not accept an extension of the time-limit laid down in Article XXVIII:3, as proposed. The reasons for this position had been explained in the Council and were on record in the Council minutes and in the Communities statement circulated in document C/W/251. The Community maintained its proposal, which it considered reasonable and in conformity with the practices of GATT and the interests of the contracting parties as a whole.

The representative of Romania said that he had not spoken earlier on this subject and wished to add his voice in support of the request of the Canadian delegation.

The Chairman stated that it was clear from the present discussion and the one held on this subject at the Council on 8 November that there was a large measure of support for the Canadian proposal that the Council establish a panel under Article XXIII:2 to investigate the matter referred by the Government of Canada to the CONTRACTING PARTIES and to make such findings and recommendations as would seem appropriate. He noted that the European Communities had spoken against this proposal and had regarded resort to this procedure as inappropriate.

The Chairman concluded that it was the wish of the Council, with the exception of the European Communities, to establish such a panel and that he should, in due course, discuss the question of membership of the panel in consultation with the parties most concerned. The Chairman also appealed to the parties to agree that the time-limit under Article XXVIII:3 should be extended for two months. In the event that this was possible he would make no effort to activate the panel until the end of that period and would do so only if the parties had not been able to settle the issue to their mutual satisfaction.

It was so decided.

The representative of Canada stated that the extension of the time-limit for two months was acceptable to Canada but he was concerned about the statement that the European Community was opposed to an extension in the terms of the Canadian request. The provisions of the General Agreement were quite clear as to the investigation by the CONTRACTING PARTIES of any matter referred to them. It was, therefore, right and proper for the Council to establish the panel. However, the legal situation as regards the extension of the time-limit was not as clear. In any event, the extension was only a

means to permit the panel to carry out its task. His delegation would find itself in a difficult position if Canada did not exercise its rights under Article XXVIII:3 by the end of the year and the European Community claimed that Canada had no longer the right to do so, since the Community had made it clear that it did not agree to the extension. His delegation, therefore, suggested that the terms of reference decided by the Council should be elaborated to include an additional task for the panel. He proposed that the panel should also assess whether any concessions withdrawn by Canada pursuant to Article XXVIII:3 were such as to restore the general level of concessions. In conclusion, he stated that if this were added, the procedure suggested by the Chairman would be acceptable to the Canadian delegation.

The Chairman said the task of the panel, which the Council had agreed to establish, was to investigate the matter referred to the CONTRACTING PARTIES by the Government of Canada which would include the point raised by the representative of Canada in his second statement.

The representative of the European Communities reserved his position as to the legal interpretation put forward by the Canadian representative. His delegation would convey the Chairman's appeal to his authorities who would transmit their positive or negative reply in due course. In view of the Community's position in respect of a panel, his delegation had no comment concerning any addition to the terms of reference of such a panel.

3. Consultative Group on Meat

The Chairman recalled that on 8 November 1974 the representative of Australia had made a proposal that the Council should consider the possibility of establishing a Consultative Group on Meat within the framework of GATT. The Australian delegation had prepared a document (L/4119) containing the background and outlining the proposal in detail.

The representative of Australia said that a Consultative Group on Meat would be mutually beneficial to meat exporters and importers. It was the opinion of his delegation that if the contracting parties did not turn their attention to the problems of meat, producers would turn away from this commodity as an insecure means of maintaining income levels. This group would not cut across any actions delegations would want to take in the multilateral trade negotiations, as it would be maintained separately and would remain outside the negotiations. He proposed the following terms of reference for the Group: The Group should provide continuing opportunities for appropriate intergovernmental consultations on international trade in meat and should make such studies of the world situation in meat as it sees fit, having regard especially to the desirability of providing regular, accurate information regarding the supply and demand position and its

probable development. For this purpose the Group should, as necessary, arrange for the collection and dissemination of appropriate information making use of existing sources so far as practicable.

The representative of Uruguay supported the establishment of the proposed Group. The Group should constitute an intergovernmental forum for consultation and the exchange of information on present and future developments in the world market for meat. The terms of reference should be kept flexible both as to the subjects dealt with and as to its form. He was in favour of a close relation between this Group and the FAO Intergovernmental Group on Meat. The consultations in this Group should, furthermore, be open to countries which were not members of GATT.

The representative of Hungary reiterated his support for the establishment of the Consultative Group. He considered, however, that the products covered by the Group should include live cattle and proposed that the name and terms of reference as proposed by the representative of Australia be amended accordingly.

The representative of Brazil also expressed support for the Australian proposal. He felt that both exporters and importers of meat would gain from the establishment of such a group within the framework of GATT designed to serve as a forum which could eventually facilitate the search for long-term stabilization measures. He stressed that the group should not duplicate the work of other organs concerned with meat questions, such as the one in the FAO, nor should its creation be allowed to interfere with current discussions on bilateral and multilateral levels in GATT or elsewhere.

The representatives of Canada, New Zealand and Poland also supported the establishment of the Group as proposed.

The representative of the European Communities said that the proposal had only recently been received and was still being considered by his authorities. He recalled the Community's suggestion at the last Council meeting that the secretariat be requested to bring up to date the documentation of Group 3(e) relating to meat. This could be carried out quickly without prejudging at this stage the question of establishing machinery. There was, furthermore, the present uncertainty as to how trade policy questions in general might be discussed early next year. The Community, therefore, preferred to revert to this question in the near future.

The representative of Argentina said that before creating a new group certain questions should be settled. It was important to avoid duplication with the work of the FAO and, furthermore, the possible links between the Consultative Group and the multilateral trade negotiations should be defined with great clarity. It should also be made clear whether the Group would deal with short-term or long-term problems. Although he could support the proposal in general terms, these and other unknowns should first be clarified.

The representative of Japan said that the question of establishing a Consultative Group should be approached carefully, the more so because some of its functions were already covered by other international organizations. There existed some similar groups in GATT, but these were based on a specific agreement, such as the Arrangement on Certain Dairy Products. The Group's relationship to the multilateral trade negotiations had not yet been sufficiently thought out and a more thorough study of the proposal was therefore needed. Furthermore, at the World Food Conference, Japan had proposed an information scheme which was now being debated in the General Assembly of the United Nations. His delegation, therefore, was not yet in a position to express a definite view and would wish to seek, at a later date, clarification on some of the points included in the Australian proposal.

The representative of the United States considered that the Australian proposal was useful and that there was an important task for a consultative group in this field. He did not think that such a group should be used as a negotiating forum, but he felt that the results of this group could be useful for the multilateral trade negotiations. He did not consider it essential at this point to define the exact relationship to the multilateral trade negotiations. It was desirable to establish the group promptly and to consider the best ways of relating it to the machinery of the multilateral trade negotiations once this had been established.

The Austrian representative also saw merit in the Australian proposal. He felt that through a far-reaching co-operation some progress could be made towards avoiding critical situations in the meat sector. However, some further consideration of this question was desirable.

The representative of Australia said that it appeared to him that additional support had been given to his proposal. His delegation could accept the proposed extension of the product coverage to include live cattle. He stressed that it was the intention that the Group should not cut across bilateral consultations which could be appropriate from time to time. He agreed that the relationship to the multilateral trade negotiations could be defined more precisely when the negotiations had effectively begun.

The Chairman proposed that more time should be given for reflection and for informal consultation on the subject.

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

4. Japan - Restrictions on imports of beef and veal
(L/4117, L/4120)

The Chairman recalled that the question of the Japanese import restrictions on bovine meat had been raised by the Australian representative at two previous meetings of the Council. The question had now been put on the agenda formally

and the Australian delegation had circulated a communication on this matter (L/4117). The Japanese delegation had also circulated a document on the recent situation of beef imports into Japan (L/4120).

The representative of Australia said that Australia regarded the Japanese submission as a notification of an intensified residual import restriction under the procedures laid down by GATT. Australia, therefore, did not intend to pursue at this time its proposal for a working party. Australia accepted to enter into Article XXII consultations with Japan and expected that it would be possible to report a satisfactory outcome of these consultations. Should this not be the case, Australia reserved the right to revert to this question.

The representative of Japan welcomed the statement made by Australia. In view of the interest expressed by several contracting parties at recent meetings of the Council, his delegation had provided information on the current situation of beef imports into Japan in document L/4120. His delegation was prepared to enter into consultations under Article XXII:1 with those contracting parties having a substantial interest as exporters to Japan which wished to have such a consultation.

The representative of New Zealand stated his delegation's interest in taking part in these consultations.

The Council took note that Australia was seeking a consultation under Article XXII with Japan on this matter. In accordance with the procedures relating to Article XXII consultations the Director-General would notify all contracting parties of this consultation.

5. Japan - Article XXVIII:5 negotiation

The representative of Japan, raising a matter under Other Business, referred to a communication from his delegation in document SECRET/223 of 4 November 1974 in which the Japanese Government indicated its intention to enter into negotiations under Article XXVIII:5 with the view to modifying the tariff on an item included in the Japanese Schedule. His delegation was ready to hold consultations with contracting parties having a substantial interest in the concession. In order to enable his delegation to proceed with the matter, he invited contracting parties who considered they had a substantial interest in the concession to notify before 31 December 1974 their intention to enter into consultations with the Japanese delegation. Thereafter, the Japanese delegation would regard itself relieved of its obligations under the General Agreement to hold consultations with countries which had not claimed a substantial interest in the concession.

The Council took note of the statement by the representative of Japan.

6. Information on trade policy measures

The representative of Switzerland speaking under Other Business said that he wished to raise a question regarding mutual information between contracting parties on their trade policy measures. Referring to the serious deterioration in the international market for certain products, he considered there was a pressing need for rapid and accurate information on developments in the markets concerned and especially on measures taken by governments. It would, therefore, appear particularly appropriate if contracting parties were to make more use of the procedures for notification and information provided by GATT, independently from whether there was a formal obligation to provide information or not. His delegation believed that this would greatly facilitate consultations under the GATT or informal discussions. He referred in this connexion to the Recommendation of 20 March 1964 (BISD 12S/49) under which contracting parties should forward promptly to the secretariat regulations relating to trade as mentioned in Article X of the General Agreement. His delegation intended to have consultations on this subject and might wish to revert to it at a later meeting of the Council.

The Council took note of the statement and agreed to revert to this question at a later meeting.

7. European Communities - Emergency action on imports of bovine meat

The representative of Australia raising a matter under Other Business recalled that Australia had sought consultations under Article XXII:1 with the European Communities regarding the action taken by the Community on imports of cattle and bovine meat. In accordance with the procedures on Article XXII consultations, the delegations of Yugoslavia, Hungary, Uruguay, Poland, New Zealand, Argentina, Romania and Brazil had expressed a desire to be joined in the consultations. He now informed the Council that two rounds of consultations had been held - on 25 October 1974 and on 25 November 1974. The outcome of these consultations had not been satisfactory from the point of view of these countries as there was no imminent prospect of the opening of the Community market for cattle and bovine meat and the representatives of the Community had been unable to indicate when the present total restrictions on imports could be terminated or modified. In the October consultations exporting countries had sought clarification as to the precise article of the General Agreement invoked by the European Community in justification of its measures. It had not proved possible to obtain a definitive response in respect of this issue from the Community. At the second round of consultations, the discussion had centred on the situation in the Community market, including production, consumption, imports, stocks and prices, Community measures designed to stimulate consumption and the procedures under which the tariff quota on bovine meat bound

in GATT was allocated and administered by the member States of the Community. The Community had provided information relating to the market situation this year, but it had been impossible to obtain details on the question of the effectiveness of measures taken by the Community to stimulate domestic consumption and of additional measures which might be contemplated should further steps be necessary to offset the rapid build-up in Community intervention stocks. In relation to the tariff quota, it had not been possible to obtain specific information on the practices of individual member States in allocating and administering the quota. His delegation had, however, been assured that the total quota amounts had been fully allocated and utilized in 1971, 1972 and 1973 (and some even beyond allocation levels). The position for 1974 was still uncertain but it appeared that, in respect of one member State at least, the quota had not yet been allocated. It was expected that the member State concerned would issue certificates against its allocation before the end of 1974. Given the limited remaining time, the question arose whether distant suppliers would not be placed in a position of disadvantage in competing for the quota allocation.

He expressed concern that, on the basis of the detailed information on the current state of the Community market, imports appeared to be bearing almost the entire burden of adjustment in a situation where the disturbance to the market could clearly be attributed to the very substantial increase in domestic production within the Community.

In conclusion he stated that, because of the disruptive effects on third-country suppliers of the Community action and the failure of the Community to expand consumption by significant reductions in consumer prices, the exporting countries had proposed that the consultations should be continued at a time to be mutually agreed. This had been agreed. His delegation would then raise again the question of the Community's levy-free quota, to satisfy itself as to whether the relevant GATT bindings and the GATT provisions relating to the administration of such quotas had been impaired or nullified in any way.

The representative of Uruguay associated his delegation with the statement made by the representative of Australia. He pointed out that during the consultations it had been suggested that Italy should be authorized to import in 1975 frozen meat against the tariff quota for 1974 and that in 1975 all member States should have a proportional share in the quota and that the respective licensing should be authorized immediately. His delegation could support these suggestions. It had also been suggested that in allocating the quota, the Community should offer to the countries interested the same share in the global volume without any discrimination. With respect to this suggestion, his delegation proposed that the EEC should open up the quota as soon as possible to

traditional exporters of meat to the EEC market, but should, in the allocation of the quota, take into account the share of meat exports in the total exports of the country concerned. In the case of Uruguay 40 per cent of the total exports in 1973 had consisted of meat.

His delegation, finally, could support the suggestions also made during the consultations that regular information should be provided, for instance on a quarterly basis, on the allocation of the quota, and that the possibility should exist to make shifts between the member States, depending on their needs.

The representative of Argentina associated his delegation with the report made by the representative of Australia. He expressed the hope that the future consultations would lead to more positive results and that his country would have a share in improved access to the EEC market.

The representative of the United States stated that the unilateral actions of some meat-importing countries placed the United States in an increasingly difficult position as one of the few remaining open markets for meat. His delegation was also concerned that these measures could induce a reaction on production which could lead to a serious meat shortage in the future. He therefore urged the countries restricting imports of meat to resume reasonable levels of imports as soon as possible.

The representative of Hungary also associated his delegation with the report made by the representative of Australia. In addition, he stressed that his country had no responsibility for the difficulties in the trade in bovine meat. His authorities had on several occasions made specific proposals for the establishment of mutually advantageous technical arrangements in order to put this trade on a sound basis. His delegation had not received any response to these proposals.

The representative of the European Communities pointed out that in the bovine sector a great many economic factors had come into play which had caused a disruption in a number of markets. His delegation would submit for circulation a technical note which described in detail the situation on the EEC market. He furthermore stated that the Community was a relatively open market, in particular as compared with other markets which were relatively closed because of sanitary and health regulations. He pointed out that, apart from the tariff quota in the EEC schedule, the duty on meat was not bound. He explained that a great number of internal measures had been taken by the Community to promote consumption and to defer supplies to the market. For example, the cost of bovine meat for certain sections of the population had been reduced for social reasons and a campaign had been launched to promote consumption. Furthermore, a system of

slaughter premiums had been introduced, increasing with the delay in slaughtering. These domestic measures taken by the Community were very costly, amounting to several hundred million units of account. His delegation, therefore, found it difficult to accept that, as had been stated, the principal burden of readjustment had been shifted to third countries. With respect to the tariff quota, he stated finally that the quota had been fulfilled in 1971, 1972 and 1973, and even over-filled because of a margin of tolerance of 10 per cent. For 1974 the quota was still to be opened in one member State which traditionally opened its quota late in the year. The European Community was fully aware of the problems which were connected with the distribution of shares in the quota to third countries.

The Council took note of the statements made.