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GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL
18 June 1980

MINUTES OF MEETING

Held in the Centre William Rappard on 18 June 1980

Chairman: Mr. Erik Nettel (Austria)[1/]

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[1/] Mr. Nettel, Chairman of the CONTRACTING PARTIES, presided in place of the Chairman of the Council, Mr. G.O. Martinez (Argentina).

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1. Balance-of-Payments Restrictions

The Chairman said that at its meeting in May 1980, the Committee on Balance-of-Payments Restrictions had carried out consultations with Portugal, Israel and Greece. The Committee furthermore had considered written statements submitted by India and Pakistan under the simplified procedures.

Mr. Jagmetti (Switzerland), Chairman of the Committee, introduced the reports:

(a) Consultation with Portugal (BOP/R/111)

Mr. Jagmetti pointed out that in its conclusions the Committee had noted, inter alia, that Portugal's external financial position had deteriorated in early 1980, that the outlook for the remaining part of the year was uncertain and that this had created problems for the immediate removal of restrictive import measures. However, the Committee had also noted that appropriate financial policies should make it possible to meet the financing requirement for the deficit expected in 1980 through net capital inflows and official borrowing on a moderate scale. He said that the Committee had therefore concluded that efforts should be made towards a further relaxation and early removal of the restrictive import measures imposed for balance-of-payments purposes.

The Council adopted the report.

(b) Consultation with Israel (BOP/R/113)

Mr. Jagmetti said that in its conclusions the Committee had noted, inter alia, that the import deposit scheme introduced in November 1979 had a relatively small restrictive effect and was part of a comprehensive set of measures of an internal character designed to restore equilibrium.

The Council adopted the report.

(c) Consultation with Greece (BOP/R/114)

Mr. Jagmetti said that in its consultation with Greece the Committee had concluded that the seriousness of Greece's balance-of-payments situation had justified the temporary maintenance of the remaining restrictive import measures. The Committee had requested Greece to report details of a system of voluntary self-restraints on imports which it intended to maintain until the end of 1980.

The Council adopted the report.

(d) Consultations with India and Pakistan (BOP/R/112)

Mr. Jagmetti said that full consultations with India and Pakistan had not been considered desirable. The Committee therefore recommended to the Council that the two countries be deemed to have fulfilled their obligations under Article XVIII:12(b) for 1980. He said that following the consultation with India under the simplified procedures, members of the Committee had welcomed the trade liberalization measures that India had taken since the last consultation in 1978. They also welcomed the intention of the Indian Government to continue its policy of gradual trade liberalization despite the relatively unfavourable balance-of-payments prospects for the fiscal year 1980-81.

The Council adopted the report and agreed that India and Pakistan were deemed to have consulted with the CONTRACTING PARTIES and thus to have fulfilled their obligations under Article XVIII:12(b) for 1980.

Noting that Mr. Jagmetti was leaving Geneva, the Chairman expressed, on behalf of the Council, appreciation for the work performed by Mr. Jagmetti as Chairman of the Committee on Balance-of-Payments Restrictions.

2. Customs unions and free-trade areas; regional agreements

The Chairman drew attention to documents L/4982, L/4966 and L/4973, containing information submitted by the parties to three regional agreements under the procedure established by the Council for the distribution of biennial reports.

(a) Association Agreement between the EEC and Cyprus (L/4982)

The Council took note of the Report.

(b) Association Agreement between the EEC and Malta (L/4966)

The Council took note of the Report.

(c) Agreement between the EEC and Spain (L/4973)

The Council took note of the Report.

3. Tariff matters - Geneva (1979) Protocol to the GATT and Protocol Supplementary to the Geneva (1979) Protocol to the GATT - Extension of time-limit for acceptance of the Protocols (C/W/342/Rev.1)

The Chairman recalled that both the Geneva (1979) Protocol to the GATT and the Protocol Supplementary thereto were open for acceptance until 30 June 1980. He said that it had now become clear that some contracting parties having schedules annexed to these Protocols would be unable to accept them before the expiry of the time-limit, and that therefore provision should be made for an extension of the time-limit. In this connexion he drew attention to the text of a draft decision contained in document C/W/342/Rev.1.

The Council adopted the Decision extending the time-limit for acceptance of the Protocols to 31 December 1980.[1]

4. Norway - Restraints on imports of textiles from Hong Kong (L/4959, C/M/139)

The Chairman recalled that at its meeting in July 1979 the Council had established a panel to examine the complaint by the United Kingdom on behalf of Hong Kong in respect of Norway's Article XIX action on certain textiles from Hong Kong. The report of the Panel had been circulated in document L/4959.

Mr. Martin (Canada), Chairman of the Panel, noted that the Panel's conclusions and findings were based on Articles XIX and XIII, and said that the Panel had accepted the statement by Hong Kong that the latter was prepared to assume that Norway had the necessary justification for taking the Article XIX action, and that a finding concerning the exclusion of EEC and EFTA countries from the action taken was not necessary. The Panel, therefore, had not questioned the validity of the action by Norway under Article XIX; and the Panel's conclusions did not take into account and were without prejudice to any Article XXIV aspects of the case.

He said that the Panel had concluded that the quantitative import restrictions in respect of the nine textile categories in question, as the form of emergency action under Article XIX, were subject to the provisions of Article XIII, which governed the administration of such restrictions.

[1] Subsequently circulated in document L/4995.

The Panel had also concluded that the reservation by Norway of market shares of these textile categories for six textile supplying countries, with which Norway had concluded long-term bilateral arrangements in 1978, represented a partial allocation of quotas under an existing régime of import restrictions in the sense of Article XIII:2(d). The Panel had noted that although Norway had entered into these agreements with the intention of acceding to the MFA and of notifying them thereunder, this had not happened, and also that Norway had not invoked any derogation or other provision of Parts I-III of the General Agreement in this connexion.

The Panel had concluded that since Norway had failed to allocate a share to Hong Kong, which had a substantial supplying interest in respect of eight of the nine product categories, Norway's Article XIX action was not consistent with Article XIII. The Panel had therefore found that Norway should either terminate the Article XIX action in its present quantitative restriction form or should make its action consistent with the provisions of Article XIII. He added that the Panel was mindful that in February 1980 Norway had informed contracting parties that the system was being extended to the end of 1980.

The representative of the United Kingdom, speaking for Hong Kong, expressed Hong Kong's appreciation for the work performed by the Panel and said that the Panel's findings fully supported Hong Kong's complaint against the Norwegian action. Hong Kong had carefully restricted its presentation to the Panel to the central issue, namely Hong Kong's rights under Article XIII. This was clearly reflected in the Panel Report. In his view, the findings were so clear-cut and unequivocal that they should be capable of only one interpretation. He hoped that the adoption of the Report would encourage more developing countries to use the GATT and make it a more effective body.

He recalled that two and a half years had passed since the dispute had first arisen and that Hong Kong's clothing exports to Norway had suffered considerably over this period. Hong Kong's trade losses in 1978 and 1979 had, as a result of Norway's action, exceeded the total value of Hong Kong's total imports from Norway in these two years. He urged the Council to adopt the Report.

The representative of Norway, after expressing his delegation's appreciation for the work performed by the Panel, reviewed Norway's trade policy with respect to textiles and clothing as relevant to the consideration of the case. He said that Norway had conducted a very liberal trade policy in the field of textiles and clothing, which was reflected in the strong increase in imports during 1974-1977. Hong Kong had in particular profited from this policy and had obtained an increasingly larger share of Norway's market. His authorities had watched this development with unease, but had believed that a

solution could be found without reverting to drastic trade policy actions. This, however, had not been the case; and, in retrospect, he felt that Norway may have been too liberal for too long.

He said that his delegation could agree with most of the findings and conclusions of the Panel. As to the Article XIX action, he noted with satisfaction that Hong Kong was prepared to assume that the necessary justification for this action existed. Indeed, consultations with a number of contracting parties had also shown that no country had raised objections in this respect.

As to the question raised concerning the non-discriminatory administration of quantitative restrictions under Article XIII, he said that Article XIX had been invoked on a global basis, since Norway had been advised to do so in the GATT and since Norway did not want to complicate the delicate and complex discussions concerning safeguards in the Tokyo Round. He said that Norway had concluded bilateral agreements with six textile exporting countries with the intention of acceding to the extended MFA. As no agreement could be reached with Hong Kong, this goal became unattainable in 1978; and his authorities had been obliged to take recourse to Article XIX. All six countries had expressed interest in maintaining the agreements, a desire which Norway wished to honour. There had been no intention by his authorities to undertake country-sharing of quotas under Article XIII. Moreover, Hong Kong had not questioned Norway's motives in maintaining the six bilateral agreements with the developing countries in question. He noted that the Panel considered that Norway did not have a legal basis for excluding the six agreements from the Article XIX action. The Panel stated that Norway's reservation of market shares represented a partial allocation of quotas, and Norway therefore must be considered to have acted under Article XIII:2(d). He questioned the grounds for this conclusion, as Norway never intended to undertake a country-sharing of quotas.

He referred to the Panel's finding that Norway should immediately either terminate the Article XIX action or make it consistent with the provisions of Article XIII. As to the first option, he recalled that no country had questioned the justification for taking Article XIX action. Any contracting party had the right to invoke Article XIX; and Norway was entitled to maintain its action as long as the underlying causes for doing so continued to exist. He stressed that the global quota system would be terminated as soon as an acceptable bilateral arrangement, based on the provisions of the MFA, was concluded with Hong Kong. Norway would then accede to the Protocol extending the MFA and would be ready to negotiate MFA-based arrangements with other countries.

Turning to the second option, he said that after the Report had been issued, his authorities considered it appropriate to discuss in an informal way the country-share solution with Hong Kong. He explained that Article XIII:2(d) set out two alternative ways of allocating quotas among

supplying countries. The first alternative, i.e. the first sentence of Article XIII:2(d), which required agreement with all supplying countries, was excluded since Hong Kong insisted on the same export opportunities as under an agreement based on the MFA. The second alternative, i.e. the second sentence of Article XIII:2(d), allotted a share based on imports during a previous representative period. This meant that Hong Kong should probably be allotted a share based on imports in the same year as the base period of the quotas for the six bilateral agreements, which would be 1977, during which imports from Hong Kong had reached their peak. Since such a formula would mean that the whole Article XIX action would have been in vain, the country-share solution was not practical. His conclusion was therefore that the Panel, on this particular point, had based its considerations on incorrect assumptions and that the advice to such a solution under Article XIII did not provide the help Norway had sought. His delegation could therefore not agree with paragraph 18 of the Report.

He believed that there existed other ways of making the Article XIX action consistent with the provisions of Article XIII, which the Panel, however, had not considered. One of these was the termination of the six agreements. His authorities would, however, try to avoid such action, which no party appeared to support. His delegation would therefore welcome any suggestions on ways to solve this problem, and would prefer that further consideration of the Report be deferred to a later meeting of the Council.

In the meantime, two courses of action could be followed: firstly to work out a consensus as to what action could be taken by the Council on the basis of the Report. Norway would be willing to make contributions as to elements to be included in such a consensus. Secondly, a deferral would enable Norway to explore further the possibility of reaching a basis for a mutually acceptable agreement with Hong Kong, in accordance with paragraph 19 of the Report. He added that his Government had improved its offer to Hong Kong in order to establish a basis for negotiation, and he considered that a reasonable counter-proposal by Hong Kong could further this process.

The representative of Hungary said that the measures introduced by Norway had also affected Hungary's textile exports to Norway. Since several consultations with the Norwegian delegation on this issue had not led to results, his authorities had handed to the Norwegian authorities a memorandum setting out the legal basis of Hungary's complaints and proposals for solutions. He said that his delegation shared and supported the conclusions of the Panel, as contained in paragraphs 14-19 of the Report. He expressed the hope that Norway would undertake the necessary measures to correct the situation consistently with the provisions of the GATT, in particular Article XIII, and of the MFA. Hungary expected to be assured a proper share for its textile exports to Norway, and in the meantime, reserved fully its GATT rights concerning this matter.

The representative of Malaysia pointed out that Malaysia was one of the six countries with which Norway had concluded bilateral agreements. He stressed that these agreements should not be used as a tool in this issue. His delegation had made it known in bilateral contracts that the agreement had been concluded on the assumption of Norway's accession to the MFA.

The representative of Korea supported the adoption of the report.

The representative of the United Kingdom, speaking for Hong Kong, expressed doubt as to the liberal character of Norway's trade policy in the field of textiles during the 1970s, since Hong Kong's textile exports to Norway had first come under restraint in the mid-sixties, and by 1977 the bulk of those exports had been placed under restraint under the provisions of the MFA. He stressed that Norway's 1978 action was unilateral and that its 1979 action had been found illegal by the Panel. The Report made it clear that although it had not been Norway's intention to invoke Article XIII when introducing its Article XIX action, that action nevertheless had the effect of turning the six bilateral agreements into partial quota allocations under Article XIII:2(d).

Turning to paragraph 18 of the Report, he said that several options were open to Norway: the termination of the Article XIX action and the conclusion of a bilateral agreement with Hong Kong under the MFA; the modification of the existing Article XIX action to make it consistent with Article XIII by allocating a country share to Hong Kong; and, finally, the termination of the six bilateral agreements.

He stressed that the six agreements with other Asian countries should not be put at stake in this dispute. Hong Kong only asked for the allocation of an appropriate share. He recalled that in 1978 Norway had requested a 40 per cent cutback in Hong Kong's textile exports to Norway. This demand had subsequently been reduced to 35 per cent, which was also unacceptable to Hong Kong. He said that following the circulation of the Panel Report containing findings against Norway's action, Norway had decided to extend the action as from July 1980 for a further six months. In his view, this precluded any bilateral agreement with Hong Kong in 1980. Hong Kong had been prepared to enter into bilateral consultations with Norway. However, when Norway had insisted that these could only take place if there was a chance of success, which was conditional upon a reduction of 30 per cent of Hong Kong's textile exports to Norway, Hong Kong had found this condition unacceptable. Therefore, he had no other choice but to ask the Council to adopt the Report of the Panel at this meeting.

The representative of Norway confirmed that Norway had improved its offer to Hong Kong to a 30 per cent average, and said that more specific indications had been given later on for the consultations, leaving aside the percentage figure. He confirmed also his authorities' view that the two delegations should first explore the possibilities for finding a basis for the negotiations before asking for formal negotiations, so that it could be seen that there was a reasonable chance for success.

The representative of Colombia said that the developing countries supported the position taken by the United Kingdom on behalf of Hong Kong.

The representative of Brazil said that since there had not been any basic objection to the substance of the Report, it should be adopted. While Norway had described some of the difficulties it had with the Report, this did not preclude the Council from adopting the Report in principle. Following this, the two parties, with the help, for example, of the good offices of the Director-General, should find a way towards the implementation of the suggestions made in the Report.

The representative of the European Communities said that it was exceptional that a Panel Report, which should be balanced, left so very difficult conclusions to be drawn by one of the parties in question. Therefore, while the Panel had had to limit itself to a punctual examination of the problems, he believed that the Council had wider responsibilities, more political in nature. For example, the Council should reflect on any possible consequences on the discussions about the renewal of the MFA and on any possible encouragement to Article XIX. Furthermore, the Council could not just leave aside the six bilateral agreements which were of mutual benefit to both the importers and exporters. He believed that Norway's concern for a liberal trade policy which had led to the conclusion of six bilateral agreements was presently being poorly rewarded.

His delegation wished to ask a certain number of questions so as to understand the matter and thus carry out fully and responsibly its rôle. He pointed out that some of the elements in the Report were not quite clear, for instance, the percentages referred to by Norway and Hong Kong were on one side based on values and on the other on quantities. There was therefore no basis for comparison to provide a clear picture of the situation. Likewise, the economic impact of this question in Hong Kong was not made clear in the Report. He believed that Norway's textile market, in which the share of Hong Kong was about 40 per cent, represented only a small percentage in terms of Hong Kong's total exports. He wondered whether, under such circumstances, immediate action was necessary when this would amount to a condemnation, somewhat political in nature, while one of the parties still wished to carry out consultations.

He believed that there was a real and profound misunderstanding between the parties, and that a panel should assist the parties in finding an amicable solution to their problem. He noted that the Panel had not questioned the justification for Norway's action under Article XIX, and thus recognized that there was market disruption. Since Norway, in this situation, could not suppress immediately its Article XIX action, it was obliged to follow the second alternative. However, in the light of Norway's import capacity, this would mean that the six bilateral agreements with other textile exporting countries would have to be terminated, or at least suspended.

As it was such a delicate matter, he urged that the two parties be given a last chance to find a solution to their problem, and felt that the Council should make an appeal to them to come together without any preconditions.

Only thereafter would the Community be ready to take on its responsibilities in regard to accepting the Report; but at the current juncture any such adoption seemed to him premature, in view of the uncertainties.

The representative of the United States, said that Hong Kong had the right to expect that the Council would act promptly on the Report in adopting it at the present meeting. Referring to paragraph 19 of the Report, he stressed that the parties concerned should continue their efforts to arrive at a mutually acceptable solution. His delegation supported the suggestion that the good offices of the Director-General be used immediately to find a solution to the problems faced by the two parties in the dispute.

The representative of Canada considered that the representative of Norway had provided a helpful background as to what lay behind the problem. He said that the Report did not put political blame on either of the parties, but limited itself to the legal position from the point of view of the GATT. The Report therefore should be approved at this meeting of the Council; and solutions should be found rapidly for the problems at hand so as to meet the legitimate expectations of the party that had called for the establishment of the Panel.

The representative of Norway said that any action taken by the Council in this matter should include the two parties. Further consideration of the Report should therefore be deferred, but possibilities for negotiation should be explored, as well as possibilities for a basis for Council action in which Norway could participate. He stressed that it would be unfortunate if Council action forced his delegation to reserve the position of the Norwegian Government. Council action concerning Norway could contain three elements: it should be recognized that no delegation contested Norway's right for Article XIX action; a strong appeal should be made to the two parties to intensify their efforts to reach a mutually acceptable agreement; and, lastly, a recommendation to the Norwegian Government to make its Article XIX action consistent with the provisions of Article XIII as soon as possible.

The representative of Australia expressed support for the adoption of the Report.

The representative of Argentina supported the statement made by the representative of Colombia. He stressed that the Report should be adopted at this meeting and that the Council should set the conditions under which the two parties, with the help of the good offices of the Director-General, could reach an agreement.

The representative of India said that his country was one of those which had a bilateral agreement with Norway. He stressed that the effectiveness of the GATT system in dealing with trade disputes would be rendered more meaningful in the post-MTN period if the problems were identified in a clear-cut manner and the recommendations put clearly to the parties in question. He therefore supported the adoption of the Report by the Council at this meeting, as well as the suggestion that the two parties conduct negotiations with the help of the good offices of the Director-General. After the summer recess the Council should be informed of the results achieved. As to the bilateral agreements, these had been reached on the understanding that Norway would join the MFA, and should not be put at stake. His delegation hoped that Norway would be able to accede to the MFA as soon as possible.

The representative of Sweden shared to a large extent the views expressed by the representative of India. It seemed to him that so far not all possibilities had been explored to find a solution to the problem at hand. He considered that the Council should not rush into a decision at this meeting, when this could lead to the suspension of the six agreements with developing countries. Accordingly, his delegation supported the proposal in this respect made by the representative of Norway based on paragraph 19 of the Panel Report.

The representative of Yugoslavia said that his delegation supported the adoption of the Report and expressed agreement with the proposals made by the representative of Brazil.

The Chairman proposed the following action:

1. That the Council note the statements by the representative of Norway to the effect that no contracting party had contested Norway's right to invoke Article XIX;

2. That the Council adopt the Report in principle and (a) make a strong appeal to the two parties to intensify their efforts to reach a mutually acceptable agreement, and (b) recommend to the Norwegian Government to make its Article XIX action consistent with Article XIII as soon as possible;

3. That the Council, to this end, also request the Director-General to initiate consultations with the two parties; and

4. That the Council agree to revert to the matter at its first meeting after the summer recess.

The representative of the European Communities recalled that in his earlier statement he had said that it was not the EEC's intention to oppose adoption of the report, but that clarification or explanations were needed in certain grey areas. The EEC's position was: in the first place, the EEC was not opposing adoption of the report. In the second place, that being so, his delegation was not in a position to concur with the reasoning and arguments that had led the Panel to some of its conclusions; but that in no way affected the EEC position of supporting vigourously - even actively, if necessary - paragraph 19 of the report.

The Council took note of the statements made, and agreed on the action which had been proposed by the Chairman.

The representative of the United States noted that the global quotas maintained by Norway did not apply to all countries. His delegation was of the view that such treatment was not consistent with a contracting party's obligation under the GATT. He said that his delegation would revert to this matter at a later time.

The representative of Canada said that the Panel Report did not deal with the application of restraints to all contracting parties. Canada reserved its position as to the broader application of the Article XIX action.

The representative of Finland, speaking for the Nordic countries, recalled that the position of the Nordic countries on the question of Article XIX action in respect to free-trade arrangements under Article XXIV had been discussed in the Working Parties dealing with the EFTA Convention and with the free-trade agreements between the EFTA countries and the EEC. He said that it had been recalled in those Working Parties that Article XIX was not listed among the Articles mentioned under Article XXIV:8(b) as exceptions, as far as the elimination of duties and other restrictive regulations of commerce between the members of a free-trade area was concerned. He said that the Nordic countries had not changed their opinion since then.

5. Spain - Tariff treatment of unroasted coffee - Recourse by Brazil (L/4974)

The Chairman recalled that at recent previous meetings there had been discussion on the question raised by Brazil in respect of the Spanish tariff treatment of unroasted coffee. At its March 1980 meeting, the Council had taken note that bilateral consultations under Article XXIII:1 were to commence on 27 March 1980. Subsequently, Brazil had informed contracting parties in document L/4974 of its wish to invoke the procedures of Article XXIII:2, requesting that the matter be examined by a panel.

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

> "To examine, in the light of the relevant GATT provisions, the matter referred to the CONTRACTING PARTIES by Brazil relating to the tariff treatment of imports of unroasted coffee into Spain (L/4974), and to make such findings as will assist the CONTRACTING PARTIES in making recommendations or rulings as provided in Article XXIII."

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

6. GATT Work Programme
- Communication from New Zealand (L/4956, C/M/139)

The Chairman recalled that at the meeting of the Council in March 1980 the representative of New Zealand had raised the question of the GATT work programme with respect to the unfinished work of the MTN, putting particular emphasis on the importance of trade in agricultural products and expressing the hope that other contracting parties would indicate their own particular areas of concern. He had proposed that the CONTRACTING PARTIES, in due time, reflect on what concrete action could be undertaken. As other representatives had expressed support for the New Zealand initiative, the Council had agreed to revert to this matter at the present meeting.

The representative of New Zealand said that GATT, with its support for an open multilateral trading system, was facing a testing period as it entered the 1980s. In order to ensure effective implementation of the Tokyo Round results the CONTRACTING PARTIES had endorsed a Work Programme which proposed action in some of the areas where there were no positive MTN results. He said that New Zealand was of the opinion that there were a number of other areas which were given less weight in the Work Programme as it now stood, and recalled his delegation having reminded the Council at the last meeting of the very limited results achieved for agricultural trade in the MTN. While welcoming the arrangements on dairy products and on bovine meat he did not believe that they went very far towards meeting the hopes or intentions expressed for agricultural trade during the MTN. He said that New Zealand's concern to ensure that agricultural trade occupied a central part in GATT's post-MTN work was heightened by what it perceived as a worsening of the situation in the short period since the MTN had ended, with respect to the imposition or threat of further barriers to agricultural trade by a number of important contracting parties.

He pointed out that there were several points in the Work Programme that would have a direct bearing on GATT's concern with agricultural trade, namely: the work of updating the inventories of non-tariff measures in agricultural and other trade, which were now somewhat outdated; the work of the Consultative Group of Eighteen, which had been given an overall mandate in the area of structural adjustment and trade policy to make recommendations as to how further work in this area could be carried out; and the Director-General's mandate to consult with interested delegations to develop further active co-operation in the agricultural sector, on which he was to report in November 1980.

He said that his delegation's proposal to take stock of the situation after a year, on the basis of results secured, was accordingly designed to provide a basis on which to consider more specific ideas as to how GATT could deal with the problems of agricultural trade, or how the principles of open multilateral trade could be applied equitably to agriculture, as they had been to industrial trade. He considered that this stocktaking was an ongoing

process, and that reasonable parameters should be set in order to ensure that both the MTN and the overall GATT Work Programme were implemented in a manner which would benefit all contracting parties. He said that this question should be kept in the forefront of GATT's work and should continue to engage the attention of the Council, and should also be carried over into the work of other GATT bodies such as the Consultative Group of Eighteen.

The representative of Japan said that while his delegation was the first to recognize the importance of being flexible in effecting any necessary or desirable adaptations in the Work Programme, it was nonetheless not altogether sure whether the CONTRACTING PARTIES should already take a decision to undertake such a review. Barely half a year had passed since the Work Programme was adopted at the last session of the CONTRACTING PARTIES; and the areas of concern mentioned in the New Zealand proposal were covered by the Work Programme in its present form. He pointed out that the updating of the inventory of non-tariff measures and of data assembled by the Joint Working Group was in progress, and that trade in agriculture was not excluded from these activities. Therefore, it would be more realistic to see how work in these areas developed by way of implementing the Work Programme, and to consider only at a later stage whether to examine the kind of question being raised by New Zealand.

A large number of representatives expressed their support for the New Zealand proposal. They felt that not enough progress had been made in the field of agricultural trade in the MTN and that, therefore, unfinished work in this field should be completed. A number of them were also of the opinion that a stocktaking was required, not only in the field of agriculture but also in other fields connected with the MTN Agreements. Reference was also made to the updating of the information on quantitative restrictions, which should lead to the identification of possible action in order to arrive at appropriate solutions. Some delegations suggested that both the bilateral and multilateral aspects of the quantitative restriction issue be considered, which could serve as a basis for exploring the existing possibilities for a standstill against the establishment of new restrictions and for the progressive removal of remaining restrictions.

The representative of the European Communities expressed support for the statement made by the representative of Japan. He said that the review requested by the representative of New Zealand was already listed in the tasks given to the Committees and Councils set up as a result of the MTN. This applied to the agricultural sector as well as to non-tariff measures. It therefore seemed premature at this stage to introduce new initiatives, although these were not precluded for the future, based on the outcome of the work of the various Committees and Councils.

The representative of the United States said that his delegation also had some questions as to the meaningfulness of the New Zealand proposal at this time. He felt that it would be appropriate to return to this matter after the Director-General had presented his report on his consultations in agriculture at the end of the year.

The Council took note of the statements made and agreed to revert to this matter at an appropriate future meeting.

7. European Economic Community - Imports of beef from Canada - Recourse by Canada (L/4987, C/M/139)

The Chairman recalled that at the March 1980 meeting of the Council the representative of Canada, speaking under Other Business, had made a statement concerning EEC imports of high quality grain-fed beef from Canada. The representative of the European Communities had also made a brief statement in this connexion; and the Council had taken note of the statements made. Canada had subsequently informed contracting parties in document L/4987 of its request that a panel be established to examine the matter pursuant to Article XXIII:2.

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

> "To examine the compatibility with the General Agreement of the EEC regulations pertaining to the implementation of the levy-free tariff quota for 10,000 tons of fresh, chilled or frozen high quality grain-fed beef, and to make such findings as will assist the CONTRACTING PARTIES in making recommendations and rulings as appropriate."

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

8. Committee on Budget, Finance, and Administration - Appointment of a new Chairman

The Chairman informed the Council that Mr. Feij (Netherlands), Chairman of the Committee on Budget, Finance and Administration, had asked to be released from this function. He said that in this capacity Mr. Feij had rendered valuable service to the contracting parties for over three years since his appointment in March 1977. On behalf of the Council, the Chairman expressed his appreciation and thanks for the work done by Mr. Feij.

The Council agreed to appoint Mr. Williams (United Kingdom) as the new Chairman of the Committee.

Membership

The Council agreed to the following membership for the Committee:

Australia	India	Sweden
Brazil	Israel	Switzerland
Canada	Japan	United Kingdom
France	Malaysia	United States
Germany, Fed. Rep.	Nigeria	Zaire
Hungary	Spain	

The Chairman expressed the view that this membership provided for a reasonable and acceptable distribution of responsibilities amongst contracting parties. He pointed out that discussion on such technical matters as administration and finance should not be carried out in a committee too unwieldy because of its size, and he urged the Council not to increase the membership of the Committee any further.

The representative of Malaysia said that in his view the composition of the Committee merited some further consideration. He intended to return to this question at the appropriate time.

9. GATT meetings and documentation

The Director-General addressed the Council and noted that governments were nearly at the mid-point of the first year of implementation of the MTN Agreements which had entered into force on 1 January. He said that everyone concerned had been engaged in a "running-in" process, which could continue for some time to come. On the basis of experience thus far, he wished to call attention to two phenomena.

First, there was abundant evidence of a spirit of genuine co-operation, amongst delegations and between delegations and the secretariat, for which all were grateful. While there had been problems from time to time as how best to organize meetings, such problems had been resolved in a very good spirit.

Second, certain caution signals had been observed in respect of the scheduling of meetings and with regard to requests for documents. There existed structural limitations on the capacity of the secretariat to comply with requests for meeting facilities and even more so for issuing documents, limitations stemming from the stringent budgetary conditions under which the GATT operated. As governments attempted to comply with the notification and other requirements related to the new Agreements, the secretariat was already running into a serious deficit, on a monthly basis, especially for the translation and processing of the documentation concerned.

He therefore felt the need to give the Council advance notice that when considering the budget estimates for 1981, governments would be called upon to make a hard choice between allowing for the amounts of money necessary to deal with the mass of the documentation concerned or, alternatively, accepting the unsatisfactory situation of increasing backlogs and delays in the processing of the documents in question.

In the meantime he believed that everyone concerned, in delegations as well as in the secretariat, would have to do whatever possible to contain very seriously the expenditures related to meetings and documentation. He explained that in practice this would mean continuing efforts to avoid, whenever possible, the scheduling of several meetings at the same time. He thought that members of some of the smaller delegations in Geneva would particularly appreciate the need for such restraint. In respect of documentation, this budgetary situation meant that, under current conditions, delegations would be confronted with occasional delays as inevitable backlogs, already apparent, were being cleared, and also that the MTN Committees and Councils would have to exercise great care not to call for the reproduction and distribution of documentation whenever other solutions could be found.

He said that he had made it clear to the secretariat officers responsible for these matters that considerable restraint should be exercised. At the same time, he was appealing to all delegations for their help, in the same co-operative spirit that had reigned thus far.

The Council took note of the statement.

10. Accession of Greece to the European Communities

The Chairman recalled that at its meeting on 6 November 1979 the Council had established a working party to examine the accession of Greece to the European Communities, and had authorized the Chairman of the Council to nominate the Chairman of the Working Party, in consultation with the delegations principally concerned.

He informed the Council that Ambassador Auguste (Trinidad and Tobago) had been designated Chairman of the Working Party.

11. United States imports restrictions waiver

The Chairman recalled that at its meeting in March 1980 the Council had established a working party to examine the twenty-second annual report submitted by the United States, and had authorized the Chairman of the Council to nominate the Chairman of the Working Party, in consultation with the delegations principally concerned.

He informed the Council that Mr. Lemmel (Sweden) had been designated Chairman of the Working Party.

12. United States - Prohibition of imports of tuna and tuna products from Canada

The Chairman recalled that at its meeting in March 1980 the Council had established a panel to examine the complaint by Canada, and had authorized the Chairman of the Council to nominate the Chairman and members of the Panel, in consultation with the two parties concerned.

He informed the Council that the Panel would have the following composition:

Chairman: Ambassador Auguste (Trinidad and Tobago)

Members: Mr. Chau (United Kingdom, Hong Kong Affairs)
Mr. Gerber (Switzerland)

13. Agreement between the EFTA countries and Spain

The Chairman recalled that at its meeting in January 1980 the Council had established a working party to examine the Agreement between the EFTA countries and Spain, and had authorized the Chairman of the Council to nominate the Chairman of the Working Party, in consultation with the delegations principally concerned.

He informed the Council that Mr. Hussain (India) had been designated Chairman of the Working Party.