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GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL
27 April 1976

MINUTES OF MEETING

Held in the Building of the International Telecommunications Union on 27 April 1976

Chairman: Mr. G. ALVARES MACIEL (Brazil)

1. International Trade Centre - Report of the Joint Advisory Group (ITC/AG(IX)/49)

Ambassador Kahono (Indonesia), speaking on behalf of Mr. Awuy, Chairman of the Joint Advisory Group, introduced the Report on the ninth session of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT (ITC/AG(IX)/49). He said that the Group had expressed satisfaction with the Centre's trade promotion assistance

to developing countries in 1975. The Group had agreed that in future the Centre should take increasing cognizance of actions taken by developing countries in pursuance of international development objectives adopted by various United Nations bodies, such as the Resolution adopted at the Seventh Special Session of the General Assembly and the Lima Declaration on Industrial Development and Co-operation. As this would increase demands for trade promotion assistance it was expected that the Centre's programme would grow at an accelerated pace. The Centre should be enabled to play an effective rôle within the integrated development effort of the UN system. In this connexion the Group expressed concern at the inadequate flow of UNDP financial resources to the Centre.

The Group strongly supported the Centre's integrated assistance project approach. However, in view of the relatively high costs involved, the Group also stressed that this approach should not be pursued exclusively, to the neglect of other forms of assistance. The Group recommended that the Centre should seek assistance from other agencies whenever the need was felt for complementary assistance falling outside the Centre's field of competence. In this connexion the Group recommended that a formal agreement on the division of responsibility between ITC and UNIDO should be finalized during this year. The Group furthermore recommended that the Centre should continue to pay special attention to the least developed countries and strengthen its efforts to solve the immediate export problems of those countries. With regard to market development assistance the Group recommended the implementation of an Import-Export Co-operative Programme on an experimental basis. A consultative group composed of interested members of the Group should meet periodically to assist in this work. Furthermore, the Centre should develop a new inter-regional activity in close consultation with UNCTAD to identify market opportunities for developing countries within the framework of the GSP. The Group had made several recommendations in the field of training, inter alia that sub-regional training programmes should be increasingly orientated towards strengthening national training institutions. The Group expressed its appreciation for the extra-budgetary contributions to the Centre which amounted in 1975 to $7.2 million. Several donor countries had announced their contributions for 1976 which in most cases exceeded the level for 1975. As to the ITC budget the Group had recommended that the budget proposals for 1978/79 be considered by the GATT Budget Committee before being submitted to the ACABQ.

The representative of Belgium, referring to his country's contribution for 1976, pointed out that the Office Belge du Commerce Extérieur (OBCE) would continue to make expert services available to the Centre within the limit of its budgetary possibilities.

The Council approved the recommendations of the Group and adopted the Report.

2. Australia - Papua/New Guinea waiver (L/4304)

The Chairman said that in accordance with the Decision of 24 October 1953 the Government of Australia had submitted the Twenty-First Annual Report on measures taken under the terms of the Decision (L/4304). The report recorded that no new measures had been taken in the period under review.

The Council took note of the Report.

3. Export inflation insurance schemes

The representative of the United States recalled that at earlier meetings of the Council he had already drawn attention to certain export inflation insurance schemes.

At least four contracting parties had such schemes now in operation and their effect on the ability of other contracting parties to compete in third markets was substantial. There was therefore a danger that the schemes might proliferate among countries which at present did not operate them. He pointed out that none of the schemes was self-financing, but all contained a subsidy element supplied by the Treasury, which implied that they should be notified under Article XVI:1. The schemes in his view were inconsistent with Article XVI:4. He therefore asked for an examination to be made of the trade impact of such schemes and for a determination by the CONTRACTING PARTIES concerning their consistency with the GATT. He proposed that such an examination be carried out by an ad hoc working party composed of those contracting parties operating the schemes and of other interested contracting parties. As possible terms of reference for such a working party he suggested the following:

(1) to examine the question of export inflation insurance schemes and their impact on international trade;

(2) to examine the compatibility of such schemes with the provisions of GATT, and

(3) to report to the Council.

The representative of Japan supported the proposal to establish a working party. He pointed out, however, that such an examination should not prejudge the course of the multilateral negotiations in the field of subsidies. It was therefore his understanding that, although the proposed terms of reference referred to the impact of the measures on international trade, it was not intended to direct the working party to discuss the problems of the trade distorting effects of subsidies. The representatives of Sweden, Canada and Norway also supported the United States proposal and expressed their wish to participate in the working party.

The representative of the European Communities said that the Community took note of the proposal and intended to study it closely. His delegation, however, required more time to consider the matter before it could take a position. He did not wish to comment at this stage on the alleged inconsistancy of the schemes with the General Agreement.

The representative of Switzerland also felt that his authorities would need more time to consider the proposal. Without taking a position at this stage he thought it would be useful for the working party initially to endeavour to establish the facts relating to these schemes.

The Council took note of the statements made and agreed to revert to this matter at its next meeting.

4. Nomination of Chairman of the Committee on Anti-Dumping Practices

The Chairman stated that Mr. Huslid (Norway), Chairman of the Committee on Anti-Dumping Practices, has been assigned by his Government to other functions. He proposed that, as agreed by the members of the Committee, Mr. Eggert (Finland) should be nominated as the new Chairman of the Committee on Anti-Dumping Practices.

The Council agreed to this nomination.

5. United States - Imports of automotive products (L/4333)

The Chairman said that under the Decision of 20 December 1965, concerning the elimination of customs duties by the United States on imports of automotive products from Canada, the United States Government annually reported on the operation of the Decision. The Ninth Annual Report covering the year 1974 had been distributed in document L/4333.

At the request of the representative of the European Communities the Council agreed to refer this matter to its next meeting.

6. Trade Agreement between Egypt, India and Yugoslavia (L/4253)

The Chairman recalled that the Decision of 20 February 1970, as amended on 13 November 1973, enabled the Governments of Egypt, India and Yugoslavia, participating in the Trade Expansion and Economic Co-operation Agreement, to continue to implement the Agreement subject to specific conditions and procedures. In accordance with these procedures the three participating States had submitted their Annual Report on the seventh year (1 April 1974 to 31 March 1975) of operation of the Agreement (L/4253).

The representative of Yugoslavia, speaking also on behalf of Egypt and India, introduced the report and said that trade under the Agreement among the participating States had increased by 32 per cent during the period under consideration, and amounted to $34 million. The volume of trade had therefore increased substantially in spite of the serious economic depression. The composition of trade items had also expanded. He pointed out that the share of this trade among the three States was very modest as compared with trade in the same items with other contracting parties. It was therefore apparent that the Agreement had not caused injury to the trade of other contracting parties. He also stated that it was the intention of the participating States to make every endeavour to multilateralize, as far as possible, the trade concessions exchanged among them through their inclusion in the Protocol Relating to Trade Negotiations Among Developing Countries.

The Council took note of the Report.

7. Article XXII:1 consultations on bovine meat with the European Communities

The representative of Australia presented a progress report on the consultations under Article XXII:1 with the European Communities on restrictions on imports of fresh, chilled or frozen bovine meat and live bovine animals. He recalled that he had first raised this matter in August 1974 and that meat-exporting countries had since then conducted four rounds of consultations with the European Communities, the last one in January 1976. These consultations had not been successful and the market was still closed. He explained that mainly three questions had been dealt with in the consultations viz. on what article or articles of GATT the EEC relied in justifying the maintenance of the restrictions; how the EEC member States allocated their GATT bound quotas and what the prospects were for a return to normal trading. His delegation expressed deep concern at the fact that the Community had kept silent on the first question. This, in his view, affected Australia's basic rights under the GATT and the conditions in which Australia might exercise the rights accruing to it. This was a matter, he believed, which had more general implications for the question of rights and obligations of contracting parties under the GATT. As regards the second question the Community had provided information on their levy-free quota for bovine meat. However, he was not convinced that the allocation of quotas by member States was always carried out in conformity with the GATT. In reply to the third question, the Community had described the problems it faced and the difficulties in restoring a normal trading system. The Community had made attempts at piecemeal liberalization by the introduction of a system of "jumelage", followed by the EXIM Scheme, followed again by a "jumelage" system. However, the Community markets had remained closed to normal trading conditions for nearly two years. He found it hard to imagine how the Council could allow this situation to continue. It

seemed to him that the internal system in the EEC generated instabilities of supply and demand for which overseas suppliers had to bear the burden of adjustment. He contrasted the Community action on beef with the Australian action on a few selected products. In conclusion, he raised the question as to the meaningfulness of new or enlarged commitments under the GATT in respect of trade liberalization if embargoes could be applied against imports without recourse to proper GATT processes.

A large number of representatives expressed their concern and associated themselves with the Australian statement. They also expressed the hope that normal access to the meat market of the European Communities could be restored at an early stage.

The representative of the European Communities said that already during the consultations it had been pointed out that the legal aspects were not the key to the problem. Apart from the bound quota there was no binding on the products concerned. The Community could have imposed other measures, which would have had the same effect as the restrictions and which would not have raised any GATT aspect. He stressed that contracting parties were engaged in consultations with the Community under Article XXII and other procedures were also open to them; their rights under GATT were not in question. Referring to the tariff quota bound in GATT he stated that the administration of the quota took place in conformity with GATT rules and practices. Within the tariff quota allocated to each member State import certificates were shared among importing firms on the basis of imports during a reference period. These certificates however did not specify the country of origin and it was therefore difficult to determine the sources of imports admitted under the bound quota. The quota had been fully utilized each year. Referring to the commercial aspects of the matter, he recalled that discussions in the Consultative Group on Meat had shown the complexities of the bovine meat sector and the crisis which existed. It was evident that the Community, being an important producer as well as the first or second largest importing market, would be faced with very real difficulties in times of crisis. He mentioned that meat production in the Community was declining; for 1976 a fall of 5-6 per cent was expected, but demand also was affected by the recession. Nevertheless, because of financial efforts to stimulate consumption, consumption had slightly increased in 1975. He mentioned that in 1975 225,000 tons of bovine meat had been imported, which was about the quantity normally imported by the third largest importing market. This showed that the Community market was not closed. In spite of the fact that the Community held meat stocks of 230,000 tons and there were 72,000 tons in private stocks he believed that the outlook for 1976 had improved. This was reflected in the import system. He explained that the change from the EXIM system to the present "jumelage" system resulted from the improved conditions of the meat market.

Further improvements in the import system would take place with further amelioration in the domestic situation. He considered that it was not correct to state that the burden of adjustment was borne by third countries. This was shown by the fact that during a period of about one year the Community had spent $1,200 million of public funds, mainly to support consumption.

The representative of Australia, referring to the statement that the Community could have imposed other measures which would have had the same effect as restrictions, pointed out that the Community had not done so, which left the exporting countries in the situation he had described. He further said that, in his view, he still had not received evidence that the levy-free quotas had been utilized in conformity with the GATT. Furthermore, he considered that the creation of surplus stocks in the European Community was a result of the Community policies. It was therefore reasonable to expect that the burden be carried by the Community and not placed also on meat exporting countries.

The representative of the European Communities stated that the meat surplus in the Community was not simply a result of the Community policies. There were crises in all import markets which could not simply be blamed on the individual countries concerned.

The Council took note of the statements made.

8. Article XIX action by the United States on stainless and alloy tool steel (L/4313, L/4318)

The Chairman said that at the last Council meeting the representative of Japan had raised the question of imports into the United States of specialty steel in the light of the determination by the United States International Trade Commission that increased imports of certain articles of such steel were a substantial cause of serious injury to certain United States industries. Communications by the United States delegation on this matter were contained in documents L/4313 and L/4318.

The representative of Japan said that, after careful study of the evidence, his delegation remained unconvinced by the judgment rendered by the United States International Trade Commission that specialty steel products were being imported into the United States in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers as provided in Article XIX of the General Agreement. Instead, he maintained that the alleged difficulties of the specialty steel industry had been brought about by the

recession in the United States itself. He expressed concern at the adverse effects which the measures to be taken by the United States might have on trade in this sector and, if they proliferated, on the world trading system and on the world economic recovery. He stated that Japan had entered into consultations under Article XIX with the United States on this matter but had made the reservation that these consultations did not presuppose that Japan was entering into negotiations on an orderly marketing agreement with the United States on trade in specialty steel.

The representative of Austria said that specialty steel was one of the important exports of Austria. His authorities therefore were concerned at the United States decision and intended to consult with the United States Government.

The representative of Sweden shared the concern expressed. His Government was of the opinion that the finding of the International Trade Commission and the decision by the President of the United States were not supported by statistical evidence. In fact, imports into the United States had increased by only 1.7 per cent from 1974 to 1975. According to the United States authorities production of specialty steel had declined by 45 per cent with a corresponding effect on unemployment, but this development had also occurred in other countries. He pointed out that imports into the United States as a share of domestic consumption had decreased in the period 1971 to 1974 from 22 per cent to 12 per cent. The small increase in this share in 1975 was not the result of a large increase in imports, but of the sharp downturn in domestic demand due to the recession. He also expressed concern that the measures might set a precedent for similar protectionist action to be taken by other countries. In concluding, he stated that Sweden had sought consultations with the United States under Article XIX and reserved all rights under the GATT.

The representative of the European Communities also regretted the United States decision. Restrictive measures on specialty steel were not, in his view, economically justified. He pointed out that the proportion of imports into the United States in relation to domestic consumption had remained stable; exports from the Community to the United States had decreased while United States exports of the same products to the Community had increased; and the level of employment in the United States steel industry was much larger than in the Community. He also considered therefore that the difficulties faced by the specialty steel industry had resulted from the economic recession. In his view, other measures, such as internal adjustment measures would have been more appropriate than measures exclusively affecting trade from third countries. His delegation had

noted that if the consultations and negotiations with the United States did not lead to voluntary export limitations on the part of the major suppliers the United States would impose import quotas for a period of three years beginning on 14 June 1976. The Community was opposed to such an action. The Community had asked for consultations with the United States under Article XIX and reserved all rights under the GATT.

The representatives of Canada and Norway also expressed their concern at the United States decision on specialty steel and expressed the hope that the measures envisaged could be avoided.

The representative of the United States said that his Government's action did not have any broader policy implications and that the United States remained committed to trade liberalization. In this connexion he drew attention to a recent decision, in which case action towards domestic adjustment assistance measures was introduced rather than import restrictions. He stated that specialty steel accounted for only 2 per cent of total United States steel imports, but that imports of this product had doubled during 1970-1975 and import penetration had risen to 20 per cent in 1975; domestic deliveries had declined by 45 per cent with the rate of unemployment rising to 25 per cent. He stressed that consultations under Article XIX had taken place and would continue. As to the duration of the action, he mentioned that the measures would be reduced or discontinued at such time as the President determined that the industry was regaining healthy production and employment levels. It should therefore not be assumed that the action would last for three years.

The Council took note of the statements made and agreed to revert to the matter at a later meeting, if necessary.

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

The representative of the United States said that the United States had entered into consultations with the EEC under Article XXIII:1 as a result of the implementation on 1 April 1976, of a mixing scheme for skimmed milk powder by the EEC. In his view this scheme was inconsistent with the GATT, it impaired United States GATT bindings on soyabeans, soyabean meal and cake and other feedstuffs and it would have a significant adverse effect on United States exports of these products. He explained that as a result of internal price policy and production incentives production of skimmed milk powder had surpassed demand in the EEC, which had led to a stockpile of 1.4 million tons, equal to one year's consumption in the Community. In order to meet this problem the EEC had implemented a scheme to induce the incorporation of 400,000 tons of skimmed milk powder in livestock feed through the imposition of deposits on imports of vegetable proteins for animal feeds. This would directly replace an equivalent

quantity of other proteins, such as soyabean meal, thereby burdening overseas suppliers with a major part of the cost of disposing of the Community's milk powder surplus. He considered that the milk powder problem of the Community was an internal problem of excess production, and he urged the Community to discontinue the scheme and to adopt an approach which dealt with the causes of the problem. He pointed out that in 1975 United States exports of products affected by the scheme totalled over $2,000 million. The duties on most of the products were bound duty free. If the problem could not be resolved bilaterally in the Article XXIII:1 consultations the United States would refer the matter to the CONTRACTING PARTIES for prompt action under the terms of Article XXIII:2.

The representatives of Argentina and Brazil stated that their countries were likewise seriously affected by the measures. In Brazil, in an effort to diversify production, soyabeans had become a very important export product. These representatives asked for an early removal of the measures and for special consideration to be given to the trade interests of developing countries.

The representative of the European Communities said that fluctuations were a characteristic feature of agricultural production. In the case of exporting countries fluctuations in production had an effect on exports, and there was not often discussion about that in GATT; in the case of importing countries imports were affected. These latter cases normally drew the most attention. He pointed out that the Community had imported in 1973-1974 an annual average of 15 million tons of oil cake equivalent. The Community was now faced with a problem which it tried to solve by the introduction on 1 April 1976 of a temporary measure with the limited objective of absorbing 400,000 tons of skimmed milk powder through compulsory purchases. At the same time other measures were applied for disposing of the surplus, such as an increase in the quantity of skimmed milk powder for food aid, from 50,000 to 200,000 tons, and subsidies to increase domestic consumption and the use of skimmed milk powder for feeding to young calves. The EEC was prepared to continue the discussions with the exporters of soyabeans and cakes and did not consider it useful to enter into the legal aspects of the matter at this stage.

The Council took note of the statements and agreed to revert to the matter at a later meeting, if necessary.

10. EEC's programme of minimum import prices, licences and surety deposits for certain processed fruits and vegetables (L/4321, L/4322)

The representative of the United States said that consultations with the EEC had taken place under Article XXIII:1 following the EEC decision to introduce, as of 1 October 1975, a system of import licences and surety deposits for canned

green beans, preserved raspberries, canned mushrooms, canned peaches and canned peas. The system would also go into effect for dried prunes in 1978. Furthermore the EEC had introduced on 1 September 1975 a minimum import price régime for tomato concentrates, which involved licensing and two surety deposits; the second surety deposit was to ensure that the minimum import price régime would be respected. The regulations provided for discriminatory application of the minimum import price and allowed the additional surety deposit to be waived for imports from countries which guaranteed to observe the minimum price. He stressed that it was his Government's view that these measures were inconsistent with the EEC's obligations under the GATT, and that they nullified and impaired important United States GATT bindings on a number of products. The introduction of minimum import prices was particularly disturbing as they were contrary to the letter and the spirit of the General Agreement. If the bilateral consultations on these issues did not lead to results in the near future the United States intended to refer the matter to the CONTRACTING PARTIES under Article XXIII:2.

The representative of Australia also stated his concern at the measures introduced by the EEC which affected imports of canned pears and canned peaches, the rates of duty of which had been bound by the EEC to Australia under the recent Article XXIV:6 negotiations. He pointed out that during 1973/74 more than 70 per cent of Australian exports of these products, valued at $A 23 million, were exported to the EEC. He considered that these measures impaired and in some circumstances nullified the benefits accruing to Australia under the GATT. Australia had, therefore, entered into Article XXIII:1 consultations with the EEC.

The representative of Argentina said that the measures introduced by the EEC on imports of certain preserved fruits and vegetables were a considerable obstacle to Argentine exports of skinned tomatoes, tomato juice and peaches in syrup. While his delegation had not yet entered into consultations with the Community, it considered that these measures were not in conformity with the GATT and it was concerned about the future of these export markets.

The representative of Spain stated that his country had a special interest in this matter. He asked to be informed about the results of the consultations and reserved Spain's rights to enter into consultations with the Community at a later stage.

The representative of Canada also expressed his concern about these Community measures.

The representative of the European Communities said that consultations with some countries were proceeding and his delegation was prepared to enter into consultations with other interested countries. As to remarks made on the system of minimum prices, he stated that the GATT did not forbid the application of such an instrument. He mentioned that minimum prices had been considered at length, for example, in the field of energy. Turning to the licence formality and the surety deposit, he said that the economic impact of the deposit was insignificant. The licence formality was intended to assist the information system on developments for different products.

The Council took note of the statements and agreed to revert to the matter at a later meeting, if necessary.

11. Restrictions applied by Australia on imports

The representative of the European Communities stated that Community exports to Australia continued to be subject to restrictive measures introduced by Australia at the end of 1974 and in early 1975. The Community had entered into bilateral discussions with Australia on shoes, automobiles and spectacles, products for which Australia had introduced quota restrictions as they had been bound in the GATT. He added that for a number of other products, which were not bound, customs duties had been increased by Australia, sometimes within the limit of a tariff quota. These tariff increases were sometimes sufficiently high to enable the elimination of quantitative restrictions. To the extent that the items were not bound, an increase in duty did not create a problem under the GATT. The Community, nevertheless, was affected by these measures and wished to discuss them. Likewise, the Community had accepted a discussion on beef imports into the Community, which were not bound either, because the primary concern was the development of trade, not the legal aspects of the matter. He pointed out, in general, that Australia had bound duties on only about 15 per cent of its imports of industrial products and about the same on agricultural products. The duties were generally at a high level. His delegation noted the fact that import restrictions on sheet steel and ballbearings had been abolished and that restrictions on imports of automobiles were to be terminated at the end of the year 1976. However, other items, such as clothing and spectacles, remained restricted with no prospect of removal. While expressing appreciation for the removal of some of these restrictions the Community continued to be concerned. He cited as examples luxury shoes and automobiles. In the case of automobiles exports to Australia faced a 45 per cent duty. This duty together with remaining administrative measures conferred on "new participants" to the automobile construction plan an effective protection as high as 120 per cent. His delegation repeated its serious concern at the justification for all these measures.

The representative of Canada drew attention to the uncertainties created for the traders simply by requests for additional protection.

The representatives of the United States and Japan shared the concern expressed by the European Communities and expressed the hope that the remaining restrictions could be removed as soon as possible.

The representative of Australia stated that because of the openness of the Australian system of public enquiry and report by an independent statutory authority, the Australian restraints were more visible and their effects more predictable than sometimes concealed protective devices by other countries. He said that despite the current restraints and a downturn in economic activity the value of Australian imports, excluding petroleum and petroleum products, had risen by 45 per cent in 1973/74 and by a further 30 per cent in 1974/75, which represented an increase of $A 3,600 million in two years. Non-petroleum imports from the EEC during the same period rose by 79 per cent to $A 2,400 million, while Australian non-petroleum exports to the EEC rose by only 6 per cent during that period. This showed that, in spite of the restraints, Australian imports had been at record level, with imports from the EEC growing significantly faster than total Australian imports. He pointed out that even the imports of items under restraint rose by 29 per cent in 1974/75. This indicated that the object of the measures was not to accord additional long-term protection to Australian industry, but to moderate the rate of growth of import penetration in order to permit domestic industry to adjust to changing circumstances. Turning to the individual products in respect of which Australia had taken action under Article XIX, he pointed out that, following consultations with the Community, shoes valued at more than $A 18 per pair had been exempted from the restrictions. The level of imports of footwear under restraint had been increased from 120 to 140 per cent of the base level of 1972/73. In fact EEC exports had increased by 105 per cent in value since 1972/73. As regards motor vehicles, he pointed out that restraints on imports of light commercial vehicles had been removed last month and that restrictions on passenger motor vehicles would terminate on 31 December. In spite of a swing in consumer preference towards cars of Japanese origin and despite the restrictions the volume of Australian imports from the EEC had increased by 274 per cent in the last two years. The import licensing system for iron and steel sheets and plates had been terminated. Moreover, the EEC had not sought consultations on these restrictions. Imports from the EEC of spectacle frames had increased by 50 per cent and of sunglasses by 34 per cent from 1972/73 - 1974/75. The Industries Assistance Commission had recommended the termination of these restrictions, which was now under consideration. As regards certain apparel items consultations with the EEC had been deferred at the Community's request and had not yet been held. He noted however that on a per capita basis Australia's imports of textiles and apparel from all sources were three and a half times higher than those of the EEC. He also mentioned that the competitive position of some EEC countries had greatly improved because of the downward movement of their

currencies. For these various reasons he questioned why it had been felt necessary to include this item in the agenda. He furthermore stated that, as a result of a long-term review of the Australian tariff, import duties of 429 tariff items, i.e. 339 items in terms of new tariff consolidations, had been reduced as of 9 April 1976. He acknowledged the problem of uncertainties for trade created by requests for protection, but this was an unavoidable consequence of the openness of the Australian system of public enquiry. In conclusion he said it was not possible to draw an analogy between tariff action on unbound items and import restrictions which were prescribed under the GATT.

The representative of the European Communities explained that the inclusion of this item had been requested precisely in order to have a debate on this issue and welcomed the information concerning luxury shoes.

The Council took note of the statements made.

12. Uruguay - Import surcharges

The representative of Uruguay drew attention to the fact that the waiver granted to Uruguay on import surcharges, as extended by Decision of the CONTRACTING PARTIES of 19 November 1974 would expire on 30 June 1976. As he had not yet received instructions from his Government in this regard, he asked for the agreement of the Council that his Government's request for an extension of the waiver be referred directly to the Committee on Balance-of-Payments Restrictions.

The Council agreed that the request for an extension of the waiver should be referred directly to the Committee on Balance-of-Payments Restrictions for examination.

13. Revision of salaries of the General Service category

The Director-General recalled that, in conformity with a Decision confirmed by the CONTRACTING PARTIES in December 1970, GATT applied to the secretariat staff the Common System of the United Nations. As a result the salary scales applied to the professional category were decided by the General Assembly of the United Nations and the salary scales applied to the General Service category were decided by the Secretary-General of the United Nations. The General Service salaries in Geneva had been subject to studies in conformity with the methods foreseen by the Common System, and later to negotiations, which had not always been without difficulties. He explained that the salary negotiations with the staff representatives had been carried out by the Assistant Secretary-General, Financial Controller of the United Nations, as personal representative of the Secretary-General. The negotiations had resulted in an agreement on 23 April 1976. The new salary scales would enter into force in June with retroactive effect from 1 August 1975 for salaries and from 1 April 1975 for family allowances.

As regards the GATT, he stated that the Chairman of the Committee on Budget, Finance and Administration envisaged to convene the Committee in order to consider the financial implications of these salary adjustments, both for the 1975 accounts and for the 1976 budget, so as to be able to present a report to the Council in June. He added that as a result of the agreement of 23 April the General Service salaries would be increased by 15 per cent for the categories G.1 and G.2, by 14 per cent for the categories G.3 and G.4, by 12 per cent for the category G.5, and by 11 per cent for the categories G.6 and G.7.

The Council took note of the statement.