Committee on Technical Barriers to Trade

DRAFT MINUTES OF THE MEETING HELD ON 9-10 MARCH 1987

Chairman: Mr. D. Bondad

1. The Committee on Technical Barriers to Trade held its twenty-fourth meeting on 9-10 March 1987.

2. The agenda of the meeting was as follows:

   A. Election of officers for 1987 .......................... 1
   B. Request for observer status by the People's Republic of China .......................... 2
   C. Statements on implementation and administration of the Agreement .................. 3
   D. Exception granted to India under Article 12.8 ........................................... 4
   E. Translation of documents relating to notifications ........................................ 4
   F. Testing and inspection .................................................. 5
   G. Improvement of transparency on bilateral standards-related agreements .......... 7
   H. Improvement of transparency on regional standards activities ....................... 8
   I. Relationship of the work of the Committee to the Uruguay Round .................... 8
   J. Spain - certification of metallic tableware ............................................. 10
   L. Schedule of meetings ................................................. 15

A. Election of officers for 1987

3. The Committee elected Mr. D Bondad (Philippines), Chairman and Mr. S. Chang (Republic of Korea), Vice-Chairman for 1987.
B. Request for observer status by the People's Republic of China

4. The Chairman referred to a request received from the People's Republic of China, to be represented as observer in the Committee. He recalled that in the communication dated 27 October 1986, it had been stated that:

"China has formally requested for resuming its membership in GATT and is ready to engage in negotiations on this subject. Thereafter China was also invited to participate in the New Round of Multilateral Trade Negotiations. As the Codes on Non-Tariff Measures reached during the Tokyo Round will be inevitably touched upon during the negotiations there is a need for China to keep herself better informed of the on-going discussions on these Codes, so as to facilitate her to formulate her position on them in the course of negotiations. Therefore, China wishes to be represented in the meetings of the Committee on Technical Barriers to Trade, the Committee on Import Licensing, the Committee on Subsidies and Countervailing Measures, the Committee on Anti-Dumping Practices, the Committee on Customs Valuation and the Committee on Government Procurement. The Director-General is kindly requested to refer the matter to the Chairmen of the above-mentioned Committees respectively for their consideration and their positive response in this respect will be highly appreciated."

As Chairman, he suggested, in view of the fact that the People's Republic of China had formally informed the CONTRACTING PARTIES of its intention to negotiate the terms of its status as a contracting party and that it was a participant in the Uruguay Round of Multilateral Trade Negotiations, that the Committee agree to grant observer status to the People's Republic of China, on the same conditions as those applied to other observers (ref. the relevant parts of the Committee decision on participation of observers dated 24 April 1980 (TBT/M/2, Annex)).

5. The representative of the European Economic Community said that the Committee should grant observer status to the People's Republic of China for the reasons given by the Chairman.

6. The representative of Switzerland said that for his authorities the intention of the People's Republic of China to resume its position as a contracting party in GATT was significant. By granting observer status to the People's Republic of China, the Committee would be supporting this country's efforts in that direction.

7. The representative of Chile said that as one of the founding members of the GATT, the People's Republic of China should be entitled to participate as observer in the work of the Committee. In addition, the work of GATT would benefit from the participation of the most populous country in the world.

8. The representatives of Brazil and Canada said that their authorities recognized the importance of the participation of the People's Republic of
China in the work of GATT and supported its request for observer status in the Committee.

9. The representatives of Czechoslovakia and New Zealand said that their authorities viewed the People's Republic of China's request favourably because they believed that its participation as observer would be a valuable contribution to the work of the Committee. The representative of the United States considered that the participation of the People's Republic of China in the work of the Committee as an observer was important.

10. The representatives of Japan, the Republic of Korea, Pakistan and Romania welcomed the People's Republic of China as observer in the Committee.

11. The Committee took note of the statements made.

12. The Chairman then suggested that the People's Republic of China be granted observer status as set out in his suggestion above. The Committee so agreed.

C. Statements on Implementation and Administration of the Agreement

13. The representative of India informed the Committee that the Bureau of Indian Standards Act which had been enacted by the Indian Parliament in December 1986, had passed over the assets and liabilities of the Indian Standards Institution to the Bureau of Indian Standards as from 1 April 1987. Meanwhile, the Indian Standards Institution continued its activities as the national enquiry point and prepared the notifications. In giving an account of technical assistance by his country in standards-related areas, he said that the officials of Indian Standards Institution had shared their expertise on quality control and certification with experts from a number of developing countries in the context of co-operation programmes carried out under bilateral arrangements or through international financial institutions. India had organized training programmes for participants from developing countries since 1964. A programme of ten weeks, held this year, had benefitted nineteen participants from fourteen developing countries.

14. The representative of Japan reported on the outcome of the informal consultations held between his authorities and a number of interested Parties concerning the introduction of some voluntary standards on ski equipment in his country. The Consumer Product Safety Association (CPSA) in charge of administering the safety goods (SG) mark system on ski equipment, had agreed to harmonize the SG standards with the relevant international standards and to simplify the inspection and certification procedures within the system. The CPSA had recently informed the Government of Japan that from 1 February 1987, it had begun using the revised SG standards and rules of certification systems as the basis of its type approval of ski equipment. He also stated that the Japanese authorities concerned would see to it that this new system was implemented effectively by the CPSA.
15. The representatives of Austria, the European Economic Community and Switzerland thanked the Japanese authorities for their efforts in finding a satisfactory issue to the matter. The representative of Switzerland said that, as far as he understood, the revised SG mark system would apply to imports of all winter sports equipment and to ski equipment, in particular. The representative of the European Economic Community said that the harmonization of the SG standards with relevant international standards was still at an intermediate stage and hoped that the Japanese authorities would continue their efforts to harmonize fully the standards concerning safety systems on ski bindings and ski boots. The representative of the United States said that, while his authorities appreciated the commitments by the Japanese authorities to keep under survey the smooth implementation of the revised system, they expected that the revised certification systems would provide access to all exporters of ski equipment to Japan on a continued basis.

16. The representative of New Zealand informed the Committee that the enquiry point in his country would be transferred from the Department of Industry to the Standards Association of New Zealand which maintained a comprehensive register of standards in both the public and private sectors.

17. In response to a question by the representative of the United States about any developments in the notification procedures in Argentina, Greece and Rwanda, the representative of the European Economic Community said that there had been no developments in Greece regarding the ratification of the Agreement or the establishment of a national enquiry point.

18. The Committee took note of the statements made.

D. Exception granted to India under Article 12.8 of the Agreement

19. The representative of India introduced the communication concerning the exception granted to India under Article 12.8 until 11 March 1987 (document TBT/Spec/17). The Indian Parliament had approved the Bureau of Standards Act in December 1986 and this Act would enter into force on 1 April 1987. His authorities had therefore asked for an extension of the exception over the remaining period of twenty days from 11 March 1987 to 1 April 1987.

20. The Chairman suggested that the Committee agree to grant India a further extension of the exception under Article 12.8 from the obligations of Article 7.2, until the entry into force of the Bureau of Standards Act on 1 April 1987. It was so agreed.

E. Translation of documents relating to notifications

21. The representative of the Philippines presented a draft recommendation on translation of documents which was a joint proposal with the delegation of Canada.

22. The representative of Canada said that the draft recommendation addressed two basic concerns of her delegation regarding the exchange of
translations of documents. First, three Parties were involved in the process: the Party that notified a document drafted in a non-GATT language; the Party that requested a copy of this document and might be translating it; and the Party that sought to share any available translations. Second, the proposal incorporated the principle that translations would be shared among Parties on a mutually agreed basis.

23. The representative of Switzerland referred to a Committee decision on translation of documents relating to notifications (TBT/16/Rev.3, page 7, paragraph 4(a)) and suggested that Parties should be invited to indicate, under item (viii) of the notification format, the original language of the relevant document and whether a translation into a GATT language is foreseen.

24. The representative of India said that the terms of the recommendation should also address the situation of those Parties whose national languages were GATT languages. These Parties should be able to share translations that they make into their national languages on a no-charge basis.

25. The representative of Finland, speaking on behalf of the Nordic countries said that although he supported the terms of the original Philippines proposal on the subject (TBT/M/19, paragraph 36(i)), he welcomed the efforts that had been made by interested Parties towards a solution of the problem.

26. The representatives of Czechoslovakia, Chile and Japan said that they could not give any comments of substance on the draft recommendation unless the text of the proposal was further explained.

27. The Committee took note of the statements made and agreed to revert to this matter at its next meeting.

F. Testing and inspection

28. The representative of the United States referred to the recommendation of the Committee on the ISO/IEC Guides 25, 38, 39, 43 and 45 (TBT/M/23, paragraph 23). He suggested that the Committee invite Parties to provide information on national measures taken to promote the implementation of the principles and rules in these Guides as a basis for testing and inspection activities in the territories of Parties.

29. The representative of Finland, speaking on behalf of the Nordic countries, supported the proposal by the United States. The representatives of Czechoslovakia and Switzerland said that the recommendation had been brought to the attention of their respective authorities who would report in due course on the use of these Guides in their countries.

30. The representative of the European Economic Community said that because the ISO/IEC Guides had been elaborated by experts participating in
non-governmental standardizing bodies, the Committee recommendation did not envisage that they be made mandatory in the territories of Parties. He also said that it did not seem feasible to carry out an enquiry on how each governmental and non-governmental entity in the territories of Parties implemented the relevant ISO/IEC Guides.

31. The representative of India said that the infrastructure and technical expertise in developing countries were not adequate to enable the entities operating in those countries to comply fully with the ISO/IEC Guides. He also said that the Committee had to discuss several major issues involved in the area of testing, inspection and type approval, such as sampling, test methods, calibration of testing equipment and criteria for acceptance of tests before it could address the problem of mutual acceptance of test data. The representative of Brazil said that several aspects of the problem of testing, inspection and type approval had to be examined in the light of the difficulties developing countries faced in this area. His delegation could not take a position at this stage on any of the proposals concerning this matter.

32. The representative of the European Economic Community recalled that, in its approach to the matter of testing, inspection and type approval, his delegation had suggested that building of confidence among operators of testing laboratories, inspection bodies and certification systems was essential. The objective criteria set out in the ISO/IEC Guides could serve this purpose. The Committee could then encourage the conclusion of mutual acceptance agreements or arrangements among public and private entities operating in the field on the basis of these generally accepted principles and rules. Finally, Parties could ensure that their national certification and accreditation bodies recognized these agreements or arrangements. The European Economic Community had designed its approach to the matter with a view to safeguarding the balance of obligations between different Parties.

33. The representative of the United States said that confidence among operators would be achieved more easily if arrangements related to individual sectors rather than to all product categories. In this way, Parties would be able to join agreements in product areas of interest to them.

34. The representative of the European Economic Community said that the sector-by-sector approach implied that Parties would have to identify not only the product areas where they had an interest in concluding mutual recognition agreements but also the sectors in which they had the authority to impose such agreements on individual operators. He wondered to what extent international agreements on mutual acceptance of test data concluded by the United States Government would be binding on entities operating in the standards field in the United States. In response, the representative of the United States said that the United States adhered to its international obligations in the name of the Federal Government, all States and private entities.
35. The representative of Switzerland said that the subject of testing, inspection and type approval had been suggested by certain Parties in the list of items related to the Uruguay Round. He reserved his delegation's right to express its views on the different approaches to the subject until the Parties had decided whether the Committee or the Negotiating Group on MTN Agreements and Arrangements (NG8) would address this problem.

G. Improvement of transparency on bilateral standards-related agreements

36. The representative of the European Economic Community referred to the proposal by the United States circulated in document TBT/W/96 and said that the issue of transparency on bilateral standards-related agreements was also related to the problem of coexistence of public and private bodies in the standards field. Parties were not always informed about bilateral standards-related agreements concluded between private bodies operating in their respective territories. He doubted that the recommendation proposed by the United States would be useful in obtaining information on a large number of agreements concluded at the private level.

37. The representative of India said that the information sought should be limited to those bilateral standards-related agreements that had a significant effect on trade.

38. The representative of Finland, speaking on behalf of the Nordic countries called attention to the terms of Article 10.2 of the Agreement which laid a second-level obligation on Parties concerning enquiries on the activities of private bodies within their territories. Comparable terms could be used in a recommendation on transparency on bilateral standards-related agreements. The Nordic delegations agreed that it was important to achieve transparency on bilateral standards agreements but suggested that, rather than overburdening the notification system with additional requirements, the information on these agreements be exchanged through the enquiry points established in each Party. The recommendation on enquiries which the enquiry points should be prepared to answer (TBT/16/Rev.3, page 12, paragraph (b)) could be amended so as to cover enquiries regarding bilateral standards agreements concluded between Parties, as well as information on the provisions of such agreements.

39. The representative of Chile said that his delegation supported the United States proposal. However, the concerns of the European Economic Community on the levels of obligation of public and private bodies deserved attention, since this problem was also related to the subject of testing and inspection. Parties did not have the capacity to regulate arrangements which might be concluded through contracts under private law. So as not to limit the scope of its work in this respect, the Committee might wish to seek the co-operation of private bodies operating in Parties in order to obtain information on bilateral standards-related agreements.

40. In response to a suggestion by the representative of Switzerland that the proposed recommendation could address mutual recognition agreements concluded under the jurisdiction of Parties, the representative of the European Economic Community said that arrangements of this kind were
limited in number, and in any case were fewer than those concluded at the private level. With reference to the proposal by the Nordic countries, he said that the recommendation on transparency should not only cover bilateral standards-related agreements concluded between Parties but should also extend to agreements between private bodies operating in the territories of Parties and of which Parties were informed. He added that, in his view, the enquiry points were already expected to answer enquiries on bilateral standards-related agreements under the existing recommendation.

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

H. Improvement of transparency on regional standards activities

42. The representative of the United States stated that the representative of the European Conference of Post and Telecommunications Administrations (CEPT) had recently informed the United States authorities of future amendments to the administrative procedures of CEPT. Once these amendments had been approved by the Plenary Session of CEPT in September 1987, the new procedures would allow a period of sixty days during the drafting phase of CEPT standards for comments from all interested parties. He welcomed the fact that the CEPT had responded to the concerns expressed by his delegation on previous occasions in the Committee in this positive way.

43. The Committee took note of the above statement.

I. Relationship of the work of the Committee to the Uruguay Round

44. The representative of the United States referred to the non-exhaustive list of subjects related to the Uruguay Round and informed the Committee that his delegation had tabled the items it had suggested for inclusion in this list in the Negotiating Group on MTN Agreements and Arrangements (NG8) (document MTN.GNG/NG8/1). Recognizing that negotiations on standards-related topics would have to be conducted mainly at a technical level, the United States delegation suggested that the Committee agreed to give its full support to the negotiating efforts in the Negotiating Group.

45. He also suggested that the agenda of the Committee for future meetings should include an item entitled "Negotiations in the Uruguay Round Relating to the Scope of the Agreement." Furthermore, in order to assist the Committee in its future discussions, those Parties that had proposed topics either for the preparation of the non-exhaustive list of subjects or in the NG8, should be asked to provide a brief description of their objectives on these topics before the next meeting of the Committee.

46. The representative of the European Economic Community said that his delegation acknowledged that negotiations on subjects related to the Uruguay Round would have to be carried out on a twofold path without giving exclusivity to the work either in the Committee or in the NG8. He said that, while the substantive work on subjects for negotiations in the
standards-related area would be done in the Committee, Parties should see to it that there was a parallelism between the discussions in the Committee and in the NG8 so as not to exclude any possible signatories from such future discussions. He referred to the negotiating plan on MTN Agreements and Arrangements adopted by the Group of Negotiations on Goods on 28 January 1987 (MTN.GNG/5, page 14), and said that the factual background paper which would be prepared by the secretariat for the initial phase of the negotiating process could be based on the topics suggested by Parties in the non-exhaustive list. A set of notes addressing each of the items in the list would serve to launch the discussion in the NG8 on these subjects. These notes could explain the background and motives for proposals by Parties as well as the objectives sought in the negotiations.

47. The representative of Finland, speaking on behalf of the Nordic countries, said that the Nordic countries recognized that the Committee would have an important rôle in the Uruguay Round but considered that for the time being, it would be premature to determine the division of work between the Committee and the NG8. He supported the suggestion by the United States delegation to invite the Parties to explain the purpose of various suggestions included in the non-exhaustive list of subjects.

48. The representative of the Republic of Korea said that the Committee would have a supportive rôle in the negotiations because of the technical nature of subjects in the standards area. The Committee and the NG8 should maintain a relationship of co-operation in order to enable the NG8 to fulfill its mandate of widening the participation in MTN Codes, in particular, that of developing countries.

49. The representative of Canada said that the Committee should transmit the non-exhaustive list of subjects related to the Uruguay Round, which had been circulated to signatories informally on 10 December 1986, to the Negotiating Group on MTN Agreements and Arrangements. The representatives of the European Economic Community and the United States supported this suggestion. The representative of the United States, supported by the representatives of the European Economic Community and the Republic of Korea, said that as participants in the NG8 were not necessarily familiar with the technical matters referred to in the various suggestions contained in the list, it should be further elaborated before it could be of any use to the relevant discussion in the NG8. The representative of Brazil, joined by the representative of Finland, speaking on behalf of the Nordic countries said that the Parties who had made the different proposals in the list should be identified when submitting the list to the NG8. The representative of Finland, speaking on behalf of the Nordic countries, said that the various proposals made by individual Parties could not be submitted to the NG8 in the name of the Committee. The motives of Parties for indicating their interest on various issues as well as their views on how to carry out the negotiations varied considerably. Parties should themselves undertake to provide elaboration of their respective proposals.

50. The representative of the European Economic Community wondered how the Committee could play its rôle of technical support to the negotiations if a number of Parties to the Agreement had already submitted their individual
suggestions orally or in writing to the NG8. The Committee should organize its relevant work so as to safeguard the interests of Parties to the Agreement in negotiations which would be carried out at wider fora.

51. The representative of the United States said that parallelism between the Committee and the NG8 from the legal or technical standpoints had not yet been established. While the Ministerial Declaration and the Negotiating Plan on MTN Agreements and Arrangements had been decided outside the Committee, individual Parties, in their capacity as participants in the Uruguay Round, had the ability to steer the discussions on issues relating to the scope of the Agreement. The Negotiation Plan for MTN Agreements and Arrangements had established an initial phase during which the issues for negotiations would be identified. His authorities had submitted to the NG8 the topics that the United States had suggested for the list in order to ensure that subjects of interest to his country were brought to the attention of participants in the NG8. This should not preclude the discussion of these subjects at the technical level in the Committee. As regards safeguarding the interests of signatories of the Agreement, the terms of the Ministerial Declaration and the Chairman’s Declaration in Punta del Este had settled the question of participation: participants in the Uruguay Round would take part in the negotiations relating to MTN Agreements and Arrangements. Nevertheless, his delegation considered that from a legal standpoint only the Parties to the Agreement were competent to decide upon any Uruguay Round amendments that should be incorporated in the Agreement at the conclusion of the Uruguay Round.

52. The Chairman suggested that Parties hold consultations to discuss ways of handling the non-exhaustive list of subjects relating to the Uruguay Round and that the Committee revert to this item in the light of these consultations. It was so agreed.

J. Spain - certification system on metallic tableware

53. The representative of Japan drew attention to a certification system on metallic tableware applied in Spain. His authorities noted with regret that having notified the Ministerial Order containing technical standards and testing methods for type approval, ten months after its adoption on 13 January 1986 (TBT/Notif.86.181), Spain had disregarded its obligations under the Agreement. The rules of the relevant certification system exempted the goods produced and certified within the member States of the European Economic Community from the testing requirements in Spain whereas products originating in all other countries did not have access to the Spanish market under such favourable conditions. The Japanese authorities considered that the rules in question were in breach of the provisions of Articles 7.2 and 9.3. They had been in contact with the Spanish authorities concerned regarding this matter and they reserved Japan’s rights under the Agreement, pending a satisfactory response.

54. The representatives of Hong Kong and the Republic of Korea said that their exports of metallic tableware would also be affected by the new
certification rules in Spain. They also reserved their countries' rights under the Agreement in this respect.

55. The representative of the United States stated that, while his country did not export the category of products in question, they joined in the concerns expressed by Japan because their trade in a range of other products might be affected if Spain had decided to extend similar discriminatory practices to other product areas.

56. The representative of the European Economic Community said that the interested Parties would be invited to discuss the matter with Spain with a view to finding a rapid solution to the matter raised by Japan.

57. The Committee took note of the statements made.


58. The representative of the United States introduced a communication by his delegation circulated in document TBT/Spec/18 of 9 March 1987, concerning a case related to European Community Animal Hormone Directive (85/649/EEC). He said that in December 1985, the European Economic Community had adopted a Directive concerning its meat certification system which would ban the use of hormones in livestock used for meat production as from 1 January 1988. The new certification rules were without scientific basis and that their implementation would create an unnecessary obstacle to international trade that would nullify or impair benefits accruing to the United States under the Agreement.

59. His authorities considered that the intention of the European Economic Community in issuing the Directive was to circumvent its obligations under the Agreement. The Directive unnecessarily relied on a process and production method (PPM) rather than stipulating the final characteristics of the product, as would have been the case had the Directive established a residue level for hormones in meat products.

60. He also pointed out the perishable nature of meat products subject to new rules. The hormone directive would enter into force twenty-four months after its adoption on 31 December 1985. Meat products were derived from cattle that had a life cycle of eighteen to twenty-four months, which meant that animals now in production were potentially excluded from the European Community market. He referred to Article 14.6 of the Agreement which stated that the Committee would consider cases relating to perishable products in the most expeditious manner possible, with a view to resolving the problem within three months of the request for the Committee investigation.

61. He informed the Committee that, following consultations held between the two delegations on 2 February 1987 under Article 14.1 of the Agreement, his delegation had made written proposals to the delegation of the European Economic Community under Article 14.2 on 13 February 1987. The European Economic Community had not given any response to these proposals which
would indicate the steps that the European Economic Community authorities were prepared to take in order to resolve the problem. His delegation had therefore considered that bilateral consultations under Article 14.1 and 14.2 were concluded and consequently requested the Committee on 6 March 1987 to investigate the matter.

62. He explained how, in his delegation's view, the implementation of the Directive would be in breach of the obligations under the Agreement. The requirements in the Directive that meat be certified as coming from animals not treated with hormones was an unnecessary obstacle to international trade in terms of Article 7.1 of the Agreement. Furthermore, the enforcement issues surrounding the ban in the Directive might result in the treatment of imports in a manner that was different from treatment of domestic products which would violate Article 7.2 of the Agreement. The United States authorities also considered that as Article 14.25 of the Agreement stated, the obligations of the European Economic Community and of its member State were being circumvented by the Directive's reliance on a code of practice rather than the stipulation of a specification of the final characteristics of the product, which could be made in the form of a residue level of hormonal substances in livestock products. Finally, the European Community Hormone Directive would impede the attainment of one of the main objectives of the Agreement relating to the development of international certification systems. The criteria on the safety of use of hormones for growth promotion were being prepared by a body of impartial scientific experts in the Codex Alimentarius Committee on the Residues of Veterinary Drugs in Food, which had been established in 1985. He also stated that the Food and Drug Administration (FDA) in the United States had determined that naturally-occurring or synthetic hormones used for growth promotion in food-producing animals were safe for human consumption when used according to the appropriate procedures.

63. The representative of the European Economic Community said that his authorities were surprised at the haste with which the United States delegation had drawn the attention of the Committee to the matter. Consultations had been initiated between the two Parties. While the European Economic Community had suggested the continuation of the bilateral discussions at the technical level, the United States had made written proposals on 13 February 1987. His authorities were in the process of examining these proposals with the assistance of technical experts and in concert with the authorities of the member States in order to determine whether they could form the basis of a solution to the matter and a reply would be given to the United States authorities in the near future. He recalled that the provisions of the Agreement on consultations did not fix a time limit for presenting a reply to the proposals. However, in order to maintain the spirit of conciliation, Parties should fully use the procedures for consultations in seeking a satisfactory solution to the problem before invoking the provision of Article 14.4. His authorities considered that the consultations were at the stage provided under Article 14.2 and that it would be premature to convene a meeting for a Committee investigation at this time. His delegation believed that it should be possible to reach a satisfactory solution on certain technical issues relating to the problem.
64. The representative of the European Economic Community also informed the Committee that the authorities responsible for the Directive in the European Community had initiated discussions on the trade implications of this measure with each country exporter of meat to the Community countries and that they would continue these bilateral contacts with interested countries on the implementation of the Directive.

65. As regards the discussion of the matter in the Committee, the representative of the European Economic Community said that the agenda of the present meeting did not include an item on a request for Committee investigation and that this matter had been introduced under agenda item "other business". The exchange of views under this items should not preclude the discussion in the context of a possible investigation under Article 14.4. The European Economic Community, for its part, reserved its legal position on the issue with respect to an investigation under Article 14.4 because it considered that bilateral consultations under Article 14.2 had not yet been concluded.

66. The representative of the United States said that his delegation had invoked the dispute settlement procedures under Article 14.4 because its efforts in bilateral consultations with the European Economic Community had not given a result which could form the basis of a solution to the matter. His delegation had noted with interest that the delegation of the European Economic Community was willing to pursue the consultations on a bilateral basis and that it would reply to the United States proposals in the near future. His delegation was also disposed to pursue every opportunity which would lead to a mutually satisfactory solution of the matter. Nevertheless, he asked the Committee to note that the United States had presented a request for an investigation of the matter in a communication dated 6 March 1987 and that in accordance with Article 14.4 of the Agreement, the Committee had to begin its investigation within thirty days of the receipt of this request. He emphasized that in terms of Article 14.4, there was no need for any particular decision by the Committee to initiate its investigation. His authorities considered that the process of investigation could well be pursued in parallel with efforts to find a satisfactory resolution at the bilateral level. In any event, the Committee should note that the United States had made its request for an investigation of the matter on 6 March 1987.

67. The representative of Finland, on behalf of the Nordic countries said that although the provisions of Article 14.1 and 14.2 set no time frame for bilateral consultation, the Nordic delegations had deduced from the statements made that the period of consultations on the present matter had not been long enough to address all the aspects of this complex problem. In order to avoid creating an unfortunate precedent, he suggested that the Committee invite the parties to the present dispute to pursue their efforts for a solution in bilateral consultations before the Committee proceeded to an investigation. However, if the United States delegation nevertheless maintained its request for an investigation, a meeting of the Committee should be convened within thirty days.
68. By way of preliminary comments on the substance of the case introduced by the delegation of the United States, he said that experts from the Nordic countries took part in the Committee on the Residue of Veterinary Drugs on Food which had been recently established under the auspices of the Codex Alimentarius Commission. While Article 2.2 of the Agreement promoted the use of international standards, it might take many years to create relevant international standards on this issue.

69. He also said that Article 14.25 of the Agreement applied to the area of processes and production methods (PPMs). Regarding the present case, the Committee would have to ascertain whether the European Economic Community had circumvented its obligations under the Agreement by drafting the Directive in terms of PPMs. The conclusions that had been recorded by the Committee concerning the functioning of Article 14.25 (TBT/M/14, paragraphs 14 and 15) enabled the Parties to present all aspects of a case concerning PPMs.

70. The representative of Canada said that according to the wording of Article 14.4 the Committee should meet at the request of any Party to a dispute within thirty days of the receipt of such a request. Her delegation supported the request by the United States, dated 6 March 1987, for a Committee investigation with a view to facilitating a mutually satisfactory solution.

71. The representative of New Zealand said that the terms of Article 14, paragraph 4 entitled a Party to proceed to the stage of dispute settlement, whenever it determined unilaterally that its concerns had not been met in the consultations under Article 14, paragraphs 1 and 2. As the aim of the process of dispute settlement should be to arrive at a mutually satisfactory solution, the examination of the matter under the dispute settlement provisions of the Agreement should not preclude the continuation of bilateral consultations. He added that his delegation shared the concerns expressed by the delegation of the United States about the trade implications of the measure taken by the European Economic Community and supported the view that the Committee should address this case with due speed as it involved a case of perishable products. His delegation was also in favour of a substantive discussion on all aspects of this case in the Committee.

72. The representative of Switzerland said that the Committee should encourage parties to the dispute to continue their bilateral consultations on the matter. In any event, the Committee did not have a basis for deciding whether the procedures under Article 14, paragraphs 1 and 2 had been adequately used. He also wondered whether the delegation of the United States had discussed the issue with the delegation of the European Economic Community before the adoption of the Directive in December 1985.

73. The representative of the European Economic Community said that the Directive concerned a requirement drafted in terms of PPMs. His delegation
maintained that the PPMs were not covered by the provisions of the Agreement except under those of Article 14, paragraph 25. Consequently, the allegations of the representative of the United States that the Directive was in breach of various obligations under the Agreement would not be relevant to the case. The requirements in the Directive were formulated essentially for the protection of health, a reason covered by Article XX of the General Agreement and also recognized in the preamble to the Agreement on Technical Barriers to Trade. The Committee had noted in the past that there had been differences of views among Parties concerning the issue of PPMs. His delegation had preferred to pursue the discussions at the bilateral level so as not to burden this technically complex matter with difficulties of a legal order. He also rejected the United States argument that the case involved perishable products and that the dispute had to be settled expeditiously. The Directive would enter into force on 1 January 1988 and at present the products were being imported under the national laws of the member States. He added that the authorities of the European Economic Community had indicated to the United States authorities that the Directive had not been adopted with the objective of protecting trade and that they were in favour of finding a solution which would allow the flow of trade on a continuous basis.

74. The representative of the United States said that as a gesture of conciliation in respect of the particular case under discussion, his delegation would agree to suspend, for a period of two weeks, its request of 6 March 1987 for a Committee investigation. During this time, his delegation would expect the European Economic Community authorities to provide a written response to the United States proposals. If the response by the European Economic Community did not constitute a basis for a possible solution to the matter within the two weeks period, the United States delegation reserved the right to revert to its request for a Committee investigation. In that eventuality, the Chairman would be expected to convene a meeting of the Committee within thirty days of receipt of their request.

75. The Committee took note of the statements made.

L. Schedule of meetings

76. The Committee agreed to hold its next meeting on 22-23 June 1987. The agenda of the meeting would include the following items:

1. Statements on implementation and administration of the Agreement;
2. Translation of documents relating to notifications;
3. Testing, inspection and type approval;
4. Improvement of transparency on bilateral standards-related agreements;
5. Relationship of the work of the Committee to the Uruguay Round;
6. Preparations for the 1987 Meeting on Procedures for Information Exchange;

7. Preparations for the seventh annual review of the Agreement.