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**Council for Trade in Goods
19 November 1997**

DRAFT

REPORT (1997) OF THE COUNCIL FOR TRADE IN GOODS

In accordance with the "Procedures for an Annual Overview of WTO Activities and for Reporting under the WTO" (WT/L/105), the Council for Trade in Goods is to report "in November each year to the General Council on the activities in the Council as well as in the subsidiary bodies". The reports are to be "factual in nature, containing an indication of actions and decisions taken, with cross references to reports of subordinate bodies and could follow the model of the GATT 1947 Council reports to the CONTRACTING PARTIES".

Since the last annual report, the Council for Trade in Goods met on 29 November 1996, 27 January, 12 February, 11 March, 14 April, 11 June, 14 July, 21 July, 6 October 1997 and [...]. The minutes of these meetings, which remain the record of the Council's work, are contained in documents G/C/M/16 to [...].

The following subject matters which were raised and/or acted upon in the Council are included in the report:

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1. Chairperson of the Committee on Agriculture (G/C/M/16)

1.1 At its meeting of 29 November 1996, the Council took note of the resignation of Ambassador D. Tulalamba as Chairman of the Committee on Agriculture, and of the election of Mrs. Tantraporn as interim Chairperson of that Committee to perform the functions of the Chairperson, pending the election of a new Chairperson for 1997.

2. Election of Chairperson for the Council for Trade in Goods (G/C/M/17)

2.1 At its resumed meeting of 12 February 1997, the Council elected Ambassador Johannessen (Norway) as its Chairman for 1997.

3. Appointment of Officers for the subsidiary bodies of the Council (G/C/M/17)

3.1 At its resumed meeting of 12 February 1997, the Council took note of the consensus on the following persons nominated for election as Chairpersons of its subsidiary bodies: Committee on Agriculture: H.E. Mr. Nestor Osorio Londoño (Colombia); Committee on Anti-Dumping Practices: Mr. Kajit Sukhum (Thailand); Committee on Customs Valuation: Mr. Tullio Di Pietro (Italy); Committee on Import Licensing Procedures: Mr. Tomasz Jodko (Poland); Committee on Market Access: Mr. Moha Ouali Tagma (Morocco); Committee on Rules of Origin: Mrs. Lourdes A. Berrig (Philippines); Committee on Safeguards: Mr. Seiichi Nagtsuka (Japan); Committee on Subsidies and Countervailing Measures: Mr. Gilles Gauthier (Canada); Committee on Technical Barriers to Trade (TBT): Mr. Timothy H.M. Tong (Hong Kong, China); Committee on Trade-Related Investment Measures: Mr. Javier Paulinich (Peru). The Council appointed the following nominated persons as Chairpersons: Mr. Alex Thiermann (United States) for the Committee on Sanitary and Phytosanitary Measures; Ms Vibeke Roosen (Denmark) for the Working Party on State Trading Enterprises; Mr. Chiedu Osakwe (Nigeria) for the Working Party on Preshipment Inspection.

4. Chairperson of the Working Party on State Trading Enterprises (G/C/M/19 and 20)

4.1 At its meeting of 14 April 1997, the Council was informed that the Chairperson of the Working Party would be unable to continue as Chairperson of that body. The Council Chairman had initiated consultations concerning a new Chairperson, and in the meantime to allow continuation of work the Council agreed that the Working Party's 1996 Chairman should continue to chair the informal meetings of the Working Party until a new Chairperson was appointed by the Council.

4.2 At its meeting of 11 June 1997, the Council appointed Mr. Jacques Teyssier D'Orfeuil (France) as Chairman of the Working Party on State-Trading Enterprises.

5. Observer status for International Intergovernmental Organizations (G/C/M/17 and 18)

5.1 At its meeting of 27 January 1997, the Council took note that by virtue of the Agreements between the WTO and the International Monetary Fund (IMF) and the World Bank, observer status had been granted to these organizations. The Council also granted observer status to Food and Agriculture Organization (FAO), International Textiles and Clothing Bureau (ITCB), Organization for Economic Cooperation and Development (ACCEDE), United Nations (UN), United Nations Conference on Trade and Development (UNCTAD) and the World Customs Organization (WCO). The Council agreed that these Organizations be notified on the basis on which observer status was being granted and of the fact that the WTO reserved the right to expect reciprocal observer rights in these Organizations. As concerned the international intergovernmental organizations whose requests for observer status were pending (category II in document G/L/140), it was agreed that the Chairman should hold consultations on those requests.

5.2 At that meeting, the Council noted the Chairman's understanding that it would be for the subsidiary bodies of the Council to decide if they needed a Vice-Chairperson in cases where the option existed, and for the respective Chairperson to hold consultations if that was found to be the case.

5.3 At its meeting of 11 March 1997, the Council agreed that the Chairman continue these informal consultations and report back to the Council when the matter was sufficiently advanced to take decisions.

6. Rules of procedure of the Committee on Sanitary and Phytosanitary Measures (G/C/M/19 and 20)

6.1 At its meeting of 14 April 1997, the Council considered the rules of procedure of the Committee on Sanitary and Phytosanitary Measures (G/SPS/W/48 and Corr. 1), which were subsequently circulated in document G/SPS/W/48/Rev.1, and approved by the Council at its meeting of 11 June 1997.

7. Recommendations from the Working Group on Notification Obligations and Procedures (Paragraphs 65 and 76 of G/L/112)

(a) GATT 1947 CONTRACTING PARTIES Resolution on Liquidation of Strategic Stocks (G/C/M/18)

7.1 At its meeting of 11 March 1997, the Council agreed to maintain the Resolution on Liquidation of Strategic Stocks (BISD 3S/51) which had been referred by the Working Group on Notification Obligations and Procedures to the Goods Council (paragraph 65 of G/L/112) in order to determine whether it was redundant in the current situation.

(b) Preparation of general guidelines for the bodies under the Council's purview, providing for the regular review of questionnaires and formats and of the situation as regards compliance with notification obligations (G/C/M/18)

7.2 After having considered the recommendation by the Working Group on Notification Obligations and Procedures on the preparation of general guidelines (paragraph 76 of G/L/112) at its meeting of 11 March 1997, the Council agreed that the Secretariat prepare for consideration at a future meeting, a non-paper identifying elements which might be included in general guidelines relating to questionnaires or formats for notifications pertaining to the various Committees, and which could have the effect of improving compliance with notification obligations.

8. Status of notifications under the provisions of the Agreements in Annex 1A of the WTO Agreement (G/C/M/22)

8.1 At its meeting of 21 July 1997, the Council took note of the information provided in document G/L/112/Add.2 concerning the status of notifications under the provisions of the Agreements in Annex 1A of the WTO Agreement.

9. Decision on Establishment of Consolidated Loose-Leaf Schedules (G/C/M/16)

9.1 At its meeting of 29 November 1996, the Council adopted the Decision on the "Establishment of Consolidated Loose-Leaf Schedules" (G/C/W/63).

10. Decision on the Ad Personam Status of TMB members (G/C/M/17)

10.1 At its meeting of 27 January 1997, the Council adopted the Decision on the "Ad Personam Status of TMB members" (G/C/W/20/Rev.1).

11. Decision on Supply of Information to the Integrated Data Base for Personal Computers (G/C/M/21)

11.1 At its meeting 14 July 1997, the Council approved the Decision on the "Supply of Information to the Integrated Data Base for Personal Computers" (G/C/W/82).

12. Draft Agreement between the WTO and the Office International des Epizooties (OIE) (G/C/M/22)

12.1 At its meeting of 21 July 1997, the Council approved the draft Agreement between the WTO and the Office International des Epizooties (OIE) (G/SPS/W/61), and agreed to transmit it for approval to the General Council.

13. Implementation of the Ministerial Declaration on Trade in Information Technology Products (G/C/M/19)

13.1 At its meeting of 14 April 1997, the Council took note of the communications (G/L/159 and 169) forwarded by the participants to the Declaration on Trade in Information Technology Products (ITA).

14. Trade Facilitation (paragraph 21 of the Singapore Ministerial Declaration) (WT/MIN(96)Dec) (G/C/M/16, 17, 18, 20, 22 and 23)

14.1 At its meeting of 29 November 1996, the Council took note of a communication from the European Communities on "Elements of the WTO Programme on Trade Facilitation" (G/C/W/67).

14.2 Pursuant to the directive by Ministers in paragraph 21 of the Singapore Ministerial Declaration, the Council, at its meeting of 27 January 1997, agreed that firstly the Secretariat should start an information gathering exercise in respect of the work done or being done on the subject of trade facilitation in various organizations. Secondly, at its next formal meeting, the Secretariat would inform the Council of the organizations from which information had been gathered until that point in time as well as areas of trade facilitation in respect of which those organizations had undertaken or were undertaking work. Thirdly, the Secretariat should present the results of the information gathering exercise to the Council in May 1997.

14.3 At its meeting of 11 March 1997, the Council took note of the Secretariat document G/C/W/70 which contained preliminary information on those organizations having undertaken or undertaking work on trade facilitation.

14.4 At its meeting of 11 June 1997, the Council took note of document G/C/W/80 which contained a compilation by the Secretariat of the work already done on the subject of trade facilitation in other international organizations, including certain non-governmental organizations.

14.5 At its meeting of 21 July 1997, the Council took note of the Chairman's statement that oral statements and written contributions by delegations, as well as the Secretariat document (G/C/W/80) would provide a good basis for discussions at the Council's next meeting to building up a consensus on how the Council should handle this matter.

14.6 At its meeting of 6 October 1997, the Council took note of communications from the European Communities (G/C/W/85) and from Switzerland (G/C/W/92) on the subject and agreed that the Chairman undertake informal consultations in order to determine the next step in the process.

15. Periodic Reports of the Committee on Market Access (G/C/M/19 and 23)

15.1 At its meetings of 14 April and 6 October 1997, the Council took note of the oral reports made by the Chairman of the Market Access Committee on the situation with respect to requests for waiver extensions and/or waivers made in connection with the transposition or renegotiation of schedules of tariff concessions and/or in connection with the introduction of harmonized system changes into schedules of tariff concessions on 1 January 1996. The Council also took note of the written reports summarizing the activities of the Committee in 1997 (G/MA/57 and 58).

16. Waivers under Article IX of the WTO Agreement

(a) Harmonized System - Requests for extensions of waivers from Bangladesh, Bolivia, Guatemala, Nicaragua and Sri Lanka (G/C/M/19, 20, 21 and 23)

16.1 At its meeting of 14 April 1997, the Council considered requests by Bangladesh (G/L/163), Bolivia (G/L/161), Nicaragua (G/L/166) and Sri Lanka (G/L/164) for an extension until 31 October 1997 of waivers already granted in connection with the transposition of their schedules into the Harmonized System.

16.2 The Council approved the texts of the draft decisions on the waiver extensions in G/C/W/74 (Bangladesh), G/C/W/72 (Bolivia) and G/C/W/77 (Nicaragua) and agreed to transmit them to the General Council for adoption. The Council agreed to revert to Sri Lanka's request at its next meeting in light of New Zealand's statement.

16.3 At its meeting of 11 June 1997, the Council agreed to revert to Sri Lanka's request for a waiver extension at its next meeting.

16.4 At its meeting of 14 July 1997, the Council approved the text of the draft decision contained in document G/C/W/73/Rev.1 granting Sri Lanka a waiver extension until 31 October 1997, and agreed to transmit it to the General Council for adoption.

16.5 At its meeting of 6 October 1997, the Council considered requests by Bangladesh (G/L/186), Guatemala (G/L/185), Nicaragua (G/L/187) and Sri Lanka (G/L/188) for an extension until 30 April 1998 of waivers already granted in connection with the transposition of their schedules into the Harmonized System.

16.6 The Council approved the texts of the draft decisions on the waiver extensions in G/C/W/89 (Bangladesh), G/C/W/87 (Nicaragua) and G/C/W/90 (Sri Lanka), and agreed to transmit them to the General Council for adoption. The Council took note that Guatemala no longer needed to request a waiver extension having reached agreement with the trading partner maintaining a reservation. New Zealand reserved its position on the final decision on Sri Lanka's request for a waiver extension.

(b) Senegal - Renegotiation of Schedule XLIX (G/C/M/19)

16.7 At its meeting of 14 April 1997, the Council considered a request by Senegal (G/L/165) for an extension, until 31 October 1997, of the waiver granted to it in connection with the renegotiation of its Schedule. The Council approved the text of the draft decision (G/C/W/76) and agreed to transmit

it to the General Council for adoption. At the same time, the Council was informed that Senegal might not need the waiver extension if agreement was reached with a trading partner with whom negotiations were pending¹.

(c) Zambia - Renegotiation of Schedule LXXVIII (G/C/M/19 and 23)

16.8 At its meeting of 14 April 1997, the Council considered a request by Zambia (G/L/162) for an extension, until 31 October 1997, of the waiver granted to it in connection with the renegotiation of its Schedule. The Council approved the text of the draft decision (G/C/W/75), and agreed to transmit it to the General Council for adoption.

16.9 At its meeting of 6 October 1997, the Council considered a request by Zambia (G/L/189) for an extension, until 30 April 1998, of the waiver granted to it in connection with the renegotiation of its Schedule. The Council approved the text of the draft decision (G/C/W/91), and agreed to transmit it to the General Council for adoption.

(d) Decision on the Introduction of Harmonized System (HS) Changes into WTO Schedules of Tariff Concessions on 1 January 1996 - Extension of the time-limit (G/C/M/19 and 23)

16.10 At its meeting of 14 April 1997, the Council approved the text of the draft decision (G/MA/W/12 and Corr. 1) granting an extension of individual waivers to Members listed in the annex to that document until 31 October 1997, and agreed to transmit it to the General Council for adoption. These waivers had been requested by those Members finding it necessary to consult or negotiate under Article XXVIII of GATT 1994 as a result of the HS96 changes introduced in their schedules. The Council also took note of the Swiss communication contained in document G/C/W/79-WT/GC/W/56 identifying Switzerland's concerns on the question of "general reservations" and "delays in the transposition of schedules". The Council agreed that the Chairman should hold consultations on the Swiss proposal².

16.11 At its meeting of 6 October 1997, the Council approved the text of the draft decision (G/C/W/93/Rev.1) granting an extension of the individual waivers to Members listed in the annex³ to that document until 30 April 1998, and agreed to transmit it to the General Council for adoption.

(e) Hungary - Agricultural Export Subsidies (G/C/M/23)

16.12 At its meeting of 6 October 1997, the Council considered Hungary's request for a waiver (G/L/183) from its obligations under paragraph 3 of Article 3, under Article 8, and under paragraph 2 of Article 9 of the Agreement on Agriculture for a period ending on 31 December 2001. The Council approved the text of the draft decision (G/C/W/86) granting the waiver, and agreed to transmit it to the General Council for adoption subject to consultations being carried out between Hungary and Egypt.

¹The waiver extension was not required as Senegal reached agreement with the trading partner concerned before the General Council meeting when the final decision on the request for waiver extension was to be adopted.

²See also section 17 of this document.

³Cuba requested to be removed from the annexed list following the conclusion of negotiations with its trading partners.

17. HS96 Changes and Article II of GATT 1994 - Rectifications and Modifications to Schedules of Tariff Concessions and their Certification (G/C/M/20, 22 and 23)

17.1 At its meeting of 11 June 1997, the Council agreed that the Chairman continue his consultations on a paper submitted by Switzerland on "HS96 changes and Article II of GATT 1994" (WT/GC/W/56 - G/C/W/79), and submit a proposal for a solution to the Council in the near future.

17.2 At its meeting of 21 July 1997, the Council took note of the overview provided by the Chairman of the situation as it stood with respect to his ongoing informal consultations on the subject of rectifications and modifications to schedules of concessions and their certification. The Council agreed that the Chairman carry on informal consultations with a view to clarifying as many legal, technical and other matters before its next meeting.

17.3 At its meeting of 6 October 1997, the Council took note of the report made by the Chairman on the situation and the progress made in the context of informal consultations on the subject of rectifications and modifications to schedules of concessions and their certification. The Council took note of a statement by the Chairman concerning the issue of "general reservations" and agreed that the Chairman should continue informal consultations. The Council also took note of the Chairman's plan to address the long-term elements of this subject in greater depth in a paper he would have circulated by the Secretariat.

18. Major review of the implementation of the Agreement on Textiles and Clothing (ATC) during the first stage of the integration process pursuant to paragraph 11 of Article 8 of the ATC (G/C/M/23, 24 and 25)

18.1 At its meeting of 6 October 1997, the Council began its major review of the implementation of the ATC during the first stage of the integration process pursuant to paragraph 11 of Article 8 of the ATC. The Council took note of the statement made by the Chairman of the Textiles Monitoring Body (TMB) on behalf of that body, introducing the comprehensive report of the TMB (G/L/179)⁴ which had been prepared in accordance with Article 8.11 of the ATC in order to assist the Council in its major review. The representative of Hong Kong, China, introduced a non-paper which was subsequently circulated in document G/C/W/95. A number of delegations presented their overall views and perspective on the review process.

18.2 At its meeting of 16 October 1997, the Council continued its major review. The representative of Colombia, on behalf of WTO Members which are also ITCB members, introduced a non-paper of a technical nature which analysed the different integration programmes. A number of delegations expressed their views with respect to the process of integration of products into GATT 1994 rules and disciplines.

18.3 At its meeting of 20 October 1997, the Council continued its major review. The representative of Colombia, on behalf of WTO Members which are also ITCB members, introduced a non-paper concerning the application of the transitional safeguard mechanism in Article 6 of the ATC. A number of delegations gave their views on the application of the safeguard mechanism in the first phase of the ATC.

⁴The Secretariat had also circulated a compilation of textiles and clothing trade statistics in document G/L/184, setting out information on recent trends in world trade of these products, prepared at the request of the TMB, as a background paper.

19. Customs Unions and Free-Trade Areas: regional agreements

(a) Free Trade Agreement between the Government of Canada and the Government of the State of Israel (G/C/M/17)

19.1 At its meeting of 27 January 1997, the Council took note of the notification (WT/REG31/N/1) from the parties to the Agreement (WT/REG31/2). The Council adopted the terms of reference under which the Committee on Regional Trade Agreements should examine this Agreement.

(b) Free Trade Agreement between Slovenia and Estonia (G/C/M/18)

19.2 At its meeting of 11 March 1997, The Council took note of the notification (WT/REG37/N/1) from the parties to the Agreement (WT/REG37/2). The Council adopted the terms of reference under which the Committee on Regional Trade Agreements should examine this Agreement.

(c) Notification of Free Trade Agreements between the Czech Republic and the Slovak Republic on the one side and Bulgaria, Estonia, Latvia, Lithuania and the State of Israel on the other (G/C/M/19)

19.3 At its meeting of 14 April 1997, the Council took note of the information provided on these Agreements by the representative of the Czech Republic speaking also on behalf of the other parties to the Agreements.

(d) Agreement between European Community and the Faroe Islands (Government of Denmark) (G/C/M/20)

19.4 At its meeting of 11 June 1997, the Council took note of the notification (WT/REG21/N/2) from the parties to the Agreement (WT/REG21/1/Rev.1). The Council adopted the terms of reference under which the Committee on Regional Trade Agreements should examine this Agreement.

(e) Free-Trade Agreement between the Czech Republic and the Republic of Bulgaria (G/C/M/20)

19.5 At its meeting of 11 June 1997, the Council took note of the notification (WT/REG41/N/1) from the parties to the Agreement (WT/REG41/1). The Council adopted the terms of reference under which the Committee on Regional Trade Agreements should examine this Agreement.

(f) Free-Trade Agreement between the Slovak Republic and the Republic of Bulgaria (G/C/M/20)

19.6 At its meeting of 11 June 1997, the Council took note of the notification (WT/REG42/N/1) from the parties to the Agreement (WT/REG42/1). The Council adopted the terms of reference under which the Committee on Regional Trade Agreements should examine this Agreement.

(g) Israel-Turkey Free Trade Agreement (G/C/M/20)

19.7 At its meeting of 11 June 1997, the Council was informed that the notification on the Israel-Turkey Free Trade Area Agreement would be submitted by the parties to the Agreement in the near future.

- (h) Euro-Mediterranean Interim Association Agreement on Trade and Co-operation between the European Community and the Palestine Liberation Organization for the benefit of the Palestinian Authority of the West Bank (G/C/M/22)

19.8 At its meeting of 21 July 1997, the Council took note of the notification (WT/REG43/N/1 and Corr. 1) from the parties to the Agreement (WT/REG43/1). The Council adopted the terms of reference under which the Committee on Regional Trade Agreements should examine this Agreement. The representative of Israel expressed reservations with the substance of the Agreement itself as well as its inclusion in the Council's agenda. The representative of Egypt stated that there was no inconsistency between this interim Agreement and obligations deriving from other Agreements.

- (i) Free Trade Agreement between Canada and Chile (G/C/M/23)

19.9 At its meeting of 6 October 1997, the Council took note of the notification (WT/REG38/N/1 and Add.1) from the parties to the Agreement (WT/REG38/1). The Council adopted the terms of reference under which the Committee on Regional Trade Agreements should examine this Agreement.

- (j) Free Trade Agreement between Romania and the Republic of Moldova (G/C/M/23)

19.10 At its meeting of 6 October 1997, the Council took note of the notification (WT/REG44/N/1) from the parties to the Agreement (WT/REG44/1 and 2). The Council adopted the terms of reference under which the Committee on Regional Trade Agreements should examine this Agreement.

20. Issues raised under "other business" concerning Members' trade practices

- (a) Korea - Tariff Measures by Ecuador against certain suppliers (G/C/M/16)

20.1 At the Council meeting of 29 November 1996, the representative of Korea expressed concern at the tariff increase by Ecuador on a range of textile products imported from Korea and other Members. The Council took note of this statement and of the statements made by the representatives of Hong Kong, China and Ecuador.

- (b) EC - Korea's "Frugality Campaign" (G/C/M/18)

20.2 At the Council meeting of 11 March 1997, the representative of the European Communities expressed concern that the "frugality campaign" which had been running in Korea since mid-1996 had intensified. The Council took note of this statement and of the statements made by the representatives of the United States, India and Korea.

- (c) United States - US Request for Consultations concerning Restrictive Business Practices in the Japanese Photographic Film and Paper Market (G/C/M/20)

20.3 At the Council meeting of 11 June 1997, the representative of the United States urged Japan to enter into consultations without further delay pursuant to the CONTRACTING PARTIES Decision on "Restrictive Business Practices: Arrangements for Consultations" (BISD 9S/38). The Council took note of this statement and of the statements made by the representatives of the European Communities and Japan.

(d) United States - Brazil Import Financing Restrictions (G/C/M/20)

20.4 At the Council meeting of 11 June 1997, the representative of the United States expressed concern at Brazil's import financing restrictions. The Council took note of this statement and of the statements made by the representatives of Switzerland, the European Communities and Brazil.

(e) Korea - Price Range or Range of Value System applied by Argentina (G/C/M/20)

20.5 At the Council meeting of 11 June 1997, the representative of Korea expressed concern at the "Price Range or Range of Value System" which had recently been introduced by Argentina. The Council took note of this statement and of the statement made by the representative of Argentina.

(f) Korea - US identification of Korea's "barriers" to imported automobiles as a Priority Foreign Country Practice (G/C/M/23)

20.6 At the Council meeting of 6 October 1997, the representative of Korea expressed concern at the US Government's decision to identify Korea's "barriers" to imported automobiles as a Priority Foreign Country Practice under the so-called "super 301" procedures. The Council took note of this statement.

[This report will be updated in order to reflect the work done by the Council at its meetings of 7, 13 and 19 November 1997 and at any future meetings which may take place prior to the General Council meeting of 10 December 1997.]