Council

GATT adopts new dispute settlement procedures, country-review system

D ecisions to ensure timely and efficient dispute settlement in GATT and the implementation of a new system of national trade policy scrutiny have been taken by the GATT Council.

These major institutional changes – among the first concrete achievements of the Uruguay Round – were adopted by the GATT Council on 12 April. The action came just three days after the Trade Negotiations Committee completed the mid-term review of the Round and adopted the Ministerial decisions in Montreal in their entirety.

The main features of the streamlined dispute-settlement procedures are:

• More specific procedures and time limits for consultations between parties to the dispute;
• Arbitration as an alternative to panel proceedings;
• Dispute panels to be established at the latest at the first GATT Council meeting after the one at which the initial request for a panel was made;
• Strict time limits for determining terms of reference and composition of panels.

Rulings handed down on three disputes

T hree dispute-settlement panels presented their reports at the Council meeting held on 10 May. Import restrictions by the European Communities on dessert apples, and those maintained by Norway on apples and pears were found to be inconsistent with certain GATT provisions. The panel examining the Japanese tariff treatment of spruce-pine-fir dimension lumber found no violation.

After the first discussions of the new panel reports, the Council, in each case, agreed to consider them again at its next meeting scheduled for 21-22 June.

The Council also authorized its Chairman to conduct consultations on an issue raised by Chile. Supported by many countries, Chile considered that some mechanisms should exist in GATT to ensure a balance between the requirement for governments to act to protect public health and the needs of exporters for security and stability of market access. Chilean fruit was temporarily barred in certain countries as a result of the discovery of poisoned grapes imported into the United States.

The panel report which found Section 337 of the US Tariff Act of 1930 to be inconsistent with the GATT, first

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Negotiating groups restart following the Mid-Term Review

The various negotiating groups quickly began to reconvene after the Trade Negotiations Committee at high-officials level completed the Montreal Mid-Term Review in early April (see Focus Nos. 60 and 61). The initial meetings in the second half of the Uruguay Round were generally devoted to reviewing the results achieved and considering procedures for future work, in the light of the Ministerial decisions.

In the Tropical Products group (21 April), participants in the Montreal trade-liberalization package – estimated to cover some US$20 billion of trade – announced the early implementation dates of their respective contributions. The negotiated package involved mainly tariff cuts by the European Communities, the United States, Japan, Australia, Austria, Canada, Finland, New Zealand, Norway, Sweden, Switzerland, Brazil, Central American countries, Colombia, Malaysia, Mexico, Philippines and Thailand. Hungary and Czechoslovakia have submitted autonomous contributions. Most of the developed countries indicated they have either implemented their liberalization measures or intend to do so by mid-year. At the meeting, new contributions were received from Indonesia and Poland.

The Functioning of the GATT System group (1 May) established a technical group to prepare for adoption by 30 June the draft format for country reports under the newly-established trade policy review mechanism. Participants in the Dispute Settlement group (12 May) resumed work on the remaining issues, and agreed that at its next meeting in July the discussion would concentrate on the implementation of panel reports, compensation procedures, and non-violation complaints.

The Mid-Term Review decisions called for substantive negotiations to begin in some groups by mid-year. In the Textiles and Clothing group (20 April), several participants indicated they will be submitting new proposals which would move the negotiations forward at the next meeting in July. In the Safeguards group (26-27 April), the Chairman said that in accordance with the Ministerial decision delegations should present proposals by the end of May and that he would be circulating a draft text of a comprehensive agreement in June. This would ensure the start of substantive negotiations in July. In the Tariffs group (9 May), reports by many participants indicated important progress was being made in preparing the data base for the negotiations which would begin in July.

There were calls for the submission of more proposals in many groups, including the Trade-Related Investment Measures group (8-9 May) where there was a first discussion of an analysis by the United States of the adverse trade effects of certain investment measures and how these effects are treated in the General Agreement. In the GATT Articles group (1-2 May), an exchange of views, based partly on new background documentation, further clarified the issues on Articles XVII (state-trading enterprises) and XXV.5 (granting of waivers). In the Subsidies and Countervailing Measures group (27 April), the need for specific proposals was underlined on the various issues outlined in Montreal for a framework that would improve GATT disciplines in this area.

The Trade Related Aspects of Intellectual Property Rights group (11-12 May) agreed on holding two meetings in July to discuss individual negotiating issues defined in the TNC decision. The first one will focus on the applicability of the basic principles of the GATT and other relevant international agreements, enforcement, and trade in counterfeit goods. The second meeting will look at the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights. In the Natural Resource-Based Products group (19 April), it was noted that the Montreal decision called for participants to submit to the extent possible trade and barrier data before the end of June.

The negotiating group on Agriculture (18 May) also considered procedural questions. The following meeting on 5-12 July will concentrate on certain of the issues identified in the work programme for the long-term agreed in the Mid-Term Review, namely:

- the terms and use of an aggregate measurement of supports;
- strengthened and more operationally effective GATT rules and disciplines;
- tariffication, decoupled income support and other ways to adapt support and protection; and
- ways to take account of possible negative effects of the reform process on the net food-importing developing countries.

Modalities for special and differential treatment of developing countries would be considered, as appropriate, under each item of the work programme. While discussion of the long-term continues, the short-term commitments agreed at the Mid-Term Review will be kept before the group and discussed as necessary.

In the group on MTN Agreements and Arrangements (18 May) participants agreed that future meetings should be of longer duration so that the Anti-Dumping Code, the Code on Technical Barriers to Trade and the Code on Import Licensing could be covered on each occasion.

In the Non-Tariff Measures group (19 May), participants discussed three subjects for which multilateral rules had been proposed: export restrictions, preshipment inspection and rules of origin. Australia introduced a proposal emphasising the advantages of a formula approach in dealing with non-tariff measures, in particular those set in terms of price support and quantity.

The Surveillance Body (17 May) received two notifications on possible violation of the standstill commitment: by Argentina on the increase in US subsidies for agri-

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Uruguay Round challenges outlined by Arthur Dunkel

As to the threat posed by "regionalism" and "bilateralism" to the GATT system, Mr. Dunkel stressed the real challenge is "how good and efficient a multilateral system we want, and to what extend governments and, more particularly, businessmen are prepared to put up with second best". He said: "The Uruguay Round and the EC single market project can, should and must be mutually reinforcing and should together add to the benefits the world gains from trade".

Mr. Dunkel outlined the challenges facing the 15 negotiating groups in the Uruguay Round after the mid-term review, pointing out the very short space of time remaining, as "the Uruguay Round must and will end in the Fall of 1990":

"First, we are committed to substantial trade liberalization whether through the classic tariff negotiation, which will seek to reduce duties by an average of 30 per cent, through reduced non-tariff measures, through work on natural resource-based products and through a further package of tropical product concessions.

Second, we are committed to reinforcing competition in world trade; through agreement on subsidies, anti-dumping and countervailing rules, through the work on services and intellectual property rights.

Third, we have to face up to the fact that an effective multilateral trading system requires consideration of many national policies which, until now, have only been considered in a domestic perspective – support programmes for agriculture, for instance, national enforcement of intellectual property rights and the domestic treatment of foreign services suppliers.

Fourth, we have to fulfil the negotiating mandate agreed on agriculture. The commitment is to long-term fundamental reform and that means substantial change for all – and my definition of all includes both the United States and the European Communities.

Fifth, we have major decisions to take with respect to the rules of trade – the GATT rules. Most significant of all – and perhaps most difficult – we have to put in place a comprehensive and credible safeguard system.

Sixth, we have to create a whole new framework of rules for trade in Services. The agreement in Montreal put us well on the road.

Seventh, we must ensure that every participant comes out of the Uruguay Round with solid benefits. The extraordinarily wide participation in this negotiation has been one of its most attractive and necessary features. The active involvement of developing countries should be welcome.

Finally, it is evident that the industrial countries have fundamental responsibilities in ensuring the success of the Round. One key responsibility lies in the sector of textiles and clothing."
GATT adopts new procedures...

Continued from page 1

as well as a time schedule for their work (normally six months maximum);

• Procedures for multiple complainants and for the intervention of third contracting parties;

• Delays to the adoption of panel reports by the Council to be avoided;

• Total period from initiating consultations to decisions on report by the Council not to exceed 15 months;

• Legal advice for developing contracting parties involved in a dispute;

• Implementation of panel report recommendations to be considered by the Council no more than six months after adoption of panel report.

The objective of the new trade policy review mechanism is to encourage GATT members to live up to their multilateral obligations and, thus, ensure a smooth-running trading system.

Under the new mechanism, each GATT member will regularly report on its trade policies to the Contracting Parties, based on an agreed format. (The Negotiating Group on the Functioning of the GATT System has established a technical group to complete a draft format by 30 June 1989.) This report, and another one prepared by the GATT Secretariat, will be the basis of the Council's examination, at periodic special meetings, of the impact of individual members' trade policies and practices on the multilateral trading system. (The GATT Director-General recently established a new Trade Policies Review Division in the Secretariat to support the review mechanism.) The new mechanism is thus designed to increase the transparency of trade policies, and to assist understanding of them.

The four biggest traders (currently the European Communities, the United States, Japan and Canada) will be subject to review every two years, the next 16 leading traders every four years, and other GATT members every six years. A longer time period may be fixed for least-developed countries.

The council decision also mandates the GATT Director-General to meet with the heads of the International Monetary Fund and the World Bank to explore ways to achieve greater coherence in global economic policy-making through strengthening the relationship of GATT with other relevant international organisations. The Director-General is to report back by 1 September 1989.

EC requests arbitration on US change-over to HS

The European Communities reiterated its request made in February for the GATT Director-General to arbitrate a dispute between the EC and the United States concerning the US transposition of its tariff schedule to the Harmonized System (HS). The Community explained that the negotiations on the US transposition had not been concluded to its satisfaction, most notably in the textiles and clothing sector.

The United States maintained that its conversion was fully consistent with its GATT obligations, and that it had its own grievances with respect to the EC conversion. Any examination of HS conversions must cover the overall balance of concessions on both sides, and arbitration was not well-suited for this kind of evaluation. The US said the Uruguay Round provided a logical context for addressing the Community's concerns.

Hong Kong supported the Community's request for arbitration. Australia said one of its exporters had experienced a problem similar to that of the Community.

The Community said that, as part of the negotiating process, the United States had offered compensation which it considered insufficient. This level of compensation should be the issue of arbitration. The Community would look at alternative options in the face of the US response.
and takes up trade complaints

Canada questions US list

Canada reported that in March 1989, the US Trade Representative had made public a determination of unfair international trade practice under Section 304 of the US Trade Act in relation to the panel report on measures on exports of unprocessed salmon and herring. That announcement had been accompanied by a list of Canadian products which could be subject to retaliatory trade action.

It expressed concern on two grounds: the US had not sought authorisation from the Contracting Parties, and the US action was unjustified in the face of Canadian readiness to implement the panel's findings.

The United States pointed out that it had not taken any action against any product from Canada. In previous meetings, it had advised the Council that Canada had proposed to replace the fish restrictions with a landing requirement having the same effect. The US had sought bilaterally to remedy the situation but Canada had given no effective response.

Japan and the European Communities urged the United States to respect GATT rules regarding the authorisation of retaliatory action.

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EC reiterates two requests for panels

The Council considered again two requests by the European Communities for the establishment of dispute-settlement panels. One concerned the US restrictions on the importation of agricultural products applied under the 1955 Waiver and the Headnote to the Schedule of Tariff Concessions (Schedule XX – United States), and the other on the US Textiles Committee.

The United States noted that it had been engaged in bilateral discussions with the Community over the past few months, and that recently, it had reached agreement with the EC on an interim measure that would enable US beef not treated with hormones to be shipped to the Community. To the extent that the US shipments were made, the US would be reducing its counter-measures. According to the United States, a US/EC task force would continue to work on resolving this issue and that its work would be reviewed in June. It expressed the hope that a solution would be found to allow full resumption of trade in this area. In the meantime, the United States felt it would not be useful to discuss only the US counter-measures in the Council.

The Community acknowledged efforts being made independently of the GATT case, and that bilateral discussions had made progress. But it emphasised that in the GATT framework, it faced the same position with respect to the unilateral measures brought against it. Therefore, its request for a panel stood.

The Council agreed to revert to the EC requests at a future meeting.

Bulgaria reports on trade reforms

In connection with its pending application for accession to the GATT, Bulgaria announced it had adopted, in January 1989, a new Decree on Economic Activity which spelled out the procedural aspects of this Working Party have been the subject of consultations since Bulgaria's submission of a memorandum of its foreign trade regime in June 1988.

The Council also considered several items that would again be discussed in its May meeting (see further report). They included: the adoption of the panel report on Section 337 of the US Trade Act of 1930; the EC request for a panel on the US increase in the rates of duty on certain EC products; a follow-up on the panel report on US taxes on petroleum and certain imported substances; and the requests for consultations on export of prohibited goods and the establishment of a streamlined mechanism in the event of trade-damaging acts.

1.

GATT CALENDAR

The tentative schedule of meetings for July:

1-2 GATT Council Meetings
3-4 Trade-Related Aspects of Intellectual Property Rights (TRIPS) Committee on Budget, Finance and Administration
5-7 GATT Council Meetings
8-9 GATT Council Meetings
10-11 Trade-Related Investment Measures
10-12 Agriculture
11-13 Working Party on China
12-14 TRIPS
13-14 Natural Resource-Based Products
17-19 Group of Negotiators on Services
17, 19-20 MTN Agreements and Arrangements
18 Tariffs
19 Council
19-21 TSB
20-21 Dispute Settlement
24-25 Textiles Committee
24-26 Tropical Products
27 Group of Negotiators on Goods
28 Trade Negotiations Committee

felt it would not be useful to discuss only the US counter-measures in the Council.
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submitted in February 1989, was again considered by the Council. Two requests for the establishment of panels — both made by the European Communities and both directed against US measures — were again on the agenda. The Council was informed about the terms of reference and the composition of the panel established in October 1988 to examine Japan’s complaint against an EEC regulation on imports of parts and components. The state of implementation of three adopted panel reports was also discussed.

Japanese tariff on dimension lumber

The Council, in March 1988, agreed to Canada’s request for a panel to examine this case. The panel’s terms of reference and composition were announced the following June. The panel submitted its report to the parties in April 1989.

The panel noted that Japan’s tariff schedule, which sets tariffs according to lumber species, size and processing characteristics, have been in existence on one form or another since 1962, when Japan started to liberalise its forest-products trade. Dimension lumber, a category of lumber covered by the broader description above, including spruce, pine and fir, is principally used in platform house construction notably in Canada and the United States, countries which introduced and promoted “dimension lumber” use in the Japanese construction industry.

Canada claimed that Japan had arranged its tariff classification in such a way that its exports of SPF dimension lumber were subject to an 8 per cent tariff, whereas other types of dimension lumber which were like-products were duty-free. Canada maintained that the tariff was contrary to Article 1:1 (general most-favoured-nation treatment) of the General Agreement by Japan.

After the presentation of the report to the Council, Canada noted that it had brought the matter to the GATT in 1988 after years of unsuccessful bilateral negotiations. It expressed disappointment with the outcome, and concern that adoption of the panel’s conclusions might seriously limit possibilities for the GATT members to address discrimination between “like products”.

Welcoming the report, Japan said the panel had reached clear and sound conclusions.

The European Communities agreed with the general conclusions of the panel, while New Zealand, Australia and Argentina said more time was needed to study the report. The Council agreed to revert to this case at its next meeting.

Norwegian restrictions on imports of apples and pears

Upon the request of the United States the Council decided, in March 1988, to establish a panel to examine this dispute. The terms of reference and composition of the panel were agreed in the following June. In March 1989, the panel submitted its report to the parties.

The panel observed that Norway maintained a seasonal import restriction programme for apples and pears through a licensing scheme initially established by a 1958 Royal Decree.

Before the panel, the United States claimed that the Norwegian restrictions were inconsistent with GATT Article XI:1 which prohibits import restrictions. Norway argued before the panel that the Royal Decree which established the system in question implemented a 1934 Act. Thus, the system was covered by the Protocol of Provisional Application of 1947 under which GATT members undertake to apply Part II (which includes Article XI) of the GATT “to the fullest extent not inconsistent with existing legislation”.

The panel noted that Norway did not contest the US claim that its licensing

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Norway’s apple and pear markets (tons, 1978–87 averages)

<table>
<thead>
<tr>
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<th>Local produce</th>
<th>Imports</th>
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<tbody>
<tr>
<td>Apples</td>
<td>20 000</td>
<td>42 000</td>
</tr>
<tr>
<td>Pears</td>
<td>3100</td>
<td>11 000</td>
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Rulings on three disputes

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system for apples and pears was inconsistent with Article XI:1. The panel therefore focused on whether or not the GATT Protocol covered the Norwegian restrictions.

After studying the origins of the Protocol as well as previous dispute cases, the panel understood that to be eligible as “existing legislation” under the Protocol, such legislation must: (a) be legislation in a formal sense; (b) predate the Protocol; and (c) be mandatory in character by its terms or expressed intent. It noted that the Act provided that the “King can decide that ... it should be prohibited to import from abroad ... articles or goods, indicated by the King ...” Since the King of Norway was given discretion to prohibit imports, the Act did not make restrictions on apples and pears mandatory.

The panel concluded that Norway’s restrictions on imports of apples and pears were not covered by the existing legislation clause of the Protocol of Provisional Application of the General Agreement. It recommended that the GATT Contracting Parties request Norway to bring the measures in question into conformity with its obligations under the GATT.

After the presentation of the panel report, Norway said the panel seemed to have taken a narrow view of the scope of the GATT Protocol. It requested more time to study the report.

The United States urged the adoption of the report which it found well-reasoned and supportive of GATT doctrines. Canada also supported the report’s adoption while the European Communities said the request for more time to study the report was reasonable. The report will be considered again at the next meeting of the Council on 21-22 June.

EC restrictions on dessert apples

In February 1988, the European Communities introduced an import licensing system for dessert apples. In April, the EC suspended import licences of apples from Chile until the 29th of that month. The EC then suspended until 31 August 1988 the issuance of import licences for tonnages exceeding specified levels. The Council established a panel upon Chile’s request in May 1988. The terms of reference and panel composition were agreed the following August. The panel submitted its report to the parties in March 1989.

The panel noted that the EC market for dessert apples was organised through a system of domestic intervention providing for the buying-in of apples when prices fall below fixed levels and an external regime based upon import licensing or additional import duties when the internal market situation so required.

Before the panel, Chile maintained the EC restrictions were contrary to Article XI (prohibitions on quantitative restrictions). They were also contrary to Article XIII (non-discriminatory administration of quantitative restrictions) in that the quotas operated by the EC were being administered in a discriminatory fashion, and Article X (publication and administration of trade regulations) because the administrative arrangements were not published promptly and were otherwise unfair. Chile claimed contravention by the Community of other commitments and called for compensation for losses suffered by the Chilean exporters.

The European Communities argued before the panel that the measures in question were a justified use of the exceptions to Article XI and had been administered in full accordance with Articles XIII and X.

The panel concluded that the measures did not meet the criteria for the relevant exceptions in Article XI. It found that the administration of the quotas had been discriminatory and was, therefore, contrary to Article XIII and that, additionally, the operation of a back-dated import restriction in respect of Chile was inconsistent with Articles X and XIII.

After the introduction of the panel report, Chile said at the Council meeting that the report was a clear, complete and precise document which reflected the justness of the Chilean position.

The European Communities requested more time to study the report.

The following countries expressed support for the adoption of the report: New Zealand, Nicaragua, Brazil, Uruguay, Argentina, Australia, Canada, Thailand, Colombia, Hungary, the United States, the Republic of Korea, India, Pakistan, Indonesia, Peru, Turkey and Zaire. South Africa expressed some reservations but said it would not oppose the adoption of the report. Austria and Finland said more time was needed to study the report.

The Council agreed to revert to this item at its next meeting.
Chile proposes talks on a GATT mechanism to deal with trade-damaging acts

Chile recalled that last March, the United States suspended importation of Chilean fruits and vegetables after finding two Chilean grapes were poisoned — 'due to an act of economic terrorism'. Canada adopted similar measures and other countries as well. Hundreds of millions of dollars of export sales were lost as fruit and vegetables were destroyed, confiscated or re-exported. While the restrictions had been removed the experience presented, according to Chile, an opportunity for the GATT to take a decision on how governments may reconcile, on the one hand, the right of every country to protect the health of its consumers and, on the other, the legitimate right of exporters to be able to rely on unrestricted and stable access to markets. Furthermore, there was need for a machinery in the GATT to ensure that any decisions adopted include provisions securing a prompt return to the normal state of unhindered trade. Chile proposed that the Council authorize the Chairman to conduct informal consultations on this subject.

Many countries urge adoption of report on US Section 337

The European Communities noted that the panel report which concluded that Section 337 of the US Tariff Act of 1930 was inconsistent with the national-treatment provision of the GATT was being considered by the Council for the fourth time. The EC urged the adoption of the panel report, noting the widespread support for this action at the previous Council meeting. Japan expressed concern about the US attitude towards the dispute-settlement mechanism of the GATT. The situation, it said, had raised serious doubts on the credibility of the dispute-settlement process. Also supporting the adoption of the report were the following: Canada, Brazil, Turkey, the Republic of Korea, Nicaragua, Australia, Argentina, India, Pakistan, Mexico, Israel, the Nordic countries, Colombia, Hong Kong, Chile, Switzerland, Peru, Cameroon, Australia, Zaire, Uruguay and Yugoslavia.

The United States reiterated its reservations about the conclusions of the panel and said it was not prepared to accept the adoption of the report at that meeting.

The EC noted that the broader support for the adoption of the report as compared to the previous meeting. It called upon the US to unblock the adoption of the report at the next meeting of the Council.

Implementation of three panel reports questioned

The Council considered the implementation of three adopted panel reports. Canada expressed disappointment that the United States had had two years to implement the panel recommendations regarding the US taxes on petroleum and certain imported substances, but had so far failed to take concrete steps. Canada reported it was taking its own steps to draw up a list of a number of products which could be the subject of trade action. However, it remained hopeful that the US would respect the decision of the GATT Contracting Parties.

The co-complainants of Canada in this case, the European Communities and Mexico, also urged the United States to comply with the panel recommendations. The United States expressed regret about the delay in responding to the panel recommendations. It preferred to remove the measures in question, and reported that proposals are in the final stages of preparation for forwarding to the US Congress. If the legislation could not be changed, it would try negotiations on compensation.

On another adopted panel report, the Community requested the United States for information on what it intended to do regarding the implementation of the panel report which found the US customs user's fees inconsistent with the GATT.

The United States recalled that it had promoted legislation in the context of the panel report but that the US Congress had found the proposal unacceptable. The US Administration was preparing a new proposal and believed it would have the support of the US Congress this year. The US expected other countries with systems similar to that examined by the panel to bring them into conformity with the GATT.

On another adopted report, Canada informed the Council that it had taken steps to remove export prohibitions on unprocessed salmon and herring in accordance with the panel report adopted by the Council in March 1988. At the same time, Canada would be instituting GATT-consistent landing requirements under which foreign buyers would have access to fresh fish caught in Canadian waters.

The United States recalled that it had expressed concerns about the proposed Canadian programme in previous Council meetings. It reserved its rights with respect to the programme.

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Textiles Committee expands TSB membership

On 26 April, the Textiles Committee completed its discussion of a proposal by China to increase the number of members of the Textiles Surveillance Body. At its meeting, the Committee decided that the TSB would be expanded from eight to ten members with effect from 1 August 1989 and for the remaining period of the 1986 Protocol unless a party to the Arrangement communicates its objection thereto by 15 July 1989. To give effect to this decision, the Committee established a Protocol amending the 1986 Protocol. On this basis the Textiles Committee agreed that, for the period 1 August 1989 to 31 July 1990, the TSB will be composed of members nominated by Brazil, Canada, China, the EEC, Indonesia, Japan, Hong Kong, Pakistan, Sweden and the United States.

The Multi-fibre Arrangement, which entered into force initially in 1974 and has been extended on three occasions, established the Textiles Committee to handle the overall management of the MFA. It also established the TSB, consisting of an independent chairman and eight members (to be expanded to ten as above) chosen to constitute a balanced representation of the countries participating in the MFA, to supervise the implementation of the MFA and the bilateral agreements negotiated under it.

Working Party on China enters substantive phase

The Working Party on the status of China as a contracting party completed on 19 April the assessment of information provided by the country on its foreign trade regime. At the next meeting on 12–13 July 1989, the body will begin discussions which will lead to the drafting of the protocol that would govern China’s membership in the GATT.

Several delegations noted China’s ongoing reform of its economy but expressed concern that certain aspects of its trade regime were still not consistent with the GATT framework. Their concerns touched on the pricing mechanism, customs procedures, bilateral trade agreements, and the need for greater transparency in trade regulations. China maintained that its foreign trade regime had become basically compatible with the GATT.

Trade Policies Review Division established

In the light of the Ministerial decision on a new surveillance mechanism and the subsequent adoption by the Council, the GATT Director-General established on 1 May a new Trade Policies Review Division.

The division will support the enhanced surveillance functions of the GATT. In the Secretariat, it will be in charge of surveillance under the Council (the trade policy review mechanism and the annual overview), the Balance-of-Payments Committee, and the Surveillance Body of the Uruguay Round.

Mr. Frank Wolter, formerly a member of the GATT Economic Research and Analysis Unit, and prior to that, a deputy research director of the Kiel Institute, heads the division.

Turkey joins agreement

The Committee on Customs Valuation, on 21 March, welcomed Turkey as its latest member. The country’s ratification brings to 28 (the European Communities counting as one) the number of signatories to the Agreement on Customs Valuation.

The agreement, negotiated in the Tokyo Round, has led to widespread harmonization of valuation systems along with much increased predictability in duties payable by traders.

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