

GENERAL AGREEMENT ON

RESTRICTED

SR.45/2

21 December 1989

TARIFFS AND TRADE

Limited Distribution

CONTRACTING PARTIES
Forty-Fifth Session

SUMMARY RECORD OF THE SECOND MEETING

Held at the International Conference Centre, Geneva
on Monday, 4 December 1989, at 3.15 p.m.

Chairman: Mr. Amir Habib Jamal (Tanzania)

	<u>Page</u>
<u>Subjects discussed:</u> - Report of the Council	1
- Activities of GATT (continued)	13

Report of the Council (L/6603 and Corr.1 and Add.1)

The CHAIRMAN referred to the report of the Council of Representatives on its work since the Forty-Fourth Session. A list of matters on which the CONTRACTING PARTIES would be expected to take action of some kind had been circulated in L/6603/Add.1. He stressed that the report was not intended to reflect detailed positions of delegations, since the Council Minutes contained such information and remained the record of the Council's work.

Point 1. Work Program resulting from the 1982 Ministerial meeting

Sub-point 1(c). Export of Domestically Prohibited Goods

The CHAIRMAN recalled that the Council's Decision of 19 July 1989 (L/6553) called for the "Working Group on Export of Domestically Prohibited Goods to submit a progress report to the Forty-Fifth Session of the CONTRACTING PARTIES in 1989".

Mr. Sankey (United Kingdom), Chairman of the Working Group, made, on his own responsibility, a report on the three meetings which the Group had so far held. He recalled that the Group's mandate was "to examine, in the light of GATT obligations and principles and having regard to the work of other international organizations, trade-related aspects of the export of domestically prohibited goods and other hazardous substances that may not be adequately addressed". In this context, the Secretariat had prepared two useful background documents (L/6459/Rev.1 and DPG/W/4/Rev.1) describing the work of other international organizations, with particular emphasis on those instruments that sought to regulate international commerce in these products, trade-related provisions contained in these instruments, product coverage and dispute settlement procedures.

At its first meeting, the Group had decided to invite as observers representatives of international organizations involved in work in this

area. These were the United Nations Environmental Programme, the Food and Agriculture Organization, the World Health Organization, the United Nations Secretariat, the International Labour Organization, the United Nations Centre for Transnational Corporations and the Organization for Economic Cooperation and Development. At the most recent meeting it had been decided also to invite, as an observer, a representative of the International Atomic Energy Agency. The statements made by representatives of these organizations had been most useful for the Group's deliberations.

The Group had so far received two proposals, the first submitted by the delegations of Cameroon, Côte d'Ivoire, Nigeria, Sri Lanka and Zaire, and the second by Nigeria. Both proposals suggested specific elements and product coverage for an agreement or legal instrument that could be negotiated in GATT. While there had been a preliminary exchange of views on the complex issues before the Group, progress so far had been slow. At the most recent meeting, he had emphasized the need for a more rapid consideration in capitals of the documentation prepared by the Secretariat and of the proposals made, so that the Group could begin serious discussion. He appealed to all delegations interested in the Group's work to submit any papers or proposals before 31 January 1990, and to be ready to make substantive statements at the next meeting of the Group on 6 February. Otherwise, the Group would find it impossible to complete its work by 30 September 1990, as required by its terms of reference.

Mr. Azikiwe (Nigeria) welcomed the interim report of the Working Group. He recalled that it had taken a long struggle over many years to arrive at a consensus to set up the Working Group. Its establishment was a recognition by GATT that action was necessary to stem the increasing trade in goods prohibited in domestic markets for reasons of health and environment. This issue had become a multilateral one and should be treated as such. The danger inherent in this trade affected both exporters and importers. Nigeria hoped that the interest initially generated by contracting parties in the work of this Group would continue so that an acceptable and workable framework for agreement could be reached. The interim report showed the seriousness with which the Chairman of the Group and the Secretariat approached this work. His delegation would continue to demonstrate its commitment and cooperation with the Group.

Mrs. Gosset (Côte d'Ivoire) said that the Council's report reflected the long and tedious process which had finally resulted in the establishment of this Working Group. The subject being examined by the Group was of capital importance not only for African countries, but for all countries, as it concerned a danger to human beings. For this reason, her country wanted to launch an appeal to all for cooperation in making progress on this issue. Her delegation was awaiting reactions to its own and others' proposals, as this seemed the best way for the Group to reach its goal within the time allotted.

The CONTRACTING PARTIES took note of the report by the Chairman of the Working Group.

Point 4. Consultative Group of Eighteen

The Director-General, Chairman of the Consultative Group of Eighteen, recalled that in his report to the Council on 7 November, he had reported that the Consultative Group had not met during 1989, in accordance with the agreement at the Forty-Fourth Session of the CONTRACTING PARTIES that in view of the extreme pressure of work arising from the Uruguay Round, the Group should in principle remain in suspense. He suggested that the same considerations which operated in 1989 also applied at present. It had to be expected that the pressure of work in the Uruguay Round in 1990, in addition to normal GATT business, would be exceptionally severe, and the energies of delegations and of policy-makers in capitals should be concentrated on bringing them to a successful conclusion. He therefore suggested that the Group remain in suspense during 1990, with the understanding that if for any reason a meeting appeared to be desirable, he would convene it. Before doing so, he would request the Council to take the necessary decision on behalf of the CONTRACTING PARTIES on the composition of the Group. He therefore asked the CONTRACTING PARTIES to agree that if any decision on the composition of the Group for 1990 proved to be necessary, it should be taken by the Council.

The CONTRACTING PARTIES so agreed.

Point 5. Tariff matters

Sub-point 5(a)(ii). Report of the Committee on Tariff Concessions

Mrs. Guardia (Chile) said that her delegation wanted to repeat, in identical terms, the reservations it had made at the November Council meeting, and which were reflected in the Minutes of that meeting, regarding its rights in the Harmonized System negotiation process.

Sub-point 5(b). Harmonized System - Transposition by the United States

Mr. Abbott (European Communities) informed the CONTRACTING PARTIES that to the Community's regret, this matter had still not been resolved. In June 1989, the Community had notified to the Council its intention to exercise its rights under Article XXVIII in this matter. Subsequently, the Community had agreed to continue to discuss it with the United States, but no solution had as yet been reached.

Point 7. Committee on Balance-of-Payments Restrictions

Sub-point 7(c). Consultations

- (a) Consultations with Brazil, Ghana, Peru and Sri Lanka (BOP/R/186)
- (b) Consultation with Israel (BOP/R/187)

Mr. Boittin (France), Chairman of the Committee on Balance-of-Payments Restrictions, introduced the reports.

The Committee had met on 21 and 22 November and had held simplified consultations with Peru, Ghana, Brazil and Sri Lanka, and a full

consultation with Israel. The Committee had recommended that Peru be deemed to have fulfilled its obligations under Article XVIII:12(b) for 1989, but had also noted the availability of Peru to proceed to further consultations at an appropriate time. The Committee had noted with satisfaction that Ghana was no longer using trade restrictions for balance-of-payments reasons, and had concluded that it was therefore not necessary to conduct further consultations with this country. He congratulated Ghana on its trade liberalization and economic adjustment program which had brought it to this point and which seemed to have had good results at the macroeconomic level.

Regarding Brazil, a number of delegations had felt it unnecessary to hold full consultations with this country, and that the Committee should recommend to the Council that Brazil be deemed to have fulfilled its obligations under Article XVIII:12(b) for 1989. Others, however, had felt that full consultations would be desirable. The Committee had welcomed Brazil's readiness to proceed with full consultations, and an appropriate date would be fixed in consultation with the delegations concerned and the International Monetary Fund. It was his understanding, as Chairman of the Committee, that full consultations with Brazil would be held in the course of 1991.

As for Sri Lanka, the Committee had concluded that full consultations were not required, and had recommended that Sri Lanka be deemed to have fulfilled its obligations under Article XVIII:12(b) for 1989.

In the full consultation with Israel, the Committee had noted with satisfaction the structural reforms undertaken by Israel and had encouraged its authorities to pursue the process of macroeconomic adjustment, in particular by pursuing appropriate budgetary, monetary, and incomes policies. The Committee had encouraged Israel to continue the liberalization of its trade régime and exchange system, and had welcomed the measures taken to eliminate the import deposit and to reduce import duties. The Committee had noted that the use of import licensing remained widespread and that the import levy introduced for balance-of-payments reasons remained in force. The Committee had recalled the provisions of paragraph 1 of the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes (BISD 26S/205). The Committee had encouraged Israel, in light of the improved economic situation, to reduce the use of import measures taken for balance-of-payments purposes and to announce a timetable for the progressive phasing out of the measures in force, as practicable. It expressed the hope that progress in this direction could be made by the time of its next consultation with Israel.

The CONTRACTING PARTIES took note of the Committee Chairman's understanding that full consultations with Brazil would be held in the course of 1991, agreed that Ghana, Peru and Sri Lanka be deemed to have fulfilled their obligations under Article XVIII:12(b) for 1989, and adopted the reports in BOP/R/186 and 187.

Point 10. EEC - Poland Agreement

Mr. Abbott (European Communities) informed the CONTRACTING PARTIES that the Community had signed or concluded trade and cooperation agreements in 1989 with Hungary, Czechoslovakia and, most recently, the Soviet Union, and proposals were under discussion for a negotiation with the German Democratic Republic. In addition, the Community had taken a number of measures to liberalize its import régime for Poland and Hungary, and to include these countries as beneficiaries of the Community's Generalized System of Preferences scheme.

Point 14. Recourse to Articles XXII and XXIII

Sub-point 14(a)(i). Canada - Quantitative restrictions on imports of ice cream and yoghurt

The CHAIRMAN recalled that this matter had been before the Council at its meeting on 7 November and had been referred to the Session for further consideration.

Mr. Yerxa (United States) said that the United States was again requesting adoption of the Panel report in L/6568. The reasoning in this report was clear, as were its findings and recommendations. The United States believed that the principle embodied in the report was an important one and deserved ratification by the CONTRACTING PARTIES, and that Canada could and should demonstrate its adherence to the dispute settlement process by action on this report at the present meeting.

Mr. Weekes (Canada) said that his delegation had noted that many contracting parties shared Canada's concerns over the implications of this report, particularly for the dairy sector. Canada's supply management system in the dairy sector had been structured to be consistent with existing GATT rules, as Canada understood them to operate. Canada considered that it had never been the intention of the drafters of the General Agreement to exclude a complete sector from the provisions of Article XI:2(c)(i). His delegation wanted to express its reservations regarding the Panel's interpretation of "directly competitive", as Canada considered that this interpretation failed to recognize the reality of trade in dairy products. The need for clarification of the rules on trade in agriculture was evident, given the results of this and other recent panels. There existed an unequal balance of rights and obligations in the agricultural area.

Contracting parties were currently engaged in the multilateral trade negotiations which were scheduled to end in December 1990. These negotiations had to result in clear and fair rules that applied to all contracting parties. Pending the outcome of those negotiations, the import restrictions on ice cream and yoghurt would be continued. However, while Canada continued to have serious concerns, it had decided that, in the interests of maintaining a strong and effective dispute settlement system in the GATT, it would not stand in the way of adoption of this report, if

that was the consensus of other contracting parties. Canada could not join that consensus, but would not block it. Canada welcomed the understanding and support of other contracting parties for its position.

Mr. Hatano (Japan) recalled that at the November Council meeting, Japan had expressed its reservations concerning the Panel's interpretation of Article XI:2(c)(i). Japan maintained these reservations. However, in the interest of maintaining the credibility of the GATT system, Japan would not stand in the way of adopting the Panel report if that were the CONTRACTING PARTIES' wish.

Mr. Huhtaniemi (Finland), speaking on behalf of Norway and Finland, recalled that these two delegations had made a joint statement on the substantive issues related to this Panel report at the November Council meeting. As it now seemed that the report was going to be adopted at the present session, these countries nevertheless wanted the record to show that while not formally objecting to such adoption, they expressed serious reservations concerning, in particular, the Panel's interpretation of the key term "directly competitive", and that they did not accept that this adoption constituted a valid precedent for any future corresponding cases or prejudged the outcome of the Uruguay Round negotiations on the key issues related to the application of quantitative restrictions to imports of agricultural products.

Mr. Hawes (Australia) said that his country welcomed Canada's decision not to stand in the way of adoption of this report. Australia strongly supported the objective Canada had cited that the Uruguay Round negotiations on agriculture should result in rules which ensured a balance of rights and obligations and which applied equally to all contracting parties. At the same time, views differed as to the way in which such rules might be clarified and an equitable result achieved for all parties in respect of agricultural import restrictions.

Mr. Abbott (European Communities) recalled that the Community had also, in previous Council discussions, expressed its views on the question raised in this report. While the Community maintained its reservation about the report and its interpretation, his delegation agreed with Canada that this simply reaffirmed the need to clarify, in the course of the Uruguay Round, Article XI and the disciplines and conditions under which this Article could be used. If the parties most concerned could agree to the adoption of the report, this was not a problem for the Community. However, it was questionable whether the credibility of the GATT was served by adoption of a panel report and statements that the party concerned intended to do nothing. This was not the first time such a statement had been made -- there had been two or three such cases.

Mr. Hochörtler (Austria) said that this Panel report was of utmost theoretical and practical importance. The conclusions of this report might be justified from a purely legalistic point of view; however, it had always been customary in GATT to take into account wider aspects of practicability and economic justification. Therefore, panel reports were usually characterized by a fair amount of pragmatism. Canada had put forward well-reasoned economic arguments demonstrating the economic

consequences this Panel report might have for the entire dairy sector and for the balance of rights and obligations of contracting parties, in particular in the agricultural sector. Austria would not object to the adoption of the Panel report but sympathized with Canada's point of view. In Austria's view, the report could not prejudge future cases. The basic problem of Article XI was under consideration in the Uruguay Round negotiations, and Austria hoped that this problem would be resolved as part of the overall results of the Round.

The CONTRACTING PARTIES adopted the Panel report in L/6568.

Mr. Yerxa (United States) expressed his delegation's satisfaction with Canada's agreement to the adoption of this report. Canada had once again demonstrated its strong commitment to leadership in the GATT and its strong belief in an effective dispute settlement system. The United States recognized the political sensitivity of this issue in Canada and knew how difficult it could be to agree to adopt a panel report when there were reservations and objections from people at home. The United States hoped that this indicated Canada's desire to bring its measures into conformity with its GATT obligations. The quotas in question were not of long standing and covered only a very minute portion of Canada's trade, and the United States hoped that Canada could begin the process of compliance with the recommendations of the report as soon as possible.

Sub-point 14(b)(iv). European Economic Community - Restraints on exports of copper scrap

Mr. Abbott (European Communities) informed the CONTRACTING PARTIES that during the annual review of the Community's existing export restrictions and surveillance systems related to non-ferrous metals, including copper waste and scrap, the Community had assessed the present situation and the trends to be expected on the market for copper scrap and waste. The result of this assessment was that under the circumstances prevailing in this market, the Commission did not envisage a renewal of the Community's export restrictions on these products.

Mr. Yerxa (United States) said that the United States welcomed the Community's statement and would study its implications carefully.

Sub-point 14(f)(iii) United States - Increase in the rates of duty on certain products of the European Economic Community (Presidential Proclamation No. 5759 of 24 December 1987)

Mr. Abbott (European Communities) said that his delegation regretted that this matter was still unfinished business. The Community attached importance to the ongoing consultation procedure which had been agreed, at the Community's request, in the Council, and was looking to that procedure as a means to find a solution to this problem.

Mr. Yerxa (United States) said that earlier statements made by the United States on this issue in Council meetings still stood. His delegation did not think there had been any change in the situation since

the matter had been most recently raised at the October Council meeting. Regrettably, an effort by the two parties to resolve the matter had thus far not been successful. The United States would continue to seek to work in good faith for a resolution of this matter and, in the interim, reiterated the position it had taken at the October Council meeting.

Sub-point 14(f)(vii). United States - Section 337 of the Tariff Act of 1930

Mr. Abbott (European Communities) said that his delegation understood that a report would be made in due course by the United States as to what measures it would take to implement the Panel report on this matter. The Community looked forward to hearing what had been done and when. The Community understood that implementation of this Panel report was to some extent dependent on progress on the subject of intellectual property in the Uruguay Round, but hoped that in the intervening period -- until the legislation in question could be changed -- all available discretion could be used to avoid measures which would be discriminatory against contracting parties.

Mr. Yerxa (United States) said that the United States' statement on this matter in the Council stood in its entirety. That statement contained a full description of the efforts which the United States would undertake to bring itself into GATT-compliance on this matter. It also stated the United States' strong desire and expectation that there had to be a broad recognition by contracting parties of the benefits of adequate and effective intellectual property enforcement before there could be genuine multilateral discipline in this area.

Sub-point 14(f)(viii). United States - Trade Measures affecting Nicaragua

Mr. Vargas (Nicaragua) informed the CONTRACTING PARTIES that the United States still maintained an unjustified trade embargo against Nicaragua. His country trusted that in the near future the embargo would be removed, as it had been condemned by a number of international fora.

Sub-point 14(f)(ix). United States - Countervailing duty on pork from Canada

Mr. Weekes (Canada) said that his country wanted to renew its request for the establishment of a panel under Article XXIII:2 pursuant to the new dispute settlement procedures agreed by the CONTRACTING PARTIES in April 1989 (L/6489).

Mr. Yerxa (United States) said that his country stood prepared to agree to the establishment of a panel. The United States recognized that Canada had a right under the new dispute settlement rules for the establishment of such a panel and looked forward to working with Canada to bring about an appropriate composition of the panel. It was his delegation's understanding that the terms of reference as well as the composition of the panel would be established in consultation with the interested parties and with the Secretariat.

The SECRETARY of the meeting read out from the CONTRACTING PARTIES' April 1989 Decision on dispute settlement (L/6489), which indicated that panels should have standard terms of reference unless the parties to the dispute agreed otherwise within 20 days from the establishment of the panel.

Mr. Yerxa (United States) said that this confirmed his understanding.

The CONTRACTING PARTIES agreed to establish a panel and authorized the Council Chairman, in consultation with the parties concerned, to decide on the composition of the panel.

Sub-point 14(f)(x). United States - Customs user fee

Mr. Abbott (European Communities) said the Community regretted that the proposed legislation to resolve the customs user fee problem had fallen at the last fence in the US Congress. This matter had been outstanding for almost two years since the Panel report had been adopted. The Community expected the United States to make efforts to bring the measure into line with the Panel recommendation, and wondered whether some procedure for compensation of other contracting parties affected by this kind of legislation and by delays in bringing it into conformity with the GATT would not be appropriate.

Mr. Yerxa (United States) reiterated the US Administration's intention to respond to the Panel recommendations and to draft a GATT-consistent measure if the customs user fees currently in place were to be renewed after October 1990. These fees were due to expire in October 1990, and the US Administration was committed to bringing them into GATT-conformity should they be renewed.

Sub-point 14(f)(xi). United States - Taxes on petroleum and certain imported substances

Mr. Yerxa (United States) recalled that this was not the first time he had spoken on this issue before the CONTRACTING PARTIES; however, it should be the last. The US Administration's proposal to amend the "Superfund" tax legislation by equalizing the current tax as it was applied to imported and domestic petroleum and petroleum products had now been passed by the Congress and would soon be signed into law by the President. From the very beginning of the dispute settlement process on this issue, the US Administration had been fully committed to resolving this issue with its GATT trading partners. It had accepted establishment of a panel with a minimum of delay, and it had facilitated an expeditious panel process and had adopted the Panel report very quickly. The United States had worked diligently to respond to the Panel recommendations, and regretted that compliance had not been achieved earlier. However, the implementation of the Panel recommendations was a good demonstration of continued US commitment to the GATT, to the current dispute settlement process, and to the strengthening of dispute settlement in the Uruguay Round.

Mr. Weekes (Canada) said that his delegation welcomed the United States' statement. Canada had waited a long time for this day. His

delegation wanted to note the importance of what had occurred -- that a contracting party had changed its legislation to bring its practices into conformity with the General Agreement. Canada would no longer be proceeding with its request to suspend concessions in regard to this matter.

Mr. Abbott (European Communities) said that his delegation, too, welcomed the fact that the United States had passed legislation to correct the situation regarding the "Superfund" tax. However, it had taken some time, and a lesson should be drawn from this. The procedure that should be followed in future cases involving lengthy delays should be addressed in the relevant negotiating Group; that Group should also consider the circumstances under which compensation might be granted in cases of lengthy delay in the implementation of a panel report.

Mr. de la Peña (Mexico) said that his delegation had little to add to what had been said by the United States, Canada and the Community. Mexico welcomed the United States' statement, but agreed that this question had taken some time to resolve. Nevertheless, this was a happy ending for the parties directly concerned and, in particular, for the multilateral trading system. Mexico hoped that this would be the last time it would have to speak on this matter.

Point 16. Waivers under Article XXV:5

Sub-point 16(d). Zaire - Establishment of a new Schedule LXVIII

The CHAIRMAN drew attention to the draft decision (L/6603, Annex I) which had been forwarded to the CONTRACTING PARTIES for adoption by a vote.

The Decision (L/6620) was adopted by 64 votes in favour and none against.

Sub-point 16(f). Turkey - Stamp duty

The CHAIRMAN recalled that this matter had been before the Council at its November meeting and had been referred to the Session for further consideration. He drew attention to the draft decision in C/W/618/Rev.2.

Mr. Duna (Turkey) recalled that at the November Council meeting, he had elaborated in detail on his Government's position on its waiver request concerning the retention of the stamp duty for another given period. Turkey had since then been consulting with some of its major trading partners in an effort to reach a compromise satisfactory to all. Agreement had been reached as a result of those consultations, as reflected in C/W/618/Rev.2. He reiterated that it was not Turkey's objective to perpetuate the practice of collecting revenue through the stamp duty. A draft bill had already been submitted to the Parliament setting the maximum level of the stamp duty at ten per cent and requesting authority for the Council of Ministers to decrease it, within a reasonable time frame, to zero per cent, circumstances permitting. This was a manifestation of Turkey's goodwill and a strong indication of the Government's intentions. Any positive development in this regard would be reported to the CONTRACTING PARTIES, as envisaged in the draft decision.

The CONTRACTING PARTIES took note of the statement and agreed that the request by Turkey in C/W/618/Rev.2 be submitted for adoption by a vote.

The Decision (L/6611) was adopted by 62 votes in favour and none against.

Sub-point 16(g). Harmonized System

The CHAIRMAN drew attention to the following documents containing requests for either a waiver or an extension of an existing waiver, from the following countries: Brazil (W.45/2), Philippines (W.45/3), Chile (W.45/4), Malaysia (W.45/5), Bangladesh (W.45/6), Pakistan (W.45/7) and Israel (W.45/9).

In addition, Mexico (L/6603, Annex II), Sri Lanka (L/6603, Annex III), and Turkey (L/6603, Annex IV and L/6603/Corr.1) had made requests for extensions, which had been considered by the Council in November and forwarded to the Session.

He said that the documentation still to be submitted and any negotiations or consultations that might be required should follow the special procedures relating to the transposition of the current GATT concessions into the Harmonized System, adopted by the Council on 12 July 1983 (BISD 30S/17).

The Decisions were adopted as follows: Brazil (L/6612) by 64 votes in favour and none against; Philippines (L/6613) by 64 votes in favour and none against; Chile (L/6614) by 63 votes in favour and none against; Malaysia (L/6615) by 63 votes in favour and none against; Bangladesh (L/6616) by 63 votes in favour and none against; Pakistan (L/6617) by 63 votes in favour and none against; Israel (L/6618) by 56 votes in favour and two against; Mexico (L/6621) by 64 votes in favour and none against; Sri Lanka (L/6622) by 64 votes in favour and none against; Turkey (L/6623) by 62 votes in favour and none against.

Point 17. Accession

Sub-point 17(a). Bolivia

The CHAIRMAN drew attention to the communication from Bolivia (W.45/8) containing a request by Bolivia for an extension, until 30 April 1990, of the time-limit for signature by the Government of Bolivia of its Protocol of Accession.

He recalled that the CONTRACTING PARTIES' Decision of 3 August 1989 concerning the accession of Bolivia to the General Agreement had been circulated in L/6561. The Protocol for the Accession of Bolivia to the General Agreement had been circulated in L/6562. On 4 August 1989, Bolivia had signed the Protocol subject to ratification. He drew attention to the draft decision in the Annex to W.45/8 and proposed that it be adopted by the CONTRACTING PARTIES.

The CONTRACTING PARTIES so agreed (L/6624).

Point 18. Philippines - Rates of certain sales and specific taxes

The CHAIRMAN drew attention to the request by the Philippines (L/6579) for a three-year extension of the period allowed to the Philippines in the context of its accession to the GATT, to bring the application of its differential rates of sales and specific taxes on cigarettes into line with Article III of the General Agreement. He also drew attention to the draft decision in C/W/614. He recalled that this request had been considered at the November Council meeting and had been referred to the CONTRACTING PARTIES for consideration at their Forty-Fifth Session. It was his understanding that the principally interested delegations had concluded that a two-year extension would be appropriate.

Mrs. Escaler (Philippines) expressed her country's satisfaction that a mutually acceptable agreement had been reached with those parties which had expressed concern at the November Council meeting about the Philippine request. While the events of the past four days had severely compromised the image of stability and steady progress her country had painstakingly sought to convey, she had no doubt that her Government would rise above this latest crisis and come out of it even stronger and with greater resolve. It was with this same resolve that her delegation assured the CONTRACTING PARTIES that her Government would make every effort to pass the appropriate legislation within the period stipulated, or even sooner, in order to abide fully by its GATT obligations.

Mr. Yerxa (United States) thanked the Philippines for the cooperative attitude with which its Government had sought to agree upon an appropriate extension. The United States could fully support a two-year extension of this waiver.

The CONTRACTING PARTIES took note of the statements and agreed to the draft decision in C/W/614 as amended to read "31 December 1991" (L/6619).

Point 19. Consultations on trade

Sub-point 19(a). Trade with Hungary

Mr. Szepesi (Hungary) said that review procedures provided for in protocols of accession were always very important for the consulting contracting parties. This had been even more true with regard to the seventh consultation with his Government, due to the fact that Hungary had been able to report to the Working Party on substantial changes that had occurred in Hungary's economy and foreign trade, and on far-reaching objectives set forth by the Government in the area of the economy as well as in the transformation of political institutions. The support these efforts had received in this forum had been highly appreciated by his authorities which considered it to be steady encouragement for the full implementation of the deep-rooted reform measures envisaged. The Community had announced, a few minutes earlier, certain measures that had been taken by the EEC with regard to Hungary. His Government highly appreciated the measures decided by the Community. By implementing these measures, the Community would take significant steps in supporting the Hungarian reforms underway, thus contributing to the creation of a favourable external

environment which was necessary to the success of these reforms. Regarding the restrictions referred to in paragraph 4(a) of Hungary's Protocol of Accession (BISD 20S/3), the measures announced by the Community also met the expectations expressed in the Working Party regarding the pace of the implementation of the bilateral agreement concluded between the Community and Hungary, and the speeding up of the process of elimination of import restrictions.

Point 20. Communication from the United States concerning the relationship of internationally-recognized labour standards to international trade

Mr. Vargas (Nicaragua) said that in his delegation's view, the information on this matter in the Council's report did not clearly set out the situation. To his knowledge, the Director-General had already concluded his consultations on this matter and had reached the conclusion that there was no consensus on it.

Point 27. Administrative and financial matters
- Committee on Budget, Finance and Administration

Sub-point 27(c). Reports

The CHAIRMAN drew attention to the Council's recommendation that the CONTRACTING PARTIES adopt the report of the Committee in L/6577, including the recommendations contained therein and the Resolution on the expenditure of the CONTRACTING PARTIES in 1990 and the ways and means to meet that expenditure.

The CONTRACTING PARTIES adopted the report of the Committee (L/6577), including the recommendations and the Resolution contained therein.

The CONTRACTING PARTIES then took note of all the statements made under this Agenda item and adopted the Council's report (L/6603 and Corr.1 and Add.1) as a whole.

Activities of GATT (continued)

The following statements were made:

- | | |
|--|-------------|
| Mr. Cem Duna,
Ambassador, Permanent Representative
of Turkey | SR.45/ST/10 |
| Mr. Janusz Kaczurba,
Deputy Minister of Foreign
Economic Relations, Poland | SR.45/ST/11 |
| Mr. E.A. Azikiwe,
Ambassador, Permanent Representative
of Nigeria | SR.45/ST/12 |

Mr. Zdenek Jung,
Deputy Director, Federal Ministry of
Foreign Trade, Czechoslovakia

SR.45/ST/13

Mr. L.M.H. Barnett,
Ambassador, Permanent Representative
of Jamaica

SR.45/ST/14

Mr. O.R. de Rojas
Ambassador, Deputy Permanent Representative
of Venezuela
(speaking as an observer)

SR.45/ST/15

The meeting adjourned at 5.30 p.m.