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GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL
16 November 1979

MINUTES OF MEETING

Held in the Centre William Rappard on 16 November 1979

Chairman: Mr. E. FARNON (New Zealand)

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The Chairman said that on certain items on the agenda of this Council meeting intensive consultations were still being pursued, such as item 13 - Safeguards, item 14 - Implementation of UNCTAD Resolution 131(V), and item 15 - Relationship between the MTN agreements and the GATT. Furthermore, the consultations on the question of the GATT work programme, which was related to item 4 - Report of the Consultative Group of Eighteen, had not been completed and consultations were also being pursued in connexion with the composition of the Consultative Group.

The Council agreed therefore that the four items mentioned, i.e. 4 - Consultative Group of Eighteen, 13 - Safeguards, 14 - Implementation of UNCTAD Resolution 131(V), and 15 - Relationship between the MTN agreements and the GATT - should be discussed at a meeting of the Council to be held at 3 p.m. on 22 November 1979.and that the agenda should be limited to these items only.

1. Accession of Colombia (L/4800)

The Chairman recalled that the CONTRACTING PARTIES had established at their thirty-fourth session in November 1978 a working party to examine the application by the Government of Colombia to accede to the GATT in accordance with the provisions of Article XXXIII. The Working Party had prepared its report in April (L/4800), but the tariff negotiations between Colombia and contracting parties had only recently been concluded.

Mr. Berger (Norway), who presented the report on behalf of Mr. Selmer (Norway), Chairman of the Working Party, said that the Working Party had carried out an examination of the Colombian foreign trade régime, with particular attention being given to the question of import and export restrictions applied in certain circumstances, Colombia's import licensing system, domestic taxes on imports, consular matters, internal taxes and customs valuation practices. As a result of this examination and in the light of explanations given by the Colombian representative the Working Party had come to the conclusion that, subject to the satisfactory conclusion of the relevant tariff negotiations, Colombia should be invited to accede to the GATT under the provisions of Article XXXIII. He said that the concessions resulting from the tariff negotiations between Colombia and the contracting parties had been circulated as an addendum to document L/4800 and would become an annex to the Protocol of Accession.

The representative of Colombia expressed his appreciation for the work carried out by the Working Party and said that the report, dated 4 May 1979, had only been presented to the Council now, since the tariff negotiations took more time than initially envisaged. He drew attention to the time-limit in paragraph 5 of the draft Protocol according to which the Protocol of Accession should be signed by Colombia before 31 December 1979. He said that the signature by Colombia would be subject to ratification by the Colombian Parliament and as the Parliament would recess at the end of December, it would not meet again until June 1980. It would thus be unrealistic to expect a

ratification before the time-limit initially foreseen. He therefore proposed that the date in paragraph 5 of the draft protocol be amended to read: "31 December 1980".

A large number of representatives welcomed the arrangements worked out for the accession of Colombia to the General Agreement, and expressed appreciation for the work carried out by the Working Party. They supported the request by the representative of Colombia to extend the time-limit for signature to 31 December 1980. The representative of Argentina stated that, in the case of developing countries, the terms of accession applicable to them should be interpreted widely so as to cover the special concerns of developing countries. Many representatives paid tribute to the work performed by the Colombian delegation during the Tokyo Round and looked forward to continued close co-operation with Colombia in the GATT.

The representative of Colombia expressed his appreciation for the welcome expressed by many delegations. He recalled that his country had been an active participant in the GATT for some time and was looking forward to taking the final step towards full membership.

The Council approved the terms of the draft Protocol, (L/4800, pages 11-13, and L/4800/Add.1) with the amendment proposed by Colombia.

The Council approved the text of the draft Decision on the accession of Colombia (L/4800, page 10) and recommended that the CONTRACTING PARTIES should adopt the Decision at their thirty-fifth session.

The Council adopted the report.

2. Committee on Anti-Dumping Practices

- Report of the Committee (L/4857)

Mr. Lemmel (Sweden), Chairman of the Committee on Anti-Dumping Practices, introduced the Eleventh Report of the Committee (L/4857). He said that the Report covered the period from October 1978 to October 1979, during which the Committee held two special meetings, in January and February 1979, in addition to its regular annual meeting in October 1979. During the January and February meetings the Committee had conducted detailed discussions on the proposed revision of the Anti-Dumping Code consequent to the state of negotiations on subsidies and countervailing measures. The Committee had also had an exchange of views on a proposal on the reporting format of anti-dumping activities under Article 16 of the Anti-Dumping Code. At its meeting in October the Committee discussed the anti-dumping practices in various countries members of the Committee and examined new or revised anti-dumping legislation of some of its members. Comments were also made on anti-dumping draft regulations embodying results achieved in the MTN.

The Council adopted the report.

3. Working Party on Specific Duties - Report (L/4858)

Mr. Lemmel (Sweden), Chairman of the Working Party on Specific Duties established in May 1978, introduced the Working Party's report contained in document L/4858. He said that the Working Party had met five times from June 1978 to October 1979 in order to examine, in consultation with the International Monetary Fund, the modalities for the application of Article II:6(a) of the General Agreement in the current monetary situation. The result of this examination was contained in the Annex to the Report in the form of proposed Guidelines for Decisions under Article II:6(a).

He said that under this Article the right to adjust specific duties was linked to IMF approved changes in the par value of the currency. However, since the Fund's par value system had been abandoned and floating had become widespread, the proposed Guidelines on the application of Article II:6(a) should become applicable. He explained that the Guidelines did not establish new standards and procedures but represented an adaptation of the standards and procedures applied in the past to the present monetary situation. The Guidelines were meant to help ensure reasonably uniform and predictable decisions by the CONTRACTING PARTIES in a rather complex subject matter but not to restrict the CONTRACTING PARTIES' discretion. The Guidelines would only be applied if the CONTRACTING PARTIES considered that this would be appropriate in the circumstances of the particular case.

The representative of India expressed his delegation's appreciation for the work carried out by the Working Party. He considered that the Guidelines presented for consideration were a complicated matter, which required more reflection. He therefore asked that this item be deferred to the next meeting of the Council.

The representative of the European Communities said that the Working Party's task had consisted of an examination of the modalities for the application of Article II:6(a) in the current monetary situation, which included both devaluations and depreciations. The Working Party had agreed that the guidelines were designed to take into account the present monetary situation and that they should not be applied to currency depreciations that took place before the advent of that situation. He said that the Community was of the opinion that only variations in currency values which were covered by the Articles of Agreement of the IMF should be taken into account, which meant that only the depreciations after 1 April 1978, when the second amendment of the Articles of Agreement of the IMF took place, should be taken into consideration. The Community furthermore emphasized the importance of avoiding an impairment of the value of concessions by an upward adjustment of specific duties following a depreciation of short duration.

The representative of the United States recalled that the question of the exact date of the advent of the present monetary situation had been discussed in the Working Party and that there had been no agreement on this matter. Several members of the Working Party believed that the present situation had actually begun with floating in 1973, rather than in 1978 when the Fund amended its rules.

In order to give representatives more time for reflexion on the proposed guidelines the Council agreed to defer further consideration of this matter until an early meeting.

4. Turkey - Stamp Duty (L/4840)
Report of the Balance-of-Payments Committee (BOP/R/107)

The Chairman drew attention to document L/4840 containing a request from the delegation of Turkey for an extension of the Stamp Duty waiver. He recalled that in the past, because of their balance-of-payments implications, questions relating to the Turkish Stamp Duty had generally been referred to the Balance-of-Payments Committee for examination. He explained that, since the regular consultation with Turkey had taken place at the end of October, i.e. before the Council could formally consider the request for an extension of the waiver, the Balance-of-Payments Committee, at the request of the delegation of Turkey, had also examined the questions relating to the Stamp Duty waiver. The report on the consultation and on the examination of the Stamp Duty was contained in document BOP/R/107.

Mr. Jagmetti (Switzerland), Chairman of the Balance-of-Payments Committee, pointed out that the Committee had been pleased to note that, despite its extremely difficult balance-of-payments situation, Turkey had not resorted to an intensification of its import restrictions. As regards the Stamp Duty the Committee had noted that there was no change in the fiscal rôle of the Stamp Duty since the last consultation. The Committee was of the view that the Stamp Duty should be replaced by alternative measures and it took note that it was the intention of the Turkish authorities to introduce a fiscal reform which would obviate the need for the Stamp Duty. He said that the Committee had recognized that in the present economic situation Turkey could not give first priority to the removal of the Stamp Duty and it had therefore agreed to recommend to the CONTRACTING PARTIES the granting of an extension of the waiver for the application of the Stamp Duty.

The Council approved the text of the draft decision and recommended that the decision be adopted by the CONTRACTING PARTIES by a vote at their thirty-fifth session.

The Council adopted the report (BOP/R/107).

5. Pakistan - Renegotiation of Schedule

- Request for Extension of time-limit (L/4609/Add.4, C/W/326)

The representative of Pakistan introduced the request by Pakistan for an extension of the waiver from the provisions of Article II of the General A Agreement, granted to Pakistan on 29 November 1977 (L/4609/Add.4). He said that it had been Pakistan's intention to complete the renegotiation of Pakistan's Schedule within the time-limit granted. However, since all delegations had been deeply pre-occupied with the Multilateral Trade Negotiations during that period, it had not been possible to complete that process within the time-limit. His Government therefore asked for an extension of the time-limit in the Decision for another year.

The Council approved the text of a draft decision (C/W/326) and recommended that the decision be adopted by the CONTRACTING PARTIES by a vote at their thirty-fifth session.

6. Japan - Measures on imports of leather

- Recourse by Canada (L/4856, C/M/135)

The representative of Canada recalled that his delegation had requested, prior to the last meeting of the Council, that the CONTRACTING PARTIES should examine, in accordance with the provisions of Article XXIII:2, the compatibility with the General Agreement of Japanese restrictions on imports of leather, and make recommendations or rulings as appropriate. He said that this request (L/4856) had been made after consultations with Japanese authorities on 20 September 1979 under the provisions of Article XXIII:1, had not resulted in a satisfactory adjustment of the matter. Further bilateral consultations had been held on 7 and 15 November, but no concrete progress had been made. His delegation therefore requested the Council to establish a panel pursuant to Canada's request.

The representative of Japan stated that this matter touched on sensitive, socio-political issues in Japan. He was aware of the great importance which the Canadian Government attached to this item, but he believed that further efforts should be made to arrive at a mutually acceptable solution on a bilateral basis before taking multilateral action. He said that Japan had been holding consultations with Canada in order to reach a mutually acceptable solution, and he believed that it was premature to put an end to these consultations by setting up a panel. His delegation reiterated its willingness to pursue further the search for a mutually acceptable solution through bilateral consultations.

The representative of New Zealand said that his delegation had also had consultations with the delegation of Japan without arriving at a satisfactory solution. His delegation therefore supported Canada's request for a panel and urged the delegation of Japan to make progress in bilateral discussions

The representative of India also supported the setting-up of a panel.

The Council agreed to establish a panel with the following terms of reference:

"To examine, pursuant to the provisions of Article XXIII:2, the compatibility with the General Agreement of Japanese restrictions on imports of leather; and to make such findings as will assist the CONTRACTING PARTIES in making recommendations or rulings as appropriate."

The Council authorized its Chairman to nominate the chairman and members of the panel in consultation with the two parties concerned.

7. Japan - Restraints on imports of manufactured tobacco - Recourse by the United States (L/4871)

The representative of the United States referred to Japanese measures affecting imports of manufactured tobacco, and more specifically cigars and pipe tobacco (L/4871). He said that Japan maintained a variety of measures which affected the pricing, distribution, marketing and advertising of imported tobacco products. These measures were administered by the Japan Tobacco and Salt Public Corporation (J.T.S.), which maintained a monopoly on the importation, domestic production and distribution of tobacco products. Through this Corporation the Japanese Government restricted imports of tobacco products, so as to provide protection to domestic production of such products. He pointed out that United States exports of tobacco products had been less than 1 per cent of the Japanese market.

He said that Japan failed to provide the national treatment called for in Article III, in that it imposed a monopoly payment on imported tobacco products far in excess of the equivalent charge on domestically produced goods. His delegation also contended that the operations of the Corporation were inconsistent with the provisions of Article XVII, specifically with regard to the principle of non-discriminatory treatment and the requirement that State-trading enterprises should operate in a manner consistent with commercial considerations. His authorities believed that these measures had operated to the detriment of United States tobacco exports and that they had frustrated efforts to attain fair market access for United States tobacco products in Japan. In August 1979, the two Governments carried out consultations on this matter under the provisions of Article XXII. These consultations had not led to a satisfactory outcome. His delegation therefore sought recourse to the provisions of Article XXIII:2 and requested the Council to establish a panel to examine this complaint.

The representative of Japan said that Japan had been seriously engaged in consultations with the United States since February 1978. On the question of pricing he mentioned that his Government had submitted to the National Diet, in February 1979, a legislative bill to revise laws on the pricing system of tobacco products (both domestic and imported) in a move to create greater transparency for the system. Furthermore, in respect to problems other than pricing, the Japan Tobacco and Salt Public Corporation had conducted consultations twice (October 1978 and March 1979) with representatives of the United States tobacco industry. In addition, both parties had conducted intergovernmental consultations in August 1979. Therefore, Japan continued to believe that the problem should be solved essentially through bilateral consultations.

He also pointed to some procedural defects in the present United States approach. Thus, recourse was being taken to the provisions of Article XXIII:2 without procedures under Article XXIII:1 having been completed. Furthermore, consultations had never taken place in respect of pipe tobacco. While his delegation did not intend to hold up the matter on procedural grounds he felt that this inadequacy should be rectified before the Council took a decision in respect of a panel. He also stated that his delegation entirely reserved its position with regard to the United States allegations that some Japanese measures were inconsistent with the provisions of Articles III and XVII. These questions would be addressed in detail at a later time. In conclusion, he pointed out that the United States complaint concerned only cigars and pipe tobacco and Japan would not be in a position to consult on the subject of cigarettes.

The representative of the European Communities said that his delegation had also conducted consultations with Japan on imports of tobacco, cigarettes and cigars. These consultations had not been successfully concluded until now. His delegation was concerned about the level of prices, the distribution system and outlets and the questions relating to the national treatment of imports into Japan and the operation of the monopoly. The Community intended seriously to continue bilateral consultations with Japan and it reserved its rights under the GATT. If the Council decided to set up a panel his delegation wanted to make a presentation to the panel.

The representative of Canada said that his Government had also conducted bilateral consultations with Japan over the years. His delegation also intended to make a submission to the panel.

The representative of Sweden said that his delegation had discussed this matter with Japan in the framework of the MTN, but that no solution had been found. He expressed his delegation's continued interest in this matter.

The Council requested the United States and Japan to pursue their bilateral consultations under Article XXIII:1 on this matter for a further period.

The Council agreed that if these consultations did not lead to a mutually satisfactory solution, an appropriate procedure for consideration of the United States complaint under Article XXIII:2 would be the establishment of a panel. The Council authorized its Chairman to take the necessary steps, in consultation with the two parties concerned, for the establishment of a panel with appropriate terms of reference if the matter had not been settled satisfactorily on a bilateral basis by 31 December 1979.

8. Spain - Measures concerning the domestic sale of soyabean oil
- Recourse by the United States (L/4859)

The representative of the United States referred to the restrictions maintained by the Spanish Government on the sale of soyabean oil, which in his opinion, acted as barriers to imports of United States soyabeans. He stated that the measures imposed by the Spanish Government on soyabean oil, processed from imported soyabeans, were inconsistent with Article III, regarding national treatment of imports, and Article XVII, concerning the operation of State-trading monopolies. He explained that the Spanish Government, through the General Supply Commission, had a monopoly over the marketing of soyabean oil. This Commission maintained internal quantitative restrictions and price controls on the sale of soyabean oil, in a manner which discriminated against domestic sales of soyabean oil processed from imported soyabeans, so as to afford protection to domestic production of other edible oils. His Government believed that the measures imposed by the Spanish Government had curtailed efforts to obtain a fair market access for United States soyabeans into Spain. He said that as a number of bilateral approaches had been unsuccessful, the United States had held consultations with the Spanish Government under GATT Article XXIII:1. These consultations had not led to a satisfactory solution of the problem. This situation had led the United States to request the Council to establish a panel under Article XXIII:2 to examine this complaint and to make findings that would obligate Spain to remove these obstacles to the United States exports of soyabeans. However, as the Spanish Government had expressed a desire to continue consultations under Article XXIII:1, the United States was willing to consult further, provided that if these consultations did not bring about a satisfactory solution by 1 February 1980, the Chairman of the Council should be authorized to establish a panel to examine this matter.

The representative of Spain said that he did not intend at this stage to enter into the substance of the matter nor to respond to the United States statement. As had been pointed out, consultations on this question were continuing and the Spanish authorities were in the process of making a thorough study of the matter. He added that this question was of direct concern to a long-established Spanish industry which was of great importance to his country.

He mentioned that in the context of the important economic relations between the United States and Spain many matters were being discussed, including that of soyabean oil. His authorities intended to pursue these consultations with the United States with a view to arriving at a mutually satisfactory solution.

The representative of Brazil said that Brazil was an important exporter of soyabeans and as such would like to be informed of the outcome of the consultations. He expressed the hope that the consultations would be successful.

The Council urged the two parties to pursue their bilateral consultations under Article XXIII:1 and agreed to revert to this matter at its first meeting early next year.

9. European Free Trade Association and Finland-EFTA Association (L/4850)

The Chairman said that in accordance with the Calendar of Biennial Reports on developments under regional agreements, the member States of the European Free Trade Association and the Finland-EFTA Association had submitted a report which had been distributed in document L/4850.

The representative of Iceland, presenting the report, said that the report should be taken together with the Eighteenth and Nineteenth Annual Reports of EFTA, covering the period from 1 July 1977 to 30 June 1979, and the publications EFTA-Trade 1976 and EFTA-Trade 1977. These reports informed the CONTRACTING PARTIES of developments in the EFTA and FINEFTA Association, which had taken place in the last two years. He recalled that the EFTA countries remained very dependent on foreign trade. This was illustrated by the fact that, while accounting for only 1 per cent of the world population, the foreign trade of these countries represented about 7 per cent of total world trade, both imports and exports. Furthermore, the amount of average imports per capita was higher than in any other trading area. He pointed out that, although faced with the difficult situation prevailing in the world economy, the EFTA countries had taken recourse to protectionist measures only in exceptional cases and in conformity with GATT procedures. He also recalled that on 1 July 1977, the last remaining duties on most industrial trade between the sixteen countries in EFTA and the European Community had been removed. Only some duties on a limited number of industrial goods remained, for which there existed a time-table for their final removal. He also mentioned that the elimination of technical barriers to trade had been actively pursued in the Association.

The Council took note of the report.

10. Agreements between the EEC and Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland (L/4860-L/4866)

The Chairman said that in accordance with the Calendar of Biennial Reports on developments under regional agreements, the parties to the agreements concluded between the European Communities and the seven member States of EFTA and FINEFTA had submitted reports on developments under the agreements covering the period from October 1977 to September 1979. The seven reports were contained in documents L/4860-L/4866.

The Council took note of the seven reports.

11. New Zealand-Australia Free Trade Agreement (L/4872)

The Chairman said that in accordance with the Calendar of Biennial Reports on developments under regional agreements, the parties to the New Zealand-Australia Free Trade Agreement had submitted their Seventh Report on developments under the Agreement (L/4872). The report covered action taken up to the end of 1978.

The representative of New Zealand said that at the centre of the arrangement was Schedule A: a list of goods on which duties were progressively reduced and bound at free in the tariffs of both countries. Total two-way Schedule A trade reached $A 623.4 million in the year to June 1978 compared with $A 567.2 million in the year to June 1977 and $A 459.0 million in 1976. Total trade had also continued to increase from $A 705.8 million in the June 1976 year to $A 899.3 million in June 1977 and $A 945.1 million in the year to June 1978. This growth consisted of increases in both directions whereby Australian exports reached a new high of $A 585.0 million in the June 1978 year and New Zealand exports to Australia amounted to $A 360.1 million.

He said that further additions to Schedule A had been made during the period and that two lists were announced in 1978. These additions were the result of a continuing process of review. In conclusion, he pointed to the continued growth in the close trading relations between the two partners to this Agreement. Regular consultations were taking place between the two Governments in order to develop the trade relationship further.

The Council took note of the report.

12. Training activities (L/4870)

The Director-General, in presenting a report (L/4870) on the activities of GATT in the field of training, stated that these courses, organized by GATT since 1955, constituted one of the activities to which contracting parties attached considerable importance. The courses were very useful for

a better understanding of the principles and mechanisms of the multilateral trading system and they helped to show the advantage of a progressive elimination of the obstacles which impeded the good functioning of commercial relations between nations. The fact that members as well as non-members of GATT could participate in these courses gave them a universality which could only be beneficial. He pointed out that one of the aims of the programme was the training of trade negotiators and commercial attachés, which was greatly appreciated by developing countries. The courses furthermore allowed for the establishment of very useful contacts by the participants with the public and private sectors of the countries visited during the study tours. The growing number of requests for participation in the courses were proof of the ever-increasing interest by governments in this GATT activity.

He mentioned that the financing of the courses was now wholly ensured by the GATT, although UNDP continued to provide liaison with the governments and candidates. He expressed his appreciation to the contracting parties for their support and to UNDP for its co-operation in respect of these courses. He said that in 1979 the participants in the English-speaking course had visited Ireland and the Federal Republic of Germany and that the participants in the French-speaking course would soon make a visit to Egypt. In addition, each course included a study tour in Switzerland. He was grateful to all governments concerned for their continuing interest in these training activities and for the hospitality extended to the participants during their visits.

He stated that in 1980 in addition to the principal courses, two special courses would be organized with the financial support of Finland, Norway and Sweden. These courses were reserved for some thirty participants from the least-developed countries. He thanked the Nordic countries for this important initiative. In conclusion he thanked the representatives of delegations and international organizations for the lectures they had given to the trainees.

A great number of representatives from developing countries expressed their appreciation for the courses. They stated that they had been able to send participants to these courses and considered them of great benefit.

The representative of Malaysia, in expressing his appreciation for the training courses, believed that since the courses were totally financed by GATT the selection system for participants should be changed so that countries which had not contributed to the GATT budget should not be allowed to send participants to the GATT training courses on the same basis as before. Participants from non-GATT countries should be permitted only upon payment of a participation fee. This would reduce the financial burden of these courses on contracting parties. In addition, he believed that participation in the training course could be used as an inducement for those contracting parties which had, so far, not paid their GATT contributions. Thus, the training facilities should be open to them only after they had paid their contributions.

The Council took note of the report and the statements made.

13. Committee on Budget, Finance and Administration

(a) Arrears of contributions (L/4853)

Mr. Feij (Netherlands), Chairman of the Committee on Budget, Finance and Administration, said that, as set out in document L/4853, the situation concerning outstanding contributions had steadily deteriorated over the past five years in spite of many efforts made by the secretariat to encourage the governments to pay promptly their contributions to the GATT. Likewise, the Committee on Budget, Finance and Administration had regularly drawn the attention of representatives to the problem in its reports to the Council. Furthermore, the Director-General had used his personal contacts to remind governments of the arrears in their contributions. He said that in spite of these concerted efforts the arrears in contributions still outstanding today amounted to approximately Sw F 5.5 million, which corresponded to over 14 per cent of the whole 1979 budget. This situation could cause serious cash difficulties for the secretariat. He said that for these reasons the Budget Committee had decided to present a separate report to the Council on this matter which described some of the measures used by other international organizations in similar situations. He believed that most of these measures gave rise to questions of principle, which were new to the GATT and he asked for comments from the delegations. In the light of these comments the Committee would make specific proposals to the Council for a decision to be taken in this regard in 1980.

The Chairman said that in the light of the Committee's report and from the statement of arrears in contributions it was clear that the situation had deteriorated steadily, in spite of the fact that this matter had been drawn to the attention of the CONTRACTING PARTIES and of the Council repeatedly. He made a renewed appeal to governments which were in arrears to ensure early payment of outstanding contributions.

The Council took note of the request by the Budget Committee for guidance as to possible measures to be taken to improve the situation. The Director-General would welcome any suggestions which the Budget Committee could take into account in considering this matter next year.

The Council agreed that this matter should be drawn again to the attention of the CONTRACTING PARTIES at their thirty-fifth session.

(b) Report of the Committee on Budget, Finance and Administration (L/4852)

Mr. Feij (Netherlands), Chairman of the Committee on Budget, Finance and Administration, introduced the report of the Committee (L/4852). He said that the Committee had been faced with the task of financially accommodating the shift in GATT from the stage of negotiating towards that of

implementing the results of the Tokyo Round. This would, as of 1980, lead to additional responsibilities and to new activities. This change called for a strengthening of the permanent staff of the secretariat, for a reduction of temporary assistance that played a large rôle during the negotiations, and it entailed a redeployment of the secretariat's resources. While there was, at the time of the Committee meeting, a consensus emerging on the future rôle of GATT, no formally approved work programme existed on which the budget estimates could be based. He therefore drew attention to paragraph 39 of the Report which reflected the understanding that there was a need for flexibility until sufficient experience had been gained in the post-MTN period.

He said that, in consultation with the Director-General, it had been possible to make some reductions in the original budget estimates resulting mainly from the deletion of the proposed new post of Director, Common Systems Affairs, and by reducing the provisions for temporary assistance, telex communications, maintenance of premises, printing and equipment. Furthermore, in view of the uncertainty regarding the possible impact in 1980 of the results of the MTN, the Director-General had proposed an increase to Sw F 400,000 for unforeseen expenditures. The Committee decided to delete this increase, but at the same time asked the secretariat to make a study of the level of the Working Capital Fund for the Committee's next meeting. In addition, the Committee proposed the deferment of the consolidation into permanent posts of five Professional and eleven General Service temporary assistance posts pending further experience of the post-MTN needs.

Referring to some particular points, he said that the Committee, in looking at past years' experiences was struck that many meetings took place at the same time. This had led to constraints resulting in higher costs. The Committee had felt therefore that savings could result from spreading out the meetings more evenly over the year. The secretariat was asked to make an examination of the possibility of establishing a programme of meetings to cover three or more months as was customary in other organizations.

In respect of pension fund matters he said that Mr. Stalberg (Sweden), alternate representative on the Pension Committee for the CONTRACTING PARTIES, had departed from Geneva. He proposed the candidacy of Mr. Stünzi (Switzerland) for the replacement of Mr. Stalberg.

Finally, he drew the Council's attention to paragraph 54 in respect of the ITC budget. He said that there had been uncertainty as to whether the budget proposals for the ITC would be accepted by the United Nations which provided for the other 50 per cent of the ITC budget. He informed the Council that the Fifth Committee in New York had approved the ITC budget proposals as they were supported by the GATT Budget Committee, including the upgrading of the Executive Director of the Centre to Assistant Secretary-General.

He recommended to the Council to approve the revised GATT budget estimates for 1980 at the level of Sw F 39,830,000 and its financing in accordance with paragraph 45 of the Committee's report. He also recommended the approval of the report (L/4852).

The Director-General addressing himself to two specific points, said that a post of Director, Common Systems Affairs, had been envisaged so as to enable GATT to meet its responsibilities as a member of the United Nations Common System in the complex activities of the International Civil Service Commission, the Pension Board and other relevant bodies dealing with administrative, personnel and budgetary matters. The creation of this post was important in the light of the constant deterioration of the common system and its present inability to protect the interests of the Geneva-based staff. Since the post had been deleted from the 1980 budget he expressed the hope that governments would take the necessary action in the appropriate UN bodies to ensure the improvement of the common system which would thus reduce the amount of work imposed on the secretariat.

In the second place, with regard to the use of Spanish in the current activities of GATT he said that during the Tokyo Round Negotiations the secretariat had translated into Spanish the majority of the technical documents required by the Spanish-speaking delegations. Interpretation into Spanish had also been provided in MTN meetings. He stated that the budget estimates for 1980 had been established so as to continue to provide the same services for the implementation of the results of the negotiations, as well as for the other operational activities of GATT.

Several representatives expressed appreciation for the increased possibilities for the use of the Spanish language. They considered that these measures had increased the possibilities for Spanish-speaking delegations to participate in the Tokyo Round. The translation of essential documents had also contributed to their participation in the work of GATT. They stressed the need to continue these facilities, particularly in the period of implementation of the MTN results, and referred to the important position of Spanish-speaking countries in the GATT.

Some delegations expressed support for the remarks made by the Director-General in relation to the Common System, but were concerned that in the absence of a special post, much of the work may have to be carried out by the Director-General and his deputies.

Some representatives enquired about the reasons why UNDP funds could no longer be used for the financing of the training courses.

Some representatives also enquired why it had not been possible to find a representative of a developing country to represent the CONTRACTING PARTIES on the Pension Committee.

Mr. Feij, Chairman of the Committee, explained that the decision of UNDP to finance the courses from country programming funds rather than from inter-regional projects could have led to a deterioration in the balanced selection of candidates. As regards the nomination in the Pension Committee he pointed out that because of the heavy workload relating to this work it had not proved possible for small delegations to provide the manpower for this function.

The Director-General referring to questions relating to the execution of the tasks concerning the Common System stated that the secretariat would fulfil this task within its powers. This task could be much facilitated if delegations through their missions in New York could contribute to correcting the deficiencies of the system. He supported the remarks made by Mr. Feij relating to the financing of the training courses and added that the new system of financing might have prevented the selection of candidates from countries which were most in need of this technical assistance.

The Council agreed that Mr. Stalberg (Sweden), alternate representative of the CONTRACTING PARTIES on the Pension Committee, be replaced by Mr. Stünzi (Switzerland).

The Council approved the recommendations of the Budget Committee contained in paragraphs 16, 48 and 55 of the report and agreed to submit the draft Resolution contained in paragraph 45 to the CONTRACTING PARTIES for adoption.

The Council approved the report (L/4852) and agreed to recommend that the CONTRACTING PARTIES at their thirty-fifth session should adopt the report, including the recommendations contained therein and the Resolution on the Expenditure of the CONTRACTING PARTIES in 1980 and the ways and means to meet that expenditure.

14. Spain - Tariff treatment of unroasted coffee (L/4832, C/M/135)

The representative of Brazil recalled that at the last meeting of the Council Brazil had referred to its request for consultations with Spain under the provisions of Article XXII:1 on the new tariff treatment applied by Spain on imports of unroasted coffee. He stated that Spain had not yet accorded Brazil the opportunity for having such consultations. He said that on 5 and 6 November commercial discussions of a general nature had taken place in Madrid, during which this matter was discussed. No agreement was reached at this meeting. Moreover, his delegation did not consider these discussions to be consultations under Article XXII:1. He considered the new Spanish tariff on coffee to be discriminatory against Brazilian coffee and he expressed the hope that a satisfactory solution could be reached with Spain in bilateral consultations. His delegation reserved the right to revert to this matter in the Council if necessary.

The representative of Spain said that his authorities were in the process of replacing the State-trading régime in respect of coffee by a liberal-trade régime. This was a complex issue. He confirmed that discussions had taken place in Madrid with Brazil, as pointed out by the representative of Brazil. He said that the Spanish side had made efforts to arrive at a mutually satisfactory solution.

The Council took note of the statements.

15. Agricultural Framework

The representative of Argentina, speaking under Other Business, recalled that towards the end of 1978 a broad consensus had been expressed in the MTN Group "Agriculture" on the need for an improved level of international co-operation in matters affecting agricultural policies and trade. At that time reference had been made to the possibility of establishing an appropriate instrument under the aegis of GATT. He further recalled that in April 1979, Group "Agriculture" had made a specific proposal which the TNC accepted on 11 April in a recommendation to the CONTRACTING PARTIES to further develop active co-operation in the agricultural sector within an appropriate consultative framework. It had also been recommended to the CONTRACTING PARTIES that the definition of this framework and its tasks be worked out as soon as possible. He said that since then, the recommendation had been the subject of various discussions among delegations. On the basis of this recommendation of the TNC to the CONTRACTING PARTIES he would therefore wish to make a proposal which would read as follows: "In the light of the recommendation in the Trade Negotiations Committee to the CONTRACTING PARTIES to further develop active co-operation in the agricultural sector, the Director-General is requested to consult with interested delegations on this matter, and to report to the next regular session of the CONTRACTING PARTIES". He explained that the reference in the text was to the regular session in 1980. He proposed that this text, if adopted, be transmitted to the next meeting of the CONTRACTING PARTIES.

The representative of New Zealand said his delegation was most disappointed at the result of recent developments in the area of the Multilateral Agricultural Framework. The present outcome represented a substantial retreat from the earlier proposal for a formal arrangement within the GATT to oversee agriculture. New Zealand saw it as of real value to establish within the GATT a formal Multilateral Agricultural Framework. This would be based on the recognition that trade in agricultural products was of ever-increasing importance, and that agricultural policies should be developed in a manner which did not adversely affect international trade and provided for efforts towards the expansion of trade in agricultural products, and to improved efficiency in the use of world agricultural resources. The present proposal fell far short of this. New Zealand would, of course, take a full part in the discussions proposed, but was determined to pursue the kind of result he had outlined. In particular, it saw the consideration of

agriculture as an integral part of the post-MTN work programme of GATT. New Zealand believed that GATT should adopt a more positive approach to agriculture in its activities and would reiterate its position at the forthcoming session of the CONTRACTING PARTIES.

The representative of the United States said that the question of the Multilateral Agricultural Framework was one of the areas of the MTN on which it had unfortunately not been possible to complete the work. The United States, as an agricultural trader, attached importance to this matter. He therefore wholeheartedly supported the proposal by Argentina.

The representative of Uruguay expressed support for the Argentine proposal. He believed that future negotiations on agriculture would be very important in order to implement the Multilateral Trade Negotiations, and as a corollary to them.

The representative of Canada thanked Argentina for making the proposal, which Canada, as a major agricultural producer and exporter, could support. Canada was prepared to work closely with the Director-General to ensure a higher level of international co-operation in agricultural trade. He noted that the Director-General would report to the CONTRACTING PARTIES on the results of this work at the end of 1980, at which time one would be in a better position to determine in what form this work should be continued.

The representative of the European Community expressed support for the proposal.

The representative of Brazil said that in view of its great interest in trade in agricultural products and given the circumstances, Brazil supported the proposal and would be interested in taking part in the work resulting from the proposal.

The representative of Australia shared the thoughts expressed by New Zealand, in particular as regards the importance of agricultural trade and the importance of agriculture in the GATT work programme. As regards the Argentine proposal, Australia was disappointed that this seemed to be the only approach that could be agreed on at the present stage towards meeting the objective of effective consultations and dealing with the problems of agriculture. Australia would have preferred to see a firmer and a more tangible commitment, but was ready to participate in whatever might be called this experiment. It was looking forward to serious and meaningful consultations at a high level commencing at an early date, as well as to the subsequent report on them from the Director-General.

The representative of Spain said that his country was very much interested in the follow-up to the negotiations, and was ready to take up the challenge to complete the work started by the MTN. He therefore supported the proposal.

The representative of Chile supported Argentina's proposal on the understanding that the consultations envisaged would be an effort toward achieving a greater liberalization of trade in agricultural products.

The representative of Israel also supported the proposal by Argentina and stressed the importance which his country attached to agriculture.

The Council agreed with the following proposal: "In the light of the recommendation in the Trade Negotiations Committee to the CONTRACTING PARTIES to further develop active co-operation in the agricultural sector, the Director-General is requested to consult with interested delegations on this matter, and to report to the next regular session of the CONTRACTING PARTIES."

16. Tunisia - Declaration on provisional accession

The representative of Tunisia, speaking under Other Business said that the Declaration on the Provisional Accession of Tunisia was due to expire on 31 December 1979 and that her Government requested a further extension of the Declaration. Her Government was at present in the process of examining the most adequate means and procedures for full accession to the GATT and the extension would enable the Tunisian authorities to make a better study in regard to definitive accession to GATT.

The Council agreed to refer this matter to the CONTRACTING PARTIES for their consideration at their thirty-fifth session. The Council requested the secretariat, in order to facilitate consideration of this matter by the CONTRACTING PARTIES, to prepare a draft Procès-Verbal Extending the Declaration on the Provisional Accession of Tunisia and a draft Decision Extending the invitation to Tunisia to participate in the work of the CONTRACTING PARTIES. The CONTRACTING PARTIES would consider this matter in connexion with the consideration of the report of the Council at their next session.

17. EEC-Lomé Convention

The representative of the European Communities, speaking under Other Business, informed the Council of the signature on 31 October 1979 of the new Lomé Convention.

The Council took note of the statement and agreed to revert to this matter when the text of the new Convention had been distributed.

18. Accession of the Philippines

The representative of the Philippines, speaking under Other Business, expressed his delegation's appreciation to those contracting parties which had already voted in favour of the Decision relating to Philippines' accession

to the GATT. He reminded those contracting parties which so far had not cast their ballots, that the time-limit for the Philippines to sign the Protocol of Accession was 1 December 1979. He stressed that the Philippines was looking forward to becoming a full member of GATT.

The Chairman said that forty contracting parties had not yet returned their ballot forms. He reminded the contracting parties that not returning a ballot paper would in this case act as a negative vote, and he urged all contracting parties which had so far not returned their ballot papers to do so as a matter of urgency.

The Council took note of the statements.

19. Accession of Mexico (C/M/135)

Referring to the draft report of the Council with respect to the item on the accession of Mexico, the Chairman recalled that the Council had decided at its meeting on 6 November that the draft Decision on the accession of Mexico would be submitted to a vote by postal ballot after the Mexican Schedule had been circulated. As the Mexican Schedule was not yet available he suggested that in the event that the Schedule was circulated prior to the thirty-fifth session of the CONTRACTING PARTIES, the Decision might be put to a vote by the CONTRACTING PARTIES at that session.

The Council agreed that, should the Mexican Schedule be circulated in time, the Decision on the Accession of Mexico would be submitted to a vote by the CONTRACTING PARTIES at their thirty-fifth session.

20. Report of the Council (C/W/324 and Add.1)

The secretariat had distributed in document C/W/324 and Add.1 a draft of the Council's report to the CONTRACTING PARTIES on the matters considered by the Council since the thirty-fourth session and any action taken in this respect.

The Council agreed that four items which would be considered by the Council at its next meeting should be incorporated in an addendum to the report.

Several representatives proposed amendments to the draft.

The Chairman requested the secretariat to insert the various amendments proposed as well as suitable additional notes regarding action taken at this meeting.

The Council agreed that the report with these additions should be distributed and presented to the CONTRACTING PARTIES by the Chairman of the Council.