GENERAL AGREEMENT ON
TARIFFS AND TRADE

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COUNCIL
25 July 1979

MINUTES OF MEETING

Held in the Centre William Rappard on 25 July 1979

Chairman: Mr. E. FARNON (New Zealand)

1. Deputy Director-General Posts (INT(79)31)

The Chairman said that the Council would begin its meeting at the level of Heads of Delegations for consideration only of the matter raised in the note by the Director-General in document INT(79)31, namely to take formal action concerning the continuation for a futher period of the reclassification of a D.2 post to the level of Deputy Director-General.

The Director-General recalled that in 1973, the Council had agreed to the reclassification of a D.2 post to the level of Deputy Director-General for a period of three years. The basic reason for this decision was the need to strengthen the operational management of the secretariat with a view to the multilateral trade negotiations. Since then the Council had, on two occasions, agreed to an extension of this arrangement, lastly until 31 July 1979. It now appeared that a futher extension was necessary, as much remained to be done with regard to the finalization of the Multilateral Trade Negotiations, the implementation of the results of the Multilateral Trade Negotiations and their incorporation in the framework of the General Agreement.

The Council agreed as proposed in document INT(79)31, that the reclassified D.2 post in question should continue to be graded at Deputy Director-General level for a further period of seven months, i.e. until 29 February 1980.

2. Export Inflation Insurance Schemes (L/4813)

The Chairman recalled that the Council had established a panel in June 1978, to examine whether and under what conditions export inflation insurance schemes were export subsidies within the meaning of paragraph 4 of Article XVI. The panel's report had been circulated in document L/4813.

Mr. Kröyer (Iceland), Chairman of the Panel, said that the Panel had met ten times between October 1978 and June 1979. It took into account, in its deliberations, the Report of the Working Party on Export Inflation Insurance Schemes and the documentation made available to the Working Party. Furthermore, the Panel had invited contracting parties to submit in writing their views on this matter. These views had been taken into consideration as well as answers given by contracting parties to questions posed by the Panel related to issues raised in the written submissions. In stating his appreciation for the work done by his co-members of the Panel he expressed the hope that the Panel's conclusions could provide some guidelines for the future interpretation of the provisions of Article XVI as they applied to the types of schemes under consideration.

The representative of Canada said that his Government had a particular interest in this matter. His authorities were of the opinion that the report confirmed that export inflation insurance schemes maintained by some contracting parties, which involved significant cash transfers from the national budget, were export subsidies. He expressed the wish that, when the Committee on Subsidies and Countervailing Measures was established, it should consider this matter as a question of priority.

The representative of the United Kingdom said that his country was operating such a scheme and that he was of the opinion that the report was correct and constructive. He could support the adoption of the report.

The representative of Argentina also stated that the matter of export inflation schemes should be given special consideration in the Committee on Subsidies and Countervailing Measures. Special account should be taken in this respect of the situation of developing countries since their inflation problems differed from those of the developed countries.

The representative of the United States said that his authorities were disappointed by the Panel's report which they considered to be too vague and which, in their opinion, did not provide a workable test whether Article XVI was contravened or not by individual governments operating export inflation insurance schemes. He expressed the hope that the countries maintaining such schemes would not use the conclusions of the report to expand the schemes and that other countries would not introduce new schemes. His delegation would in such a case not hesitate to invoke the dispute settlement procedures of Article XXIII or the Subsidy Code to deal with situations affecting its interest.

The representative of France noted with satisfaction that the report showed clearly that export inflation insurance schemes as such did not constitute a subsidy in the sense of Article XVI. He could support the adoption of the report.

The Council adopted the report of the Panel.

3. Japan - Restraints on imports of leather (L/4789, C/M/133)

As technical discussions between Japan and the United States were still going on, it was agreed, at the request of the two parties concerned, that this item should be deferred to the next meeting of the Council.

4. Balance-of-Payments Restrictions - Report on the consultation with Portugal (BOP/R/106)

Mr. Jagmetti (Switzerland), Chairman of the Balance-of-Payments Committee, introduced the report and said that the Committee had met on 30 April and 3 May 1979 to hold a consultation with Portugal. The

consultation had included an examination of the Portuguese import surcharges. In referring to the conclusions contained in paragraph 19 of the report (BOP/R/106) he recommended the adoption of the report by the Council.

The Council adopted the report.

5. Textiles Committee - Report on the annual review (COM.TEX/13 and Corr.1, COM.TEX/SB/365)

The Chairman said that in accordance with Article 10:4 of the Arrangement Regarding International Trade in Textiles, the Textiles Committee had made a report on its annual review of the operation of the Arrangement.

The Director-General, Chairman of the Textiles Committee, said that this review was assisted by a report from the Textiles Surveillance Body on its activities from November 1976 until October 1978 (COM.TEX/SB/365). It was the first report since the major review of the Arrangement conducted in December 1976. He also mentioned that the Textiles Committee had decided to set up a Technical Sub-Group on Textile Documentation which met on 22 March 1979 to review the operation of the statistical scheme and to consider the question of reporting on adjustment measures. The report of this Group was contained in document COM.TEX/14. He said that participating countries had been invited to provide information on adjustment assistance measures and he urged those participants, who had not so far sent the required information to do so.

The representative of India said that apart from some minor exceptions, the textiles trade of the developing countries was restrained in the most important developed markets. He questioned whether this was the desired outcome when the Textiles Arrangement was first formulated. He noted that at the time of the renewal of the Arrangement, provision had been made for the possibility of jointly agreed reasonable departures from the Arrangement with the stipulation, however, that those agreeing to this should return to the framework of the Arrangement in the shortest possible time. The period for this provision should, therefore, be much less than the life of the Arrangement itself. He expressed the hope that those signatories of the Arrangement, who had made bilateral agreements involving departures from the Arrangement, would revert in due course to the Arrangement and that the TSB and the Textiles Committee would specifically look into this matter. His delegation furthermore attached considerable importance to adjustment assistance. He said that unless adjustment assistance measures were adopted by the countries maintaining restrictive import régimes there would be no assurance that such régimes would be phased out.

The representative of the United Kingdom, speaking for Hong Kong, said that from recent reports of the TSB it had become clear that more departures from the Arrangement were being sought. As the half-way mark of the four-year life of the extension of the Arrangement was being approached, he expressed the hope that the trend, whereby the terms of bilateral agreements tended to get worse, would be reversed so that there was a gradual return to the framework of the Arrangement.

The representative of the EEC said that his delegation had taken note of the statements. The position of the EEC in this matter was contained in the report of the Textiles Committee.

The Council adopted the report.

6. Uruguay - Import surcharges (L/4806, C/W/322)

The Chairman drew attention to a request submitted by the delegation of Uruguay for a further extension of the waiver to enable its Government to maintain a surcharge on bound items (L/4806).

The representative of Uruguay recalled that the question of the Uruguayan import surcharges had been before the Council many times. He stressed that his Government was making every effort in order to find a satisfactory solution to this problem. His delegation had recently informed the contracting parties of the improvements made so far through reduction of the maximum levels of the surcharges. He said that work was now being done at a technical level with a view to achieving a definitive change in the situation and expressed the hope that this work would be concluded rapidly.

The Council approved the text of the draft decision (C/W/322) and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

7. Norway - Restrictions on imports of textiles from Hong Kong (L/4815)

The Chairman drew attention to a communication by the United Kingdom on behalf of Hong Kong (L/4815) containing a request on behalf of Hong Kong for initiation of Article XXIII:2 procedures against Norway.

The representative of the United Kingdom, speaking for Hong Kong, said that the facts of this case were contained in document L/4815. He noted that no agreement had been reached in bilateral consultations between Hong Kong and Norway in respect of Norway's 1978/1979 actions. He therefore felt that the procedures under Article XXIII:1 had been exhausted and his delegation thus requested the establishment of a panel under the provisions of Article XXIII:2.

The representative of Norway said that his delegation did not oppose the establishment of a panel to study Norway's Article XIX action. He expressed the hope, however, that such a panel would not create difficulties for future bilateral consultations and negotiations, since his delegation was prepared to continue consultations in order to find a mutually satisfactory solution. He maintained that Norway's Article XIX action was in conformity with the GATT provisions. His delegation could not agree with the presentation of the case in document L/4815 and it reserved its right to return to this matter in the appropriate forum. He stated that Norway would continue its efforts to find a satisfactory solution for the current year to these problems in the light of the provisions of the extended Textiles Arrangement.

The representative of the United Kingdom, speaking for Hong Kong, said that in his opinion, the possibilities for bilateral consultations relating to 1978/79 imports had been exhausted. Further consultations could only be possible for imports in 1980.

The representative of the EEC said that his delegation wished to encourage further bilateral efforts. He noted that the subject matter of this case was very complex and a panel to study this subject would raise questions of interest to many contracting parties. This aspect should be kept in mind when the decision was being made in respect of the composition of the panel.

Many delegations supported the request of Hong Kong for the establishment of a panel.

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

> "To examine, in the light of the relevant GATT provisions, the matter referred to the CONTRACTING PARTIES by the United Kingdom, acting on behalf of Hong Kong, contained in document L/4815 relating to Norway's Article XIX action on certain textile products, and to make such findings as will assist the CONTRACTING PARTIES in making recommendations or rulings, as provided for in Article XXIII:2, and to report to the Council."

The Council furthermore authorized the Chair to nominate the chairman and the members of the Panel in consultation with the two parties concerned.

The representative of the United Kingdom, speaking for Hong Kong, asked for a speedy establishment of the Panel.

8. EEC - Restrictions on imports of apples from Chile (L/4805, L/4816)

The Chairman drew attention to document L/4816 in which the delegation of Chile informed the Council of a dispute between Chile and the EEC relating to imports of apples from Chile into the EEC.

The representative of Chile said that his Government had requested the setting up of a panel to examine the compatibility with the provisions of the GATT of the EEC Regulations No. 687/79 of 5 April 1979, No. 797/79 of 23 April 1979, and No. 1152/79 of 12 June 1979. He recalled that his Government had implemented some years ago a system of free trade which had led to substantial increases of non-traditional exports. As a result exports of the EEC to Chile had doubled since 1976 and they amounted to twice the amount of Chile's exports to the EEC. He said that Chile's exports of apples to the EEC had grown to the same extent as Chile's other exports. However, on 9 March 1979, Chile was asked by the Community to limit voluntarily exports of apples to the EEC. Chile was offered a quota of 42,000 tons at a time when contracts for exports of apples of over 60,000 tons had already been signed. He stressed that this happened in the middle of the apple season when contracts had been signed, some advance payments had been received and when nearly one third of the sales contracted had been shipped. His Government therefore proposed consultations to the Community for the later shipments, since restrictions could, in his Government's view, not be applied retroactively. This was rejected by the Community which furthermore informed his Government on 6 April 1979 that imports of apples from Chile would be prohibited. The reason given was that Community production had increased from the last season to the present by 1,500,000 tons of apples and that the increase of imports from the southern hemisphere, particularly from Chile, would therefore cause serious problems for the Community. He said that, as stated in document L/4816, there had been an increase in imports of 48,000 tons between 1978 and 1979, which, seen in the light of total increase in Community production of 1,500,000 tons, was too small an amount to justify the prohibition introduced by the Community. With regard to Chilean exports to the Community he stated that the contracts signed by Chile for the present year were lower than the shipments for 1978. He felt that the Community's case was still weaker if the situation was analyzed from the point of view of bilateral trade, since the Community's exports to Chile had increased considerably. He therefore felt that the arguments advanced by the Community were not appropriate and that the measures contravened the provisions of the GATT, because they were applied retroactively, because they were discriminatory, and because they concerned a product which had been bound in the Community Schedule. The measures were also applied in a discriminatory fashion since they were applied to Chilean apples only. In his view, the fact that other countries had accepted export restraints on apples, did not mean that the measures were not discriminatory. He said that Chile was not invited to discuss this matter on an equal basis with the other countries which were exporters of apples.

Since the consultations conducted between the Community and Chile in this matter had not led to an agreement, his delegation requested the Council, in conformity with Article XXIII:2, to establish a panel to examine the compatibility with the appropriate provisions of GATT of the Community Regulations Nos. 687, 797 and 1152 and to inform the Council of the results.

The representative of the EEC said that his delegation believed that both parties were still pursuing bilateral consultations. Since the request for a panel was made known to his delegation only today he felt that more time was needed for consideration and for bilateral consultations. He did not agree that the measures were applied in a retroactive way. Considerable efforts have been made to absorb the shipments of apples which were on the way. He pointed out that the difficult situation in the Community apple market necessitated some limitations. The other suppliers had accepted that argument, but no agreement could be reached with Chile. The measures were therefore in his view not discriminatory. He mentioned that the Community had nearly 400,000 tons of apples in stock, after 300,000 tons had been disposed of by non-commercial means. He felt that this size of the problem in relation to the size of imports was an indication that what was asked of the suppliers was not unreasonable. He asked the Council to allow more time for reflection and bilateral consultations on this matter and to defer the item to the next Council meeting.

The representative of New Zealand said that New Zealand's estimate of the quantity of apples exported to the Community in 1979 was not 80,000 tons, as stated in document L/4816, but 45,000 tons. He furthermore expressed concern that the imposition of trade restrictive measures worked to shift the burden of adjustment to efficient producers in a situation where there was no doubt that the estimated level of imports had played no part in the internal difficulties of the Community and that restrictions on imports would play no part in solving these difficulties. He said that New Zealand had reluctantly agreed to limit its exports of apples to the Community. It had done so on the basis that this was a short-term problem and that this would not provide a precedent for future exporting seasons.

The representative of Argentina also expressed concern at the import restrictions imposed by the Community in order to solve its internal problems. He said that his country had accepted the restrictions in a spirit of co-operation. He agreed that an examination, as asked for by Chile, would make it easier to avoid similar situations in the future. The Council should revert to this item at its next meeting with a view to carrying out a detailed analysis of the problem. His delegation believed that the request by Chile to set up a panel was in conformity with the GATT provisions, since Chile believed that it had exhausted its bilateral possibilities.

The representatives of Malaysia and Romania supported the setting up of a panel.

The representative of the EEC said that he was not opposed to the setting up of a panel, but that his delegation wanted to pursue the bilateral consultations.

The representative of Chile said that his delegation had conducted the consultations with the Community in good will, but since its last proposal was rejected Chile had believed that no agreement could be reached.

The Council invited the parties to continue their bilateral efforts to find a solution in this matter. The Council agreed to establish a panel but deferred a decision on its terms of reference and membership to its next meeting.

9. Consultations on trade with Hungary

The Chairman said that the Protocol for the Accession of Hungary provided for biennial consultations between Hungary and the CONTRACTING PARTIES in a working party to be established for this purpose, in order to carry out a review of the operation of the Protocol and the evolution of reciprocal trade between Hungary and contracting parties. He suggested that the Council should establish a working party in order to carry out the third review in the autumn.

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

Terms of Reference:

> To conduct, on behalf of the CONTRACTING PARTIES, the third consultation with the Government of Hungary provided for in the Protocol of Accession, and to report to the Council.

Membership:

Membership would be open to all contracting parties interested and wishing to serve on the working party.

Chairman: Mr. Farnon (New Zealand)

10. Dates for the thirty-fifth session of the CONTRACTING PARTIES (C/105)

The Chairman recalled that the CONTRACTING PARTIES had agreed at their last session that their thirty-fifth session should be held in the week beginning 26 November 1979 and that the Council should be asked to fix the duration of the session and the actual dates in the course of that year.

The Council agreed that the next regular session should be opened on Monday, 26 November, and that its duration should be fixed at three to four days. The Council would be free to reconsider this date if circumstances would make it necessary.

11. Safeguards

The Director-General said[1] that the Procès-Verbal adopted by the Trade Negotiations Committee on 12 April 1979 (MTN/28, paragraph 6) had stated that the work on safeguards should be continued within the framework and in terms of the Tokyo Declaration as a matter of urgency with the objective of reaching agreement before 15 July 1979. Intensive negotiations, discussions and consultations had since been held among delegations in pursuance of this understanding. He had to report, however, that in spite of considerable efforts undertaken by all delegations concerned, it had so far not been possible to reach agreement on a safeguards code.

He therefore submitted the following proposal to the Council for its consideration and adoption:

1. Contracting parties reaffirm their intention to continue to abide by the disciplines and obligations of Article XIX of the General Agreement. It would be expected that the existing rules and practices relating to the modalities of application of Article XIX, summarized in document L/4679 of 5 July 1978, would be adhered to by contracting parties when taking any future action under that provision.

2. Contracting parties undertake to abide by the obligations contained in the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance, and in particular by the obligation to notify the CONTRACTING PARTIES of their adoption of trade measures affecting the operation of the General Agreement.

3. A Committee is established by the CONTRACTING PARTIES with the following terms of reference:

(a) to continue discussions and negotiations, taking into account the work already done, with the aim of elaborating supplementary rules and procedures regarding the application of Article XIX of the General Agreement, in order to provide greater uniformity and certainty in the implementation of its provisions;

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[1]The statement is contained in document C/106.

(b) pending a satisfactory outcome of the discussions and negotiations mentioned in (a) above, to examine any future case of a safeguard measure, whether taken under Article XIX or otherwise, by contracting parties in the light of the relevant provisions of the General Agreement, including Part IV thereof.

Membership of the Committee would be open to all contracting parties. It would also be open to all participants in the MTN to take part in the discussions and negotiations under 3(a) above.

The representative of Argentina, referring to points 1 and 2 of the Director-General's proposal, noted that the contracting parties were expected not only to reaffirm their intention to abide by the GATT provisions, but also to undertake newly established disciplines arrived at in the multilateral trade negotiations, in respect of which he hoped a decision would be taken soon. He enquired whether a decision by the Council would be sufficient in this regard or whether it had to be confirmed by the CONTRACTING PARTIES at their session in November. As regards the Committee to be established he was doubtful as to whether the Committee should report to the Council or to the Trade Negotiations Committee; if the latter still existed non-contracting parties could also participate. He finally enquired whether the Committee would be established on an interim basis until a solution had been arrived at on this matter, or if that was not the case, would the Committee be of a more permanent nature.

Mr. Tomić (Yugoslavia) speaking on behalf of developing countries, expressed regret that it had not been possible to introduce more discipline and order in the safeguard system of the GATT. This was due to the insistence of some major contracting parties on introducing a new element, namely selectivity, into the system, which was widely considered to be a serious departure from the GATT rules. He said that during the negotiations developing countries had been ready to accept as an extreme exception under particular circumstances the possibility of selectivity, provided that clearly expressed criteria and conditions were met, including a test by an international body, as was the case in the GATT for waivers. He said that on this basis an ad referendum draft text had been arrived at after intensive negotiations. As this solution was not acceptable to one of the major partners, the developing countries went even further by expressing their readiness to make dispositions for critical circumstances, when all other elements of the agreement would be satisfied. He considered that the developing countries had made a substantial contribution during the negotiations by their departing from their initial position, but this had not been appreciated by some developed countries, who had insisted on a system giving importing countries a free hand under any circumstance.

He expressed concern about the reluctance of some partners to accept discipline, which seriously eroded the results of the Multilateral Trade Negotiations. An important additional factor in this connexion was the

world-wide economic decline. He stressed the importance developing countries attached to this subject of the negotiations. The developing countries considered that the responsibility for not reaching an agreement on this matter was not due to a lack of effort from their side. He emphasized that in the absence of any agreement on discipline and order in a safeguard system, any matter that had been contemplated during these negotiations, could not be considered as being acceptable for the implementation of Article XIX. The developing countries would in future base themselves entirely on their initial position, that safeguard measures could only be applied on a most-favoured-nation basis.

A large number of representatives commented on the proposals made by the Director-General and on the statement made by the representative of Yugoslavia on behalf of developing countries.

Many representatives expressed their deep disappointment at the failure of arriving at a safeguards code within the time-limit set by the TNC at its meeting of 11-12 April.

Representatives of developing countries stressed the flexibility they had demonstrated in the negotiations, in making sacrifices on important positions of principle, in order to accommodate their trading partners, provided one could arrive at clear criteria and a meaningful code. The failure was due in their view to a major participant being unable to move further. This seriously eroded the value of the overall package on trade disciplines arrived at in the Tokyo Round. They stressed that this situation should not lead to a vacuum or a breakdown of the established norms. They stated that developing countries in future would continue to act in unison to meet the problems that could arise in the field of safeguards.

The representative of the European Communities said that no agreement had been reached within the time-limit, but his delegation remained committed to making further efforts to find a solution to the outstanding questions. He said it was his view that the developing countries had not shown any further flexibility in the position they had taken in April. The Community had been prepared to consider disciplines and procedures more elaborate than presently provided for in Article XIX, but it had sought provisions to make up for certain deficiencies in the present Article XIX, which were operational, and had sought recognition from its partners that such evolution was desirable.

All representatives who spoke expressed the view that in the absence of an agreement the Director-General's proposal deserved serious attention. Since the proposal was new to them they expressed the intention to return to it, after careful consideration, at a future meeting of the Council.

The Director-General, in reply to some of the questions raised on his proposal said in respect of point 1 that the word "reaffirm" meant a confirmation of the obligations already accepted by the contracting parties, while point 2 referred to agreements reached within the framework of the MTN. The Committee mentioned under point 3 was to constitute a forum in which further discussions, which everybody was ready to continue, could take place until results were arrived at. He pointed out that any decision taken by the Council in this respect would as usual be confirmed by the CONTRACTING PARTIES at their annual session.

The Council agreed to defer a decision on the Director-General's proposal to its next meeting.

12. Free-Trade Agreement between EFTA and Spain

The representative of Iceland, speaking as Chairman of the Joint Council of the European Free-Trade Association, informed the Council that a free-trade agreement had been concluded between the EFTA countries and Spain on 26 June 1979. A formal notification of the Agreement would be submitted to the CONTRACTING PARTIES in due course.

The Council took note of this information.

13. EEC - Accession of Greece

The representative of the European Communities recalled that Greece had been the first European country to conclude, in 1962, an Association Agreement with the European Economic Community. An Additional Protocol was drawn up in 1975 to extend the association to the three new EEC member States. In June 1975, Greece presented a request for accession to the European Communities, as a result of which on 28 May 1979 the instruments of accession were signed. These had already been ratified by the Greek Parliament. Upon ratification by the nine member States, Greece would be the tenth member of the European Communities as of 1 January 1981.

He stated that the principal points of the Accession Treaty in the commercial field were the acceptance by Greece of the Community treaties and regulations, subject to possible transitional measures and a general transitory period of five years during which the adjustments, allowing for certain exceptions, would be effected. For industrial products a period of five years was foreseen for the progressive elimination by Greece of its duties on imports from the EEC, which would be done in six steps, so as to be fully abolished as of 1 January 1986. The alignment of the Greek customs tariff to the Common Customs Tariff would follow the same calendar. Under the Association Agreement the Community did not levy customs duties on industrial imports from Greece, except for products covered by the Coal and Steel Community. For these latter products duties would be eliminated in accordance with the five-year calendar. Quantitative restrictions between

Greece and the Community would be abolished as of 1 January 1981, with the exception of fourteen products for which Greece could maintain its restrictions during the transitional period of five years. Measures having effects equivalent to import restrictions would be abolished upon accession, except for the prescriptions of cash payment and security deposit which would be eliminated over a three-years' period. For agricultural products a transitional period of five years was also foreseen, except for fresh and processed tomatoes and fresh and canned peaches for which a period of seven years was provided. A temporary safeguard clause of a general and reciprocal nature was also foreseen. Greece would on its accession also apply the Generalized System of Preferences of the Community, subject to a transitional period of five years for certain products. Greece would also apply the preferential agreements concluded by the EEC, subject to such transitional measures as would be agreed with the individual countries partners to the agreements. Greece would further apply the Textiles Arrangement and the bilateral textiles agreements concluded by the EEC, subject to the negotiation of certain adjustments.

He concluded by stating that the Community and Greece were submitting that day the texts of the Accession Agreements to the CONTRACTING PARTIES and were prepared to follow the relevant procedures in this regard.

The representative of Greece also recalled that his country had been associated with the EEC since 1962, which provided for the progressive establishment of a customs union between Greece and the six member States. The association had been extended in 1975 to the three new members of the Community. The Agreement of Association and the Additional Protocol had been regularly examined in the GATT. These examinations had made it possible to note that the progressive establishment of a customs union had proceeded in a satisfactory manner both in the field of international trade and that of trade between Greece and other contracting parties. He confirmed that Greece had ratified the Accession Treaty on 29 June 1979. The text of the relevant agreements was being submitted to the CONTRACTING PARTIES by his delegation also.

The Council took note of the statements.

14. EEC - Imports into the United Kingdom of television sets from Korea (C/M/124)

The representative of Korea, speaking under Other Business, referred to the EEC's Article XIX action on imports into the United Kingdom of black and white television sets from Korea. He recalled that at the meeting of the Council in March 1978, a great number of delegations had expressed the view that the Community action was inconsistent with the General Agreement. The Council had urged the parties to carry out further bilateral consultations with a view to a satisfactory settlement of the matter. He could now report that further bilateral consultations had resulted in a voluntary export restraint arrangement that had come into effect as from 22 June 1979.

Consequently, the Community's Article XIX action had been repealed and a notification to that effect had been circulated in document L/4613 Add. 1. He reiterated the view, however, that the Community's discriminatory action under Article XIX had been in clear violation of the GATT.

The representative of the European Communities said that while he could not share some of the views expressed by the representative of Korea, he could confirm that the measures in question had been lifted.

The Council took note of the statements.

15. Working Party on Agreement between Finland and Poland

The Chairman recalled that at its meeting in May 1978, the Council had established a working party to examine the provisions of the Agreement between Finland and Poland. The Council authorized its Chairman to nominate the chairman of the Working Party in consultation with delegations principally concerned.

He could now inform the Council that Mr. Barthel-Rosa (Brazil) had been nominated as Chairman of the Working Party.

The Working Party was expected to meet in the second half of September.

The Council took note of the nomination.

16. Working Party on Agreement between Finland and the German Democratic Republic

The Chairman said that the Working Party established by the Council in November 1975 had not yet completed its work and that it was expected to meet again in the second half of September. In the meantime the Chairman of the Working Party, Mr. Tan (Singapore) had been assigned by his Government to other functions and had left Geneva. He proposed that Mr. Barthel-Rosa (Brazil) should be asked to take over the chairmanship.

The Council agreed to this proposal.

17. (a) Working Party on Agreement between Finland and Bulgaria;
(b) Working Party on Agreement between Finland and Czechoslovakia

The Chairman said that the working parties on the Agreements between Finland and Bulgaria and between Finland and Czechoslovakia had not completed their work and were expected to meet again in the second half of September.

Since the Chairman of the two working parties, Mr. Easterbrook-Smith (New Zealand) had meanwhile retired and had left Geneva, he proposed that Mr. Barthel-Rosa (Brazil) should be asked to assume the chairmanship of these two working parties.

The Council agreed to this.