RESTRICTED

C/M/171
18 October 1983

Limited Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL
3 October 1983

MINUTES OF MEETING

Held in the Centre William Rappard on 3 October 1983

Chairman: Mr. H.V. Ewerlöf (Sweden)

Subjects discussed:		Page
1.	Guatemala - Request for observer status	2
2.	Honduras - Request for observer status	2
3.	Aspects of Trade in High-Technology Goods	2
4.	Trade in Counterfeit Goods	4
5.	European Economic Community - Quantitative restrictions on imports of certain products from Hong Kong - Follow-up on the report of the Panel	4
6.	Customs unions and free-trade areas; regional agreements - Biennial reports (a) South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) (b) Agreement between the European Economic Community and Spain (c) Agreement between the European Communities and Israel (d) Central American Common Market (e) Agreement between Finland and Hungary	5
7.	European Economic Community - Application of Article XXVIII to new products - Request by Japan for establishment of working party	6
8.	Pakistan - Renegotiation of Schedule - Request for extension of waiver	8
9.	United States tax legislation (DISC) - Follow-up on the report of the Panel - Draft decisions proposed by the European Economic Community	9

		Page
10.	Canada - Foreign Investment Review Act (FIRA) - Report of the Panel	11
11.	United States - Imports of sugar from Nicaragua - Composition and terms of reference of the Panel	12
12.	Problems of Trade in Certain Natural Resource Products	13
13.	United States - Caribbean Basin Economic Recovery Act	14
14.	Review of Developments in the Trading System	14

1. Guatemala - Request for observer status (L/5544)

The Chairman recalled that at its meeting on 12 July, the Council had agreed to place on the agenda of its next meeting Guatemala's request to be granted observer status for Council meetings. He said that the Director-General had received a recent communication from Guatemala related to this request (L/5544), and noted therein the reference to Guatemala's growing interest in continuing to strengthen its links with GATT, which might enable it to examine in the future the possibility of becoming a contracting party. He proposed that, in the light of this communication, the Council agree to grant Guatemala observer status for Council meetings.

The Council so agreed.

2. Honduras - Request for observer status (L/5538)

The Chairman drew attention to document L/5538, containing a request by Honduras for observer status for Council meetings. Honduras already had observer status for sessions of the CONTRACTING PARTIES. As could be seen from the communication from Honduras in document L/5538, the object of the present request was for that Government to study the possibility of becoming a contracting party. He proposed that the Council accordingly agree to grant Honduras observer status for Council meetings.

The Council so agreed.

3. Aspects of Trade in High-Technology Goods (SR.38/9, C/W/409/Rev.2 and Corr.1)

The Chairman recalled that the Council had most recently considered this item at is meeting on 12 July 1983, and had agreed to revert to it at its next meeting on the understanding that further consultations would take place in the meantime.

The representative of the United States said that his delegation had twice revised its proposal (C/W/409/Rev.2 and Corr.1) following comments received from interested contracting parties in the course of bilateral and multilateral consultations. High-technology trade was an area of potential interest to all countries; at the 1982 Ministerial meeting, the Ministers had noted the importance of trade in these products and had agreed that the Council should consider undertaking work in this area. The United States remained willing to discuss constructive comments concerning the modest work program that it had proposed. In the absence of such comments, his delegation believed that it was now time for the Council to adopt the US proposal without further delay.

The representative of the European Communities recalled that at the Ministerial meeting, the CONTRACTING PARTIES had not asked the Council to pursue this matter in order to carry out a study; they had referred this item to the Council for further consideration (SR.38/9, page 2), without prejudging what the Council might decide after or during such consideration. This matter was of great interest to the Community and its member States; but his delegation had received no clear reply to the questions which it had raised at the meeting on 12 July regarding the real objectives of the proposed study. The Community and its member States were trying to restructure their economies toward the production of high-technology goods, and they did not want such a study, or what might result from it, to nullify their efforts in research and development in this field. His delegation thus asked whether the Chairman could undertake consultations in order to clarify the hidden sides of the US proposal.

The representative of the United States said that his delegation had no preconceived notions of how the exercise should be carried out. There were no hidden sides to the proposal; it was straightforward and should be accepted by all contracting parties which had an interest in making progress. However, his delegation was prepared to continue consultations on the understanding that they would be concluded by the next Council meeting and that this issue would appear on the agenda of that meeting. He considered that it was not helpful for issues to come up repeatedly with no decisive action by the Council.

The Chairman agreed that items should not remain forever on the Council agenda without progress between meetings. If the Community, the United States and other contracting parties so wished, he would hold consultations with interested delegations before the next Council meeting.

The representative of Japan supported the US initiative and was distressed that this item never seemed to advance to the take-off stage. He was not convinced by arguments against the proposal. The issue was very important for international trade; and he hoped that the Chairman's consultations would get the exercise started.

The representative of Israel said that the GATT had to make progress in step with developments in the world. The question of high-technology trade interested small countries, developed and developing, as well as the industrial giants. Positive progress could only come through a preliminary secretariat study, which would pinpoint the main questions involved.

The Council took note of the statements and agreed to revert to this item at its next meeting, on the understanding that the Chairman would, in the meantime, have consultations with interested contracting parties.

4. Trade in Counterfeit Goods (C/W/418, L/5512)

The Chairman recalled that the Council had most recently considered this item at its meeting on 12 July 1983, and had agreed that consultations would continue among delegations, and between delegations and the secretariat, in order to find a solution, and had also agreed to revert to this matter at its next meeting, if possible. The Chairman said that some contacts had been held since that meeting, but he understood that a number of delegations would find it useful to have more time to consult on this matter.

The representative of Austria said that his Government still considered that the problems of counterfeit goods were subject to the competence of the W.I.P.O. Paragraph 7 of the Annex to document C/W/418 pointed out that countries varied in the ways they interpreted the Paris Convention, while paragraph 9 noted that many countries did not accept the International Court of Justice as the forum of last instance. So it seemed improbable that countries which only applied the Convention in a limited way would accept a more strict or binding agreement within GATT. His authorities considered that better international co-operation within W.I.P.O. was the appropriate way to combat international trade in counterfeit goods.

The Council took note of the statement by the representative of Austria and that further consultations would be held among interested delegations, and between delegations and the secretariat, and agreed to revert to this item at its next meeting.

5. Economic Community - Quantitative restrictions on imports of certain products from Hong Kong
- Follow-up on the report of the Panel (L/5511)

The Chairman recalled that at its meeting on 12 July, the Council had considered the Panel report (L/5511) on the complaint by the United Kingdom on behalf of Hong Kong, and had adopted the report, with the recommendation in its paragraph 34. This item had been placed on the agenda of the present meeting at the request of the European Communities.

The representative of the European Communities said he wanted to inform the Council of follow-up action intended by the Community, and France in particular, subsequent to adoption of the Panel report. The Community had not objected to adopting the report, even though it was

unhappy that neither the Panel nor the Council had taken account of the economic arguments put forward by the Community in its defence. The French authorities had decided to terminate very shortly the restrictions applying to six of the tariff positions studied by the Panel (60.04. ex B; 60.05. ex A; ex 61.01; ex 61.02; ex 61.03; and ex 90.12). With regard to the remaining five product categories, real economic and trade problems were involved in aligning national legislation with GATT rules, which could not be solved overnight. The Community and the French authorities were reflecting what to do about the restrictions on those products, and his delegation would keep the Council informed about developments.

The representative of the United Kingdom, speaking on behalf of Hong Kong, said that it was encouraging that France was going to comply with the Council's recommendation that the quantitative restrictions in question should be terminated; this augured well for GATT's dispute settlement mechanism. Hong Kong particularly welcomed France's decision to liberalize three product categories immediately, but was disappointed that details were still not available on how and when France was going to liberalize the remaining five product categories. He urged that this be done without delay. His delegation intended to revert to this item at the next Council meeting, unless before then all the remaining five product categories had been liberalized.

The Council took note of the statements and agreed to revert to this item at its next meeting, if the delegation of the United Kingdom, on behalf of Hong Kong, so desired at that time.

6. Customs unions and free-trade areas; regional agreements - Biennial reports (L/5488, 1/5516, 1/5531, L/5536, L/5539)

(a) South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) (L/5488)

The Council took note of the Report.

(b) Agreement between the European Economic Community and Spain (L/5516)

The Council took note of the Report.

(c) Agreement between the European Communities and Israel (L/5531)

The Council took note of the Report.

(d) Central American Common Market (L/5536)

The Council took note of the Report.

(e) Agreement between Finland and Hungary (L/5539)

The Council took note of the Report.

7. European Economic Community - Application of Article XXVIII to new products
- Request by Japan for establishment of working party (C/W/424, L/5522)

The Chairman recalled that this matter had been raised at the Council meeting on 12 July 1983, when it had been agreed to revert to it at the next Council meeting. He drew attention to document C/W/424 containing Japan's request for establishment of a working party to examine this matter.

The representative of Japan said his Government believed that the product in question (Compact Disc Player) belonged to a category of goods which could enjoy a future of continued consumption and contribute to the expansion of trade. In the very near future, any contracting party, including developing countries, could produce and export this type of product. Therefore, in terms of GATT's basic objectives, to preempt the immediate prospects of increased trade at its very inception would raise serious problems. Such action would also create fundamental problems in terms of application and interpretation of Article XXVIII, which was one of the General Agreement's most important provisions. These considerations had led Japan to conclude that this was a matter of common concern for all contracting parties, and that it deserved a thorough examination on a priority basis by a working party.

The representative of the European Communities said that the request for establishment of a working party seemed to indicate that Japan wanted to jeopardize or question the Community's right to have recourse to Article XXVIII, which was a fundamental pillar of the GATT system. The representative of Japan had said at the 12 July Council meeting that his authorities had concluded it was not appropriate to negotiate with the Community on this matter under Article XXVIII. The Community thus had no alternative but to make clear that if a concerted settlement on this specific case under Article XXVIII could not be reached within a reasonable period of time, it would follow the appropriate procedure under that Article. His delegation had also made clear its willingness to try to arrive at a solution to the general question of applicability of Article XXVIII in the Committee on Tariff Concessions, which was fully competent to discuss the issue. This matter had nothing to do with safeguards; and the two problems should not be confused. The Community had also made clear its belief that recourse to Article XXVIII should only be made exceptionally and in a limited way. The Community had in fact only resorted to this Article eight times since 1960. The Community was ready to discuss the question of compensation in this specific case; but the position of Japan was equivalent to a refusal of the Community's rights.

The representative of the United States said that his delegation shared, and was encouraged by, the Community's belief that Article XXVIII was a fundamental pillar of GATT that should only be used in a limited and exceptional way. The United States was concerned that there might

be a tendency not to use Article XXVIII as originally prescribed; this was why his delegation shared Japan's concern for the proper use of that Article. His delegation looked forward to discussing this issue at the next meeting of the Committee on Tariff Concessions.

The representative of India said that it was important to seek clarification on the applicability of Article XXVIII. The forum in which this should be done was not the most important issue, because if it were done in the Committee on Tariff Concessions, that Committee had to report to the Council. Members of the Council would then have an opportunity to discuss the Committee's report and reach a final conclusion on this issue.

The representative of Canada said that as there could be important implications in this issue for many contracting parties, the Committee on Tariff Concessions might be asked to review the application of Article XXVIII in general terms including, but not necessarily limited to new products.

The representative of Australia said that the application and interpretation of Article XXVIII was a matter of common concern and a test of GATT's adaptability to a changing world. It raised the question of determining what constituted substantially equivalent concessions in a situation where there was no past trade but where there was the prospect of rapid future trade growth. His delegation could support examination of these issues in the Committee on Tariff Concessions, but the issues might extend beyond Article XXVIII. Therefore, the Council should leave open the question of any subsequent steps it might take, including possible establishment of a working party, until the Committee reported to the Council.

The representative of Austria said that his Government attached great importance to this problem, but had no final opinion on whether special treatment should be given to the special problems of new products. Generally speaking, his delegation considered that negotiations on Article XXVIII could only be carried out point for point, taking into account the actual situation. On the other hand, it was obvious that the value of a given concession could change over time. Austria was open as to whether this question should be handled in the Committee on Tariff Concessions or in another GATT forum.

The representative of Argentina said that his Government was interested in this matter because of problems relating to Article XXVIII in the past. His delegation could support having this issue examined by a working party or by the Committee on Tariff Concessions.

The representative of New Zealand said that his delegation considered this to be an issue of potentially great importance. The precise forum for discussing the applicability of Article XXVIII was not the essential issue. New Zealand believed that all contracting parties

had a common interest in seeking to ensure that GATT Articles were not used in an unduly protectionist manner. His delegation supported discussing this issue in the Committee on Tariff Concessions in the first instance.

The representative of Switzerland said that this issue was of great interest to his delegation, and it underlined what might appear as a legal vacuum in the General Agreement. Switzerland was ready to co-operate to reach a solution either in a working party or in the Committee on Tariff Concessions.

The representative of Japan said that in a spirit of co-operation and pragmatism, his delegation would go along with the majority view that this item be examined in the Committee on Tariff Concessions. He noted the terms of reference of the Committee which were comprehensive enough to encompass examination of the matter raised by his delegation.

The Council took note of the statements and agreed to refer this matter to the Committee on Tariff Concessions for further consideration. It also took note that the Committee would in due course report to the Council.

8. Pakistan - Renegotiation of Schedule
- Request for extension of waiver (C/W/422, L/5533)

The Chairman drew attention to the request by Pakistan, circulated in document L/5533, for a further extension of the CONTRACTING PARTIES' Decision of 29 November 1977 (BISD 24S/15) to waive the application of the provisions of Article II of the General Agreement to enable Pakistan to maintain in force the rates of duty provided in its revised Customs Tariff, pending the completion of negotiations for the modification or withdrawal of concessions in its Schedule XV.

The representative of Pakistan said that the negotiations had turned out to be more complicated than the normal open-season tariff negotiations because considerable time had lapsed since Pakistan had negotiated its Schedule in 1955. The negotiations had also taken more time because the composition of Pakistan's exports had changed. While negotiations with some contracting parties were almost completed, it would not be possible to complete them with all contracting parties by the end of 1983.

The Council approved the text of the draft decision extending the waiver until 31 December 1984, and recommended its adoption by the CONTRACTING PARTIES by postal ballot.

9. United States tax legislation (DISC) - Follow-up on the report of the Panel
- Draft decisions proposed by the European Economic Community (C/M/157, C/W/389 and Suppl.1, C/W/391, C/W/392, C/W/423, L/4422, L/5271)

The Chairman recalled that the Council had most recently considered this item at its meeting on 12 July 1983, when it had agreed to revert to it at a future meeting. The item had been proposed for the agenda of the present meeting by the European Communities, which had sent a communication on this matter reproduced in document C/W/423.

The representative of the European Communities said that in order to reinforce GATT's dispute settlement procedures, the Community had presented various draft decisions to the Council with the aim of following up the Panel report; but so far no decision had been taken. Consequently, the Community had thought it necessary to present in document C/W/423 draft terms of reference for a working party to examine the incidence of the DISC subsidy. He emphasized that the Community's intention was not to interfere in the US legislative process. The Community could have limited the draft terms of reference to the incidence on US exports to the Community, but believed that many other contracting parties were interested. He pointed out that the draft terms of reference envisaged two hypothetical cases: one, if deferred DISC taxes were not to be recovered, and the other, if such taxes were to be recovered. He stressed that the Community was proposing a strictly factual study, and was not asking for a political judgement. The Community did not wish to anticipate what action the Council might take on the basis of the report by such a working party.

The representative of the United States said that the Community's request for a working party had clouded the situation. In August 1983, his Government had introduced the bill to replace the DISC, and had urged both Houses of Congress to act quickly to enact the new legislation. He wanted to make clear that the new legislation would not have been introduced without the implication that once and for all this issue would be put to rest. In these circumstances, the Community's request for a working party was both unwarranted and unfortunate: unwarranted, in that the request went far beyond what the Panel had found in the conclusions of its report, and beyond what the Council had said in adopting that report; unwarranted also in terms of GATT custom, which had focused on getting contracting parties to change offending practices. The Community's proposal was viewed in Washington as an act of bad faith and contrary to the understanding (L/5271) when the Council adopted the Panel's report, and as an attempt to influence the new US legislation. He strongly urged the Community to reconsider its proposal and to withdraw it from future agendas of the Council.

The representative of Finland, speaking on behalf of the Nordic countries, expressed satisfaction that the US Administration had introduced the bill. The bill was a long-overdue step in the right direction, but it contained certain elements that raised serious concern, particularly the proposal that deferred DISC taxes would not be recovered. The Nordic countries trusted that the US delegation would clarify the contents of the new bill and keep the Council informed of the legislative process. They reserved their GATT rights and would revert to this issue in the Council if necessary.

The representative of India said that his authorities recognized that the Community's draft decision (C/W/392) requesting authority to suspend the application of tariff concessions or other GATT obligations, formed part of the rights of a contracting party as a final step in the functioning of GATT's dispute settlement mechanism. While some delegations might have difficulties with the draft terms of reference presented by the Community in document C/W/423, his delegation considered it appropriate that the extent of the adverse trade effects of the DISC should be calculated in some appropriate GATT forum, taking full account of the views expressed at the present meeting by the representative of the United States. The determination of the amount and incidence of the subsidy in such a forum could, however, be no substitute for the necessary action which had to be taken by the United States to amend its legislation.

The representative of Switzerland said that his authorities expected the United States to take the necessary steps to adjust its tax legislation as soon as possible. His delegation had always made it clear, however, that GATT should not interfere with the internal procedures of any contracting party and should not pronounce on legislation which was not yet in force. The proposal by the Community in document C/W/423 did not strike his authorities as appropriate. They failed to see what purpose such a working party would serve, and they feared that it might actually slow down the US legislative process. Switzerland preferred to wait for the completion of the US legislative process before deciding on appropriate further procedures in the Council.

The representative of Canada said that Canada's prime objective continued to be that the United States should modify the DISC quickly or replace it with a new system consistent with GATT. The introduction of legislation in Congress was a positive indication of the US intention to meet its GATT commitments; and Canada would follow closely the progress of this legislation over the following months. Canada continued to support the Community's right to ask for establishment of a working party on this issue; however, setting up a working party with the terms of reference suggested by the Community, at this time and on a question as complex as this, could be a recipe for lengthy deliberations without any prospect of concrete and useful results.

The representative of Argentina said that his delegation could support the Community's latest proposal in principle, but it doubted whether this was the appropriate time for such a proposal to be put forward.

The representative of Australia said that his delegation supported the Community's right to ask for a working party; but the main aim was to have the United States bring its legislation quickly into conformity with its GATT obligations.

The representative of Japan considered that establishment of a working party would not be conducive to a satisfactory solution of this issue at this stage. His delegation urged the United States to expedite solution of this problem.

The representative of New Zealand said that the time which had gone by since the complaint against DISC was first lodged with GATT illustrated a weakness in GATT's dispute settlement procedures. However, the DISC issue was only one example of the problems associated with achieving conformity with GATT rules; other countries had arguably been as remiss as the United States in changing national policies to conform with GATT. New Zealand considered that the Community's latest proposal was not appropriate and might be counter-productive. The prime objective was to see the US legislation changed and the DISC replaced, or its rules brought into conformity with GATT. New Zealand joined those who preferred to await the outcome of the US legislative process.

The representative of the European Communities reiterated that the proposal in document C/W/423 did not aim at a confrontation with the United States; this should be viewed more as a routine application of the dispute settlement procedure. The Community did not want to interfere in any way with the US legislative process; nor did the Community question the good faith of the US Government. The Community's aim was to deal with past problems, and it reserved the right to call for a working party. When new tax legislation had been passed, the Council could revert to this issue.

The representative of the United States considered that there was a difference in perception on this issue and sometimes, at least when one was dealing with the US Congress, perception had a great deal to do with the outcome.

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

10. Canada - Foreign Investment Review Act (FIRA)
- Report of the Panel (L/5504)

The Chairman recalled that in March 1982, the Council had agreed to establish a panel to examine the complaint by the United States, and that in November 1982, the Council had been informed of the Panel's composition and terms of reference. The report of the Panel had been circulated in document L/5504.

In the absence of Mr. O'Brien, Chairman of the Panel, Mr. Feij introduced the report. He said that the Panel's deliberations had not concerned the Canadian legislation per se but rather its administration, and he noted that the Panel had reached its conclusions unanimously. The Panel had recognized that full account should be taken of the special GATT provisions related to developing countries, such as Article XVIII:C, but had not examined the issues before it in this light since the dispute involved developed contracting parties. He pointed out that in the last paragraph of the report, without detracting from its findings concerning the legality of the administrative practices at issue, the Panel had recognized that the immediate application of these findings might cause difficulties in the administration of the Foreign Investment Review Act. The Panel had consequently suggested that the CONTRACTING PARTIES take these possible difficulties into account in making recommendations to Canada pursuant to its report.

The representative of Canada said that his authorities had not yet completed their examination of the report, and proposed that consideration of the report be postponed until the next meeting.

The representative of the United States said that the report was clear and concise, and that the Panel had addressed thoroughly each issue that had been raised. With regard to the Panel's conclusions and recommendation, the report spoke for itself. His delegation did not agree with some of those conclusions but, in keeping with its commitments concerning GATT's dispute settlement procedures, the United States would accept the Council's adoption of the report.

The representative of Australia said that since his authorities were still examining the complex issues raised in the report, his delegation supported Canada's proposal.

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

11. United States - Imports of sugar from Nicaragua
- Composition and terms of reference of the Panel

The Chairman recalled that on 12 July 1983, the Council had established a panel to examine the complaint by Nicaragua, and had authorized the Chairman of the Council to draw up the terms of reference and to designate the Chairman and members of the Panel in consultation with the parties concerned.

He informed the Council that following such consultation the Panel's composition and terms of reference were as follows:

Chairman:	Mr. R.E.B. Peren
Members:	Mr. H. Villar Sarraillet
	Mr. C. Manhusen

Terms of reference

"To examine, in the light of the relevant GATT provisions, the matter referred to the CONTRACTING PARTIES by Nicaragua, relating to the measures taken by the United States concerning imports of sugar from Nicaragua (L/5492 and L/5513), and to make such findings as will assist the CONTRACTING PARTIES in making recommendations or rulings, as provided in Article XXIII."

The representative of Nicaragua said that his Government had submitted its case to the CONTRACTING PARTIES because it recognized that only multilateral institutions such as GATT could guarantee protection of the trading interests of small countries vis-à-vis major powers, and also so as to offer the United States an opportunity to re-examine the measure before it became effective. Unfortunately, that opportunity was not taken, and Nicaragua's quota for the 1983/84 fiscal year had now been unilaterally and arbitrarily reduced to 6,000 tons. His delegation emphasized the seriousness of the US measure, which had not been notified to the CONTRACTING PARTIES, and of its implications for the economy of a developing contracting party which was passing through particularly difficult circumstances. Nicaragua, he said, was engaging in an act of faith in placing its case in the GATT dispute settlement mechanism.

The Council took note of the statements.

12. Problems of Trade in Certain Natural Resource Products

The representative of Canada, speaking under Other Business, said that his delegation looked forward to the imminent circulation of the secretariat's study on lead, and to the completion of further documents on the other natural resource products by the end of 1983. The document on lead would present the current factual situation with respect to production and trade measures, but would need to be completed with an analysis and observations section which would assist a working party in making the conclusions and recommendations called for in the 1982 Ministerial Declaration. His delegation considered that it would be desirable for the secretariat to hold consultations with interested delegations to determine what the analysis section should contain; the secretariat could use these consultations as guidance for subsequent mineral and metal studies. His delegation's suggested approach for dealing with the document on lead was somewhat experimental, and might well be different for the other studies in the natural resources area.

The representatives of Chile and Peru supported the Canadian proposal.

The representative of the European Communities said that his delegation might perhaps be able to agree to the Canadian proposal once the relevant documents had been circulated and there had been time to examine them in capitals. Until then, it was not appropriate to discuss the Canadian proposal.

The representative of Australia supported the proposal for consultations on the studies under the auspices of the secretariat, with the prospect of establishing working parties covering the three broad sectors of natural resource products.

The Council took note of the statements.

13. United States - Caribbean Basin Economic Recovery Act

The representative of the United States, speaking under "Other Business", said that on 5 August 1983 the US President had signed into law the Caribbean Basin Economic Recovery Act, containing trade and tax incentives that formed two of the three elements in the Administration's Caribbean Basin Initiative. The Initiative was an economic development programme combining measures in the areas of trade, fiscal and financial assistance; its purpose was the revitalization of economic activity in each of a group of 27 beneficiary developing countries. The United States hoped to implement the provisions of the Act on 1 January 1984. His delegation would be prepared to discuss this issue at the next Council meeting; meanwhile it was willing to consult informally about the Initiative with all interested contracting parties.

The representative of Israel asked whether the terms of the Act could be provided to members of the Council.

The representative of the United States said that his delegation would try to make a copy of the Act available to the secretariat.

The Council took note of the statements.

14. Review of Developments in the Trading System

The Chairman recalled that at the close of the special Council meeting on 12 July to review developments in the trading system, he had stated his intention to reconvene the Council in special session for its next review before the thirty-ninth session of the CONTRACTING PARTIES. Following informal consultations with delegations and the Director-General, he could now advise delegations that the next special session would take place on 1 November 1983.

The Director-General recalled that at the special Council meeting on 12 July, he had mentioned the problems facing the secretariat in preparing adequate information for such sessions, and had said that its capacity for monitoring developments in trade policies was not as strong as he would like. At that meeting, he had announced his intention to rationalize the secretariat's capacity for handling the various types of information communicated to it. He now wanted to inform the Council that a new division, to be entitled the Trade Policies Division, had been established within the secretariat to increase its capacity in this sector. As the new division's work would be directly relevant to the reviews carried out by the Council in special session, he would give the Council more details of its activities at the next special meeting.