

GENERAL AGREEMENT ON TARIFFS AND TRADE

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COUNCIL

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MINUTES OF MEETING

Held in the Centre William Rappard on 14 November 1978

Chairman: Mr. J.J. REAL (Uruguay)¹

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1. Accession of the Philippines (L/4716)

The Chairman said that a communication had been received from the representative of the Philippines in which the Government of the Philippines sought full accession to the GATT in accordance with the provisions of Article XXXIII (L/4716).

The representative of the Philippines recalled that the Philippines had provisionally acceded to the General Agreement in 1973. Since that time it had fully participated in the MTN, and in the work of the CONTRACTING PARTIES. He recalled that at the time of provisional accession his delegation had stated that the decision regarding full accession would depend on the results of the MTN. While it was not yet clear what additional trade benefits would accrue to his

¹Mr. Real, Vice-Chairman of the CONTRACTING PARTIES, presided in the absence of the Chairman of the Council, Mr. M. Yunus (Pakistan).

country from the MTN, his Government had decided to apply for full accession in the hope that the MTN would meet the objectives stated in the Tokyo Declaration. He indicated that the Philippines' request for accession had been made within the context of the multilateral trade negotiations and that arrangements for tariff negotiations between contracting parties and the Philippines therefore should be conducted within the framework of the negotiations, so that the concessions to be made by the Philippines for full accession would be made by means of its contribution to the MTN. His Government believed in trade liberalization and had consistently adhered to GATT principles, practices and policies. All trade agreements concluded by the Philippines were based on the most-favoured-nation and non-discrimination principle. The Philippines tariff system was based on the Brussels tariff nomenclature. The Philippines had unilaterally decreased the duty rates on ninety-one tariff lines since 1973, and had earlier decreased rates on 427 tariff lines. In 1977 the Philippines' total trade had amounted to \$7 billion, of which \$6 billion had been conducted with contracting parties. The Philippines, a member of the ASEAN Agreement, had trade relations with 148 countries, of which seventy-five countries were contracting parties.

He said that his delegation had submitted for examination in a working party an up-dated memorandum on its import régime and a tariff schedule. His delegation also intended to table a global tariff offer in response to requests for tariff concessions so far made, taking into account paragraph 5 of the Tokyo Declaration and the provisions of Part IV of the General Agreement.

The Chairman welcomed on behalf of the Council the application of the Philippines for accession to the GATT.

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

To examine the application of the Government of the Philippines 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 would be open to all contracting parties indicating their wish to serve on the working party. Mr. Tomić (Yugoslavia) was appointed as Chairman of the Working Party.

The Working Party would be convened in consultation with the delegation of the Philippines and other interested delegations as soon as possible when the basic documentation for the working party had been distributed. The secretariat would be in contact with the delegation of the Philippines with regard to the necessary arrangements covering the tariff and other aspects of the negotiations.

2. Provisional Accession of Colombia (L/4717)

The Chairman said that the Declaration of 23 July 1975 on the Provisional Accession of Colombia, as extended by the Procès-Verbal of 12 November 1976, and the Decision of the CONTRACTING PARTIES which provided for the participation of Colombia in the work of the CONTRACTING PARTIES, were due to expire on 31 December 1978. A request by the Government of Colombia for an extension of these arrangements had been circulated in document L/4717.

The representative of Colombia recalled that at the time of the provisional accession of Colombia in 1975 his delegation had stated that the full accession of Colombia to the GATT would be decided in the light of the results of the Multilateral Trade Negotiations in which Colombia was participating. He stated that since 1975 Colombia had adjusted its commercial policy system in accordance with GATT practices and had made successive tariff reductions. Furthermore, in July of this year, his country, together with other members of the Andean group, presented its offers in the framework of the MTN. These consisted of substantial cuts in tariffs in addition to other liberalizations in the foreign trade system. His authorities were studying the results so far obtained in the MTN, but there still existed uncertainty in respect of such questions as safeguards, subsidies and countervailing duties. It was important to know to what extent certain GATT provisions were to be modified in the negotiations before a final decision as to full accession could be taken. For these reasons his Government had decided to seek an extension of the arrangements for provisional accession until the end of 1980, so as to be able to take a final decision in the light of the outcome of the multilateral negotiations.

The Council agreed to extend the arrangements for the Provisional Accession of Colombia until 31 December 1980. The Council approved the text of the Second Procès-Verbal Extending the Declaration to 31 December 1980 and agreed that the Procès-Verbal should be opened for acceptance by the parties to the Declaration. The Council approved the text of the Decision extending the invitation to Colombia to participate in the work of the CONTRACTING PARTIES to 31 December 1980 and recommended its adoption by the CONTRACTING PARTIES at their thirty-fourth session.

3. Switzerland - Review under paragraph 4 of the Protocol of Accession (L/4435, L/4570, L/4712)

The Chairman recalled that, under paragraph 4 of its Protocol of Accession, Switzerland had reserved its position with regard to the application of the provisions of Article XI of the General Agreement to permit it to apply certain import restrictions pursuant to existing national legislation. The Protocol called for an annual report by Switzerland on the measures maintained consistently with this reservation and it required the CONTRACTING PARTIES to conduct a thorough review of the application of the provisions of paragraph 4 every three years.

The representative of Switzerland said that in accordance with the provisions of paragraph 4 of the Protocol of Accession of Switzerland, his authorities had supplied reports for the years 1975, 1976 and 1977 on the import restrictions applied in the field of agriculture (L/4435, L/4570, L/4712). Switzerland was conscious of the fact that in the implementation of the legislation mentioned in the Protocol of Accession, it should follow a well-established discipline in its import policy in the agricultural sector in keeping with the objectives of the GATT.

The representative of Australia, while reserving the possibility to present further questions to the Swiss delegation in due course, noted that the trend of agricultural imports, subject to quantitative restrictions, particularly in the livestock, meat and dairy sectors, had improved. His delegation, however, sought further information about the sources of supply of these imports by country and on the procedures used in the allocation of the quotas.

The representative of Switzerland recalled that explanations on the system of the allocation of quotas had been given in the context of the multilateral negotiations. He expressed his readiness to transmit the information required to the Australian delegation directly.

The Chairman said that the Council had thus carried out the fourth triennial review required under paragraph 4 of the Protocol of Accession of Switzerland.

The Council took note of the reports.

4. Indonesia - Renegotiations of Schedule (L/4720)

The Chairman drew attention to document L/4720 containing a request from the Government of Indonesia for a further extension of the waiver from the provisions of Article II of the General Agreement.

The representative of Indonesia said that his delegation had carried out consultations since the middle of last year with most of Indonesia's major trading partners and indicative requests had been received from some of them. However, the further negotiations very much depended on the receipt of more comprehensive requests especially from those contracting parties who had initially negotiated Schedule XXI and those who regarded themselves as having a principal or substantial export interest in trade with Indonesia. In the light of such overall picture his Government could proceed in determining the nature and magnitude of eventual concessions to be negotiated upon, taking account of the need for Indonesia to maintain a flexible tariff policy for economic development purposes.

He said that during 1978 his delegation had given priority to the MTN in the context of which indicative lists of products of interest had been addressed to Indonesia by a large number of developed countries. Indonesia had already submitted tentative offers for tariff concessions. He stated that his delegation would make renewed efforts in respect of the renegotiations for a new Schedule XXI and said that the nature and magnitude of the concessions would not be dependent upon the outcome of the MTN, although final positions with respect to this outcome would be taken into account. As it appeared that full agreement with all interested parties would not be reached before the end of the year his delegation requested the CONTRACTING PARTIES to extend the time-limit for the completion of the renegotiations by another year.

The Council approved the text of the draft decision contained in document C/W/312 and recommended that the decision be adopted by the CONTRACTING PARTIES by means of a ballot taken at their thirty-fourth session.

5. Consultative Group of Eighteen (L/4715)

The Director-General indicated that in accordance with the procedure agreed by the Consultative Group he had prepared on his own responsibility a report on the Group's activities in 1978 (L/4715). He mentioned that the Group had held three meetings since October 1977. In each meeting the Group had discussed recent developments in commercial policies and international trade and had given particular attention to protectionism, its causes and the remedies against it. At its meeting in February the Group had examined and commented on the first issue of the GATT Survey of Developments in Commercial Policy. The Group had concluded its discussion on trade measures taken for balance-of-payment purposes, which had focussed on the consultation procedures for developing countries. The Group had also examined the possibility of a definitive application of the General Agreement, without however reaching a consensus on this matter. He mentioned that at the meetings in June and October the main subject had been the GATT after the multilateral trade negotiations. There was agreement that the CONTRACTING PARTIES should make an assessment of the major problems likely to arise in international trade relations in the 1980's and should give guidance on GATT's perception of future trade relations. A wide-ranging exchange of views took place, of a preliminary nature, on issues that could require priority attention in the coming years. The Group recognized as a result of this discussion that those responsible for trade policy were facing a more and more complex international economic system in which no problem could be solved without regard to the wider implications. It had considered that it was essential for GATT to have a forum in which not only concrete problems but also the basic principles of commercial policy could be discussed and noted that the rôle of the Consultative Group should be assessed in that perspective.

The Council took note of the report.

6. Training activities (L/4714)

The Director-General, in presenting a report (L/4714) on the activities of GATT in the field of training, stated that these courses, organized by the secretariat since 1955, constituted one of the activities to which contracting parties attached considerable importance. The courses, in which members as well as non-members of GATT could participate, were very useful for a better understanding of the principles and mechanisms of the multilateral trading system and they helped to show the advantage of a progressive elimination of the obstacles which impeded the good functioning of commercial relations between nations. He pointed out that one of the aims of the programme was the training of trade negotiators and commercial attachés, which was particularly important for developing countries. The courses furthermore allowed for the establishment of very useful contacts by the participants with the public and private sectors in the countries visited during the study tours. The growing number of requests for participation in the courses were proof of the ever-increasing interest of governments in this GATT activity. He mentioned that in order to maintain the high quality of the courses an amount of Sw F 600,000 had been earmarked in the GATT budget for 1979 in case the financing hitherto provided by UNDP would cease to be available. He said that in 1978 participants in the English-speaking course had visited Poland and the Netherlands and that the participants in the French-speaking course would soon make a visit to Belgium, the European Economic Community and Spain. In addition, each course included a study tour in Switzerland. He was grateful to all governments concerned for their continuing interest in these training activities and for the hospitality extended to the participants during their visits. He thanked UNDP and UNCTAD, as the executing agency of UNDP, for the scholarships granted for the training courses in 1978, and also the representatives of delegations and international organizations for the lectures they had given to the trainees.

The Council took note of the report.

7. Regional agreements - Calendar of biennial reports (C/W/311)

The Chairman recalled that at their twenty-seventh session the CONTRACTING PARTIES had instructed the Council to establish a calendar fixing dates by which contracting parties members of a regional agreement would be invited to submit a biennial report on developments under the agreement concerned. The current calendar established by the Council in November 1976 covered the period to October 1978 and should therefore, be renewed. Suggestions for a new calendar were contained in document C/W/311.

The Council approved the proposed time-table.

8. EEC - Refunds on exports of sugar
- recourse by Brazil (L/4722)

The representative of Brazil recalled his delegation's statement in respect of the EEC refunds on exports of sugar, in connexion with the Australian complaint considered at the meeting of the Council on 18 October. He said that his delegation subsequently had had consultations with the delegation of the EEC under the provisions of Article XXIII:1 which had not led to an agreement. His delegation therefore now referred this matter to the CONTRACTING PARTIES under the provisions of Article XXIII:2 in document L/4722 and requested the Council to establish a panel to examine this matter and to present its conclusions and recommendations to the Council for further action.

The representative of the European Communities confirmed that the consultations which had taken place with Brazil under the provisions of Article XXIII:1 had not led to a successful conclusion. As his delegation had only just been informed of the fact that Brazil had referred this matter to the Council, he considered that some more time should be allowed for the examination of this case by his authorities.

The representatives of Cuba, Australia, Peru and India supported the setting up of a panel.

The representative of Brazil agreed that in view of the short period of time allowed to the EEC authorities to deal with this matter, his delegation's complaint should be taken up by the Council either at a meeting in ten days' time or at the forthcoming session of the CONTRACTING PARTIES.

The Chairman noted that the Council had had an initial discussion on this matter which would be reflected in the Report of the Council to the CONTRACTING PARTIES and would enable the CONTRACTING PARTIES to consider this matter during their examination of the Council's report at the thirty-fourth session.

This was agreed.

9. EEC - Refunds on exports of sugar
- recourse by Australia

The Chairman recalled that on 6 November the Council had agreed to set up a panel on the Australian complaint concerning the issues relating to EEC sugar export practices. The Council had authorized him to appoint the Chairman and the members of the Panel in consultation with the parties concerned. He informed the Council that the composition of the Panel was as follows:

Chairman: Mr. Kaarlehto (Finland)
Members: Mr. Eberhard (Switzerland)
Mr. Parman (Turkey)

The representative of the European Communities said that in view of the complicated nature of this matter it would have been preferable to have a panel of five members in order to have a wider range of opinions, so as to take into consideration all aspects of the delicate and complex questions. However, taking into account that the present situation of the MTN made it difficult for many delegations to make someone available to serve on the panel, the Community had consented to accept, in these circumstances, a panel consisting of only three members.

The Council took note of the composition of the panel and of the statement made.

10. Report of the Council (C/W/309 and Add.1)

The secretariat had distributed in document C/W/309 and Add.1 a draft of the Council's report to the CONTRACTING PARTIES on matters considered by the Council since the thirty-third session and any action taken in this respect.

A number of delegations proposed certain amendments to certain sections in the draft report.

In connexion with the item on Administrative and Financial Questions, the Chairman informed the Council that he had received a letter by the Chairman of the GATT Staff Council. The letter referred to the question of erosion of salaries and pensionable remuneration and noted that the Budget Committee, endorsed by the Council, had not approved the proposals made by the Staff Council in this regard (L/4708, pages 28-32), nor the very limited proposals made by the Director-General on the same subject. The GATT Staff Assembly expressed its wish to have this question reopened on the basis of proposals made by the Staff Council, and discussed with the participation of representatives of the staff. The Staff Assembly also invited the Council to freeze the savings made on the execution of the 1978 budget, which for their major part were based on the losses incurred by the staff, and to discuss with the staff representatives the use of the amount so frozen. The Staff Council had been instructed by the Staff Assembly, if no satisfactory answer was given to the request for a reopening of the discussion and if no reasonable progress was made toward finding a solution, to call a strike at a date to be fixed by the Staff Council and notified in advance to the Director-General.

Mr. Feij, Chairman of the Committee on Budget, Finance and Administration, recalled that at its meeting in October the Committee had had before it a proposal by the Director-General which aimed at temporary solutions for the problems which were of great concern to the staff. The Committee had reported to the Council on 6 November that it was aware of

the unfortunate consequences of recent exchange rate developments but believed that trying to find a solution applicable to GATT alone would be incompatible with the common system. The Committee suggested that the Chairman of the CONTRACTING PARTIES should be invited to contact the Chairman of the United Nations General Assembly to convey the concern of the CONTRACTING PARTIES regarding these problems. Furthermore, the Committee had urged all contracting parties to give sympathetic consideration to recent proposals made by the United Nations Joint Staff Pension Board. He renewed this appeal to all delegations.

In the light of the present situation he recalled that in a similar situation in 1974 the Committee had proposed to the Council the establishment of an informal contact group composed of members of the Budget Committee, representatives of the staff and representatives of the secretariat, to study this problem. He proposed that a similar informal contact group should be set up and he expressed the hope that this group could contribute positively to a better understanding of the delicate situation.

The Council agreed that an Informal Contact Group be established, composed of members of the Budget Committee, representatives of the secretariat and representatives of the staff. The Council authorized the Chair to nominate the members of the Group in consultation with the Chairman of the Budget Committee, the contracting parties concerned, the Director-General and the Chairman of the Staff Council. The Chairman expressed the hope that the Group could meet expeditiously and hopefully be able to present a report at the thirty-fourth session of the CONTRACTING PARTIES.

The Council finally agreed that the report of the Council with appropriate additional notes should be distributed and presented to the CONTRACTING PARTIES by the Chairman of the Council.