NOTE ON THE FOURTEENTH MEETING OF THE CONSULTATIVE GROUP OF EIGHTEEN

1. The Consultative Group of Eighteen held its fourteenth meeting on 25-27 March 1981. The annotated provisional agenda was circulated in CG.18/W/50 and the list of participants in CG.18/INF/14.

2. The agenda was as follows:

   1. The current economic situation and its implications for trade policies.
   2. Results of the Multilateral Trade Negotiations and outstanding issues.
   3. Structural adjustment and trade policy.
   4. The international trading system as it relates to agricultural trade.
   5. Trade in services.
   7. Investment performance requirements and incentives.

Item 1 The current economic situation and its implications for trade policies

3. In opening the discussion, the Chairman referred to document GATT/AIR/1285, which summarized the international trade situation in 1980 and present prospects. He noted that the meeting of the Group was taking place at a time of considerable difficulty for the world economy and of tension in international trade relations. Growth rates of world production and trade had declined in 1980, unemployment had increased and inflation persisted. While the international trading system had on the whole stood up well to the strains of the past two years, protectionist pressures were rising, adding to the uncertainty which threatened to undermine confidence in the multilateral system. Uncertainty and drift were also evident in monetary policy and in the North-South dialogue. He invited the Group to consider the implications of this situation and in particular, whether any action could be taken in GATT to help solve the problems looming in the international trade field and restore a sense of commitment to the multilateral trading system.
4. Members recognized that protectionist pressures were currently very strong and several said there was a need for an adequate response at the political level, to reaffirm the principles of the multilateral trading system and the intention of governments to carry out the objectives of the General Agreement through the implementation of the results of the Tokyo Round. A defensive posture in the face of protectionist pressures would clearly be inadequate. Some members stressed, however, that a great deal of structural adjustment had already taken place in many developed economies in the last decade or so and that there were political limits to the speed at which this process could continue. Some pressures to slow it down were inevitable. While it was not appropriate to look at trade disequilibria in bilateral terms, there were some specific problems of a bilateral nature which were related to particular structures of trade between countries. One member said that trade balances should be looked at overall, not country by country, and adjustment to outside competition should be left mainly to private initiative.

5. Several members, commenting on what the GATT could now do to alleviate international trade problems, said this was not the time to take new initiatives or set new goals. What was essential was to express the political will to maintain the open trading system and to complete the tasks left unfinished in the MTN, in particular in the field of safeguards. One delegation believed there was no reason to be too pessimistic about the current situation. The health of international trade depended primarily on the economic health of the trading countries themselves. This was true in general and particularly in relation to the trade of developing countries. His government, in taking steps to revive economic activity at home, had had these relationships in mind and was optimistic about the results.

6. One member said that irreversible changes in economic and political conditions had taken place in the past few years and that this being so, it was not enough to make small adjustments to the system. There was need for a completely new international system, not the New International Economic Order but something else, which would take into account the fundamental changes that had occurred in the world economy. This would not reduce the need to increase the efficiency of GATT as such but should lead to the revision of existing policies which were prejudicial to developing countries. Protectionist tendencies should be fought through positive structural adjustment, and an integrated approach linking trade with monetary and financial issues should be adopted. Another member suggested that the Group should hold a joint meeting with the Committee of 20 of the IMF to discuss trade issues in a global perspective. Several delegations drew attention to the danger of a loss of confidence in the ability of the international institutions to solve international economic problems unless bilateral tensions could be relieved through multilateral action and the interdependence of all countries and all sectors concerned could be seen to be a primary concern of governments participating in the system.
7. Several members stressed that, given the interdependence between developing and developed countries, a satisfactory resolution of the current economic crisis would depend largely on the extent to which the interests of all countries would be taken into account. This depended, inter alia, on efforts made in developed countries to assist in the process of economic restructuring in order to reorient productive resources according to comparative advantage. It was imperative that GATT should be seen to work against protectionist pressures which might frustrate these objectives. Some delegations drew attention to the heavy current deficits of developing countries and to the fact that developed countries as a whole continued to have a trade surplus with the developing world. One member stressed that the trade deficits of developing countries were only sustainable if investment flows could continue unimpaired towards these countries. It was therefore necessary for governments in developed countries to ensure adequate private and public financial flows to the Third World.

8. One member laid emphasis on the need for structural adjustment between different sectors of economic activity, e.g. between the agriculture and industry sectors. Another suggested that a greater awareness of the costs involved in maintaining non-competitive capacity in economies faced with external competition could be helpfully brought out in a study by the GATT secretariat of the economic costs of protectionism.

9. Summarizing the discussion, the Chairman said that there was wide agreement with the analysis of the current situation presented in GATT/AIR/1285. While recognizing the gravity of the situation, however, members were not without hope as to the possibility of positive remedial action. There seemed to be general agreement on the basic factors underlying the present state of affairs and on needs for adjustment brought out in the secretariat document. Governments also seemed prepared, both individually and collectively, to find ways and means of countering protectionist pressures. Several ideas had been put forward in this connexion, including the possibility of a renewed political commitment to the strengthening of the multilateral trading system. These suggestions would serve as a basis for reflection at future meetings. The Group had reaffirmed the commitment to complete and faithful implementation of the results of the Tokyo Round and to the solution of outstanding issues, particularly with regard to safeguards. In order to give a more operational character to the Group's future discussions of the general world trade situation, the Chairman suggested that it might concentrate on some specific aspects at future meetings. Members were invited to propose such subjects; the secretariat would do likewise. It was so agreed.
Item 2 Results of the Multilateral Trade Negotiations and outstanding issues

10. The purpose of this item was to enable the Group to discuss the implementation of the MTN results and to consider experience to date with the operation of the Codes, all of which had now entered into force.

11. With regard to the MTN agreements, members stressed the desirability of the widest possible participation in these agreements, particularly given the need to maintain momentum in GATT's efforts to maintain an open trading system. One member said it would be useful to study the reasons why only a few developing countries had so far acceded to the Codes. One possible factor might be that the scope of the provisions for special and differential treatment was inadequate. Another member pointed out that the Codes provided for possibilities of revision as well as for special derogations for developing countries. In the review process participating developing countries would have the opportunity to make suggestions for improvement.

12. Several members stated that there was a need for greater transparency in the implementation of MTN results and that the dispute settlement mechanism of the GATT should be seen to work efficiently and equitably in order to build up the faith of developing countries in particular in the GATT system. The secretariat should be invited to review developments in the implementation of the Codes and the other MTN results, in particular the framework texts and the results of tariff negotiations. Until the majority of GATT contracting parties had acceded to all the Codes, it would not be proper to consider that the MTN results had been fully implemented. The matter should therefore be kept on the agenda of the Group. Some members drew attention to the dangers involved in autonomous interpretation of the rules and procedures of the Codes by individual signatories. One member also said that the GATT should create the necessary conditions for facilitating the participation of both contracting parties and non-contracting parties in the Codes and that the conditions of accession of the latter should be reasonable and equitable.

13. Several members emphasized the importance of completing the Tokyo Round, particularly in the areas of safeguards and outstanding issues of particular interest to developing countries. The dangers of continuing failure in the field of safeguards were emphasized and some members expressed the hope that the Committee on Safeguards would be able to make a new start, if necessary on the basis of proposals by the secretariat. One member stated that his delegation was ready to continue discussions but warned that there were limits to what it could accept. In particular, it could not be expected to agree that a committee should have general jurisdiction over what a contracting party could or could not do.
14. Regarding problems of special interest to developing countries, several members expressed the hope that work in the fields of tropical products, quantitative restrictions and tariff escalation would soon reach the stage of actual negotiations.

15. In closing the discussion, the Chairman noted that there was a consensus in the Group that wider participation in the Codes should be encouraged. He said that non-participation had often appeared to the secretariat to be due to lack of knowledge and understanding of the Codes rather than to reservations of principle. The secretariat therefore saw its rôle as facilitating the process of accession by offering technical assistance to developing countries in this area. He also felt it was agreed that in the current international situation it was essential to keep up the momentum of trade liberalization by pressing for satisfactory solutions to issues outstanding from the MTN. In this connexion, he recalled that there would shortly be a special Council meeting devoted to the question of surveillance. As to safeguards, he suggested that delegations should be ready to make a fresh start, if necessary relinquishing certain negotiating positions in order to permit solutions acceptable to all. Before the secretariat could usefully make any proposals of its own, as had been suggested, it would need to know what were the limits beyond which delegations could not go. Finally he said the secretariat would, as had been suggested, prepare a paper summarizing the main developments in the implementation of the MTN Codes and of the framework decisions, as well as in the tariff field, for consideration at the next meeting of the Group. It was so agreed.

Item 3 Structural adjustment and trade policy

16. The Chairman recalled that following the Group's suggestion, in November 1980 the Council had established a Working Party to elaborate proposals for the future work of GATT on structural adjustment and trade policy, including the nature and objectives of such work. The report of the Working Party was now before the Group in L/5120. The Working Party had, inter alia, noted that work in GATT on structural adjustment must remain related to GATT's basic objectives, in particular those of trade expansion and trade liberalization. The report had also been discussed recently in the Committee on Trade and Development and would be submitted to the Council at its next meeting.

17. Several members of the Group welcomed the report of the Working Party as a positive move by the contracting parties and as a good starting point for the consideration in GATT of questions of structural adjustment. It was hoped that this work would now be accelerated and that substantial progress would be reported at the next regular meeting of the Group. The process of analysis and exchange of information should be followed by concrete action.
18. One member, also welcoming the report, said that the difficulty in practice of carrying out policies of positive adjustment should never be under-estimated. Problems of economic structure, retraining of workers, geographical and psychological immobility could not be solved easily or quickly, and the existing degree of input penetration must also be taken into account in answering a government's ability to accelerate adjustment. While it made no sense to keep inefficient industries alive indefinitely, economic forces could not be allowed to impair a country's social stability or damage its social fabric. The diversity of national positions and policies must be recognized.

19. Several members stressed that future work on this subject should stay strictly within the competence of GATT, and that the GATT's main interest here was in the use of restrictive trade policies in such a way as to frustrate structural adjustment. Some noted that according to the conclusions reached by the Working Party, in addition to analysing and discussing the relevance of the Articles and instruments of the GATT, including Part IV, to the process of structural adjustment, contracting parties would be exchanging information and discussing their experience with regard to structural adjustment. The hope was expressed that, without prejudice to the operation of market forces, this process might help in promoting adjustment policies such as financial and technical assistance, retraining of labour, etc., which would facilitate the reallocation of economic resources on the principle of comparative advantage. In particular, governments might be expected to facilitate necessary changes within reasonable time-limits in those sectors which had for a long time been over-protected.

20. Some members stressed that the need for structural adjustment applied to all sectors of the economy, agricultural and industrial alike. One member said that the report fell short of expectations as it did not mention any specific sectors, contained no provision for follow-up action assessing the scope for trade generation and ignored the question of the costs involved in structural adjustment activities.

21. Following the Group's discussion, the Chairman noted that the report of the Working Party on Structural Adjustment and Trade Policy had been welcomed and generally supported as a good starting point for further work, which, it was generally agreed, should remain closely related to the objectives of the General Agreement. The Chairman proposed that the Group continue to follow developments in this area closely. The Working Party would report back to the Group so that members could express their views on the progress of its work. This was agreed.
Item 4  The international trading system as it relates to agricultural trade

22. The Chairman recalled that the GATT was already active in the area of agricultural trade; in the MTN, arrangements had been created on dairy products and on meat; agriculture could be discussed by any of the main GATT committees; there had been a record number of panels and working parties trying to settle disputes related to agricultural trade. It had now been decided to hold discussions on agricultural trade problems within the Consultative Group of Eighteen. Nevertheless, he suggested, the Group should consider whether the GATT is dealing adequately with agriculture.

23. The Chairman added that he hoped discussion in the Group would provide those responsible for agricultural trade with a sounder basis for the formulation of their own policies, by enabling their assumptions about the evolution of demand in general and in specific markets to be compared with others'. The Group might also be a place where contracting parties could exchange information about changes made or envisaged in their agricultural and trade policies. He also mentioned that the secretariat had attended discussions of agricultural trade in other fora, including the International Wheat Council, the International Sugar Council, OECD, UNCTAD, ECE, FAO and ASEAN and stood ready to report to the Group on this if it so wished.

24. A number of members stated that they welcomed the discussions on agriculture in the Group, as a first step in developing closer international co-operation on agriculture. Some members indicated that they considered that the discussions should not deal with individual bilateral problems or individual commodities, but should rather focus on the agricultural sector as a whole and its part in the international economy.

25. One member stated that it would be useful for there to be periodically a collective judgement in the Group on the development of and outlook for agricultural trade, as well as an exchange of views on the working hypotheses on which members' domestic policies were based.

26. One member stated that the aim of the Group should be consultation in the broadest sense, that is enlightenment on agricultural markets and policies in order to assure organized and transparent behaviour. He believed that the Group should review agricultural markets and policies and the use of GATT mechanisms to provide solutions for agricultural problems.

27. Some members referred to the perception, especially current in some domestic circles, that GATT rules do not apply to agriculture as they do to industry, nor in particular to the agricultural sectors of the large, industrialized countries. In this context one member stated that GATT must be made, and seen to be, more relevant to agricultural trade. Otherwise it would continue to be difficult to persuade governments, especially in smaller countries, to give proper weight to the international consequences of domestic measures. Some members stated that the large number of panels dealing with
agricultural trade disputes implied that GATT was not being effective in resolving agricultural problems. However, the contrary view, that the panels demonstrated the faith of governments in GATT's ability to settle agricultural problems, was also expressed.

28. One member reported that his administration would shortly be proposing new farm legislation. Although he could not give specific details of the proposal at this stage, it would call for a continued shift away from government intervention in agriculture. He recalled that as a matter of policy, his government had been steadily decreasing the level of government support in agriculture throughout the last decade. He believed some other governments had followed similar policies, but the failure of others to begin to rationalize their agricultural systems could very well threaten the progress made by his country and bring pressure on his government to increase its intervention on behalf of its farmers.

29. One member stated that his country was reluctantly moving towards legislation restricting imports of meat, as a result of the effects of restriction on imports of beef and veal into other markets. He stated that this action was symptomatic of a world trading environment which failed to provide reasonably free access for efficient agricultural producers. Another member hoped that if implemented, this legislation would be duly notified to GATT.

30. One member explained the factors underlying the development of his authorities' policies. First, domestic agricultural conditions were characterized by a slowing down of the evolution of agricultural structures and an increase in production costs, especially increased energy costs. The decrease of the farm population from twelve million in 1968 to eight million in 1978 reflected the magnitude of the structural efforts already undertaken. Further contraction could only be gradual if acute social disequilibrium was to be avoided. As regards the world supply/demand balance, his authorities believed that despite global production increases, growing demand, and production problems in certain areas such as rice, would cause food shortages to persist. Accordingly, over the next ten years, for commercial reasons as well as for global political stability, agricultural trade must expand and all potential resources must be mobilized. He said that his authorities had concluded that international trade developments would have to be taken into account more carefully than in the past in deciding volumes and prices, and that production should more closely reflect world demand as regards the nature, volume and quality of agricultural products. This would be accomplished by various techniques, for example through taxation systems, differentiated prices and market organizations under which prices would be linked to certain quantities. He stated that his authorities wanted producers to participate and share more than in the past in the risks of the world market, citing as an example the principle of producer self-financing for sugar disposal that had been decided, but that overall this would take time to realize.
31. One member stated that his country in the past had neglected its agricultural sector in seeking industrialization but was now intensifying its efforts in agriculture and was already a big exporter of coffee, cocoa, sugar and soybeans. He said that he took the simple view that GATT covered trade in all goods, including agriculture. Were a country to take a measure affecting trade in meat, for example, that country would have to notify the GATT, and if the measure were considered as impairing a GATT right, an affected country could make a complaint, just as for any other type of product. Rights and obligations under the GATT would be roughly the same for a meat import bill as for a clock import bill, for example.

32. The Chairman stated that it would be for the CONTRACTING PARTIES to make legal rulings. He noted that there was an International Meat Council in the GATT where a meat import bill could be discussed. The question was whether this was enough.

33. In order to advance the future work of the Group, a number of members requested the secretariat to prepare specific studies. On the basis of these proposals, the Chairman summarized as follows the reports that the secretariat would prepare:

1. An analysis of the rules of the GATT, including the Codes, as they applied to agriculture, highlighting any differences in obligations as between agriculture and industry.

2. An analysis of the current economic situation in agriculture and agricultural trade, with particular reference to the trade of developing countries.

3. A note on recent agricultural policy measures taken by contracting parties, on the basis of available information.

4. A note on discussions regarding agricultural trade in other fora.

34. The Chairman stated that only the second report mentioned above, relating to markets, would be presented to the Group at its next meeting. The other reports would be presented at a following meeting.

Item 5 - Trade in services

35. At its October 1980 meeting, the Group had requested the secretariat to pursue its analysis of services which are linked with trade in goods. The result of this work was summarized in CG.18/W/49. The Chairman said that this was a preliminary document which did not deal with all the questions that might be posed. It had demonstrated, however, that certain services were indissolubly linked with trade in goods and were therefore not only a proper, but also a necessary concern of the GATT. A number of other
questions were raised by the paper which the Group was invited to consider with a view to determining what further work might need to be done in this area.

36. One member said his government was very concerned about barriers to trade in services and hoped to enhance other governments' awareness of the opportunities that exist for improving international flows of services. Some members said they were conscious of the growing importance of services in world trade, but that this was a complex and heterogenous field; it was necessary to complete the learning process before deciding how it might be tackled in the GATT. They suggested that the secretariat gather as much information as possible about work being done in other organizations on the subject and that the Group discuss this item again at its autumn meeting in the light of the secretariat's report.

37. One member said that the secretariat paper showed that services had little to do with the GATT, which was designed to deal with trade in goods. While recognizing that there may be a need for individual agreements on certain services, he could not see that there was a common basis for dealing with services in GATT. Previous attempts to broaden the scope of GATT to cover new areas had failed and there was no reason why services should be treated differently from other important issues which could not be dealt with under the present frame of reference. Other members also said that it would be premature at this stage to think in terms of extending or amending the GATT to cover services. One member said that the advisability of doing so could only be judged after a full study of the problems encountered in services trade, not only by producers but also by consumers, which was a long-term proposition. In general he favoured dealing with services globally rather than sector by sector. Other members counselled prudence in moving into the area of services, important though it was.

38. In summarizing the discussion, the Chairman noted that no member of the Group was opposed to further work on services being carried out in order to improve the Group's knowledge and understanding of the issues, nor to the matter being included on the agenda of a future meeting when additional information would be available. It was clear that the Group was considering the subject on an exploratory basis. In order to assist in this process, the secretariat would continue to assemble information regarding statistics and obstacles to trade in services. It would also be necessary to study further the relationship of services to the GATT and the MTN Codes. He proposed that the secretariat prepare as a first step, a report on the activities of other organizations in this area for a future meeting of the Group. This was agreed.
Item 6  Rules of origin

39. The Chairman recalled that at its last meeting the Group had agreed that the secretariat should prepare a factual note on rules of origin currently applied in international trade. The note circulated as CG.18/W/48 was intended to serve as a basis for further discussion of the need for future work in this field. Besides indicating the relevant GATT provisions, the note described the concept of origin rules and the main criteria generally applied in origin systems. The Annex to the note gave an account of origin rules applied in various international trading arrangements and would be expanded to cover rules of origin applied by certain African regional groupings. Since at present very little information was available in the secretariat on purely national rules of origin applied under various measures by contracting parties, it had not been possible to include a survey on such rules in the note.

40. Several members of the Group said that the secretariat note gave an accurate description of the concept of origin, the criteria generally applied in origin systems and certain other issues such as cumulative origin, minimum processing, direct consignment and documentation, etc.

41. Recalling that issues of origin were relevant, inter alia, for GSP benefits, country quotas and eligibility under the Government Procurement Agreement, one member said that he was impressed by the diversity of origin rules and practices. This was a growing problem due to the restrictive effect of some rules of origin. In his view some degree of harmonization in this area was desirable. If the Consultative Group did not undertake to examine this issue the matter might be brought before other GATT bodies, or the Customs Co-operation Council. Alternatively, his country might decide to revise its own rules of origin to bring them into closer conformity with the more restrictive rules applied by others.

42. In supporting the initiation of work aimed at the harmonization of rules of origin, one member said that this work should not be restricted to Article XXIV of the General Agreement. He suggested using the CCC International Convention on the Simplification and Harmonization of Customs Procedures as a possible model for the objectives that might be sought in this area.

43. Several members questioned the need to examine this issue further. The reasons for establishing rules of origin varied. In some cases rules of origin were required to ensure that benefits accrued only to members of regional arrangements, in other situations these rules were related to the application of certain restrictions.

44. One member noted that rules of origin set up in the context of certain free-trade arrangements shared broadly common criteria and differed only in certain technical aspects. There was no need and no obligation to harmonize them. The countries concerned were of course ready to consult pursuant to
the procedures of GATT if any specific difficulties in connexion with these rules of origin arose. Other members said that the harmonization of rules of origin was not a real and pressing problem that required further consideration by the Group at this stage. It was also noted that in UNCTAD a special committee had been working for some time on the harmonization of rules of origin relevant to the GSP.

45. One member suggested that further information might be necessary on the question of rules of origin designed for m.f.n. purposes and rules on cumulative origin. Harmonization was a very difficult process and even within a number of regional arrangements members had decided to continue to apply their own rules of origin. Another member said that a working party might be set up to examine these issues in GATT.

46. One member noted that as a result of specific problems with the rules of origin applied by other contracting parties, his country had already had consultations under Article XXII without receiving satisfaction. Reiterating their willingness to consider any specific problems or complaints, other members said that their rules of origin were not restrictive, but were drawn in as fair a way as possible following consultations with a number of contracting parties.

47. The Chairman noted that there were conflicting views on this subject and that the possible rôle of the Group had not been defined. The discussion had brought out the basic elements of the problems. It was now necessary for members to exchange views between themselves on how to proceed further with this issue. Some of the permanent bodies of GATT could offer the possibility of considering the question further, and the Group could revert to it if so desired.

Item 7  Investment performance requirements and incentives

48. As foreshadowed at the October 1980 meeting, a paper on Investment Performance Requirements and Incentives (CG.18/W/51) had been distributed at the request of the member from the United States. In introducing the subject, this member stressed United States concern with the increasing worldwide use of such measures. Even though these practices might serve legitimate national purposes, the United States considered that they might also affect other countries' trading interests, even to the point of impairing benefits negotiated under the GATT. A survey of trade-related investment performance requirements and incentives would be complementary to work undertaken on this issue in other fora. If the survey made it apparent that some of these practices violated specific GATT provisions, or nullified or impaired GATT benefits, it might become necessary to examine their justification - for instance, requiring domestic procurement for items bound in GATT or their re-export in such a way as to deny access to the domestic market, would have a direct and adverse effect on the rights of contracting parties.
49. Some members said that their comments on the United States paper should be regarded as preliminary, since they needed further time to study it. It nevertheless emerged from the discussion that there were two broad reactions to the paper.

50. Some members expressed reservations, on a number of grounds, on a proposal that GATT should undertake work in this area. It was argued that the competence of GATT to deal with many of the practices referred to was doubtful and that other organizations were already engaged in studying them. We should avoid overloading the GATT with responsibilities which were arguably outside its scope. It was true that many of these measures had trade effects, but in itself this was not sufficient ground for action in GATT—unless damage to the trade interests of contracting parties could be proved, in which case Articles XXII and XXIII provided remedies. One member added that if GATT's activities were to be extended in this direction, it would also be necessary to cover the activities of transnational corporations, access to capital markets, structural adjustment, restrictive business practices and so on. Another member said that to discuss investment performance requirements in abstract and global terms would not be productive. If specific problems had arisen over the years they might be examined on the basis of a listing by the secretariat of complaints filed in GATT, with an explanation of the facts and the outcome of such cases. This would enable members to consider the adequacy of GATT rules in this area. If no such complaints had been made, studies or inventories by the secretariat would be of purely intellectual interest and should not in his view be undertaken. Another member said that at present there was no convincing evidence that investment performance requirements had had significant effects in world trade and that rather than expanding the workload of GATT, priority should be given to securing full compliance with existing GATT obligations.

51. Other members of the Group welcomed the United States initiative, which they felt covered an area with important implications for international trade relations. Some of these members agreed that it would be proper at this stage to ask the secretariat to compile information on the two types of investment requirements most directly related to trade, i.e. export requirements and import substitution requirements. In this connexion, one member also mentioned processing or value-added conditions and funding arrangements. Another member argued that a study of investment requirements should be combined with an examination of the conduct of transnational corporations, particularly with a view to greater transparency in their purchasing policies and including the questions of product mandate and transfer pricing.

52. One member suggested that in view of the doubts expressed about the relationship between investment requirements and the General Agreement, the most appropriate first step might be to ask the secretariat to study further the relationship between investment and trade flows and the relevant provisions of the General Agreement.
53. Summarizing the discussion, the Chairman suggested that the secretariat should prepare a brief note on studies of these problems being conducted in other international fora. As to complaints relevant to investment performance requirements, his present understanding was that there had been no such cases, but the secretariat would verify this. However, governments might still wish to notify the secretariat of any concrete problems for the information of other members of the Group. Members might also wish to submit their views in writing. One member suggested that written submissions would not be consistent with the informal character of discussions within the Group and that at this stage the secretariat need only list the legal provisions of GATT applicable to these issues, as had been proposed in the case of structural adjustment. Other members, however, supported the general line of the Chairman's proposal, arguing that GATT should not shirk all responsibility for a subject of unquestionable significance for international trade.

54. The Chairman proposed that the secretariat should prepare a note describing the work being done in other international organizations on the question of export requirements and requirements regarding import substitution, listing the relevant provisions of the General Agreement. The different views of members would be reflected in the note of this meeting. The issue would be kept on the agenda of the Group. This was agreed.

Item 8 Other business

55. It was agreed that the next meeting of the Group should be held on 25 and 26 June 1981.