At its meeting on 29-30 May 1991 (C/M/250) the Council agreed to establish a panel to examine under Article XXIII:2 the complaint by Canada (DS23/2). The Council further agreed that the Panel would have the following terms of reference unless, as provided for in the Decision of 12 April 1989 (BISD 36S/61), the parties agreed on other terms of reference within the following twenty days:

"To examine, in the light of the relevant GATT provisions, the matter referred to the CONTRACTING PARTIES by Canada in document DS23/2 and to make such findings as will assist the CONTRACTING PARTIES in making the recommendations or in giving the rulings provided for in Article XXIII:2".

The parties subsequently agreed that the above terms of reference should include reference to documents DS23/1, DS23/2 and DS23/3.

At the same meeting the Council authorized the Council Chairman to designate the Chairman and members of the Panel in consultation with the parties concerned. On 1 July 1991 agreement was reached on the following composition of the Panel:

Chairman: Mr. Julio Lacarte-Muró

Members: Miss Yvonne Choi
          Mr. Ernst-Ulrich Petersmann