

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/M/35
24 March 1966

Limited Distribution

COUNCIL
14-16 March 1966

MINUTES OF MEETING

Held at the Palais des Nations, Geneva,
on 14-16 March 1966

Chairman: Mr. N.V. SKAK-NIELSEN (Denmark)

	<u>Page</u>
<u>Subjects discussed:</u>	
1. Preparations for the twenty-third session of the CONTRACTING PARTIES	1
2. Report by the Council to the CONTRACTING PARTIES on its activities since the twenty-second session	18
3. Membership of the Advisory Committee to the UNCTAD Board and to the Committee on Commodities	18
4. Meeting of the Cotton Textiles Committee	18

Before the Council proceeded to its formal business, the Director-General referred to the departure of Ambassador Letts of Peru from Geneva to take up a post with his Government in Lima. The Director-General paid tribute to the work of Ambassador Letts, particularly in promoting the incorporation in the General Agreement of the Chapter on Trade and Development. On a number of occasions Ambassador Letts had been chosen by the developing countries to represent them in negotiations and he had carried out this task forcefully and effectively.

The Council requested the Director-General to convey to the Government of Peru a message, in the name of the CONTRACTING PARTIES, expressing their appreciation of the work of Ambassador Letts.

Ambassador Encinas of Peru expressed pleasure, on behalf of his Government and himself, at the Council's tribute to Ambassador Letts.

1. Preparations for the twenty-third session of the CONTRACTING PARTIES
(L/2558/Add.1-4)

The Council reviewed the items listed in the provisional agenda for the twenty-third session with a view to doing as much preparatory work as possible to expedite the work of the CONTRACTING PARTIES.

Item 1: Adoption of agenda

The provisional agenda set out in L/2558 and addenda will be presented to the CONTRACTING PARTIES for adoption at the opening of the session.

Item 2: Trade of less-developed countries

The Committee on Trade and Development will be meeting on 16 and 17 March and will submit a report to the CONTRACTING PARTIES. The report of the Expert Group on Trade Promotion and Trade Advisory Services will also be submitted to the session.

Item 3: Fellowship programme and technical assistance (L/2573)

The Director-General presented his report (L/2573) on the commercial policy courses in Geneva, the joint ECA/GATT courses in Africa and other technical assistance activities of the GATT, since the twenty-second session. He said that experience had shown that the Geneva and Africa courses were highly regarded by most developing countries and that those which had participated had found the courses worthwhile. These courses represented one of the most important activities of the CONTRACTING PARTIES in their efforts to lend assistance to developing countries. Developing countries had indicated a desire to see the courses expanded and he would wish to see them extended so far as physical resources and the maintenance of standards permitted. The twenty-first Geneva course was being attended by twenty-one officials from developing countries; this record number of participants being made possible by the additional accommodation made available following the construction of the new annex. The programme for the twenty-first course had been given a practical orientation and the participants would be spending about half the period of the course in the Divisions of the secretariat.

As regards technical assistance, the Director-General recalled that the CONTRACTING PARTIES had, at their eighteenth session, approved recommendations on the provision of assistance, on request, to less-developed countries in connexion with their commercial policy problems. The Director-General noted that the International Trade Centre, the expansion of which had recently been recommended by the Group of Experts, and the country study programme were means by which the CONTRACTING PARTIES were providing assistance to developing countries, at an international level, in the expansion of their exports. It was his hope that it would be possible to further expand this type of assistance in the fields in which the CONTRACTING PARTIES were particularly competent.

The Council noted the report of the Director-General.

Item 4: Trade negotiations (Kennedy Round)

The Chairman of the Trade Negotiations Committee will make a report on the negotiations to the CONTRACTING PARTIES.

Item 5: Balance-of-payments import restrictions

The Council had, at an earlier meeting, examined the reports by the Committee on Balance-of-Payments Restrictions on the ten consultations carried out in 1965 and had agreed to recommend to the CONTRACTING PARTIES that these reports be adopted.

Item 6: Import restrictions applied contrary to GATT and not covered by waivers

The secretariat had requested contracting parties, which apply import restrictions contrary to the provisions of the GATT and without having obtained the authorization of the CONTRACTING PARTIES, to submit information in accordance with the procedures adopted at the seventeenth session. The status of import restrictions maintained by some countries (including newly-independent States) had not yet been determined, and these countries had been asked to furnish a list of all restrictions in force even if they were not yet in a position to determine whether it would be appropriate for them to invoke the provisions of Article XVIII concerning restrictions maintained for development purposes or on balance-of-payments grounds. Information received was being distributed. The Committee on Trade and Development was examining those restrictions which were of special interest to less-developed countries and would report to the CONTRACTING PARTIES.

As the documentation was incomplete the Council did not discuss this item.

Item 7: Trade in cotton textiles

The report of the Cotton Textiles Committee on the review of the Long-Term Arrangement, which was carried out in December, will be submitted to the CONTRACTING PARTIES at the session.

Item 8: The impact of commodity problems upon international trade

The Chairman recalled that the Resolution of the CONTRACTING PARTIES of 17 November 1956 provided for annual reviews of the trends and developments in international commodity trade to be carried out on the basis of a report by the Chairman of the Interim Co-ordinating Committee for International Commodity Agreements in his capacity as nominee of the CONTRACTING PARTIES. However,

ICCICA had been replaced by the Advisory Committee to the Trade and Development Board of UNCTAD and to its Committee on Commodities, thus, the basis for the review, as envisaged in the 1956 Resolution, no longer existed and, unless an alternative basis were proposed, the item would disappear from the agenda of the CONTRACTING PARTIES. In this connexion, the Chairman pointed out that work on commodity problems was being carried out by the Committee on Trade and Development in so far as these affect the trade of developing countries.

The representative of Australia said that his country, in whose exports primary products played a major rôle, attached importance to the maintenance of the review on the session agenda. It was a matter of disappointment to his delegation that no substantive discussion of commodity problems had been held since the nineteenth session Working Party. On the other hand there was a growing awareness of the importance of commodity problems and this was reflected in the activities of other international bodies. Whilst it was not the wish of his delegation to duplicate the work of other organs, he considered that it would be unfortunate if the CONTRACTING PARTIES abdicated their responsibilities in this field. He suggested that the item should be retained on the agenda for the session and that, if a formal basis for a review were required, it could perhaps be supplied by the GATT secretariat in the form of a paper summarizing the work of other bodies on commodity problems, in order to help assess the scope of additional work open to the GATT in this important sector of world trade.

The representatives of Uruguay and New Zealand supported the Australian proposal.

The Director-General indicated that the secretariat would be able to supply a note along the lines suggested by the representative of Australia.

The representative of Canada, whilst noting the importance of the item, expressed doubts, in the light of recent experience, as to whether contracting parties would be ready to enter into a meaningful debate on commodity problems.

The representative of the United Kingdom suggested that it would be appropriate to leave it to CONTRACTING PARTIES to decide whether to retain this item on the agenda.

The representative of the Netherlands expressed doubts as to whether contracting parties would in fact be in a position to undertake a thorough debate of commodity problems. As for a formal basis for the review, it might be necessary to consider whether the Resolution of November 1956 should be amended to take into account the disappearance of ICCICA. It was possible that commodity problems would become an increasingly important part of the work of the CONTRACTING PARTIES

in the future and he agreed with the representative of the United Kingdom that it would be inappropriate for the Council to take a decision on the retention of this item on the session agenda.

The representative of Chile enquired whether it would not be appropriate to obtain a report from the person nominated by the CONTRACTING PARTIES to the Advisory Committee to the Trade and Development Board of UNCTAD and to its Committee on Commodities.

The Director-General suggested that the nominee of the CONTRACTING PARTIES on the Advisory Committee could not be regarded as a representative of the GATT and that, while contact with him would be maintained and his advice on commodity problems could be sought, it would hardly be appropriate to request him to submit an annual report.

The Council agreed to recommend to the CONTRACTING PARTIES the retention of the item on the session agenda and expressed the hope that a useful discussion could be held on the basis of a note to be prepared by the secretariat. The CONTRACTING PARTIES would, after this discussion, be in a position to decide whether to retain the item for future sessions.

Item 9: Disposal of commodity surpluses

The Chairman recalled that at each session for several years the CONTRACTING PARTIES had reviewed, under the Resolution of 4 March 1955, the disposal of commodity surpluses and the liquidation of strategic stocks. Contracting parties having engaged in disposal or liquidation arrangements during the past year had been requested to submit reports to the secretariat. Some reports had been received and others were expected before the opening of the session. Relevant documentation for this item would include a report by the Director-General on action by other inter-governmental agencies.

Item 10: Customs unions and free-trade areas

Reports of Working Parties

The terms of reference of the Working Parties established for sub-items (a) and (b), (Association between the EEC and the African and Malagasy States and the Arab Common Market) provided that their reports should be submitted to the CONTRACTING PARTIES. The Working Parties established for sub-items (c) and (d) (New Zealand/Australia Free-Trade Agreement and United Kingdom/Ireland Free-Trade Area Agreement) had not met; it was expected that their reports would be submitted to the CONTRACTING PARTIES at the twenty-third session.

Item 11: United Kingdom/Turkey - Consultation under Article XXII:2 (L/2465)

The CONTRACTING PARTIES had appointed a working party to carry out a consultation under paragraph 2 of Article XXII concerning the application by Turkey of paragraphs 5(a) and 6 of Article XXIV when implementing the Agreement of the Association with the European Economic Community.

The Chairman of the Working Party, introducing its report (L/2465), noted that the representative of Turkey on the Working Party, whilst maintaining his position in principle that there was no link between the negotiations under Article XXVIII and the operations under Article XXIV, had, as a gesture of goodwill, offered the inclusion in agreements reached in renegotiations under Article XXVIII of a declaration to the effect that the Turkish Government would, without prejudice to any rights accruing to it under the GATT, give due consideration to the equitable rights of contracting parties when implementing differential tariff treatment on bound items in favour of the member countries of the European Economic Community.

The Council noted the report of the Working Party.

Item 12: Article XVIII - Annual review under paragraph 6

Paragraph 6 of Article XVIII requires the CONTRACTING PARTIES to review, annually, measures applied under Sections C and D of the Article. The only contracting party applying such measures is Ceylon. It was reported to the Council that background material for the review was being prepared by the Government of Ceylon, but this was not yet available and therefore it would be necessary to defer the matter until the session.

Item 13: Consular formalities (L/2563)

As in past years, contracting parties, maintaining requirements of consular formalities in connexion with importation, had been invited to submit reports on their reasons for maintaining these requirements and on their future policy. Reports had been received from Turkey and Uruguay and had been distributed in L/2563.

The representatives of Argentina, Peru and Portugal indicated that their Governments would be submitting reports for the twenty-third session. The representative of Brazil said that his delegation would make a statement on the matter in the context of the Kennedy Round.

The representative of Spain said that, whilst he could not give an assurance that his Government would present a report, his delegation would make a statement to the session recalling its statement at the twenty-second session to the effect that, in the view of the Spanish Government, its consular formalities did not represent an insuperable barrier to international trade.

Item 14: Accession of Yugoslavia (L/2562)

Under procedures agreed by the CONTRACTING PARTIES at their twenty-second session, a working party had been established to consider the request of the Government of Yugoslavia for accession to the GATT under Article XXXIII.

The Chairman of the Working Party, introducing its report (L/2562), drew attention to the recommendation that Yugoslavia should be invited to accede to the General Agreement under the provisions of Article XXXIII, provided that appropriate tariff negotiations, on the basis of the new Yugoslav customs tariff, were concluded.

The Council agreed to recommend that the CONTRACTING PARTIES adopt the report and approve the draft texts of the decision and protocol annexed to the Working Party's report.

Item 15: Provisional accession of Switzerland (L/2558)

The representative of Switzerland presented his Government's annual report on measures maintained consistently with the reservation set out in paragraph 1(b) of the Declaration (L/2558). He observed that the basic situation remained unchanged and that Switzerland continued to be a major importer of agricultural produce, imports of which had risen in 1965.

The Council noted the report.

The Director-General recalled that the question of the full accession of Switzerland to the GATT had been under consideration for a number of years. Contracting parties had thought it appropriate to deal with this matter in the context of the Kennedy Round. Unfortunately progress in the negotiations in the Kennedy Round had not been as rapid as had been hoped or expected at their inception and it now seemed desirable to consider means of providing for Switzerland's full accession prior to the conclusion of the Kennedy Round negotiations. In recent weeks, therefore, he had held discussions with those delegations, which had, in the past, expressed concern over certain aspects of Switzerland's commercial policy, in order to ascertain whether sufficient support existed to justify consideration of the matter by the CONTRACTING PARTIES at their twenty-third session.

Switzerland was participating actively in the Kennedy Round including those negotiations concerned with agricultural products and had accepted fully the objectives agreed by the Ministers in 1963 that "trade negotiations shall provide for acceptable conditions of access to world markets for agricultural products".

Switzerland had tabled formal offers as regards agricultural products and had indicated that, in the unlikely event of the Kennedy Round agricultural negotiations failing to achieve the ministerial objective, it was willing to enter into negotiations with interested governments to arrive at solutions compatible with the ministerial objective. These facts, together with the general trends in Switzerland's commercial policy, had led the Swiss Government to conclude that the pre-conditions existed for full accession before the completion of the Kennedy Round. The fact that Swiss accession to the GATT was only provisional seemed to be anomalous from a trade point of view and, on a more personal level, he regretted the present situation because Switzerland had acted as a generous host to the GATT and, in this way, had made an important contribution to the success of the organization.

The Council agreed to recommend to the CONTRACTING PARTIES the inclusion of the Accession of Switzerland, under Article XXXIII, on their agenda and to request the Director-General to circulate, at an early date, concrete proposals including a draft decision and protocol of accession.

Item 16: Relations with Poland (L/2595)

The Chairman of the Working Party, established to carry out the Fourth Annual Review under the Declaration of 9 November 1959 on Relations between Contracting Parties and Poland, presented the Working Party's report (L/2595). Trade between contracting parties and Poland had increased; no specific problems arising from this trade had been reported; and the requirements of paragraph A:3 of the Declaration had been fulfilled. Poland was participating in the Kennedy Round and had become a member of the Council and the Working Party trusted that these developments would lead to closer ties between Poland and the CONTRACTING PARTIES.

The representative of New Zealand informed the Council that a Trade Agreement between his country and Poland had been signed on 7 July 1965.

The Council agreed to recommend to the CONTRACTING PARTIES the adoption of the report of the Working Party.

Item 17: Application of Article XXXV to Japan

The representative of Japan reported that, since the twenty-second session, not a single contracting party invoking Article XXXV against Japan had disinvoked it. During the ten years since Japan's accession to the GATT, the major trading nations had taken action to regularize their GATT relations with Japan, but many governments, mainly those of developing countries, continued to apply Article XXXV against Japan. Some of these countries had indicated their intention of

¹ Item 31 on Provisional Agenda.

establishing normal GATT relations with Japan and he urged them to take the necessary steps to this end at an early date. It was the policy of the Japanese Government to contribute towards the expansion of trade opportunities for developing countries in the context of the Kennedy Round and it had accepted the new Part IV. Japan would be faced with considerable difficulty in extending benefits arising from the Kennedy Round and from Part IV to countries continuing to invoke Article XXXV against Japan. He would reiterate the appeal of his Government to these countries to enter into normal GATT relations with Japan at the latest by the end of the Kennedy Round negotiations.

The Council noted the statement by the representative of Japan.

Item 18: United Kingdom temporary import charges (L/2540)

The Working Party, which had been appointed by the Council to consult with the United Kingdom in connexion with the special charge on imports imposed in October 1964, had held a third meeting in June of last year and its report had been presented to the Council in July. The Council had noted the report and had agreed that the Working Party should continue its consultation with the United Kingdom. A fourth meeting had been held in October and a secretariat note on the discussions had been distributed in document L/2540. The Working Party would be reconvened to resume the consultation and a date for the meeting would be fixed by the Chairman of the Working Party in consultation with delegations.

Item 19: Australian request for waiver to grant tariff preferences to less-developed countries (L/2527, C/W/103 and C/W/104)

The Chairman recalled that the report of the Working Party (L/2527), appointed to examine the Australian request, had been presented to the Council at its meeting on 24 January. It had then been agreed that the report should be submitted for action to the CONTRACTING PARTIES at their twenty-third session but that the Australian representative would be given the opportunity, during the present meeting of the Council, to report on bilateral discussions concerning the text of the draft waiver annexed to the report. Possible changes to the draft waiver had been prepared by Australia and circulated in documents C/W/103 and C/W/104.

The representative of Australia stated that certain possible amendments to the draft text of the waiver had been drawn up in consultation with a number of delegations. These amendments were acceptable to Australia but his delegation would wish to ascertain the views of other members of the Council before deciding whether to incorporate them in the draft waiver.

The representative of Chile, speaking on behalf of a group of less-developed countries, said that the delegations of these countries had studied documents C/W/103 and C/W/104 and welcomed the willingness of the Australian Government to take into consideration the points of view they had expressed in the Working Party. These delegations could accept the amendments proposed in C/W/103 with the understanding that the major review mentioned in the possible amendment to paragraph 6, should have as its objective the examination of the preference system with a view to ascertaining to what extent it could be improved to the benefit of the developing countries. These delegations could also accept the amendments proposed in C/W/104, but would suggest the insertion, in the proposed amendment to paragraph 4, of the words "in the relevant goods" at the end of the first sentence.

The representative of Australia said that the additional amendment proposed by the representative of Chile was acceptable to his delegation. His delegation welcomed the fact that the new proposals went some way to meeting the difficulties of other contracting parties with the draft waiver.

The representative of Luxemburg, speaking on behalf of the European Economic Community, stated that the member States would take into account the amendments proposed in C/W/103 and C/W/104, which went some way towards meeting difficulties alluded to by them in the Working Party, when they came to determine their reaction to the Australian request for a waiver.

The Council agreed to submit to the CONTRACTING PARTIES at their twenty-third session, for consideration and decision, the report of the Working Party and the text of a draft waiver incorporating the amendments referred to above.

Item 20: Review of waivers

(a) Luxemburg agricultural import restrictions (L/2479)

The Chairman recalled that the waiver granted to Luxemburg in 1955 was reviewed in 1960 and it had been agreed that there should be a further review in 1965. A report by the Government of Luxemburg (L/2479) had been presented to the Council at its meeting in December.

The Council agreed to the following terms of reference and composition for a working party to conduct the review.

Terms of reference

"To review the Decision of 3 December 1955, granting to the Government of Luxemburg a waiver from the provisions of Article XI, and to report to the CONTRACTING PARTIES at their twenty-third session."

Chairman

Mr. L.F. Collymore (Jamaica)¹

Membership

Australia	Czechoslovakia	Indonesia	South Africa
Belgium	Denmark	Italy	Spain
Brazil	Ghana	Luxemburg	United Kingdom
Canada	Greece	Netherlands	United States
Chile	India	New Zealand	Yugoslavia

Other contracting parties wishing to participate should notify the secretariat. The Commission of the European Economic Community will participate in the Working Party.

(b) Italian customs treatment for imports of
Somalian products (L/2537)

The Chairman recalled that the waiver granted to the Government of Italy in 1960 had expired at the end of 1965, but, at its meeting in December, the Council had recommended an extension, until the end of the twenty-third session of the CONTRACTING PARTIES, to enable the Government of Italy to submit an annual report on the development of trade with Somalia and to decide whether it wished to request further action by the CONTRACTING PARTIES. This extension had been adopted by postal ballot on 17 January 1966 (L/2547). Italy's report and a request for an amended waiver had been circulated in document L/2537.

The Council agreed on the following terms of reference and composition for a working party to examine the Italian request.

Terms of reference

"To examine the request by the Government of Italy for a waiver, from the obligations of Article I, in order to accord special customs treatment to imports of certain Somalian products, and to report to the CONTRACTING PARTIES at their twenty-third session."

¹Mr. Collymore has indicated his inability to attend the meeting of the Working Party scheduled for 23 March and Mr. B.N. Swarup (India) has been asked by the Chairman of the CONTRACTING PARTIES to chair the meeting of the Working Party.

Chairman

Mr. L. Rydfors (Sweden)

Membership

Brazil	Greece	Turkey
France	Israel	United Kingdom
Ghana	Italy	United States

Other contracting parties wishing to participate should inform the secretariat. The Commission of the European Economic Community will participate in the Working Party.

Item 21: Reports under waivers

(a) Australia/Papua and New Guinea (L/2372)

The representative of Australia presented the twelfth annual report by his Government (L/2372) in accordance with the Decision of 24 October 1953. He observed that no action had been taken under the terms of the Decision since the eleventh annual report. The report contained statistics covering trade on those items in respect of which the waiver Decision had been invoked in the past.

The Council noted the report of the Australian Government.

(b) Ceylon duty increases

The report by the Government of Ceylon had not yet been received.

(c) Italy/Libya (L/2508)

The representative of Italy, presenting his Government's report (L/2508), drew attention to its salient features and in particular to the fact that the special customs treatment accorded to Libya by Italy did not seem to have caused any appreciable damage to trade of other contracting parties. On the other hand, it had to be noted that the Libyan economy had benefited from the treatment accorded by Italy, and that the maintenance of the special customs treatment seemed still to be an instrument which could effectively contribute towards improving Libya's economic position.

The Council noted the report of the Government of Italy.

(d) United Kingdom/Article I (L/2569 (SECRET))

(e) United Kingdom overseas territories (L/2570)

The representative of the United Kingdom, presenting the reports by her Government, noted that the waiver from Article I had been invoked in respect of two items since the twenty-second session.

The Council noted the reports of the Government of the United Kingdom.

(f) United States import restrictions

The report by the Government of the United States had not yet been received.

Item 22: Newly-independent States

The Director-General had distributed a report in document L/2580 on the present status of certain newly-independent States under the Recommendation of 18 November 1960 which provides for the reciprocal de facto application of the GATT.

The Chairman, referring to paragraph 2 of the report, noted that there were three countries in respect of which the Recommendation expired at the end of the twenty-third session, viz. Algeria, Congo (Leopoldville) and Mali. The Director-General had written to these Governments in January enquiring whether they had taken a decision concerning their future relations with the GATT, but replies had not yet been received. In view of the fact that the three countries might be represented at the session, the Council agreed that the matter should be deferred until then.

Item 23: Status of protocols (L/2575)

The Director-General had distributed a report in document L/2575 on the status of protocols and other instruments which had not yet been accepted by certain governments. The Chairman noted that, in particular, the Protocol Amending Part I and Articles XXIX and XXX, which was drawn up in 1955, had not yet been accepted by Uruguay and that, therefore, the amendments had not become effective. This, and certain other protocols relating to the 1955 review of the General Agreement, were open for acceptance only until the end of the twenty-third session.

The representative of Uruguay stated that his Government was attempting to achieve acceptance of the Amendment Protocols and the outstanding Protocols of Rectification and Modification through acceptance of the Protocol Introducing Part IV

His Government was currently drawing up a message to the Uruguayan Congress advocating acceptance of Part IV. It was possible that the Uruguayan delegation would be in a position, at the twenty-third session, to make a statement concerning acceptance of the Protocol ad referendum or the application of Part IV de facto.

The Council agreed to recommend an extension of the closing date for acceptances for a further year and requested the Director-General to prepare a draft decision.

The Council noted that seven more acceptances were required to bring into force the Protocol Introducing Part IV.

The representative of Brazil informed the Council that his Government had submitted a proposal to Congress proposing acceptance of the Part IV Protocol and this had been approved by two technical committees of Congress. It was hoped that the Brazilian Government would shortly be in a position to confirm its signature.

The representative of Norway stated that the Norwegian Parliament had approved Norway's acceptance of the Protocol and that his Government's ratification could be expected before the twenty-third session.

Item 24: Financial and administrative questions (L/2582 and L/2590)

These questions would include two sub-items to be dealt with by the CONTRACTING PARTIES:

- (a) The report by the Director-General on the final 1965 budget position (2590).
- (b) The supplementary estimates for 1966 for the work of the International Trade Centre. These estimates had been examined by the Committee on Budget, Finance and Administration, whose recommendations would be submitted to the CONTRACTING PARTIES (L/2582).

Item 25: Derestriction of documents (L/2564)

The Chairman observed that members of the Council had had the opportunity of examining the proposal by the Director-General (L/2564) that consideration be given to the derestriction of a wider range of GATT documents.

The representative of the United States supported the proposal but suggested that contracting parties be given an opportunity to request the maintenance of restriction on a part of a summary record, Council minute, etc., whilst agreeing to the derestriction of the rest of the document.

The representative of Australia indicated that his Government would want more time to study the contents of the many documents proposed for derestriction and proposed that derestriction of the documents listed in L/2564 should occur six months after the close of the twenty-third session.

The Council agreed to recommend to the CONTRACTING PARTIES the adoption of the Director-General's proposal, as amended to take into account the modifications proposed by the representatives of Australia and the United States.

At the suggestion of the representatives of the United Kingdom and Australia, the Council also agreed to request the Director-General to formulate a proposal concerning the declassification of "secret" documents.

Item 26: Election of officers

The question of the election of officers for the ensuing year would be considered, in the first instance, at a meeting of Heads of Delegations during the session.

Item 27: Turkish schedule - renegotiations

The Government of Turkey had submitted a request (L/2576) for a further extension of the waiver authorizing the renegotiation of certain concessions in the Turkish schedule.

The representative of Turkey, presenting his Government's request, stated that his delegation had made every effort to conclude its renegotiations by the end of the twenty-third session but indications were that this would not be possible and therefore a further extension until 30 September 1966 was being sought. It was the earnest hope of his delegation that the remaining difficulties would soon be overcome and it was determined to press ahead with the renegotiations so as to be in a position to participate fully in the final stages of the Kennedy Round. He hoped that co-operation to this end would be displayed by Turkey's major trade partners.

The Council agreed to recommend to the CONTRACTING PARTIES an extension of the waiver until 30 September 1966 and requested the Director-General to prepare a draft decision.

Item 28: Rwanda schedule - renegotiations

The Government of Rwanda had advised that its representative would inform the CONTRACTING PARTIES at the twenty-third session that it wished to negotiate a new schedule of tariff concessions.

Item 29: Peru schedule - renegotiation

The representative of Peru presented his Government's request for an extension of the Decision of 25 March 1966 which authorized the maintenance of increased rates of duty on items bound in the Peruvian schedule pending the completion of renegotiations under Article XXVIII. Peru was requesting an extension of the waiver by a further nine months, until the end of 1966, so as to provide sufficient time for the completion of the renegotiation of the Peruvian schedule. Concessions in the present Schedule XXXV covered 50 per cent of Peru's total imports. Renegotiation with four trading partners, which between then accounted for 97 per cent of the concessions, had reached an advanced stage and statistical studies and comparisons had been completed. Negotiations with a further four countries had commenced. Peru was faced with the problem of offering concessions in a manner which would not nullify the objectives of the new tariff, which was primarily aimed at promoting the economic development of the country. Peru wished to link her renegotiations under Article XXVIII with negotiations in the Kennedy Round, and, in addition, to co-ordinate all her negotiations in the GATT with the developmental and financial needs of the country as outlined in the Three-Year Development Plan commencing 1967. The structure and volume of Peru's imports and exports had been undergoing changes and in 1965 Peru had experienced a deficit on trade account which had been covered by capital inflow.

Peru was grateful for the understanding of its problems shown by the contracting parties with which it was renegotiating and it was to be hoped that, with their co-operation, it would be possible to complete the renegotiations before the end of 1966 and to establish a new schedule which would take into account the need of Peru to employ its tariff as an instrument of economic development. The co-operation of the contracting parties conducting negotiations with Peru had been manifested in an equitable interpretation of the principle of non-reciprocity for developing countries in accordance with the Conclusions of Ministers in 1963.

A number of representatives supported the Peruvian request, although certain of them urged Peru to attempt to complete the renegotiations under Article XXVIII at an early date and before embarking on negotiations in the Kennedy Round.

The Council agreed to recommend to the CONTRACTING PARTIES that the waiver granted to Peru be extended until 31 December 1966 and expressed the hope that everything possible would be done to expedite the renegotiations. It requested the Director-General to prepare the text of a draft decision to provide for an extension of the waiver.

Item 30: Definitive application of the GATT

The Chairman reminded the Council that, when this matter had been brought before the twenty-second session, the CONTRACTING PARTIES had referred it to the Council with the request for a report to be submitted to the twenty-third session.

The Director-General observed that the General Agreement had been in force for eighteen years and that, although it formed the basis for trading relations between some seventy countries, it was still applied provisionally. Whilst this might not seem to have great practical consequences, there were presentational aspects to be considered and it seemed anomalous that such an important Agreement should have an apparently tenuous juridical basis.

It had seemed appropriate to raise the matter at the twenty-second session, but it became apparent from the response of contracting parties at that time that the necessary support for applying the GATT definitively under Article XXVI was still lacking. Until recently, it had not seemed that the situation, as regards support for definitive application, had changed, probably because it was felt that it would be pointless to attempt to bring about definitive application unless it were known that the major trading countries were prepared to take the necessary action. From recent discussions with delegations, it appeared, however, that this pre-condition might now exist. There was no doubt, however, that it would be harmful if the contracting parties were to discuss the matter without coming to a positive conclusion. For this reason, he would propose that the Council recommend the inclusion of the question of definitive application on the Provisional Agenda of the CONTRACTING PARTIES, but that the matter should not be retained on the agenda unless there appeared to be a reasonable chance of a positive result.

To bring the Agreement into force under Article XXVI, it would be necessary for it to be accepted by governments listed in Annex H to the General Agreement which account for 85 per cent of the total external trade of such governments as computed in the Annex. This meant in practice that, to bring it into force, the Agreement would have to be accepted by the major trading countries, the smaller members of the two Western European economic groupings, and, in addition, a certain number of non-industrialized countries. He would hope to be in a position to report at the twenty-third session on the prospects of success and, on the basis of the information then available, the CONTRACTING PARTIES would be able to decide whether it would be worthwhile to discuss the matter.

The Council agreed to act on the Director-General's proposal.

2. Report by the Council on its activities since the twenty-second session
(C/W/102/Rev.1)

The Council approved¹ with certain amendments, the draft report (C/W/102/Rev.1) on the activities of the Council since the twenty-second session, including those at its present meeting.² Consideration of the Council's report now appears as Item 32 on the Provisional Agenda for the twenty-third session.

3. Membership of the Advisory Committee to the UNCTAD Board and to the Committee on Commodities (L/2589)

The Chairman drew the attention of the Council to the note by the Director-General on the nomination by the GATT of a member of the Advisory Committee to the UNCTAD Board and to its Committee on Commodities (L/2589). This note indicated that the UNCTAD Board had approved the nomination by the CONTRACTING PARTIES of Mr. Hasnie (Pakistan) to the Advisory Committee.

4. Meeting of the Cotton Textiles Committee

The representative of the United Kingdom referred to GATT/AIR/544 in which were indicated the reasons for which the United Kingdom was proposing the postponement of the meeting of the Cotton Textiles Committee scheduled for 16 and 17 March. The bilateral discussions which the United Kingdom delegation had held with interested countries had only just reached the point of conclusion. Because of the forthcoming election in the United Kingdom, Ministers would not be able to give adequate consideration to the results of these bilateral discussions and to take decisions on them. The United Kingdom Government had done its utmost to complete the programme of bilateral discussions speedily, and regretted that this situation had arisen, both because it introduced an element of uncertainty as regards future arrangements for imports into the United Kingdom and because there would be a gap in the material before the CONTRACTING PARTIES when, at the twenty-third session, they came to discuss cotton textiles. She hoped that contracting parties would understand the position of the United Kingdom in this regard.

The representative of Israel indicated that the matter was one of great concern for his country. In 1964, Israel had signed a bilateral agreement with the United Kingdom under the Long-Term Arrangement. The Long-Term Arrangement may have been expected to have introduced an element of reasonable certainty for exporters to the United Kingdom but this no longer existed. Today, Israeli exporters could not, in practice, export to the United Kingdom. Moreover, the United Kingdom's policy as regards imports of cotton textiles discriminated in its actual effects against the products of developing countries in favour of those

¹The Council met to approve its report on 22 March.

²The report of the Council, as amended, has been distributed in document L/2607.

of developed countries. Israel had held bilateral discussions with the United Kingdom on the new regulations on 31 January and had hoped that the United Kingdom would by now be in a position to indicate what it could do to meet the position of his country. If a meeting of the Cotton Textiles Committee, to clarify the situation, were not soon held, United Kingdom buyers would not be interested in purchasing from countries not participating in the free arrangement, particularly as fashion weeks, at which annual purchases were normally made, were currently being held. He understood the difficulties confronting the United Kingdom Government and did not intend to oppose a deferment of the meeting of the Cotton Textiles Committee, but he would enquire whether it would not be possible for the United Kingdom to devise a temporary arrangement to cover the position of countries such as his own. He would welcome a specific date for a meeting and an indication from the United Kingdom as to what they might be expected to offer at that meeting. Moreover, he hoped that any arrangements agreed upon by the United Kingdom would be for the whole of 1966 and not just for the remainder of the year. In conclusion, the representative of Israel enquired whether it was the intention of the United Kingdom Government to amend the list of restrictions in L/2568/Add.3 to include cotton textiles.

On the present position of exporters to the United Kingdom market, the representative of the United Kingdom pointed out that her Government had, in December, introduced an arrangement whereby licences for cotton textiles would be made available, as an interim measure, on the basis of half of the global quotas for 1966. It had been decided not to make further allocations under the 1966 global quota because it had been assumed that this might be found objectionable by other exporting countries in view of their reluctance to accept the interim arrangement. Moreover, it was understood that the market was relatively quiet and that adequate licences were available, under the existing interim arrangement, for the present. If this were not in fact the case, she would willingly convey to her Government requests for additional allocations under the global quota. She was not, however, in a position to give any indications as to the proposals the United Kingdom might put forward at the next meeting of the Cotton Textiles Committee. Whilst not in a position, either, to give any precise indication as to a possible date by which the United Kingdom Government would be in a position to indicate its proposals, she would suggest that a meeting might be possible on or soon after 14 April. On the general question of sales of cotton textiles by developing countries to the United Kingdom, she pointed out that, since the introduction of the Long-Term Arrangement and despite the fact that the United Kingdom was specifically exempted from the growth formula provided for in the Arrangement, total imports into the United Kingdom of cotton textiles had risen by 14 per cent and those from developing countries by 60 per cent.

The representative of Jamaica wished to record the concern of his Government at the deferment of the meeting of the Cotton Textiles Committee. Whilst his Government appreciated the difficulties of the United Kingdom Government, it would have welcomed a more accommodating attitude.

The Council noted that the Director-General would convene a meeting of the Cotton Textiles Committee, after consultation with interested delegations, taking into account the statement by the representative of the United Kingdom that her Government would probably be ready for such a meeting on or soon after 14 April and also taking into account the views of Israel and other developing countries that such a meeting should be held as soon as possible.