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C/M/176
10 April 1984

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GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL
13 March 1984

MINUTES OF MEETING

Held in the Centre William Rappard on 13 March 1984

Chairman Mr. F. Jaramillo (Colombia)

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1. India - Auxiliary duty of customs
- Request for extension of waiver (C/W/436, L/5624 and Add.1)

The Chairman recalled that by the Decision of 15 November 1973 (BISD 20S/26), the CONTRACTING PARTIES had waived application of the provisions of Article II of the General Agreement to the extent necessary to enable the Government of India to apply its auxiliary duty of customs on certain items included in its Schedule XII. The waiver, which had been extended a number of times, was due to expire on 31 March 1984. The delegation of India had submitted a request for a further extension of the waiver (L/5624 and Add.1). The Chairman drew attention to the text of the draft decision contained in document C/W/436.

The representative of India said that the special circumstances which had obliged it to maintain its auxiliary duty on customs the previous year continued to exist. Even after additional taxation, India's overall budgetary deficit was estimated to be about 17.6 billion rupees. The Government was anxious to keep the deficit as low as possible to avoid creating inflationary conditions. In applying for a further extension of the waiver, his delegation wished to point out that the Government had not allowed a 5 per cent general increase in the overall rates of auxiliary duty to affect GATT bound items, for which the auxiliary duty remained unchanged. India continued to consider that these duties would not have an adverse effect on imports within the framework of India's GATT obligations. He said the auxiliary duty was not intended to be a measure of protection designed to restrict imports. India stood ready to consult with any contracting party which might consider that serious damage to its interests was caused or imminently threatened by the application of auxiliary duties.

The Council approved the text of the draft decision extending the waiver until 31 March 1985, and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

2. European Economic Community - Imports of newsprint from Canada - Recourse to Article XXIII:2 by Canada (L/5628)

The Chairman drew attention to document L/5628 containing a request by Canada for establishment of a panel.

The representative of Canada recalled that the European Economic Community had a bound tariff concession on newsprint at a zero rate within the limits of an annual tariff quota of 1,500,000 tonnes: on 1 January 1984, it had reduced this quota for 1984 to only 500,000 tonnes. Canada believed that this unilateral reduction was inconsistent with the Community's GATT obligations. The action had impaired Canadian rights under the concession, and had a direct adverse effect on Canadian export interests. Canada and the Community had held many consultations in an effort to find a mutually satisfactory solution, but without success. Canada considered that the requirements of Article XXIII:1 had been met and therefore asked for establishment of a panel, pursuant to Article XXIII:2, to review this issue and make recommendations. He proposed specific terms of reference for the Panel, and said that given the urgency of this issue, Canada also requested that the Panel be asked to deliver its findings within three months from the present meeting, as provided by paragraph 20 of the 1979 Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210). The reason for this request was the immediate adverse effect that the Community's action was having on Canadian exporters and the likelihood that the reduced duty-free quota would be exhausted by early autumn 1984.

The representative of the European Communities referred to document L/5599 containing the reasons which had led the Community to open a provisional duty-free quota of 500,000 tonnes for newsprint as from 1 January 1984. That document made clear that from 1 January 1984, imports of newsprint from EFTA member countries would become duty-free; some adjustment therefore had to be made to reflect the fact that the EFTA suppliers had been by far the largest beneficiaries of the concession in recent years. One possibility would have been to continue to count imports from EFTA countries against the tariff quota. In order to ensure greater transparency, however, the Community had chosen to discuss with its other suppliers new adequate levels to be bound, and had discussed the new quota with Canada on many occasions, but without reaching agreement. He emphasized that document L/5599 made clear that the new 500,000 tonnes quota was provisional; the Community still hoped it would be possible to reach agreement with Canada. Whether or not formal Article XXIII:1 consultations had been held -- a point which his delegation did not wish to contest -- if Canada insisted on requesting a panel, it had been traditional GATT practice since discussion of the legal framework in 1979 not to refuse such a request. The Community would therefore respect the tradition embodied in the 1979 Understanding, and hoped that other countries would do likewise in other cases. He suggested that the Council should authorize the Chairman, in consultation

with the interested parties, to draw up the Panel's terms of reference and designate its Chairman. Although the Panel would be established at this meeting, he reiterated that the Community still hoped to reach agreement with Canada. This would be possible if both sides showed goodwill.

The representative of Finland, speaking also on behalf of Norway and Sweden, indicated their interest in this matter and reserved their rights to make their views known to the Panel.

The representatives of Chile and Austria reserved their Governments' GATT rights in this case.

The representative of New Zealand stated his delegation's interest in this case and supported establishment of a panel. New Zealand would be concerned should there be any delay in reaching agreement on the Panel's terms of reference and composition.

The representative of Canada shared the Community's hope that it would be possible to work out a settlement, although not perhaps on the basis indicated by the representative of the Community. In the meantime, if no satisfactory solution could be reached, Canada strongly hoped that agreement would be found as quickly as possible on the Panel's terms of reference and composition.

The Council took note of the statements, agreed to establish a panel, and authorized the Chairman of the Council to draw up the Panel's terms of reference and to designate its Chairman and members, in consultation with the parties concerned.

3. Exchange rate fluctuations and their effect on trade
- Study on "Exchange Rate Volatility and World Trade" (L/5626)

The Chairman recalled that at its meeting in January 1983, the Council had taken note of the Ministerial Decision on Exchange Rate Fluctuations and their Effect on Trade (BISD 29S/21), and had also taken note that the Director-General would consult with the Managing Director of the International Monetary Fund, as requested in that Decision. At the Council meeting in May 1983, the Director-General had reported on his consultations with the Managing Director of the Fund on the possibility of a study on the effects of erratic fluctuations in exchange rates on international trade. The resulting study, entitled "Exchange Rate Volatility and World Trade", had now been issued with document L/5626, which noted that the Fund planned to publish the Study in its "Occasional Paper" series, making clear that the Study was done in response to the Decision by GATT Ministers.

The representative of the European Communities said that he had hoped for a statement by the Director-General on this matter, but the Director-General doubtless felt that the written introduction in L/5626 was sufficient. The Community, as the instigator of the Study, attached

great importance to it and would therefore examine it thoroughly to see to what extent it met the desires of the Ministers. He recalled that those who participated in preparing the Ministerial Decision wanted to demystify this problem, but the Study's conclusion left him still mystified and somewhat disillusioned. The Community was concerned not only by the question of fluctuation per se, but by erratic fluctuations fuelled by speculative movements. These were only very preliminary comments, and his delegation would want to revert to this matter later and in greater depth.

The representative of Norway, on behalf of the Nordic countries, said they attached importance to the Study and to the problems it covered, even though a quick reading of the Study showed that the Fund had not been able to draw clear-cut conclusions on the relationship between trade and exchange rate variability. He trusted that the Council would decide to follow up the Study at a later meeting and thus respond to the Ministerial Decision.

The representative of Egypt said that his delegation attached importance to the Study and proposed that the Council revert to it at its next meeting.

The representative of Jamaica said that his delegation would also have appreciated a statement by the Director-General on what specific implications the Study had for protectionism, trade and the GATT system. The Study raised many fundamental questions which needed to be clarified. For example, it had not dealt at any length with the effect of the exchange rate environment on developing countries, stating simply that they had to accept the exchange rate environment because their currencies were often pegged to the major international currencies. As the Study noted, however, exchange rates for major currencies could vary up to 5 per cent in one month, considerably affecting the value of a country's reserves and its ability to meet current transactions for goods and services. Another subject apparently not treated was the relationship between exchange rate variations and commodity prices, a vital consideration for many developing countries. There was a clear correlation between the upward movement of the US dollar and the downward movement of the prices of many commodities. Another point of interest was the impact of speculative capital flows on exchange rates. If it was true that such flows far outweighed those for trade in goods and services, the CONTRACTING PARTIES needed to know about them and their relationship to trade. The exchange rate was nothing more than the price system, and if the price system was distorted, then obviously this had an impact on trade. It was important to look not only at the macro-economic impact of the pricing system, but also at its impact on the micro-economic or sector level, i.e., to what extent exchange rates were an important variable in trade in textiles and clothing, ship-building, petro-chemicals, automobiles, and in services such as transportation, insurance and communications. It was essential to know also if the Study was purely theoretical and without practical implications. Since it was

a major trading partner, with ten currencies, that had initiated this Study, the burden was on those Governments to provide answers and clarification. There were many other points, including the question of the devaluation of currencies of developing countries in the process of adjustment. Perhaps it would be a good idea if these and other questions could be discussed and examined in the Consultative Group of Eighteen.

The Director-General recalled the text of the Ministerial Decision, which made clear that the rôle of the Director-General on this subject was primarily that of an intermediary. This was the rôle he had carried out; consequently he could not accept suggestions that the Secretariat should have commented extensively on this Study.

The representative of Jamaica said he considered that the Director-General and Secretariat were too important to play such a limited rôle in this matter. He also recalled the text of the Ministerial Decision, and he still concluded that the Director-General should have made some comments, because document L/5626 said in its first paragraph that members of the GATT Secretariat had participated in drawing up the outline of the Study and had commented on an early draft. The GATT Secretariat had given comments on the Study to the Fund, but not to members of the Council; this was unusual. His delegation wanted to encourage the Director-General to initiate some informal exchanges on this issue, because the Council could not properly consider implications of such a complicated study for the General Agreement without adequate preparatory examination.

The representative of the European Communities said that the Council and Secretariat should not miss the opportunity to examine this matter thoroughly. He cited the example and important implications for GATT's dispute settlement procedures of a current case involving the United States and the Community concerning invocation of Article XIX, in which there had been a difficulty over what particular US dollar/ECU exchange rate should be used. The Study merited thorough examination in capitals so that the Council could consider it properly and try to demystify the effects of exchange rate fluctuations on trade.

The Director-General referred to the second paragraph of document L/5626 which said that while the Executive Directors of the Fund had approved the Study for transmission to GATT, the Study did not necessarily reflect the views of the Fund's Executive Board. This was a study on which Governments had not yet pronounced, and it was now up to the Council to decide whether and how it should be followed up.

The representative of Switzerland said that the mandate given by the Ministerial Decision on this subject had been exactly followed. He suggested that the Council revert to this item at a later meeting when delegations had had time to consider the Study properly.

The representative of Pakistan welcomed discussion in GATT on the relationship between trade and finance. The CONTRACTING PARTIES had to work within the limitations of the Ministerial Decision on this subject. However, the Study gave the impression that monetary experts were looking at trade, rather than trade experts looking at the implications of exchange rate fluctuations on trade. The Council now had to consider any implications for the General Agreement, and his delegation hoped that this consideration would be from a pragmatic viewpoint, because his initial impression was that the Study had perhaps mystified rather than demystified the issue.

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

4. United States - Imports of sugar from Nicaragua - Report of the Panel (L/5607)

The Chairman recalled that in July 1983 the Council had established a panel to examine the complaint by Nicaragua. The Council had been informed of the Panel's composition and terms of reference in October 1983. The Panel's report had now been circulated in document L/5607.

Mr. Peren, Chairman of the Panel, introduced the report and drew attention to the conclusions reached unanimously by the Panel. The Panel had concluded that the task assigned to it by the Council was to examine the reduction in the sugar import quota allocated by the United States to Nicaragua in the light of the relevant GATT provisions, and had accordingly concerned itself only with the trade issue under dispute. The Panel had concluded that the quota allocated to Nicaragua for the fiscal year 1983/84 was inconsistent with US obligations under Article XIII:2. The Panel, therefore, had suggested that the CONTRACTING PARTIES recommend that the United States promptly allocate to Nicaragua a sugar import quota consistent with the criteria set out in that Article. He added that given its clear finding on Article XIII, which it considered the fundamental legal issue before it, the Panel had seen no need to pursue Nicaragua's arguments relating to other provisions of the General Agreement. The members of the Panel were nevertheless convinced that removal of the discriminatory measure by the United States, as suggested, would further the objectives of Part IV.

The representative of Nicaragua said that the clarity of the Panel's conclusions left no doubt as to the justification of his country's complaint. He recalled Nicaragua's position that the US restrictions violated Articles II, XI and XIII. His Government interpreted positively the fact that the Panel had not deemed it necessary to examine the US measure in the light of all the provisions invoked by Nicaragua; this meant that the conclusions as to the inconsistency of the measure under Article XIII were so clear that they alone justified the recommendation for its elimination. However, Nicaragua considered that the violation of Article XIII inevitably impaired conditions of access to the US market

for Nicaragua's sugar exports and, consequently, impaired the benefits that Nicaragua could hope to receive from the concession. By administering its global quota in a discriminatory manner, the United States was granting to Nicaragua treatment less favourable than that established in the concession, and consequently it was violating Article II:1. Furthermore, Nicaragua considered that the introductory remarks by the Chairman of the Panel should reassure any delegation which might have preferred an explicit condemnation of the US measure for non-compliance with the principles and objectives set forth in Part IV. As for Article XI, his delegation considered that it was difficult to examine the reduction of the sugar quota in isolation from the internal regulation system of the US market, without which the measure could not have been adopted. However, Nicaragua agreed with the United States on one point at least: regulation of the US sugar market was a matter so important as to deserve specific treatment in GATT. His delegation proposed, therefore, that all interested contracting parties should initiate consultations, in which the United States would participate, to define the most appropriate framework for examining this matter. It was also crucial that the Panel's recommendations be promptly implemented; half of the 1983/84 fiscal year had already gone by, so part of the injury caused was irreparable. The foreign exchange loss caused by the US measure and by low sugar prices had had a severe impact on the economy of a developing country. Nicaragua did not want to question the good faith of the US Government, but it considered that the conduct of the United States since the measure had first been announced in May 1983 had no possible GATT justification. The US reasons for adopting the measure, the refusal to have recourse to exceptions provided under the General Agreement, and the questioning of GATT's competence to examine this case, left Nicaragua perplexed; his Government wondered what would the United States consider to be the competent forum for discussing the justification of a measure designed to restrict access to a market and which had the effect of reducing export earnings. For Nicaragua, GATT was the only forum where this could be done. His country now expected that the US measure would be promptly terminated, and that the Council would closely monitor progress in this direction.

The representative of the United States reiterated that the action which was the subject of this dispute had been taken for broader reasons than trade considerations. The reduction in Nicaragua's sugar imports had not secured any economic or trade benefit for the United States, for US sugar producers or any other domestic industry. It had been the view of his authorities from the outset that discussion of this issue in purely trade terms within GATT, divorced from the broader context of the dispute, was disingenuous. The United States would not object to adoption of the report, but its view of the issue remained the same: the resolution of its broader dispute with Nicaragua was certainly desirable, and within that context, the United States could envision the removal of the action which Nicaragua had challenged before the Panel.

The representatives of Argentina, Australia, Brazil, Cuba, Colombia, Poland, India, Norway on behalf of the Nordic countries, Uruguay, Dominican Republic, United Kingdom on behalf of Hong Kong, Hungary, Portugal, Peru, Jamaica, Austria, Egypt, Romania, Switzerland, Chile, Singapore, Nigeria, Yugoslavia, Canada, Trinidad and Tobago, Senegal, and Zaire supported adoption of the Panel's report.

Several representatives of developing countries (including Venezuela and Mexico, both speaking as observers) emphasized the importance of a satisfactory settlement of this case for GATT's dispute settlement procedures, particularly as it involved a dispute between a small developing and a major developed contracting party. They considered that the US measure contravened Part IV of the General Agreement and the 1982 Ministerial Declaration (BISD 29S/9).

The representative of Argentina said that his delegation considered that the US measure violated Part IV, particularly the principles, objectives and commitments in Articles XXXVI and XXXVII. It also clearly contravened paragraphs 7.1 and 7.3 of the 1982 Ministerial Declaration. The United States itself had recognized in paragraph 3.10 of the report that the measure had not been motivated solely by trade considerations; Argentina could not understand what reasons had prevented the Panel from coming to a conclusion on this aspect. It also regretted that the United States had been unable to advance any argument based on the General Agreement to justify its measure. This had served to strengthen his delegation's conviction about the eminently political nature of a measure directed against a developing country.

The representative of Australia supported adoption of the report on the basis of the recommendation in its final paragraph. He noted that the representative of Nicaragua had suggested that interested contracting parties might enter into consultations with the United States to find a framework for examining conformity of the US sugar quota system with Article XI. Australia would not rule out consideration of that suggestion, but this could not be considered as a condition on which Australia supported adoption of the report.

The representative of Brazil reiterated that GATT's dispute settlement mechanism and, in consequence, GATT as an institution could only be strengthened through full respect for established procedures. When a panel was given appropriate terms of reference, stayed within those terms of reference and arrived at clear, well-founded conclusions, the Council should take the action required to settle the trade dispute in question. Such action constituted the best guarantee for preserving the rights of contracting parties. The Panel had found its way through various provisions applicable to this particular case, and had concentrated on the most pertinent one. Its findings and conclusions left no room for controversy. Brazil therefore supported adoption of the report.

The representative of Cuba said that her delegation was surprised by the statement from the representative of the United States that the US measure had not secured any trade or economic benefit for the United States. This was yet another case of the violation of the General Agreement by the application of trade and economic measures for political motives. The large number of disputes now before the GATT reflected a progressive deterioration of international trade relations despite commitments entered into by the contracting parties during the 1982 Ministerial meeting and in other international meetings.

The representative of Poland said that the US claim that its action in this dispute did not fall within GATT's ambit seemed to be based on lopsided logic. Poland firmly believed that no measure implemented by a contracting party and having adverse trade implications for another contracting party could be dismissed as irrelevant for the GATT. The fact that such a measure had been motivated by non-economic considerations and objectives was certainly not an extenuating circumstance. He referred to the Council meeting of 28 February 1984 when the representative of the United States had stated under item 3, with reference to the effectiveness of the dispute settlement process, that "... if that process was to have any meaning, parties to disputes had to accept panel findings and conclusions". Poland welcomed that statement and believed it was only fair to expect that such declarations should be substantiated by action.

The representative of India said his delegation strongly supported adoption of the report in terms of its final paragraph, which amounted to a recommendation that the United States promptly allocate to Nicaragua a sugar import quota consistent with the criteria set out in Article XIII:2. India hoped that the goodwill shown by both parties would result quickly in relief being granted to Nicaragua.

The representative of the Dominican Republic said that as a country which had been confronted throughout its history by economic, political and military intervention, the Dominican Republic appealed to the United States to stop using economic measures for political reasons and to re-establish Nicaragua's sugar quota.

The representative of the United Kingdom, on behalf of Hong Kong, reiterated his delegation's position that once a panel report was adopted, it should be acted upon quickly. No GATT reasons had been advanced as to why such a procedure should not apply in this case.

The representative of Switzerland reiterated that, subject to the provisions of Article XXI, his country opposed the use of commercial measures for political ends, just as it opposed political measures being used for commercial ends, whatever country was affected, whether it was Israel, South Africa, Poland or any other country.

The Council took note of the statements and adopted the Panel's Report (L/5607). It also took note that the representative of Nicaragua had asked to keep in touch with the Chairman of the Council as to the follow-up on this matter.

5. Problems of Trade in Certain Natural Resource Products
- Request for establishment of a working party on non-ferrous metals and minerals (C/W/434)

The Chairman recalled that the Council had most recently considered this item on 7 February 1984, and had agreed to revert to it at its next meeting. He drew attention to document C/W/434 containing a request by Australia, Canada, Chile, Colombia, Peru and Zaire for establishment of a working party on non-ferrous metals and minerals.

The representative of Canada made five basic points about the proposal in document C/W/434. First, there could be no questioning of the need to establish a working party to examine trade problems in non-ferrous metals and minerals: Ministers had decided in November 1982 (BISD 29S/20) that these problems needed to be examined; they had not decided that the examination should only proceed if particular problems and issues could be identified in advance. Second, a working party was the only real possible forum for the kind of technical examination that Ministers had decided upon. Third, the Secretariat had already produced some background documentation on lead and zinc; the time had come for interested delegations to examine the problems, reach conclusions and develop possible recommendations. Fourth, Canada considered that the Ministers had decided in 1982 that work in each of the three sectors was separate. In April 1983, the Council had adopted separate decisions (L/5483, L/5484 and L/5485) to launch work in each sector. It was obvious that while there might be similar problems in all three sectors, there were also likely to be substantial differences. Fifth, work in natural resource products had fallen behind activity in other areas in the follow-up to the Ministerial Declaration. Canada was not suggesting that all elements of the program should move forward together; but it was high time for all contracting parties to assume their responsibilities in the area of natural resource products. Establishment of a working party was a procedural matter which did not prejudge the final conclusions and recommendations that might be made. In the light of the broad consensus which already existed on this matter, Canada requested the Council to follow usual GATT practice and agree forthwith to set up a working party on non-ferrous metals and minerals as proposed in document C/W/434.

The representative of Sweden, on behalf of the Nordic countries, referred to the above-mentioned three decisions taken by the Council in April 1983. So far, three background studies had been produced: two in the field of metals and minerals, and one in fish and fisheries products; the latter had been circulated only the previous week. It was understood that other studies would be ready in the coming weeks. The Nordic

countries considered it would be prudent to examine first an adequate number of studies, primarily those concerning fish and forestry products. After that, the Council could decide, in accordance with the Ministerial Decision, on the terms of reference, time frame and procedures for the complete examination. The Nordic countries therefore suggested that informal consultations continue so as to prepare such a Council decision in due course.

The representatives of the Philippines, Chile, Indonesia, Peru, Zaire, Thailand, Cuba, Senegal, Egypt and Colombia said that the time had come to establish the institutional machinery called for in the Ministerial Decision on this subject; any further delay in setting up a working party would contravene the intention of the Ministerial Decision, particularly as it affected the interests of developing countries. They supported the statement by the representative of Canada and endorsed the request in document C/W/434 for a working party on non-ferrous metals and minerals. Attention was drawn to the other two products in the Ministerial Decision, i.e. fish and forestry products,and concern was expressed that work in those two areas should be speeded up. It was hoped that other studies in the non-ferrous metals and minerals area, which had not yet been produced, would be completed in the near future.

The representative of Poland said that the background studies on non-ferrous metals and minerals so far presented by the Secretariat were representative enough in terms of coverage and methodology to justify establishment of a working party without delay while other studies were being prepared.

The representative of Australia said that his delegation, as a co-sponsor of the proposal to establish a working party on non-ferrous metals and minerals, supported the statements by the representatives of Canada and of other countries which had spoken in favour of the request in document C/W/434. Australia's preference was for establishment of three working parties, one for each sector agreed by Ministers in 1982. The Nordic proposal to delay establishment of one or more working parties until further background documents became available had been presented as prudent and natural. However, Australia considered that there was enough information available to justify immediate establishment of a working party on non-ferrous metals and minerals; to postpone decisions on setting up one or more working parties until all studies on this and other sectors were available would delay the establishment of the working party or parties until some time in 1985. Australia considered that such a timetable would be far from prudent; indeed, frustration of the intention of the Ministerial Decision would be inimical to the interests of a large number of developing countries whose interests the Nordic countries, in other circumstances, were so ready to espouse.

The representative of the European Communities said that a certain balance had to be struck in carrying out work on all the subjects in the Ministerial Declaration. He hoped that representatives who had supported the proposal in document C/W/434 would also support progress in other fields covered in the Declaration, such as Trade in Counterfeit goods (BISD 29S/19) and the examination by the Committee on Trade and Development on North/South trade (BISD 29S/13), where work was not as far advanced. In order to make progress in the area of natural resource products, the Community suggested that the Council might consider setting set up a working party at the present meeting to cover all three sectors which had been integrated in the Ministerial Decision. However, it was too early to draft terms of reference for such a working party immediately, because only when studies on all three sectors had been examined in capitals would it be possible to define appropriate terms of reference.

The representative of the United States said that this item in the Ministerial action program had never been of high priority to his delegation; however, the United States believed that since this was one element in the Ministerial Declaration, faster progress should be made. Therefore, in a spirit of compromise and so as to make immediate headway in this area, his delegation suggested setting up one working party at the present meeting to cover all three sectors. The Chairman could be designated and the terms of reference could be drawn up in consultation with the Chairman of the Council. The Working Party would examine and discuss each study as it was made available, and in due course would issue a separate report on each of the three sectors.

The representative of Austria supported the proposal by the Nordic countries that informal consultations should continue and that the Council revert to this item at its next meeting.

The representative of Japan supported the request for establishment of a working party on non-ferrous metals and minerals as contained in document C/W/434, and said that his delegation would join positively in its discussions.

The representative of Sweden, on behalf of the Nordic countries, said they appreciated that a large number of delegations attached great importance to work in this area and felt the need for progress. However, it should be clearly remembered that in this area, unlike others, the Ministers had not set a definite time frame for the completion of the examination. The Nordic countries were not insisting that every study in all three sectors should be available before the Council made a decision as to future work. They considered that it was reasonable to have a look at studies concerning fish and forestry products, as well as certain others in the area of non-ferrous metals and minerals, before evaluating the implications of work to be done in this area. They could not share the interpretation that Ministers had decided there should be a separate examination for each sector; the Ministerial Decision had clearly left

it to the Council to decide on terms of reference, time frame and procedures. The Nordic countries would not block a consensus on a decision to set up a working party at the present meeting, but they could not accept an immediate decision on terms of reference, time frame and procedures, and proposed that a decision in this respect should be taken at the next Council meeting after informal consultations.

The representative of India said it was clear that the proposal in document C/W/434 had received widespread support. While his authorities had not yet finished examining how best the Ministerial Decision could be carried forward, India would not block the overwhelming consensus on this issue for establishment of a working party. However, his delegation was apprehensive about any attempt at linkage, as had apparently been suggested by the representative of the European Communities, between this and other items in the Ministerial action program. Establishment of a working party in the context of problems of trade in certain natural resource products would not entail automatic establishment of working parties to study Trade in Counterfeit Goods and North/South trade. Those issues would have to be discussed on their own merits.

The representative of Spain said the Council should wait for further studies on non-ferrous metals and minerals before deciding on setting up a working party. The April 1983 Council decision (L/5483) had made clear that once the Secretariat study on problems of trade in non-ferrous metals and minerals had been finalized, the Council would consider it with a view to recommending possible solutions within an agreed time frame. His delegation, therefore, supported the proposal just made by the representative of Sweden.

The representative of Colombia supported the US proposal, and hoped that once the Working Party's terms of reference were drawn up, it would start work as quickly as possible.

The representative of Canada said it was evident that there was a broad cross section of interest in the work on natural resource products, and it was encouraging that no one was attempting to block a consensus on proceeding with this work. As part of the Ministerial Decision, work on natural resource products was a matter of some priority. He wondered, however, how the Council could address priorities if it could not even get full agreement to proceed. It was not clear how work on natural resource products could proceed on all fronts at once; but as it was necessary to begin somewhere, and to do so now, his delegation would have no difficulty with a single working party beginning work on one sector and moving on to the others as more studies became available.

The representative of Chile said that if the Working Party were to make progress in the field of non-ferrous metals and minerals, this would set an example for the other sectors. The contracting parties would be showing their goodwill and determination to co-operate in a field which was probably more complex than the other two sectors.

The representative of the European Communities said his delegation had not meant to suggest that there should be any direct linkage between acceptance of a working party on this area and the other items in the Ministerial Declaration. The Community's concern was that work should move forward on all fronts. At some point there would have to be a review of progress on the whole action program, without forgetting some sectors which had so far been left in the background.

The representative of Australia said his delegation would accept, with some reluctance, establishment of one working party to cover all three sectors on the understanding that it would operate independently for each sector, i.e. would hold separate meetings, have separate terms of reference and submit separate reports to the Council.

The representative of New Zealand supported the statement by the representative of Canada and said that his delegation wanted to join in consultations on terms of reference for the Working Party.

The representative of Mexico, speaking as an observer, supported the statement made by the representative of India. Creation of a working party would be a positive step forward in GATT's work on trade problems in this field, some of which touched upon important commercial interest to his country. Mexico would closely follow the work of the Council and of the Working Party in this area.

The representative of Spain said that if the Working Party was to produce separate reports on each sector, then the terms of reference for each sector could also be separate and different. His delegation would want to join the consultations in this regard.

The Council took note of the statements and agreed to establish a working party to study the three sectors of non-ferrous metals and minerals, forestry products, and fish and fisheries products, and to make separate reports for each sector. The Council authorized the Chairman to draw up terms of reference for the Working Party and to designate its Chairman in consultation with interested delegations so that it could begin work without any need for ratification by the Council.

In response to questions by representatives, the Chairman affirmed that his consultations would be conducted on behalf of, not outside, the Council and that the question of having separate terms of reference for each sector would be resolved in the consultations. He would communicate the results of his consultations to all delegations.

6. Japan - Measures affecting the world market for copper ores and concentrates
- Request by the European Economic Community for a working party (L/5627)

The Chairman drew attention to document L/5627 containing a request by the European Economic Community for establishment of a working party under Article XXII:2.

The representative of the European Communities said his delegation wanted to give some factual background to its request for a working party to examine this issue, which affected many copper-producing countries. Japan at present had a dominant position on the world copper market, producing more than 1,000,000 tons of refined copper per year, and buying about 70 per cent of world production of copper concentrates; its tariff régime and purchasing policy enabled it to keep its domestic price higher than the world price and thus to keep a competitive edge over other producers by operating a price equalization system between domestic and export markets. Japan imported copper concentrates at advantageous prices and this put refined copper producers in other countries, particularly in the Community, in a very difficult position. The Community had no raw copper resources and had to buy its ore and concentrates on the world market, but it was difficult to do this because the Japanese practices constituted barriers to trade; these practices also hurt mineral producers in developing countries which could not compete with Japanese producers who were sheltered by an efficient tariff protection system as well as by other practices. This problem dated back to the Tokyo Round, when the Community had asked Japan to reduce tariff protection for copper metal and products derived from copper, but without success. After the Tokyo Round the two sides had continued their bilateral negotiations on this issue, again without success, which had led the Community to open consultations in 1982 under Article XXII:1 in which a number of interested contracting parties had participated, but again no satisfactory settlement was reached. This was why the Community had decided to take up the problem in a multilateral framework and ask for a working party under Article XXII:2 rather than a panel under Article XXIII:2.

The representative of Japan said that following consultations between his country and the Community under Article XXII:1, two rounds of talks had taken place on an inter-industry level to improve mutual understanding. Japan was not convinced of the need to set up a working party under Article XXII:2, as requested by the Community. The Community had not explicitly referred to any specific Articles of the General Agreement to which this matter was related. Furthermore, the Community and Japan were both copper importing countries, but the Community was challenging Japan's tariff rates. However, Japan was willing for the matter to be discussed in a multilateral forum such as the Working Party on Trade in Certain Natural Resource Products established at the present meeting; that body would examine both tariff and non-tariff measures as

well as other factors in the trade of non-ferrous metals including copper; Japan believed it would be much more productive to deal with the matter in that context, and such a procedure would avoid unnecessary duplication of GATT activities.

The representative of the European Communities asked whether there was any precedent for a contracting party to refuse a request made by another contracting party to set up a working party under Article XXII:2.

The representative of Japan asked whether there was any precedent for Article XXII being invoked in a case which (a) had nothing to do with the Articles of the General Agreement, and (b) which fell within the ambit of private, independent enterprises in respect of which the Government was not in a position to take any measures. He said that Japan had no government policy concerning copper pricing and purchasing practices.

The Director-General said there had been a series of Article XXII:2 working parties, the last of which had been established in 1968. Since that year, no such working parties had been requested, and the tendency had been to invoke Article XXIII.

The representative of the European Communities said that GATT's dispute settlement procedures relied as much on the spirit as the letter of the General Agreement. The tendency of some contracting parties to stick to the letter of the General Agreement, and to overlook its basic objectives, created unbalanced situations which placed their partners in uncomfortable positions. It was common knowledge that countries which felt cornered in such difficult situations tended to react unpredictably, and an unduly legalistic approach which insisted only on deriving advantages from the General Agreement was not the way to achieve trade liberalization. The figures which the Community had just given were proof enough that something was wrong in trade in copper, and the Community could not understand Japan's refusal of its request for a working party to follow up and examine a matter which went back so many years. Establishment of such a working party would not prejudge the outcome of its deliberations.

The representative of Japan said that it would be a dangerous precedent if a contracting party was automatically granted a working party on the basis that it was dissatisfied with the legitimate commercial activities of private enterprises in other contracting parties which fell outside the purview of GATT.

The Director-General said that he would need more time to produce final, substantiated answers to the questions put by the representatives of Japan and the European Communities. In the meantime, and on a preliminary basis, he could say that any contracting party had the right to raise a problem and have it studied without necessarily having to

demonstrate that the problem was linked to a particular GATT article. As to Japan's second question concerning the right of governments to raise questions in GATT concerning practices followed by private firms, he was also not in a position to give a final answer at the present meeting. However, he recalled that there were GATT provisions referring to the behaviour of private firms: for example, the Decision of 18 November 1960 concerning restrictive trade practices (BISD 9S/28).

The representative of Japan recognized that almost all governments had some system to combat restrictive trade practices. He emphasized again that Japan was willing to discuss this matter in the Working Party on Trade in Certain Natural Resource Products. All that his Government was objecting to was improper invocation of GATT procedures, because the implications of this were so significant that it could change the nature of GATT. Article XXII:1 did indeed refer to "any matter affecting the operation of (the General) Agreement"; but there was no basis for the Community's case, even within that broad framework.

The representative of Norway, on behalf of the Nordic countries, said that they had an interest in this complex matter, which was probably too specific to be discussed in the Working Party on Trade in Certain Natural Resource Products. More time was needed to reflect on the matter and perhaps some informal consultations among interested delegations should be held before the Council took any formal decision.

The representative of Switzerland asked the Community to circulate a document giving a more explicit and substantiated description of the problems in this case, so that the Council could know what it was being asked to decide upon.

The representative of the European Communities said it was perhaps legitimate for delegations to ask the Community to circulate a more detailed paper, although the Community thought that as this problem was so well known, it was unnecessary to go into further detail, especially as a number of contracting parties had been involved in the Article XXII:1 consultations. Since the Community had started out on the basis of Article XXII:1, it was logical to move to Article XXII:2 even though Japan had questioned the procedure under XXII:1. According to the representative of Japan, the Japanese Government was totally powerless in this matter. But the Community wondered whether this was really the case: after all, apart from the three per cent tariff, Japan had been operating a price equalization system and this was very likely the work of the Government. If a country could only produce 50,000 tons of copper ores from its own natural resources, and it actually managed to produce 1,000,000 tons of refined copper then, in the prevailing world market situation, something was wrong somewhere. Other copper suppliers with a similar technological level, and the same competitive capacity, were incapable of matching those figures. The Community maintained its request for establishment of a working party.

The representative of India, emphasizing that he was only making preliminary comments, said it was clear that the implications of this issue were greater than those presented in document L/5627, because the case could affect contracting parties' rights and obligations; for that reason, the legal issues at least would have to be dealt with carefully. He reiterated India's oft-expressed view that if all the dispute settlement procedures had been met, and if the concerned contracting party was convinced that further conciliatory approaches were not likely to yield results, then it had the right to seek establishment of either a working party or a panel. His delegation agreed that it was not customary for a complaint to be brought under Article XXII or XXIII unless the requesting contracting party invoked a particular GATT article, and unless there was at least a prima facie attempt at outlining a case. Since the facts in this particular case were not yet clear, India joined the request made by previous speakers for more precise information, either from the Community or Japan, on the alleged pricing and purchasing practices referred to in paragraph 1 of document L/5627, so that the Council could assume its responsibility. This was an issue in which procedure and substance had a vital relationship.

The representatives of Egypt and Jamaica supported the requests for clarification.

The Chairman asked the two principally interested delegations, and delegations which had expressed their interest in this matter, to consult informally with him with a view to resolving this matter.

The Council took note of the statements and of the Chairman's request, and that the Community maintained its request for establishment of a working party, and agreed to revert to this matter at its next meeting.

7. Agreements between the EEC and Austria (L/5611), Finland (L/5612), Iceland (L/5613), Norway (L/5614), Portugal (L/5615), Sweden (L/5616) and Switzerland (L/5617)
- Biennial reports

The Chairman recalled that at its meeting on 28 February 1984, the Council had taken note of the reports on the Agreements between the European Economic Community and the member States of EFTA and FINEFTA (documents L/5611 through L/5617), and had agreed to revert to this item at its next meeting in response to a request by the representative of Chile for some additional information concerning the Agreements. It had not been possible to obtain the information in time for the present meeting, but he understood that the Community and EFTA member-State delegations would soon deliver it directly to the delegation of Chile and also to the Secretariat so that the information could be made available to other contracting parties.

The Council took note of this information and agreed to revert to this matter in due course.

8. Japan - Measures on imports of leather
- Report of the Panel (L/5623)

The Chairman recalled that in April 1983, the Council had established a panel to examine the complaint by the United States. The Council had been informed of the Panel's composition and terms of reference in July 1983. The Panel's report had been circulated in document L/5623.

Mr. Huslid, Chairman of the Panel, introduced the report. He drew the Council's attention to the Panel's findings and conclusions as contained in paragraphs 40-60, which were clear and unanimous. He also drew attention to the last sentence of the report in which it was stated that "the Panel felt that the Council might wish to consider whether or not Japan should be given a certain amount of time progressively to eliminate the import restrictions in question and, in this context, to consider the factors referred to above, in particular those in paragraph 43". He emphasized that this last sentence was motivated solely by the facts of this case and could not be considered as any precedent of a more general character.

The representative of Japan said that his Government recognized the need to maintain the integrity of GATT's dispute settlement procedures, as underlined in the 1982 Ministerial Declaration. However, due to the report's recent circulation, it had not yet been possible for the Government to complete its examination of the report. Under these circumstances, Japan asked the Council to revert to this item at its next meeting. He stressed the delicate nature of this problem and hoped that it would not receive unnecessary publicity, as this would jeopardize Japan's examination of the matter.

The representative of the United States said the Panel had properly applied the provisions of Article XI in finding that Japan's quantitative restrictions on leather imports contravened that Article's prohibition of such restrictions. The Panel had also underscored the fact that special historical, cultural and socio-economic circumstances, such as those referred to by Japan in this dispute, could not be used to justify import restrictions in applying the relevant GATT provisions. His delegation believed that the report should be adopted, with the recommendation that Japan eliminate its quantitative restrictions and particular licensing requirements on leather imports. The measures which were the subject of this dispute had been without any GATT justification since 1963. In the light of Japan's request that this matter be deferred to the next Council meeting, the United States asked contracting parties to come to that meeting prepared to adopt the report and to recommend prompt compliance by Japan with its GATT obligations, given the long history of the dispute and the interest of other contracting parties in its outcome.

The representative of Australia said that he would not comment on paragraph 60 of the report at the present meeting. While his delegation agreed to Japan's request for deferment, it hoped that Japan would

respond positively to the recommendation in paragraph 59 of the report, in particular by presenting to the Council at its next meeting a specific plan for progressively eliminating the import restrictions on the semi-processed and finished leather items examined by the Panel. Australia invited the Japanese Government to take into account not only its own domestic sensitivities in this matter, but also those of other governments which had to cope with their own legitimate pressures for improved access to the Japanese leather market.

The representative of Canada said that his delegation could agree to the Japanese request for deferment, but it hoped that at the next Council meeting Japan would agree to adopt the report and would provide a precise indication of the time frame over which the quantitative restrictions in question would be eliminated.

The representative of Chile said that his delegation could agree to Japan's request for deferment. Chile fully agreed with the Panel's recommendation in paragraph 59. However, paragraph 60 raised several questions which would have to be clarified, because the proposal to give Japan a certain amount of time to eliminate the import restrictions would be interpreting the 1979 Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210) to the effect that contracting parties should, as a matter of course, be given a certain amount of time to conform with a legal obligation. Chile was also concerned over the competence of a panel to make recommendations of the kind contained in paragraph 60.

The representative of India agreed to Japan's request for deferment and expressed his delegation's support for the statements by the representatives of Canada, Australia and Chile.

The representatives of Pakistan, New Zealand, the European Communities and Peru expressed the interest of their delegations in this matter, and agreed to Japan's request for deferment, but they expected the report to be adopted at the next Council meeting.

The representative of the United Kingdom on behalf of Hong Kong said that his delegation could agree to Japan's request for deferment. He said that the Panel's report was clear and satisfactory up to and including the suggested recommendation in paragraph 59. That paragraph alone should represent the CONTRACTING PARTIES' recommendation on this matter, without any further addition. Had the panel report concluded with paragraph 59, Hong Kong would see no difficulty in adopting it. However, paragraph 60 contained a suggestion which did not follow logically from the rest of the report; it suggested that Japan be given time to eliminate the restraints progressively and that the socio-economic factors mentioned in paragraph 43 should be taken into account. This suggestion overlooked the fact that paragraph 43 had been qualified by paragraph 44, which made clear that the Japanese restraints were contrary to Article XI and that cultural and socio-economic

circumstances did not provide a justification for such restrictions. If the existence of the restrictions could not be justified on the basis of cultural and socio-economic factors, neither could their temporary extension be justified on those grounds. To do that would be to give the restrictions some temporary degree of recognition, legitimacy and immunity which they did not merit. That in turn would have the effect of undermining the GATT dispute settlement mechanism. Paragraph 60 was therefore irrelevant, unnecessary, and might possibly have dangerous consequences, and should be excluded from the adoption of the report.

Mr. Huslid, Chairman of the Panel, reiterated that its conclusions were clear. He asked that delegations not read more into the text of paragraph 60 than was actually written.

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

9. United States - Manufacturing Clause
- Report of the Panel (L/5609)

The Chairman recalled that in April 1983, the Council had established a panel to examine the complaint by the European Communities. The Council had been informed of the Panel's composition and terms of reference in July 1983. The Panel's report had been circulated in document L/5609.

Mr. Rantanen, Chairman of the Panel, introduced the report. He drew the Council's attention to paragraphs 34-43, containing the Panel's findings, conclusions and suggestion for action by the Council. The report had dealt only with the consistency of the Manufacturing Clause with the United States' GATT obligations. Questions relating to possible compensation, which had been raised in the Council during discussion on setting up the Panel, had not been examined, since the Panel had been established to examine a matter raised by the European Communities, and the Community had asked the Panel during the course of its work not to look into these questions.

The representative of the United States said that his Government was still reviewing the Panel's findings and conclusions, so his delegation was unable to discuss the report at the present meeting. He asked that the matter be deferred until the next Council meeting, when his delegation would be prepared to enter into full consideration of the report so that the Council could take appropriate action.

The representative of the European Communities said that his delegation supported the Panel's conclusions. Since the report had only been circulated recently, and since it apparently posed a number of problems for the United States, the Community would agree to the US request for deferment. However, the Community expected that the time before the next Council meeting would be used by the United States to see

how it would implement the recommendation suggested in the report's final paragraph, and by other members of the Council to reflect on the report, because the scope of this case extended well beyond the Manufacturing Clause. The report's conclusions were clear as to the scope and limitations of the Protocol of Provisional Application. The Community would expect adoption of the report at the next Council meeting.

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

10. Trade in Textiles
(a) Reports of the Textiles Committee (COM.TEX/35 and 36)
(b) Annual Report of the Textiles Surveillance Body (COM.TEX/SB/900 and Corr.1)

The Director-General, Chairman of the Textiles Committee, noted that document COM.TEX/35 was the report by the Textiles Committee on its annual meeting held in December 1983, when it had carried out the second annual review of the operation of the Arrangement Regarding International Trade in Textiles[1], as extended by the 1981 Protocol[2]. The Committee had received an interim report by the Sub-Committee on Adjustment and had agreed that a full and comprehensive report should be prepared in 1984 in time for the major review by the Textiles Committee. The Committee had also considered a report by the Textiles Surveillance Body (TSB) on its activities during the period 27 November 1982 to 9 November 1983. This report (COM.TEX/SB/900 and Corr.1) contained findings by the TSB on its review of all restrictions and bilateral agreements notified by various parties to the Arrangement. Document COM.TEX/35 reflected the discussions at the Committee meeting on the TSB report, including certain suggestions for the contents of future reports. The TSB report was submitted to the Council in accordance with Article 10:4 of the Arrangement. Other items considered by the Textiles Committee during the December meeting had included the request by the People's Republic of China to become a party to the Arrangement and the membership of the TSB for 1984.

Document COM.TEX/36 was the report on a special meeting of the Textiles Committee held in January 1984 to discuss certain procedures announced by the United States in December 1983 for determining the existence of market disruption, or threat thereof, for textile products not subject to restraint. Serious concern had been expressed by both importing and exporting countries over these procedures; exporting developing countries considered that they established criteria that did not conform with the Arrangement. The representative of the United

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[1] BISD 21S/3

[2] BISD 28S/3

States had explained that the measures were purely internal, and had assured the Committee that any request for consultations under the new procedures would observe the provisions of the Arrangement and of the relevant bilateral agreements. The Committee had noted the statement by the US delegation that, notwithstanding the use of internal procedures, the Arrangement remained the legal framework within which US trade policy on textiles would be conducted. During this meeting, the Committee had also adopted a proposal by Pakistan for a review to be undertaken by the TSB on the application of the consultation provisions of the agreements concluded under the 1981 Protocol.

The representative of Mexico, speaking as an observer, noted that Mexico was a party to the Arrangement and that he was speaking on behalf of developing countries exporters of textiles and clothing. He noted that the United States had announced its new procedures only one day after the Textiles Committee meeting on 15 December 1983; at that meeting, the developing exporting countries had expressed their concern about the changed situation in one major importing market where more and more items were being placed under restraint as a result of increasing consultation calls which, in many cases, were not justified on the basis of market disruption or real risk thereof. These developments, along with the points made by the TSB in Chapter II of its report, merited close examination of the increasingly restrictive trend that was emerging in international textiles trade. The developing exporting countries had taken careful note of the conclusions in paragraph 48 of COM.TEX/36, in particular sub-paragraphs (b) containing information provided by the United States, (f) which took note of US assurances that the Arrangement remained the governing framework within which US textile trade policy was conducted, and (g) in which the Committee had decided to keep all matters under review. The developing exporting countries considered that this situation should be kept under close scrutiny by the Council.

The representative of Pakistan endorsed the statement by the representative of Mexico and emphasized the importance of this item on the Council agenda. Referring to paragraph 48 in COM.TEX/36, he said this looked like a summary by the Chairman, whereas it was his understanding that this paragraph contained the conclusions of the Textiles Committee itself. He also suggested that the Chairman of the TSB should in future present that body's report to the Council in order to underline its importance. Finally, he proposed that this item be deferred until the next Council meeting.

The Director-General, Chairman of the Textiles Committee, referring to paragraph 48 of COM.TEX/36, said he saw no differences with the Pakistan representative's understanding. The text of the report as it now existed had been drawn up in consultation with the delegations concerned.

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

11. Committee on Balance-of-Payments Restrictions - Statement by the Chairman of the Committee (C/125)

Mr. Feij (Netherlands), Chairman of the Committee on Balance-of-Payments Restrictions, drew attention to the main points of a statement concerning the trading environment and balance-of-payments consultations, subsequently circulated in document C/125. He recalled that he had been invited by the Consultative Group of Eighteen to undertake consultations concerning the Committee's work in this area (L/5572, paragraph 11). This statement, which was made on his own responsibility as Chairman, was the outcome of those informal consultations.

The representatives of the United States, India and Hungary asked that the Council revert to this item at a future meeting because their delegations wanted to base their comments on careful consideration of the information contained in document C/125.

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

12. Poland - Economic management system

The representative of Poland, speaking under "Other Business", said that his delegation intended to organize, in the late spring of 1984, an informal meeting, open to all contracting parties, so that a group of Polish economists and economic officials might present the essential features of the present reform in Poland's economic management system. They would also invite questions and comments on GATT-related aspects of the reform. Information about the meeting would be provided later.

The Council took note of this information.

13. Aspects of Trade in High-Technology Goods

The representative of the United States, speaking under "Other Business", recalled his statement at the Council meeting on 7 February 1984 about work on this matter proceeding elsewhere, especially in the OECD, as well as in bilateral discussions. However, the United States continued to believe that GATT was the appropriate forum for addressing this issue, and his delegation would therefore revert to this subject at future Council meetings. In the meantime, the United States intended to start bilateral consultations with other interested contracting parties so as to develop a paper which could serve as the basis for a substantive discussion of high-technology trade at a future Council meeting.

The representative of Jamaica hoped that the US delegation, in consultation with all contracting parties interested in this matter, would be in a position to have the paper circulated before the next Council meeting so as to permit substantive discussion of this issue.

The Council took note of the statements.

14. Evolution of the GATT system

The representative of Jamaica, speaking under "Other Business", said that he wished to raise several points concerning the evolution of the GATT system. First, he recalled remarks by the Director-General in his speech on 20 February 1984 in London that "failure to adjust is the central economic problem and that most of the conflicts between (GATT) member countries over market access, the distortion of competition through subsidies or whatever it may be, are symptoms of this larger failure" (GATT/1355, paragraph 18). His delegation encouraged the Director-General's efforts towards dealing in GATT with the tensions in the open trading system and towards activating work on structural adjustment. Second, he said that the collective experience of those who had worked in GATT since its establishment in 1948 should not be lost. Attention should therefore be given to ensuring that this experience was continued and strengthened in GATT. Third, he asked if the Secretariat could improve the preparation and mailing system for documents so that more time would be allowed for their consideration in capitals and in consultations between delegations in Geneva. Fourth, he understood that in January 1983 informal consultations had been held in Geneva on improving the Council's working methods. He regretted that those consultations had not moved into a larger setting to see whether the ideas produced would generate support that would enable more effective work in the Council. Fifth, concerning the coherence and consistency of the GATT system, i.e., that the MTN Agreements and Arrangements should be brought into line with the GATT framework, his delegation looked forward to an early substantial review on this matter. Sixth, turning to the action program resulting from the 1982 Ministerial meeting and to the completion of unfinished MTN business, he suggested that the secretariat might prepare a short document reviewing the status of work in these two areas. Finally, concerning recent calls for a new round of multilateral trade negotiations, Jamaica hoped that if sufficient momentum built up for such a new round, it would not lead to the kind of dead end seen during the Tokyo Round, caused by inadequate preparation. Jamaica considered it part and parcel of the evolution of the GATT system to ensure that contracting parties were well-prepared for such a new round of trade liberalization talks.

The representative of Argentina said that his delegation was also concerned at the brief period between meetings and circulation of documents.

The Director-General said that some of these points might be discussed at the next special Council meeting.

The Council took note of the statements.

15. United States - Imports of copper

The representative of Chile, speaking under "Other Business", said that the Intergovernmental Committee of Copper Exporting Countries had held an extraordinary meeting in early March 1984 at the request of eleven US copper producers representing 85 per cent of US domestic production. These producers had asked the US International Trade Commission to restrict imports of refined cathode and blister copper. Chile was deeply concerned at this development, which could impede free trade, and might revert to it in greater detail at a future Council meeting.

The Council took note of this information.

16. United States - Agricultural Adjustment Act

The Chairman recalled that on 7 February 1984, the Council had established a working party to examine the twenty-sixth annual report submitted by the United States, and had authorized the Chairman of the Council to deignate the Chairman of the Working Party in consultation with the delegations principally concerned.

He informed the Council that following such consultation, Mr. Grunwaldt Ramasso (Uruguay) had been designated Chairman of the Working Party.