

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MINUTES OF MEETING

Held in the Palais des Nations, Geneva,
on 25 September 1975

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

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1. Canada - Import quotas on eggs (L/4222, L/4223, L/4207)

The Chairman drew attention to document L/4207 containing a notification by Canada on the introduction of import quotas for eggs and egg products.

The representative of the United States said that the Canadian action had been discussed bilaterally, but that it had so far not been possible to arrive at a solution of the problem. The key issues in the discussion concerned the question of the consistency of the Canadian action with the provisions of Article XI and whether there existed a nullification or impairment of tariff concessions in respect of these products. His delegation was, therefore, looking for an advisory ruling from the Council in order to assist the parties in finding an amicable solution to this problem. His delegation had asked for this meeting of the Council in order to present a request for a working party to consider the three issues set out in document L/4223 and to report to the Council by 1 December 1975.

As to the nature of the problem, he said that the quantity of United States fresh, processed and frozen eggs permitted to enter Canada since 5 July had been limited by a quota. According to the Canadian Government, this quota was part of a comprehensive domestic supply management and market control system for eggs. He expressed doubt that the Canadian Government could control egg production in this way. His authorities had been informed by the Canadian Government that the actual level of imports for 1975 had been calculated on the basis of average annual global imports during the period 1969-73. As a consequence, United States access to the Canadian market in 1975 had been limited to 1/3 per cent of estimated production for the same period. This had prevented the continuation of a recently-established upward trend in United States egg exports to Canada.

The representative of Canada said that the global import quota on eggs and egg products had been introduced to support a domestic supply management programme that fulfilled the criteria set out in paragraph 2(c) of Article XI. He stated that, in his opinion, the measures taken did not reduce the total of imports relative to the total of domestic production of eggs in Canada. In setting the actual levels under the quota his Government had paid due regard to the proportion of imports to production during a previous representative period (1969-1973). His delegation was ready to accept the United States proposal to establish a working party and to co-operate in its deliberation.

The representative of the European Communities felt that as in the present case an advisory opinion was being sought, the usual conciliation procedure would have required the establishment of a panel rather than of a working party, composed of government representatives.

The representative of the United States replied that the setting up of a panel would have implied that the bilateral consultations had already proved unsuccessful. His delegation did not seek a decision under the provisions of Article XXIII:2, but rather asked the CONTRACTING PARTIES or the Council to assist the parties in their consultations to solve a particular issue which had arisen. In this respect the use of a working party which could meet at short notice was appropriate and not inconsistent with GATT procedures.

The representative of the European Communities pointed out that in his view on the basis of earlier precedents a panel would have been more appropriate for the rendering of an advisory opinion. Furthermore, if as a result of the work of the working party the parties concerned could not arrive at a solution, a possible recourse to Article XXIII would still require the setting up of a panel. He noted that the two parties had agreed on a procedure so that the Community would not maintain its objections. This did not imply however that the Community could agree that the procedure was the appropriate one in this case.

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

Terms of Reference:

To examine the matters referred to the CONTRACTING PARTIES by the Government of the United States (L/4223) concerning the imposition of import quotas for eggs and egg products by the Government of Canada (L/4207) and report thereon to the Council.

Membership:

Australia	India
Brazil	Japan
Canada	United States
EEC and member States	

Chairman:

Mr. Eggert (Finland)

The Chairman said that the working party would be convened at a date to be set in consultation with the parties concerned.

2. Consultation with Portugal on the import surcharge (BOP/R/82)

The Chairman recalled that the Portuguese delegation had informed the Council at its meeting in June of the introduction of a temporary import surcharge and that the Council had then decided to refer the matter to the Committee on Balance-of-Payments Restrictions for examination. The report of the Committee (BOP/R/82) was now before the Council.

Mr. Dunkel (Switzerland), Chairman of the Committee on Balance-of-Payments restrictions said that the Committee had noted that Portugal had invoked the applicable balance-of-payments provisions of the GATT, in the light of relevant precedents, to justify the application of its import surcharge. It had also noted that the import surcharge was temporary, until 31 December 1975, and that in its application it conformed to the criteria laid down in the relevant Articles of the General Agreement on import restrictions for balance-of-payments purposes. Furthermore, the Committee had welcomed Portugal's early notification of the surcharge, and expressed understanding for the serious economic situation prevailing in Portugal. The Committee hoped that an early removal of the surcharge would be possible and that alternative economic policy measures would take into account the interest of Portugal's trading partners.

The Council adopted the report.

3. Association between the European Economic Community and Greece (L/4206)

The Chairman said that the Council had been informed at its meeting in June of the conclusion of an Additional Protocol to the Association Agreement between the EEC and Greece consequent on the accession of new member States to the European Community. The text of the Protocol had since been circulated in document L/4206.

The Council agreed to follow the customary procedure and established a working party with the following terms of reference and membership:

Terms of Reference:

To examine, in the light of the relevant provisions of the General Agreement, the provisions of the Additional Protocol to the Agreement establishing an Association between the European Economic Community and Greece consequent on the accession of new member States to the Community, as well as the provisions of the Interim Agreement between the European Economic Community and Greece consequent on the accession of new member States to the Community, and to report to the Council.

Membership:

Membership would be open to all contracting parties indicating their wish to serve on the working party.

Chairman:

Mr. Tan (Singapore)

It was also agreed that contracting parties wishing to submit questions in writing to the parties to the Additional Protocol would be invited to send such questions to the secretariat by 10 November 1975 and that the parties to the Additional Protocol should supply answers to these questions within six weeks after receipt of the written questions.

4. Brazil - Increase of bound duties in Schedule III (L/4191 and Add.1)

The Chairman pointed out that the representative of Brazil had informed the Council at its meeting in July of certain modifications in Schedule III - Brazil.

The representative of Brazil drew attention to documents L/4191 and L/4191/Add.1, which listed the items for which it had been necessary to modify existing bound rates. Having had time to reflect on how this matter should be

dealt with, his delegation requested a waiver from the provisions of Article II, to the extent necessary to enable his Government to apply the rates of duty, which exceeded those bound in Schedule III. He made his request on the understanding that the consultations and negotiations to be carried out in accordance with the usual procedures under Article XXVIII would be guided by the pertinent provisions of Part IV, including Article XXXVI:8.

The representative of Japan expressed the interest of his delegation to enter into consultation and negotiation with Brazil upon submission of the relevant data on the modified bound items.

The Council agreed to revert to the matter at its next meeting. The Council would then consider the request for a waiver on the basis of a draft decision prepared by the secretariat in consultation with interested contracting parties.

5. Brazil - Prior import deposits

The representative of Brazil informed the Council that on 16 July 1975 his Government had introduced, as part of a package of measures of monetary and trade policy, a system of prior import deposits. Products for which the customs duty was 37 per cent or more and certain other products specifically listed, were subject to an import deposit of 100 per cent of the f.o.b. value, refundable after six months. He explained that Brazil's imports had increased by 100 per cent in 1974 over 1973. His Government had nevertheless been prepared to avoid restrictions in 1975 if imports could have been prevented from exceeding the 1974 levels. Imports, however, had continued to rise by 8 per cent until June 1975, so that his Government felt it necessary to take stronger measures. The measures would be of a temporary nature and subject to periodic review.

The representative of the United States suggested that the matter might be referred to the Committee on Balance-of-Payments Restrictions.

The Council agreed to revert to the matter at its next meeting after the notification of the measures taken by Brazil had been circulated.

6. Developments in United States trade policy

The representative of the European Communities, raising a matter under Other Business, stated that the Communities were concerned about certain recent developments in the field of commercial policy in the United States. He mentioned a series of anti-dumping investigations; a series of investigations relating to countervailing duties; a series of requests for the application of safeguard clauses; and requests for the implementation of Section 301 of the Trade Act

concerning unfair trade practices. He was aware that the initiative for these actions generally came from interested groups, but the position taken by the United States Administration in some cases had not been reassuring. He pointed out that \$4,300 million, or about 20 per cent, of Community exports to the United States were affected by one or other of these procedures. These actions created uncertainty for exporters; the processing of customs value declarations had been delayed; exporters had been obliged to incur extra costs for legal advice to defend their interests. The Community intended to raise the questions relating to anti-dumping in the Committee on Anti-Dumping Practices and his delegation requested that the Committee should meet earlier than was foreseen.

The representatives of Japan, Spain, Sweden - speaking on behalf of the Nordic countries - and Canada also expressed concern and supported the proposal for an early meeting of the Committee.

The representative of the United States pointed out that the matters mentioned concerned investigations and not actions. These investigations were being carried out in accordance with standard procedures. Any decisions taken by the United States Government related to the question of procedures. He also stressed that all interested parties could present their views in the investigations. He emphasized that the conduct of these investigations could not be considered to constitute a change in United States trade policy.

The Council agreed that the matters relating to anti-dumping practices should be pursued in the Committee on Anti-Dumping Practices, and that the Committee should convene on 21 October 1975.

7. Greece - Increase of bound duty

The representative of Austria, raising a subject under Other Business, drew the attention of the Council to the fact that since 17 September 1975 Greece had applied a rate of duty on item 69.02 A, relating to fireproof materials, which was in excess of the bound rate negotiated with Austria. He appealed to the Greek authorities to reconsider the issue and he expressed the willingness of his authorities to continue consultations with Greece.

The representative of Greece took note of the statement and agreed to contact the Austrian delegation on this matter.

The Council took note of the statements made.