COUNCIL

Two disputes settled

At its meeting on 12 February, the Council was informed that the European Economic Community and the United States had reached a mutually satisfactory settlement of their dispute over production aids granted by the EEC on canned peaches, canned pears, canned fruit cocktail and dried grapes.

This matter had been before the Council since March 1985. The panel which examined it had concluded that, for the various canned fruits, the EEC should consider ways and means to restore the competitive relationship existing prior to the granting of production subsidies. With regard to dried grapes, the panel had not been able to conclude that any distortion attributable to the Community system had in fact occurred as yet.

The agreement reached by the parties is based on the three following elements:

1. For canned pears, reductions of production aids already applied autonomously by the EEC in the past three years and quota restriction on the amount of the product eligible for aid;
2. For canned peaches, an undertaking that for the 1986–87 trading year the production aid is to be 25 per cent lower than in 1985–86;
3. The assurance that, for ensuing years, the aid will be fixed so as not to subsidize the processing operation for peaches in syrup either canned as such or as part of fruit mixtures.

Canada informed the Council that it had taken necessary action to meet South Africa’s request to apply the recommendations of the panel which in October 1985 had reported on the sales tax exemption granted by Ontario Province in respect of a Canadian gold coin, whereas imported gold coins remained subject to the tax.

The panel had recommended, in accordance with Article XXIV:12, that the Council should ask Canada to take such reasonable measures available to ensure observance by Ontario Province of Article III: 2 of the General Agreement, which calls for equal treatment as between imported and

New round of multilateral trade negotiations

Preparatory Committee has embarked in its work

The Preparatory Committee, established by the Contracting Parties in November 1985 to determine the objective, subject matter and modalities of the multilateral trade negotiations and to make recommendations to the Ministerial meeting to be held in September 1986, has held three meetings since the beginning of the year: 27–28 January, 4–5 February and 25–26 February.

The Committee has organized its work programme and has agreed that the Ministerial meeting will take place in the week beginning 15 September. The venue had not been fixed at the time this issue went to press.

The Preparatory Committee first took up the four issues which the Contracting Parties had considered to constitute important elements of its work programme: standstill and rollback, treatment of developing countries and safeguards.

At its second meeting it went on to consider trade in agriculture, dispute settlement procedures, tropical products, tariffs, quantitative restrictions and other non-tariff measures, Tokyo Round agreements and arrangements subsidies. At its third meeting, it discussed structural adjustment and trade policy, trade in counterfeit goods and other aspects of intellectual property, exports of domestically prohibited goods, textiles and clothing, export credits for capital goods, problems of trade in certain natural-resource products, exchange-rate variations and their effect on trade and trade in services.
domestic products in respect of internal taxation. The panel had also recommended that Canada should grant compensation to South Africa for competitive possibilities lost by reason of the measure adopted by Ontario Province, during the currency of the measures.

Canada informed the Council that legislation eliminating the differential treatment had been adopted on 7 January. The Government of Quebec, which had adopted a similar measure, had revoked it in December 1985. Canada considered, therefore, that the essential objective of dispute settlement was not yet in a position to agree to adoption of the measure complained of – had been achieved even if Canada was not yet in a position to agree to adoption of the report by the Council because of its doubts regarding the interpretation of Canada's obligations given in the report.

While expressing satisfaction over the measures taken by Canada, South Africa considered that the panel’s report should be adopted in order to avoid any recurrence of similar situations.

Brazil indicated that it shared Canada’s concern as to the possible implications of the report for the balance of rights and obligations between contracting parties with a federal structure and the others.

The Council took note of the statements made, and indicated that the parties could revert to the matter if circumstances required.

Negotiations to be launched for accession of Mexico

In line with the customary procedure, the Council established a working party to “examine the application of the General Agreement under Article XXXIII, and to submit to the Council recommendations which may include a draft protocol of accession”.

The Chairman of the Council expressed the hope that the working party would complete its work by June 1986, so that Mexico could become a contracting party as soon as possible. Mexico had previously stated that it hopes to participate as a contracting party in the new round of multilateral trade negotiations.

Accordingly, the Chairman of the Council has invited interested delegations to submit promptly any written questions on Mexico’s foreign trade regime.

CARIBCAN Agreement

The Council also established a working party to examine Canada’s request for a waiver, under Article XXV: 5 of the General Agreement, from the most-favoured-nation clause and for permission to grant duty-free entry to its territory for imports from Commonwealth countries of the Caribbean. Delegations have been invited to submit written questions.

Enlargement of the European Community

The Council set up a working party to “examine, in the light of the relevant provisions of the General Agreement, the provisions of the documents regarding the accession of Portugal and Spain to the European Communities, taking into account other relevant GATT documents, and to report to the Council". The Commission of the EC has informed GATT that ratification procedures for the accession treaty of those two countries were completed at the end of 1985 and that the Communities are ready to enter into formal procedures under Article XXIV in respect of customs unions and free-trade areas. Interested delegations have been invited to submit their questions promptly.

Norwegian liberalization measures

The Norwegian representative informed the Council that, with effect from 1 January 1986, his Government has entirely liberalized a number of tariff headings formerly subject to licensing.

Enlargement of Consultative Group of 18 in 1986

Following consultations, a consensus has emerged to enlarge the membership of CG.18 from 18 to 22 members. The Council has accordingly decided that for 1986 the membership of the CG.18 is to be: Argentina, Australia, Brazil, Canada, Colombia, Egypt, European Economic Community, Hungary, India, Indonesia, Côte d'Ivoire, Jamaica, Japan, Korea, Nigeria, Norway, Pakistan, Philippines, Switzerland, Turkey, United States, Zaire.

The members holding a seat on an alternating basis are: Austria, Czechoslovakia, New Zealand, Nicaragua, Romania, Sweden, Tanzania, Uruguay, Yugoslavia.

The Director-General recalled that, in creating the Group, the Contracting Parties had aimed to facilitate better understanding of common problems through discussion among senior officials with responsibility for national trade policies.

GATT Publications

The international markets for meat

GATT’s annual report on developments in international markets for bovine meat, just published, examines recent trends in production, consumption and trade in bovine meat, pigmeat and poultry in 1985, with forecasts for 1986. It suggests that the recently depressed situation in the bovine meat sector should improve during 1986 and that the year will see some strengthening in international meat prices.

The report draws attention to a market tendency toward government intervention in the meat sector during 1985. Looking ahead to 1986, it suggests that overall world beef production could decline by some 2 to 3 per cent, while output of other meats is expected to continue to increase, though at a slower pace than previously.

Available in English, French and Spanish from the GATT Secretariat. Price Sw F 12.
SERVICES

The 6–7 February meeting on services was the first since the Contracting Parties decided, in November 1985, that the exchange of information on the subject should continue and that recommendations should be prepared for consideration at their next session. Accordingly, the meeting was mainly devoted to organizing future work.

Ambassador Felipe Jaramillo, Chairman of the meeting, recalled that work done on the sixteen national studies examined to date had allowed four main categories of issues to be identified, which seemed to provide an adequate basis for discussion:

(1) general characteristics of services;
(2) conceptual framework, statistics and methodologies;
(3) national and international regulations governing individual services sectors, and problems identified in relation to international transactions in services;
(4) issues raised in connection with possible multilateral action on services.

It was agreed that at the next meeting, scheduled for 24–26 March, consideration will be given to services and the development process, on the basis of a contribution from UNCTAD. The meeting would also consider points relating to national and international regulations affecting international transactions in services, on the basis of a more detailed study to be furnished by the GATT Secretariat.

Coming GATT activities

Tentative schedule of meetings

March
6-7 Committee on Technical Barriers to Trade
11 Committee on Import Licensing
13 Working Party on Textiles and Clothing
14 Sub-Committee on Adjustment (Textiles)
17-18 Committees on Milk Powders, Milk Fat and Cheeses
17-20 Preparatory Committee
19 Working Party on United States Import Restrictions
20-21 International Dairy Products Council
21 Group on Quantitative Restrictions and Non-Tariff Measures
24-26 Textiles Surveillance Body
24-26 Services

April
3-4 Committee on Textiles
7-8 Committee on Trade in Agriculture

14-16 Preparatory Committee
17-18 Services
17-18 Textiles Surveillance Body
22-23 Committee on Subsidies and Countervailing Duties
21 Council
22-25 Committee on Balance-of-Payments Restrictions
23-24 Committee on Anti-Dumping Practices
24-25 ad hoc Group on Anti-Dumping Practices
24 Working Party on Natural Resources
28+30 Informal meeting on Government Procurement
30 Committee on Customs Valuation
29-30 Committee on Trade in Civil Aircraft

May
5-7 Preparatory Committee
12-14 Textiles Surveillance Body
16 Working Party on Natural Resources
22 Council
28-29 Committee on Technical Barriers to Trade
28-30 Textiles Surveillance Body

Index to articles published in 1985

For convenient reference, this index lists by subject the articles published in FOCUS during 1985.

New round of multilateral trade negotiations
- Constructive dialogue in Council: No. 34
- Entr'acte...: No. 35
- Special session of the Contracting Parties: preparatory process now initiated on proposed new round of trade negotiations: No. 36
- Senior officials’ group starts its work: No. 36
- 41st Session of the Contracting Parties – Green light for preparation of programme for MTN and decisions: No. 37
- Senior officials’ group completes its work: No. 37

Implementation and operation of Tokyo Round agreements
- International Dairy Products Council: No. 33
- Agreement to adjust minimum prices of dairy products: No. 34
- Subsidies and countervailing duties: No. 36

(Continued on page 4)
Index to articles published in 1985

Implementation of decisions taken at Ministerial session
- Services: Nos. 33, 35, 37
- Trade in counterfeit goods: Nos. 33, 37
- Improvement of international system of safeguards: Nos. 35, 37
- Review of Tokyo Round agreements and arrangements: Nos. 35, 37
- Agriculture: in-depth examination of various approaches for liberalizing trade: No. 36
- Committee on Trade in Agriculture continues to function: No. 37
- Quantitative restrictions and other non-tariff measures: No. 37
- Textiles and clothing: No. 37

Domestic policy measures
- USA: fee imposed on sugar under the Agricultural Adjustment Act: No. 33
- Canadian concern: No. 33
- New Zealand: Changes in GSP scheme: No. 33
- USA: Quota for imports of non-rubber footwear: No. 35

Regional and trade arrangements
- USA-Israel: establishment of a free-trade area: No. 36

Developing countries
Accessions:
- Morocco notifies GATT of its intention to accede to the General Agreement: No. 33
- Saudi Arabia accepted as observer, pending a decision on accession: No. 34
- Costa Rica applies to accede provisionally: No. 35
- Mexico asks to accede to GATT: No. 36

Other activities:
- Association of former participants in commercial policy courses: No. 34
- Committee on Trade and Development: further consultations: No. 36
- Least-developed countries: special consultations and discussion of action proposals: No. 36

GATT bibliography
- Les services, nouvelle donne de l'économie, by Jacques Nusbaumer: No. 33
- World-Traded Services, the Challenge for the Eighties, by Raymond Krommenacker: No. 33
- Canada, the GATT and the international trade system, by Frank Stone: No. 34
- Law and its limitations in the GATT Multilateral Trade System, by Professor Olivier Long: No. 36

GATT publications
- Practical Guide to the Agreement on Government Procurement: No. 33
- GATT activities in 1984: No. 35
- Allgemeines Zoll und Handelsabkommen, Wesen und Ziele: No. 36
- Report on international trade 1984/85: No. 37
- World market for dairy products 1985: No. 37

Death of Jan Tumlir: No. 34

Articles in series “Focus on ...”
- International trade in 1984: strong growth, but trade tensions persist: No. 33
- World trade growth shows signs of slowing down: vigorous boost needed: No. 36

Trading system and trade policy
- Programme of action proposed by a group of eminent and independent persons: No. 33
- Protectionism has continued to intensify despite some partial improvements: No. 33
- IMF/World Bank in Seoul: No. 36
- A less favourable environment: No. 37

Textiles
- Kick-off for negotiations on the future of Multifibre Arrangement: No. 35
- World trade in textiles and clothing: stagnation has been followed by some improvement: No. 35
- Textiles Committee – Expansion of world exports of textiles and clothing: No. 37

International trade
- International trade in 1984: strong growth, but trade tensions persist: No. 34
- World trade growth shows signs of slowing down: vigorous boost needed: No. 36

Trade disputes
- Status of work in panels: No. 33
- USA-EC: arrangement on imports of steel pipes and tubes from the EEC: No. 33
- USA-EC: American FSQA tax legislation: No. 33
- EC-Canada: Canadian provincial marketing agencies for alcoholic beverages: No. 33
- USA-EC: EEC tariff treatment on citrus fruit from Mediterranean countries: Nos. 33, 34
- USA-Nicaragua: trade measures taken against Nicaragua: Nos. 34, 35, 36
- USA-Japan: Japanese measures on leather imports: Nos. 34, 35
- New Zealand-Finland: imports of electrical transformers from Finland: No. 35
- USA-EC: production aids granted by EEC on canned peaches, canned pears, canned fruit cocktail and dried grapes: No. 35
- Canada-South Africa: Canadian measures affecting the sale of South African gold coins: No. 36