

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

C/M/115  
29 July 1976

Limited Distribution

COUNCIL  
15 July 1976

MINUTES OF MEETING

Held in the Palais des Nations, Geneva,  
on 15 July 1976

Chairman: Mr. G. EASTERBROOK SMITH (New Zealand)

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1. Export inflation insurance schemes (C/M/113 and 114)

The Chairman recalled that at its meeting in June 1976 the Council had continued consideration of a United States proposal to establish a working party for the examination of questions relating to export inflation and had agreed to revert to the matter at its next meeting. The Chairman stated that the delegations concerned had concluded their consultations on the terms of reference for the working party, as a result of which he could now propose that the Council establish a working party with the following terms of reference:

To examine, from the point of view of their effects on international commerce and in the light of the GATT provisions, export inflation insurance schemes

and any other measures, direct or indirect, brought to the Working Party's attention, used to attenuate or compensate for the effects of cost inflation, and to report to the Council.

As regards membership he suggested that the membership should be open to all contracting parties having an interest in these questions, either because they operated such schemes or otherwise. Interested contracting parties were invited to indicate to the secretariat their wish to participate.

As regards chairmanship, he proposed that the Chairman of the Council should be authorized to nominate the Chairman of the Working Party in consultation with the members principally concerned.

The Council agreed with these proposals.

2. EEC programme of minimum import prices, licences and surety deposits for certain processed fruits and vegetables (L/4321 and Add.1, C/M/113 and 114)

The Chairman recalled that the Council at its last meeting had initiated consideration of the complaint by the United States under Article XXIII:2 of the above-mentioned EEC programme and had agreed to refer the matter to this meeting.

The representative of the European Communities said that since the last meeting of the Council the Community had examined the matter and could now accept the principle that a panel be set up to examine the United States' complaint. In considering terms of reference for the panel, his delegation had introduced certain precisions to the United States' proposal and it had added an element to which it attached great importance, namely that the panel in its examination of the complaint would take account of all pertinent elements, including those relating to the economic and commercial situation of the processed fruits and vegetables sector. It was indispensable for the panel to take account of all pertinent elements relating to this sector.

The representative of the United States recalled that his delegation had asked the CONTRACTING PARTIES to act according to the provisions of Article XXIII:2, which required the CONTRACTING PARTIES to promptly investigate the matter referred to them and to make appropriate recommendations. He emphasized that these provisions required virtually automatic action. As there was now agreement on the establishment of the panel, he proposed that the terms of reference should be for the panel to examine the matter referred by the Government of the United States to the CONTRACTING PARTIES pursuant to paragraph 2 of Article XXIII relating to the minimum import price and import licensing/surety

deposit schemes maintained by the European Economic Community on certain processed fruits and vegetables and to make such findings as will assist the CONTRACTING PARTIES in making the recommendations or rulings provided for in paragraph 2 of Article XXIII. He said that these were fairly standard terms of reference which would not prejudice the question of what matters were pertinent to the findings, which was a matter to be left to the panel itself.

The representative of the European Communities said that the terms of reference proposed by his delegation had been based on the terms of reference originally proposed by the United States with the precision however that the minimum import price applied only to tomato concentrates and with the important addition that the panel should take account of all pertinent elements. He considered it essential that a judgement by the panel on this matter should not be made outside the context in which the regulation was applied.

The representative of the United States considered that the terms of reference proposed by the Community contained defects which made an interpretation of them difficult. The United States had made a complaint which it wished to have investigated. Having had no discussion on the substance of the matter it was impossible to prejudge which elements were pertinent to this investigation. Any party that felt that certain elements were pertinent to the panel's considerations could submit them to the panel and it should be left to the panel to decide on the importance of these elements. His delegation could however accept a specific reference to tomato concentrates in connexion with minimum import prices and could furthermore accept that the panel took into account all pertinent elements, without however describing that these elements would include those relating to the economic and commercial situation of the sector of processed fruits and vegetables. The maintenance of the latter reference implied a judgement that there were elements in the economic and commercial situation of the sector which were pertinent to the panel's examination.

The representative of the European Community pointed out that his formula referred only to those elements relating to the economic and commercial situation of the sector which were pertinent. It was for the panel to decide whether certain elements were pertinent to their consideration and this formula therefore would not prejudice the panel's work. The elements relating to the situation in this sector concerned both the exporters of processed fruits and vegetables as well as the Community. The United States delegation was free to place on record that there were no elements in the economic and commercial situation which were pertinent. His delegation however was of the opinion that it was important and even indispensable for the panel to take account of these elements.

The representative of the United States recalled that the matter referred to the CONTRACTING PARTIES by his delegation, as spelled out in document L/4321/Add.1, related basically to questions of consistency with GATT provisions and obligations.

These were legal rather than economic questions. The panel should not be asked therefore to get involved in a basic economic and commercial research, but should merely consider the matter that his delegation had brought before the CONTRACTING PARTIES under the provisions of Article XXIII:2. As a further compromise he could accept however that the terms of reference, rather than referring to the economic and commercial situation in the sector, referred to the discussion in the Council.

After some further discussion it was agreed that the panel in its examination of the complaint would take account of all pertinent elements, including the Council debates on this question.

The representative of Australia said that the measures taken by the European Community affected a number of items of importance to Australia, including canned pears and peaches, on which Australia had initial negotiating rights. In this sector each side had accorded bound concessions to the other. Australia's exports of canned pears and peaches to the Community amounted to \$19 million in 1974/75. While the Community exported a whole range of processed fruits and vegetables to Australia, he noted that these exports were highest for those products for which Australia had granted concessions to the Community. His delegation considered that the measures impaired and in some circumstances nullified benefits accruing to Australia under the GATT. Australia attached great importance to unrestricted and predictable access for its exports to that market. While the charge imposed through the import deposit scheme was small, his delegation considered it to be a breach of an EEC obligation. It was a direct charge on the products and an additional administrative burden on trade. It contained furthermore an element of unpredictability as there was always the possibility that import licences were restricted or suspended and that minimum prices were introduced at short notice. There was uncertainty as to the level of the minimum prices, their rules and the way the system was implemented in the future. He considered that the import licence system by itself was an additional barrier to trade because it created the presumption that the goods had no automatic right to entry to the Community market. His authorities were considering further consultations with the EEC under Article XXIII and his delegation meanwhile reserved all rights under the GATT.

The Council agreed to establish a panel with the following terms of reference:

To examine the United States complaint concerning the minimum import price for tomato concentrates and the systems of licensing and surety deposits applied by the Community in respect of imports of certain processed fruits and vegetables, that

- "- the system of minimum import prices for tomato concentrates maintained by the EEC is not consistent with the obligations of the EEC under the GATT;
- "- the licensing and surety deposit system maintained by the EEC are not consistent with the obligations of the EEC under the GATT;
- "- the EEC systems of minimum import prices, licensing and surety deposits nullify or impair benefits accruing to the United States under the GATT."

In examining the complaint, the panel shall take into account all pertinent elements, including the Council's discussions on the question.

As to the composition of the panel, the Council agreed to give authority to the Chairman of the Council to nominate, in consultation with the parties concerned, the Chairman and the members of the panel.

The representative of Israel expressed his deep concern about the way in which the Council in this case and also in an earlier case had dealt with the question of setting up a panel. He stressed that the rights of contracting parties under Article XXIII were among the most important rights under the General Agreement. The duties of the Council, as derived from the duties of the CONTRACTING PARTIES, were important obligations of the CONTRACTING PARTIES. Any contracting party had the right to obtain action by the Council and by the CONTRACTING PARTIES under Article XXIII without negotiating. He considered that in this case the Council had fulfilled its duty only hesitantly and without taking into account its obligations and the rights of the contracting parties concerned. Thought should be given to this matter so that cases of this kind should not arise again.

The representatives of Australia and Canada supported these views.

### 3. Monetary measures applied by Italy (L/4353, L/4354, C/M/114)

The Chairman said that at the last meeting of the Council the representative of Italy informed the Council of the introduction by his Government of certain monetary measures, including a deposit requirement for the purchase of foreign currencies. Following discussion of the measures the Council had agreed to keep the matter on the agenda of its next meeting.

The representative of Italy said that due to the short time since the introduction of the Italian monetary measures and due to scarce statistical information his remarks were of a purely preliminary nature. He pointed out that since the

measures had been introduced the depreciation of the lira, which stood at 39 per cent in the beginning of May (base period February 1973) had been reduced to 33 per cent in early June. This confirmed that the measures taken had positive results and contributed to the orderly development of international trade. He stated that the deposits paid into the Bank of Italy amounted on 9 July to Lit 2,700 billion, equal to about US\$3.2 billion. It appeared in a comparison with the average monthly value of Italian imports during the period January-April 1976, which was Lit 2,649 billion, that the 50 per cent import deposit had had no substantial impact on imports. On the other hand, the neutralization of such an amount of liquid funds contributed to control some of the phenomena which had led to the introduction of the measures.

The representative of the European Communities stated that the Commission of the European Communities, which had authorized the monetary measures, introduced by Italy, considered that experience in the past two and a half months during which the measures were in operation, confirmed that the measures had beneficial effects on international economic relations as a whole.

The representative of the United States, recalled his statement at the last meeting of the Council, in which he had drawn attention to the balance-of-payments aspects of the measures. He noted that press reports spoke of a possible extension of the Italian measures beyond the presently foreseen terminal date. He considered it desirable that the Committee on Balance-of-Payments Restrictions should examine the measures at its next regular meeting if they were then still in effect. He therefore proposed that the Council should refer this matter to the Committee for examination on this basis.

The representative of the European Communities said that in the present uncertain circumstances he preferred to refer further discussion of this matter to the next meeting of the Council, if necessary.

The representative of Switzerland, after stating his satisfaction at the positive effects of the measures, expressed the hope that the date of termination for the Italian measures would be respected. His delegation maintained its proposal, made at the previous meeting of the Council, that the Committee on Balance-of-Payments Restrictions should examine the measures at its next regular meeting, but he could accept that the matter be referred to the Council for consideration at its next meeting.

The representatives of Australia and Japan, while noting the improvements achieved by the measures, expressed the hope that the measures would be phased out at the date foreseen. They felt that the Council should maintain the matter on the agenda of its next meeting for further consideration.

The representative of the United States agreed that the Council should consider the measures at its next meeting.

The Council decided to refer further consideration of the Italian monetary measures to its next meeting.

4. EEC's programme of import deposits for animal feed proteins

The representative of the United States recalled that at the meeting of the Council in April 1976 his delegation had raised the question of the EEC's compulsory purchase programme for non-fat dry milk. He explained that the programme required a deposit guaranteeing that a certain amount of non-fat dry milk from intervention stocks would be purchased for each ton of domestic or imported vegetable proteins purchased. If the non-fat dry milk was not purchased the deposit was forfeited. For soyabean meal the deposit was \$33.75 per ton.

He continued to explain that the purchase requirement was enforced by this deposit system as well as by a licensing system which was applicable to all imported vegetable proteins. Upon payment of the deposit the buyer received a protein certificate which allowed free circulation in the EEC of the imported vegetable protein. The deposit was refunded upon proof of purchase of non-fat dry milk from intervention stocks. Domestic non-fat dry milk was therefore substituted for the imported vegetable protein in animal feeds. The announced goal of the EEC was to dispose in this manner of 400,000 tons of the 1.3 million tons of non-fat dry milk held in intervention stocks. Thus, at least 400,000 tons of vegetable proteins normally used in livestock feed would be displaced.

He stated that the programme was inconsistent with the rules of GATT, it impaired tariff concessions the United States had negotiated with the Community and it would have an adverse effect on United States exports of these commodities to the Community.

The United States had negotiated with the Community duty-free bindings on cottonseed, flaxseed, soyabeans and oil cakes and meals. Additional concessions had been obtained in other commodities covered by the scheme, such as flours and oilseeds. United States exports of these commodities to the EEC were valued at over \$2,000 million in 1975.

He pointed out that the purchase requirement of denatured non-fat dry milk, which could only be used in animal feeds, violated the provisions of Article III:5 which proscribed the introduction of mixing regulations. While the system might also affect some domestic vegetable proteins he noted that the Community produced only 15 per cent of its vegetable protein requirement.

He also referred to Article III:4, which required that imported products receive treatment no less favourable than that accorded to domestic products. He noted that this provision was violated because domestically produced corn gluten was not subject to the scheme, the scheme did not apply to animal and fish proteins which were substitutable for vegetable proteins, and the requirement for a protein certificate applied only to imported products.

He pointed out that the scheme amounted to a charge by the loss of interest on the deposit and additionally, in the case of forfeiture, by the amount of the deposit. This charge nullified and impaired the bindings to the United States on vegetable proteins in violation of Article II:1(b) of the General Agreement.

Finally, the scheme was focussed on specific vegetable proteins and did not include other substitutable imported products. In addition, the various deposits did not correspond to the level of protein content in the products. Therefore, imports of vegetable protein products from some countries were afforded more favourable treatment than like products from other countries, in violation of the provisions of Article I.

The United States had engaged in intensive consultations with the Community but had not been able to reach a satisfactory solution of the trade issues involved. On the contrary, the imposition of a new tax on vegetable oils had been proposed by the European Commission. The proposed action was of the gravest concern to his delegation and, if the proposal were implemented, the United States would move immediately and firmly to defend its trade interests.

The United States, therefore, referred the matter to the CONTRACTING PARTIES in accordance with the provisions of Article XXIII:2 and requested the establishment of a panel to examine the complaint by the United States that the EEC import deposit and purchasing requirements affecting non-fat dry milk and certain animal feed proteins is not consistent with the EEC's obligations under the GATT, including those obligations under Articles I, II and III, and to make such findings as will assist the CONTRACTING PARTIES in making the recommendations or rulings provided for in paragraph 2 of Article XXIII.

The representative of the European Communities referred to the statement he had made at the earlier Council meeting in which he had drawn attention to the problems relating to the skimmed milk sector. The measures introduced by the Community should not be considered out of their context. He recalled that the Community imported on average the equivalent of 15 million tons of oilcakes a year and, according to the United States statement, produced only 15 per cent of the vegetable proteins it consumed. Vegetable proteins were therefore a key element in the Community's agricultural situation and price relationships between products, not unlike another major product in a broader economic context. The Community was



trying to dispose of its surplus of skimmed milk powder by various measures, such as increasing the amount of food aid in the form of skimmed milk powder from 50,000 tons to 200,000 tons, promoting domestic consumption by using skimmed milk to feed calves, the launching of an additional storage programme for vegetable proteins which could reach 250,000 tons etc. The measures now under discussion, which were part of this programme, had been launched in order to liquidate a maximum of 400,000 tons of skimmed milk powder. He pointed out that sales contracts had already been concluded for nearly half of this amount. There was a rapid development in the conclusion of further contracts in the last few days. Whilst the price of skimmed milk powder had remained unchanged at about 52 units of account per ton, the price of soyabean meal on the other hand had risen since April from 130 units of account per ton to over 200 units of account per ton at present. The increase in the price of soya products had been caused by the drought, large purchases by centrally planned economy countries, the introduction of an export prohibition by a large supplier for soyabean meal and the stoppage of exports of fish meal by an important exporter. This evolution accounted for rapid changes in this whole complex of substitutable products.

As to the legal points made by the representative of the United States, the Community wished to reserve its position and revert to these points after having examined them. The Community had taken note of the request just made by the United States for the establishment of a panel but would need some time to determine its position on that matter.

With regard finally to the proposal made by the European Commission for a tax on vegetable oils, he said that this was part of a whole series of proposals intended to improve the situation. He pointed out that it was not customary to discuss in GATT measures at the stage of a proposal.

The representative of the United States recalled that his delegation had already indicated at the Council meeting in April the intention of the United States to seek recourse for prompt action under Article XXIII:2. His delegation however would not insist for the Council to take a decision at this meeting. It was important however for the panel to begin its work as soon as possible, leaving open the question of future procedures. His delegation reserved therefore the possibility of calling for a special meeting of the Council if deemed necessary.

The Council took note of the statements made and agreed to revert to the matter at a later meeting, taking into account the reservation made by the representative of the United States to call for a special meeting of the Council if necessary.

5. Agreement between the EEC and Israel (L/4365)

The Chairman recalled that in July 1975 the Council had established a working party to examine the provisions of the Agreements between the EEC and Israel and between the member States of the European Coal and Steel Community and Israel. The report of the Working Party had been circulated in document L/4365.

Mr. Bier (Brazil), Chairman of the Working Party, said that the Working Party had addressed itself to several specific issues relating to imports from Israel into the Community and imports from the Community into Israel, rules of origin and trade coverage. Furthermore, some general questions related to the Agreement had been discussed. He noted that the Working Party had been unable to reach unanimous conclusions as to the compatibility of the Agreement with the provisions of the General Agreement. The parties to the Agreement, supported by some members of the Working Party, held the view that the Agreement conformed fully with Article XXIV of the General Agreement, since it covered substantially all the trade and included a plan and schedule for the progressive attainment of free trade within a reasonable length of time. Some other members held the view that it was doubtful that the Agreement was compatible with the requirements of GATT. The Working Party therefore had limited itself to reporting the opinions expressed on these issues.

The Council adopted the report.

6. New Zealand import deposit scheme (L/4363)

The Chairman recalled that the Council was informed on 17 February 1976 of the introduction by the Government of New Zealand of an import deposit scheme. The Council had established a working party for the examination of the Scheme and its implications. The report of the Working Party had been distributed in document L/4363.

Mr. Sandilya (India), Chairman of the Working Party, said that the Working Party, in carrying out its examination, had consulted with the International Monetary Fund in accordance with the provisions of Article XV. The Working Party had noted that the import deposit scheme was temporary and non-discriminatory in its application. However, some members had expressed doubts as to the validity of the criteria used for the selection of products subject to the deposit and noted that certain imports were subject to both the deposit requirement and import licensing. The Working Party had invited New Zealand to review the scheme in the light of its balance-of-payments developments and to give serious consideration to its relaxation or removal at an early date. The Working Party had agreed that the import deposit scheme applied by New Zealand was not more restrictive than an application of the provisions of Article XII, but that

this conclusion was without prejudice to the rights and obligations of contracting parties under the GATT. The Working Party would keep the matter under review.

The Council adopted the report and took note that, in accordance with its terms of reference, the Working Party would continue to be available for consultation, if necessary.

7. ACP-EEC Convention of Lomé (L/4369)

The Chairman, in his capacity as Chairman of the Working Party on the ACP-EEC Convention of Lomé, said that the Working Party had carried out an examination of the provisions of the Convention, in the light of the relevant provisions of the General Agreement. The Working Party's report was contained in document L/4369. He said that the parties to the Convention emphasized that they had created in the Convention an effective instrument for economic co-operation between developed and developing countries, which would contribute towards a more equitable international economic order. They explained the background to a number of provisions in the Convention and indicated their readiness to provide information and periodic reports on the implementation of the Convention to the CONTRACTING PARTIES in accordance with established procedures and with their obligations under the General Agreement.

Some members of the Working Party, while accepting that the Convention contained significant new elements of economic and trade co-operation, had expressed the hope that the operation of the trade provisions would not adversely affect trading interests of non-ACP developing countries or endanger future trade liberalization in the interest of all developing countries. In this context, the representative of the Communities had noted that the EEC was engaged in co-operative efforts in favour of all developing countries through diverse and complementary measures.

He pointed out that discussion in the Working Party had focussed on a number of aspects of the Convention, including questions relating to rules of origin, the future of existing reverse preferences, the use of quantitative restrictions, arrangements for stabilization of export earnings of ACP countries, and more generally on the compatibility of the Convention with the General Agreement. Referring to the conclusions of the Working Party, he noted that there was wide sympathy in the Working Party for the view that the purposes and objectives of the Convention were in line with those embodied in the General Agreement, including Part IV. The parties to the Convention, supported by some members of the Working Party, had stated that the trade commitments in the Convention were compatible with the relevant provisions of the General Agreement taken as a whole, and its objectives. Some other members, however, had considered it doubtful that

it had been established that the Convention was fully justified in terms of the legal requirements of the General Agreement. In conclusion, he said that the Working Party had noted that the parties to the Convention were prepared to supply information on a periodic basis and to notify any changes to the Convention. It was also understood that the Convention would in no way be considered as affecting the legal rights of contracting parties under the General Agreement.

The Council adopted the report.

8. Uruguay - Import surcharges (L/4371)

The Chairman recalled that under their Decision of 24 October 1972 the CONTRACTING PARTIES had waived the provisions of Article II of the General Agreement to the extent necessary to allow the Government of Uruguay to maintain certain import surcharges in excess of bound duties. The waiver had been extended by Decision of 19 November 1974 until 30 June 1976. The Council had agreed in April 1976 that the request for an extension of the waiver should be examined by the Committee on Balance-of-Payments Restrictions. This Committee had carried out its examination and had circulated its report in document L/4371.

Mr. Jagmotti (Switzerland), Chairman of the Balance-of-Payments Committee, said that the Committee, in carrying out the examination, although not held under Article XVIII:12(b), had taken into account the balance-of-payments situation of Uruguay and had consulted with the International Monetary Fund in accordance with the provisions of Article XV:2. The Committee had noted with sympathy the economic problems of Uruguay and commended Uruguay for its efforts to liberalize its trade régime at a time when its terms of trade were deteriorating. The Committee welcomed the prospects of improvement in the balance of payments for 1976 and the growth of the GNP. The Committee also welcomed the Uruguayan authorities' intention to undertake fiscal and trade reforms. The Committee noted that the waiver had been extended and amended since 1961. It also noted that in 1972 the Committee had urged Uruguay to remove the surcharges as soon as possible. Against this background the Committee now urged Uruguay to give careful consideration, in the context of these reforms, to reducing its reliance on surcharges as a source of revenue and to further liberalize its foreign trade system. The Committee recommended to the CONTRACTING PARTIES an extension of the waiver until 30 June 1978.

The representative of the European Communities drew attention to a matter raised by his delegation in the Working Party, i.e. that importers had found that their applications to the National Bank for authority to obtain exchange were refused or delayed. His delegation attached great importance to a speedy solution of this matter.

The representative of Uruguay confirmed that the matter raised by the representative of the European Communities had already been transmitted to his authorities.

The Council approved the text of the draft decision (L/4371, Annex I), and recommended its adoption by the CONTRACTING PARTIES. The draft decision would be submitted to the CONTRACTING PARTIES for adoption by a vote by postal ballot. The Chairman invited members of the Council having authority to vote on behalf of their governments to do so. Ballot papers would be sent by mail to contracting parties not represented at this meeting.

The Council adopted the report.

#### 9. Consultation with Poland

The Chairman recalled that the Protocol for the Accession of Poland provided for annual consultations during which a review on trade between the contracting parties and Poland should be conducted. In the course of these consultations the CONTRACTING PARTIES should also review the measures taken by contracting parties for the progressive relaxation during the transitional period of restrictions maintained against imports from Poland. Furthermore, the CONTRACTING PARTIES were required, in accordance with paragraph 3(c) of the Protocol, to re-examine the establishment of a date for the termination of the transitional period. He added that this question had already been considered without agreement being reached during the third to eighth annual consultations from 1970 to 1975.

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

#### Terms of Reference:

To conduct, on behalf of the CONTRACTING PARTIES, the ninth annual consultation with the Government of Poland provided for in the Protocol of Accession; to re-examine the question of the establishment of a date for the termination of the transitional period referred to in paragraph 3(a) of the Protocol; and to report to the Council.

#### Membership:

Argentina	Cuba	Hungary	Romania
Australia	Czechoslovakia	India	Sweden
Austria	European Communities	Japan	Switzerland
Brazil	and their member States	Norway	United States
Canada	Finland	Poland	

#### Chairman:

Mr. Chadha (India)

10. Working Party on Caribbean Common Market

The Chairman said that Mr. Falconer (New Zealand), Chairman of the Working Party on the Caribbean Common Market, had been assigned by his Government to other functions and had left Geneva. He proposed that Mr. Tomic (Yugoslavia) be nominated as the new Chairman of the Working Party.

The Council agreed to the appointment of Mr. Tomic as Chairman of the Working Party on the Caribbean Common Market.

11. Dates of the thirty-second session of the CONTRACTING PARTIES (C/95)

The Chairman recalled that the CONTRACTING PARTIES had agreed that their thirty-second session should be held within the period 22-27 November 1976, and that the Council would be asked to fix the duration of the session and the actual dates in the course of 1976. He drew attention to a proposal (C/95) that the session should be opened on Monday 22 November and that its duration should be fixed at two to three days. If circumstances so required, the Council would be free to reconsider these dates in due course.

The Council agreed with the dates as proposed.

12. Indonesia - Renegotiation of Schedule

The representative of Indonesia, raising a matter under Other Business, referred to the Decision of 13 November 1973 which enabled the Government of Indonesia to apply the rates of duty contained in its new customs tariff, to the extent that they exceeded bound rates, until renegotiations under Article XXVIII had been carried out. The waiver had been extended until 31 December 1976.

He stated that in carrying out the renegotiations his delegation had met with unexpected administrative and technical difficulties. His delegation had therefore taken preliminary contacts with the delegations primarily interested in these negotiations, in order to find out whether they would be willing to contemplate a modified waiver which would permit Indonesia to replace its present Schedule by a new schedule without being strictly bound by the requirements of Article XXVIII. The responses to these approaches had been positive. Furthermore, there had been a precedent in this respect.

The Indonesian Government had now decided to request a new waiver along the lines he had indicated. His delegation expected to be in a position to transmit shortly a formal request for such a waiver to the CONTRACTING PARTIES. He hoped that the Council would consider this matter at its next meeting.

The Council took note of the statement.