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GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL
17 December 1984

MINUTES OF MEETING

Held in the Centre William Rappard on 17 December 1984

Chairman: Mr. K. Chiba (Japan)

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1. Sub-Committee on Protective Measures

- Report of the Sub-Committee (COM.TD/SCPM/7)

The Chairman recalled that in March 1980, the Committee on Trade and Development had established the Sub-Committee on Protective Measures, in accordance with the CONTRACTING PARTIES' Decision of 28 November 1979 on the Examination of Protective Measures Affecting Imports from Developing Countries (BISD 26S/219). That Decision had provided that the Sub-Committee would report on its work to the Committee on Trade and Development and through it to the Council. At its meeting in November 1984, the Committee on Trade and Development had adopted the report of the Sub-Committee on its seventh session and had forwarded it to the Council.

The Council adopted the report.

2. United States - Caribbean Basin Economic Recovery Act (CBERA)

- Request by the United States for a waiver (L/5734, Annex II)

The Chairman recalled that at their fortieth session, the CONTRACTING PARTIES had considered this matter, which had been dealt with at the Council meeting of 6-8 and 20 November 1984 when the report of the Working Party (L/5708) was adopted. At the session, the United States had requested that the vote on this decision be postponed to the intersessional period when the balloting could be done by postal ballot, thereby enabling all interested contracting parties to participate. The CONTRACTING PARTIES had agreed to refer this matter to the Council for appropriate action in the light of the statements made at the session. The text of the draft decision was contained in Annex II of the Council's report to the CONTRACTING PARTIES (L/5734, pages 92-94).

The representative of Nicaragua recalled that in November 1983 the United States had requested that a waiver be granted as quickly as possible in order to permit the expeditious application of the Caribbean Basin Economic Recovery Act (CBERA). At the Council meeting in November 1984, the United States had again requested approval by the CONTRACTING PARTIES at their fortieth session. His delegation had therefore been surprised at the US request at the session to remit this matter back to the Council, and considered that this action was contrary to established GATT practice; he asked whether there was any precedent for such a procedure. He reiterated Nicaragua's view that the United States had not acted in accordance with either the letter or the spirit of the General Agreement. Further proof of this could be seen in the US response to the Panel's recommendation on US imports of sugar from Nicaragua and to the decision taken on that matter by the International Court of Justice.

In reply to the question by the representative of Nicaragua, the Director-General said that there appeared to be no precedent for the procedure; nevertheless, the CONTRACTING PARTIES' decision to refer this matter back to the Council had been taken in accordance with the applicable rules.

The representative of Nicaragua said that he understood that a precedent was being created by this case.

The Director-General said that the normal practice was for the Council to transmit decisions to the CONTRACTING PARTIES for adoption, but that there were also cases in which that process functioned in reverse. The passage of matters back and forth between the Council and the CONTRACTING PARTIES happened frequently. It seemed, however, that Nicaragua's question referred to a specific type of action for which there appeared to be no precedent.

The Council took note of the statements and recommended adoption of the draft decision by the CONTRACTING PARTIES by postal ballot.

3. United States ban on imports of steel pipes and tubes from the European Communities (L/5747 and Add.1)

The Chairman noted that this matter had been placed on the agenda at the request of the European Communities, and drew attention to documents L/5747 and Add.1 containing communications from that delegation.

The representative of the European Communities recalled that at the fortieth session of the CONTRACTING PARTIES (SR.40/8, page 4), his delegation had said that it expected the United States to notify its ban on imports of steel pipes and tubes from the European Communities promptly to GATT. The Community had also said that it wanted to know the GATT provisions under which the United States would justify the measure. He now asked whether the United States had notified the measure.

The representative of the United States said that this issue had a long history. In 1982, as a result of considerable pressure from the Community, the United States had entered into a bilateral arrangement outside the GATT, i.e., a "grey-area" measure, and had made clear that it would have to include a satisfactory arrangement on steel pipes and tubes as well as other products relating to carbon steel. While his delegation believed that GATT was not the appropriate place to review bilateral agreements made outside GATT, he said that both arrangements had been signed at the end of October 1982, and that the United States had notified them in January 1983 (L/5448) pursuant to paragraph 3 of the 1979 Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210). The United States believed that it had implemented what it had agreed with the Community, and that all aspects of the arrangement covering steel pipes and tubes were still in effect.

The representative of the European Communities said he was surprised to hear the representative of the United States say that since the measure had been taken outside GATT, GATT was not the appropriate place to discuss it. Nonetheless, the fact that the Council was discussing it might lead to some degree of legitimization of "grey-area" measures. Looking at the history of this case, he commented that the multilateral trading system needed an effective safeguards mechanism which should function as a safety valve; however, until this was brought into effect, it was sometimes necessary to take measures outside GATT so as to avoid even greater prejudice to the multilateral system. It was in this context that the arrangement on carbon steel under discussion had to be evaluated. He said that in November 1982, the Community had notified this bilateral arrangement with the United States, pursuant to paragraph 3 of the 1979 Understanding; the notification (L/5413) had mentioned only carbon steel products. He noted, however, that the US notification (L/5448) had mentioned two arrangements; in fact, however, the Community considered that

it had responded to US concerns regarding trade diversion by reaching a procedural arrangement on pipes and tubes with the United States; this should not be confused with a self-restraint agreement since it contained neither numbers nor even "weather forecasts". The procedural arrangement had simply included provisions for consultations and for either party to withdraw from the arrangement in case of non-respect of certain clauses. The Community had in any case denounced the arrangement on 27 November 1984, so that the arrangement no longer existed. Following that date, the United States had banned all imports of steel pipes and tubes from the European Communities alone, without notification to the GATT. He asked under what provision of the General Agreement the United States had acted.

The representative of the United States said that it was not coincidental that the arrangement concerning steel pipes and tubes as well as the remainder of the arrangement concerning carbon steel had been signed on exactly the same date. In the US view, these were classic voluntary restraint arrangements, and the arrangement on pipes and tubes provided that "if after 60 days no solution has been found, each party will take, within its legislative and regulatory framework, measures which it considers necessary". It was clear to his delegation that the steps according to which the arrangement concerning steel pipes and tubes would become null and void had not been followed through. The United States considered that the arrangement still existed, while the Community said that it did not. He said that it was not for the Council to interpret bilateral "grey area" arrangements, and furthermore, wondered whether any country should be able to expect GATT benefits in a case where there were no GATT obligations.

The representative of Australia said it was difficult to see how GATT could be brought to bear on this bilateral dispute. Regarding the issue of "grey area" measures, he referred to some elements in document C/W/446 which had been discussed at the special Council meeting on 6 November 1984. That document had included a reference to the difficulty faced by contracting parties in examining voluntary restraint agreements; this difficulty had also been evident in the recent consultations on safeguards. He said that part of the problem might be that there was no mechanism in GATT for examining voluntary restraint agreements. He suggested that there was a need to increase the focus in the Council's special meetings so as to improve surveillance of the increasing number of protectionist measures, and in particular those arising out of voluntary restraint agreements. This stepped-up surveillance would be carried out in the context of paragraph 7(i) of the 1982 Ministerial Declaration (BISD 29S/9), with the aim of seeing how such measures could be brought more effectively within GATT disciplines.

The representative of Brazil supported the statement by the representative of Australia. His delegation also took note of the fact that one of the participants in the bilateral dispute under discussion had said that it considered GATT was not the place to deal with measures taken outside GATT.

The representative of Chile supported the statement by the representative of Australia. His delegation could not agree that the Council could not deal with a matter which had evolved outside GATT. Chile considered that all measures falling within the "grey area" were evidence of a lack of political will by governments to bring such measures within the General Agreement. The US measure was clearly a discriminatory safeguard action which had not been notified to GATT. It was not correct to say that such a matter was outside GATT's competence, but Chile did not see how the Council could pronounce on a dispute when the facts and reasoning had not been presented fully to the CONTRACTING PARTIES.

The representative of Argentina said that his delegation could not agree with continuing protectionist measures in the steel sector. These products represented an important part of the exports, not only of his country but of many developing nations which, by using advanced technology, were showing themselves to be the most competitive and probably the most efficient producers in certain sectors of steel production. Argentina noted that this case concerned an import ban that also covered products already under shipment or under signed contracts, so that the legality of the measure under the General Agreement was doubtful. Furthermore, the measure had so far not been notified to GATT. These kinds of protectionist measures were seriously impairing the ability of firms to plan for effective participation in international trade. Such protectionism was practised by more than one developed country and was affecting not only steel but other sectors of particular interest to his country, such as agriculture. He called for firm and concerted action by the CONTRACTING PARTIES to combat such measures and to allow effective liberalization of international trade.

The representative of Korea said that his authorities had held several rounds of consultations with the United States concerning US imports of certain steel products, without reaching agreement. He added that the United States had apparently set an informal deadline in the immediate future for implementing a unilateral import control program on imports of these products from Korea. If such unilateral action went into effect, Korea's exports to the United States, as well as the Korean steel industry as a whole, would be seriously affected. His Government hoped that such a unilateral import control would not be implemented, since Korea was ready for further consultations to resolve outstanding problems in a mutually satisfactory way. Korea believed that in such consultations, the interests and positions of late-comer exporting countries, particularly developing countries, should be given due consideration. Korea would reserve its GATT rights if such a unilateral control were to be applied. He added that his statement should not be interpreted as prejudicing the positions Korea had taken on various previous occasions to the effect that "grey-area" measures should not be legalized in any way within GATT. Any measure taken by a contracting party which affected another contracting party's trade should at least be brought to the attention of the CONTRACTING PARTIES before there could be a fundamental discussion as to whether it fell inside or outside GATT.

The representative of Singapore supported the statement by the representative of Australia. He said that in recent years there had been a trend, especially among developed contracting parties, to resolve trade problems bilaterally outside GATT. The resort to market-sharing arrangements and other "grey-area" measures restricting the free flow of trade, were inimical to the GATT multilateral trading system. The problem of steel pipes and tubes now before the Council was only a symptom of the failure of contracting parties to observe GATT rules. He recalled that the 1982 Ministerial Declaration contained an undertaking in its paragraph 7(i) to do this; over the ensuing two years, however, this best-endeavour clause had shown that it had no credibility whatsoever. The fact that selective bilateral market-sharing arrangements were so openly reported in the press showed how ineffective GATT had become and how blatantly its rules were being flouted. He said that if the discussion at the present meeting was limited only to the case in point, very little would be achieved; bilateral "grey-area" measures would continue to be taken outside GATT, giving rise to further disputes, whether this particular case was resolved or not. However, if consideration of this case led to a realization that bilateral "grey-area" measures were not the solution to the problems of international trade, and hence that there was a need to eliminate them, much would have been achieved. There would then be a better chance of working out a comprehensive understanding on safeguards based solely on GATT principles, in other words the preservation of the multilateral system through close observance of GATT rules and non-discriminatory application of Article XIX. He concluded by saying that notwithstanding any action which might be taken at the present meeting on this case, or on any other "grey-area" measures which might be brought before the Council later, such action could in no way confer any legitimacy or legality to them.

The representative of Yugoslavia said that her delegation wanted to have full information on bilateral trade arrangements such as the case under discussion. Yugoslavia fully supported the statement by the representative of Australia.

The representative of Colombia said that recently there had been much talk of the need to launch a new round of multilateral trade negotiations in GATT. If such a round was to be launched, it would be necessary first to resolve outstanding trade problems among the contracting parties.

The representative of Sweden, on behalf of the Nordic countries, said that the US measures under discussion had not been notified to the GATT despite the clear-cut provisions in the 1979 Understanding. He said that at the fortieth session of the CONTRACTING PARTIES, many representatives had expressed disappointment at the absence of concrete follow-up to the "standstill" and "roll-back" undertakings in the 1982 Ministerial Declaration; they had felt that the success of governments in resisting protectionist pressures had been limited and that the integrity of the trading system remained under serious threat;

particular reference had been made to the increasing use of trade measures which circumvented or ignored basic GATT principles. Reference had also been made to the special Council meetings in relation to monitoring the commitments in paragraph 7(i) of the Ministerial Declaration; cases such as the one now under discussion proved the importance of those special meetings. Against the background of the ongoing discussion on "standstill" and "roll-back", the US measures on steel were particularly disturbing. The Nordic countries were deeply concerned about developments in the United States during the past few years with regard to trade in steel. In 1983, the United States had applied global restrictions to imports of specialty steel; the idea had apparently been to keep infringements on trade flows to a minimum. The embargo which had now hit the Community's exports of steel pipes and tubes appeared to clearly contradict this aim. The Nordic Governments believed it unfortunate that the United States had considered such a drastic measure to be necessary; they would give further thought to the question of how this matter should be dealt with in GATT, but meanwhile appealed to the United States to make all efforts to minimize the effects on international steel trade of decisions taken.

The representative of Jamaica said there had still been no clear answers to the two questions by the representative of the European Communities, i.e., had the US measure been notified to GATT, and on what provisions of the General Agreement was the measure based. If this dispute arose out of some issue relating to subsidies, his delegation wanted to know whether this case had been dealt with in the Committee on Subsidies and Countervailing Measures. Jamaica considered that it was very difficult for the Council to determine its competence in this matter when there had been so little clarification.

The representative of Pakistan supported the statements by the representatives of Australia and Singapore. He said that Pakistan had only a marginal surplus of steel but had been affected by the increasingly restrictive nature of the world steel market. Its experience had also shown that because of the restrictive arrangements prevailing in this sector of international trade, steel was increasingly being linked with textiles in counter-trade deals, making it more difficult for countries that exported textiles but which did not import steel.

The representative of the European Communities said that this was a test case which gave GATT a golden opportunity to show its efficacity and come to grips with the "grey-area". The Community wanted to see what could be done in GATT to ensure that disputes of this kind did not arise in future. It was clear that there was a divergence of interpretation between the United States and the Community concerning the exchange of letters on this case in 1982. The Community considered that this case should be dealt with according to the normal procedures and under the relevant provisions of the General Agreement. It was not acceptable to his delegation that this matter be kept outside GATT;

today it was the Community's turn, tomorrow it might be the turn of others. The Community had still not received answers to the two questions it had put to the United States. He asked what the GATT was to do in a clear case of failure by a contracting party to notify or justify a measure which was unilateral, discriminatory and sudden.

The representative of India said that the discussion at the present meeting provided good evidence, if such evidence were needed, of the urgent need for a comprehensive understanding on safeguards. It also reinforced the need for such an understanding to be based on the provisions of GATT law, rather than the law being reduced to that prevailing in the jungle of "grey-area" measures.

The representative of Spain said that whatever differences of view there were between the two parties, one thing was clear: this case concerned an import prohibition affecting a group of contracting parties and the prohibition had not been notified to GATT; consequently, the Council did not know under which GATT Article the US measure had been taken. It was thus difficult for the Council to search for a solution. However, it was important to find solutions to disputes arising out of "grey-area" measures, because unresolved disputes of this nature would weaken GATT's credibility.

The representative of Switzerland said it was difficult to get a clear idea of the meaning and scope of this case. His delegation was concerned that a contracting party had unilaterally banned imports of products from a group of other contracting parties without prior consultation, especially since the prohibition -- contrary to international trade practice -- also covered products already under shipment. The measure under discussion cast doubt on the will of some contracting parties to reinforce the GATT system. Switzerland wondered whether the interested parties in this case intended to submit all such "grey-area" measures to the Council for examination, or whether this was one more case of contracting parties searching for multilateral confirmation of certain positions which could then be carried into negotiations outside GATT. If the first alternative was correct, his delegation would be pleased; but if the second was the case, Switzerland would have a whole series of questions as to the use being made of the General Agreement. He added that his delegation supported the statements by the representatives of Australia and Singapore.

The representative of the United States reiterated that his delegation had notified the arrangements on steel pipes and tubes and on carbon steel to GATT in January 1983 (L/5448). The United States saw no need or requirement to notify to GATT a measure which implemented a previously notified restraint agreement. He agreed with the representative of Singapore that if the Council were to deal with this case in isolation it would achieve nothing; but if the Council dealt with the entire range of "grey-area" measures, then maybe something could be achieved. He added that the record over the past year showed

that the US delegation had been much more willing than some other delegations to participate in trying to achieve a comprehensive understanding on safeguards. Furthermore, there were other measures in the "grey-area" concerning steel, which had not been notified.

The representative of Australia endorsed the view put forward by the representative of Singapore that discussion in the Council on "grey-area" measures, such as this case, could give no legitimacy to these measures, which had become so widespread in the trading system. Australia did not agree with the US view that since this particular measure had been taken outside GATT, then GATT was not the appropriate place to discuss it. However, Australia was also interested to know from the Community under what GATT Article this case had been brought to the Council. He reiterated the suggestion made in his earlier intervention that there should be increased scrutiny of voluntary restraint agreements in the special Council meetings and in the context of paragraph 7(i) of the Ministerial Declaration. Australia was pleased to hear that the Community was complaining about the selectivity of the particular trade restrictive measure under discussion. Perhaps this particular case would enable the Community to understand better the effects of "grey-area" measures on contracting parties and the concern of a number of countries over the erosion of GATT's non-discriminatory principle.

The representative of the European Communities said that the representative of Australia appeared to be anticipating the maturing of the Community's way of thinking on the issue of selectivity. He confirmed that the Community did have a voluntary restraint arrangement with the United States on carbon steel products. On steel pipes and tubes, however, the Community had never had such an arrangement with the United States; for these products, there was a procedural arrangement between the two parties. He said that these were two different products which had different end uses, and that in July 1984 the US International Trade Commission had rejected the contention that there had been injury to the US steel industry due to imports of pipes and tubes. Furthermore, the US Court of International Trade, in a judgment in December 1984, had considered that the measure taken was based solely on Section 805 of the 1984 US Trade and Tariff Act, and had nothing to do with the procedural arrangement. This was a crystal clear, unprecedented case of a unilateral, protectionist and discriminatory trade restrictive measure. The US prohibition would last until the end of 1984, and the Community understood that for 1985 its exports of steel pipes and tubes would be limited to 5.9 per cent of the US market. This would mean a loss for the Community of around US$700 million. He said that the Community could find many appropriate Articles in the General Agreement on which to base its complaint. He emphasized that contrary to normal practice, the US prohibition also covered goods in warehouses, under shipment or under signed contract. So as to avoid further actions outside the GATT, the Council should in this case act diligently, effectively and equitably. The Community therefore asked the Council to

appeal to the United States to reconsider its measure. Furthermore, under GATT provisions concerning the protection of concessions, in other words Article XXIII, the Community wanted to have immediate consultations with the United States on this matter. In the absence of a speedy and satisfactory result, and if the Community so requested, the CONTRACTING PARTIES should consider authorizing the Community to suspend, vis-à-vis the United States, the application of any concession or other obligation resulting from the General Agreement as they determined to be appropriate in the circumstances. The Community wanted this procedure to be accelerated in order to have economic justice in such a clear-cut case and to show that the multilateral trading system could work.

The representative of the United States said that further bilateral consultations on this matter appeared to be warranted. However, there was fundamental disagreement over whether or not an agreement was in effect between the United States and the Community on the products under discussion. He understood that the Community was requesting the United States to consult on this matter. His delegation considered that the Council had no rôle in such consultation procedures. The United States was pleased to hear that the Community was going to follow normal consultation procedures, and his delegation would do likewise.

The representative of the European Communities asked if the US delegation could specify when the consultations could be held. He reiterated that the Community saw this as an exemplary case for GATT to show its effectiveness in protecting contracting parties' trade interests.

The representative of the United States said that he was not prepared to give a specific answer to the question put by the representative of the European Communities as to when the consultations would be held. If his delegation had known the Community's intentions ahead of time, he might have been able to give a specific answer. He emphasized, however, that the United States recognized that consultations on this matter were appropriate.

The representative of the European Communities recalled that on 30 November 1984, during the fortieth session of the CONTRACTING PARTIES, his delegation had said that it wanted to know on which GATT provisions the United States would justify its action. The Community had also said that it expected the United States to notify the measure promptly to GATT, and that his delegation would request prompt consultations with the United States on this issue and reserved its GATT rights. It was true that consultations were going on in Brussels, but these were high-level, political consultations. Unless further action was taken on a more down-to-earth level in Geneva, there was the risk of giving the impression that dilatory tactics were being adopted which, apart from harming the Community's interests, would further weaken the multilateral system.

The representative of the United States said that the concept of dilatory behaviour was interesting, particularly when espoused by the Community. He noted that in document L/5747/Add.1 the Community had indicated its intention to ask for immediate consultations with the United States. So far as he knew, such consultations had not been requested. If they were, his delegation would respond in the normal manner.

The representative of Jamaica said that the Community was apparently requesting consultations within the GATT framework while the United States had indicated that consultations were continuing in Brussels. He asked under which GATT Article the Community was bringing its complaint to the Council, and said that this seemed to be a bilateral consultation being aired in the Council without a clear indication as to what GATT disciplines should be applied.

The representative of Portugal supported the statements by the representative of the Community and others who had expressed concern over the US measure. His delegation's concern was not only of principle, but of the practical effects of the measure and the implications of this case for GATT's credibility and effectiveness. Portugal joined in appealing to the United States to reconsider the measure with a view to finding a solution which would conform with the General Agreement.

The representative of Australia agreed with the representative of Jamaica that this debate amounted to an airing in the Council of a bilateral consultation. Australia considered that the next appropriate step should be a bilateral consultation between the Community and the United States; the results could then be reported to the Council.

The Chairman suggested that the Council: take note of the statements; propose that the two parties consult in the immediate future on this matter; and agree, in view of the strong interest shown at the present meeting, that this matter remain on the Council's agenda.

The representative of the European Communities wondered what had become of his proposal, which he said had been supported by the representatives of Sweden and Portugal, that the Council should appeal to the United States to reconsider its measure and bring it into conformity with the General Agreement.

The Chairman noted that bilateral consultations were by nature meant to permit re-examination and reconsideration of measures under discussion.

The representative of the European Communities said that the consultations were a matter of procedure. His delegation was now calling for a more general, political appeal addressed to a different level in the United States. The Community would prefer that the Council itself appeal to the United States to reconsider its measure and bring it into conformity with the General Agreement.

The representative of the United States said that there appeared to be an attempt to leap-frog over GATT's normal dispute settlement procedures in this case. He suggested that the Community put its request for consultations in writing; the United States would then reply to such a request.

The representative of Jamaica said that should the two parties reach an agreement which did not fully conform with the General Agreement, there would be no reason to infer from the discussion at the present meeting that such an agreement would have Council approval.

The representative of the United States said that his delegation could fully accept the statement by the representative of Jamaica.

The Chairman suggested that the Council, in taking note of statements at the present meeting, should take particular note of those made by the representatives of Singapore and Jamaica.

The representative of the European Communities said that the United States had failed to notify its measure to GATT, and the Council appeared to be ignoring the Community's request that such notification be made. His delegation was not against the Council agreeing to the three-point suggestion by the Chairman, but wanted to record its disappointment and its intention to draw the appropriate conclusions from a situation which was not equitable for the Community.

The representative of Jamaica asked whether it was the sense of the Council that any agreement reached by the parties should fully conform with the General Agreement.

The representative of the United States could not agree with the statement by the representative of Jamaica which, in his view, would amount to giving the Council an override on any agreement reached by the two parties.

In summing-up, the Chairman proposed and the Council agreed that the two parties consult on this matter in the immediate future, on the understanding that if they reached any agreement not in conformity with the General Agreement, there could be no inference of approval by the Council. The Council also took note of the statements, including the one by the Chairman that bilateral consultations were by nature meant to permit re-examination and reconsideration of measures under discussion. The Council further agreed to keep this matter on the Agenda.

4. Committee on Balance-of-Payments Restrictions

Mr. Feij (Netherlands), Chairman of the Committee on Balance-of-Payments Restrictions, recalled that he had informed the Council, at its meeting on 6-8 and 20 November 1984, of the outcome of the Committee's consultations with Portugal, Korea, Bangladesh and the Philippines; the reports were now formally before the Council in BOP/R/145 (Portugal), BOP/R/146 (Korea), BOP/R/147 and Corr.1 (Bangladesh and the Philippines) for adoption.

He said that the balance of payments of both Portugal and Korea had continued to improve, thereby opening the possibility of a relaxation and simplification of trade restrictive measures in those countries. In the case of Bangladesh, the Committee had concluded that full consultations were not necessary, and had recommended to the Council that this country be deemed to have fulfilled its obligations under Article XVIII:B, for 1984. With regard to the Philippines, the Committee had decided that full consultations should be held.

He noted that a full record of the discussion at the November Council meeting on the points raised in the Committee under "Other Business" (BOP/R/148) had already been set out in C/M/183. He drew attention to two subsequent developments: since that Council meeting, Argentina had submitted a corrigendum (Corr.2) to its notification in L/5687, indicating that the basis for the notification was both paragraph 3 of the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210), and paragraph 3 of the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes (BISD 26S/205). Regarding the consultations which he had been requested to hold on proposals by Colombia and Chile at the November Council meeting, a first round of informal consultations with all interested delegations would be held early in 1985.

The Council took note of the statement.

(a) Consultation with Portugal (BOP/R/145)

The Council adopted the report.

(b) Consultation with Korea (BOP/R/146)

The Council adopted the report.

(c) Consultations with Bangladesh and the Philippines (BOP/R/147 and Corr.1)

The Council adopted the report and agreed that Bangladesh be deemed to have consulted with the CONTRACTING PARTIES and to have fulfilled its obligations under Article XVIII:12(b) for 1984.

(d) Note on the October-November meeting (BOP/R/148)

The Council took note of the document.

5. Consultative Group of Eighteen

- Composition for 1985

The Chairman said that this item had been placed on the agenda in the hope that it would be possible to announce the full membership of the Consultative Group of Eighteen for 1985. He recalled that at the fortieth session of the CONTRACTING PARTIES, the Director-General had said that due to difficulties encountered by one group of contracting parties, he was unable to inform the CONTRACTING PARTIES of the entire membership of the Group for 1985, which would be subject to a final decision by the Council. As these difficulties had not yet been resolved, the Chairman suggested that the Council revert to this matter at its next meeting.

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

6. Further opening of the Japanese market

The representative of Japan, speaking under "Other Business", said that his Government would implement new trade expansion measures in the area of tariffs with effect from 1 April 1985. These decisions had been taken to maintain and strengthen the multilateral trading system, and in particular, to contribute to the economic development of the developing countries; they included advanced implementation by Japan of its Tokyo Round tariff reductions, elimination of tariffs on certain items, and further improvement in the Japanese scheme under the Generalized System of Preferences. This action was in line with Japan's policy of promoting trade expansion and a new round of multilateral trade negotiations. He emphasized that these tariff reduction measures for import promotion were unilateral, but that Japan expected other industrialized countries to move toward implementing similar advanced Tokyo Round tariff reductions. He described the content of the new measures and pointed out that they would be duly notified to the Secretariat.

The Council took note of the statement.