Introduction

1. The Consultative Group of Eighteen held its ninth meeting on 23-24 April 1979. An annotated provisional agenda was circulated in document CG.18/W/29 and a list of participants in document CG.18/INF/9.

Agenda

2. The Group adopted the following agenda:

   (1) Future work programme of the GATT

   (2) Recent developments in trade policies and international trade

   (3) Other business

Later in the meeting the Group decided not to take up the second agenda item.

Opening remarks of the Chairman

3. The Chairman opened the meeting by stating that, now that the Tokyo Round had been largely completed, the Group could, and should, address itself to the future work programme of the GATT. GATT's immediate task was to incorporate the results of the Tokyo Round into its institutional framework, to establish the committees that will administer the multilateral codes negotiated in the Tokyo Round and to ensure that they will be fully and properly implemented. GATT's more long-term task was to tackle remaining trade problems and to prepare itself for the challenges of the 1980's.

4. The discussion that ensued was largely based on a note entitled "The Future Work Programme of the GATT: A First Sketch" (CG.18/W/28) which the secretariat had prepared to help the Group focus its discussion. In their comments members of the Group stressed the need to finalize the Tokyo Round, to implement the results of the Tokyo Round, to deal with remaining problems and to concert policies.
5. Several members stressed the need to address in the months ahead a certain number of problems as yet unresolved in the Tokyo Round. Some members said that important questions regarding particular tariff headings still needed to be cleared up before 30 June and the negotiations on the safeguards code had to be vigorously pursued with a view to concluding them before 15 July. Other members stated that the areas of the negotiations in which diverging texts had been submitted to the TNC should receive priority attention in the coming months. Some said that the simultaneous adoption of two codes in the same subject area would constitute a serious threat to the multilateral trading system. One member raised the question of whether the TNC could meet again to debate this question. Another member suggested that a solution to this problem might be found through the good offices of the Chairman.

6. As to the negotiations on the safeguards code one member said that, if they failed and unilateral actions became common, then everything else that had been agreed in the Tokyo Round, in particular in the areas of tariffs, subsidies and government procurement, would have been of no avail for the developing countries. The effectiveness, credibility and the practical relevance of the GATT depended on the resolution of this issue. An agreement providing for improved disciplines in the area of safeguards and for an organic link between safeguard and adjustment measures would permit the developing countries to participate in international trade on an equal footing.

Implementing the results of the Tokyo Round

7. There was widespread agreement in the Group that it would be useful to have in the coming months informal meetings of those contracting parties that were likely to be signatories of the various codes agreed in the Tokyo Round. The aim of these meetings would be to prepare the implementation of the codes so that the committees could work effectively as soon as the codes were formally accepted. It was pointed out that some codes could easily become the basis of protectionist measures if they were not implemented properly and a thorough preparation of their implementation was therefore imperative. In some cases the basic methods for carrying out the agreements reached in the Tokyo Round still needed to be determined. Thus the organization of the "regular and systematic review of developments in the trading system" by the CONTRACTING PARTIES that was envisaged in the draft Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance still needed to be agreed upon.

8. Several members emphasized the need to integrate the codes negotiated in the Tokyo Round into GATT's legal framework. One member said that the most-favoured-nation rights of non-signatories to these codes had to be preserved
no matter whether the codes interpreted existing GATT obligations or introduced new obligations. The committees to be established under the codes should report to the CONTRACTING PARTIES which, while respecting the committees' jurisdiction, should oversee their activities with a view to ensuring that the rights of contracting parties under the General Agreement were not impaired. The specialists in the committees should be answerable to the general policy-making body of the GATT. If they were to work in separate compartments, GATT's legal system would become fragmented and ineffective. In this context the member emphasized the need to reactivate the Committee on Trade and Development and to give it a strengthened mandate.

9. An important immediate task of the contracting parties, it was further pointed out, was the faithful translation of the results of the Tokyo Round into their national legislation. One member said that his authorities had some anxieties on this score, in particular as far as the material injury criterion and its correct reflection in the United States domestic legislation was concerned. His authorities would evaluate the results of the Tokyo Round as they were reflected in the domestic legislation of the main trading nations.

Dealing with the remaining problems

10. There was general agreement in the Group that the CONTRACTING PARTIES should at the end of the Tokyo Round attempt to arrive at a common conception on how best to continue the process of liberalizing trade and updating GATT. While new major trade negotiations could not be envisaged at this stage, there should be adequate machinery in place to deal with the tariff and non-tariff barriers that eluded the negotiators in the Tokyo Round. If the GATT were to help governments ward off protectionist pressures after the Tokyo Round its activities had to be given a momentum highly visible for the general public. The drawing-up of a work programme would help create such a momentum.

11. One member said that an effort should be made to establish a list of issue areas that might be taken up in the future. The secretariat note had mentioned, inter alia, tariff escalation and quantitative restrictions of concern to developing countries, structural adjustment, restrictive business practices, East-West trade and trade in services as possible subjects. It had been agreed in the Tokyo Round to take up export restrictions as a priority issue. His authorities might raise the subject of fair labour standards, State trading, investment distortions of trade flows, agricultural measures as they affect trade, the development policies of the industrialized countries and those of the developing countries themselves. He expressed the hope that, while all these issues took a good deal of reflection, governments would have, by the time of the formal adoption of the results of the Tokyo Round, some firm notions on the subjects to be pursued and the priority to be given to them.
12. Another member said that among the subjects mentioned some struck him as perhaps more doubtful than others. Restrictive business practices and trade in services appeared to require more investigation. One member suggested that the GATT prepare studies on restrictive business practices and the liberalization of trade related services. They should describe what had already been done in GATT and elsewhere and what could be done in the future. He noted that the government procurement code applied to services incidental to the supply of products and envisaged the possible inclusion of all service contracts at a later stage. Many members described the issue of structural adjustment as one which was at the heart of the problems that confronted the trading community. The issue had to be resolved in the future work of the GATT if genuine interdependence was to be achieved. One member recalled that he had distributed at the last meeting of the Group a draft code on adjustment and he expressed the hope that it would be considered in further discussions on this subject.

13. Several members from developing countries said that a further round of trade negotiations among developing countries should begin as soon as possible after the Tokyo Round. They urged the secretariat to give impetus to these negotiations. The Chairman said that technical preparations were already underway and that the secretariat was ready to provide full technical and logistic support to negotiations among a large number of developing countries. He suggested that the CONTRACTING PARTIES might formally launch the negotiations at their session in November.

14. One member observed that the membership structure of the GATT had changed over the years. This change required examination because it influenced the negotiations in GATT and the relations among contracting parties. Another future problem was the trade relationship between developed and developing countries. In this field many problems had remained unresolved partly because of the evolutionary character of this relationship. A fundamental examination of this issue by a limited number of highly qualified persons might be useful and produce new ideas.

15. There was general agreement in the Group that technical assistance should be among the main future activities of the GATT. The technical assistance services should help the developing countries to evaluate the results of the Tokyo Round and enable them to decide whether to adhere to the new codes. It was pointed out by one member that the trade system had become so complex that the developing countries could not effectively participate in it without competent advice. The Chairman welcomed these remarks and assured the Group that the secretariat would continue to provide technical assistance at the required scale.
16. Several members stressed the importance of good secretariat support for the future GATT activities. Such support was particularly important for the implementation of the Tokyo Round, the work of the Group of Eighteen, the policy planning that might take place in the future and the identification, analysis and monitoring of trade policy problems. The secretariat also had to help reduce the burden of the members of panels that may be established under the GATT and the codes. It further had to inform the public and policy makers on the role of GATT and to service the trade negotiations among developing countries. The Chairman expressed his appreciation for these remarks. The secretariat could now discern what its future tasks were likely to be and he was therefore studying how to adjust the secretariat's structure in the light of the new exigencies. He urged the members of the Group to inform their colleagues in the treasury departments of what they expected the GATT secretariat to do in the future. The implementation of the wishes of the members of the Group might otherwise encounter difficulties in the Budget Committee.

Concerting policies

17. There was wide agreement in the Group that the Group of Eighteen should play in the future a major role in the concertation of policies. It was said that the operations of this Group should be on a political level with as much representation from capitals as possible, if not fully from capitals, so that policy makers were exposed to international concerns directly. To fulfil its tasks effectively the Group should have a broad mandate and a flexible structure. One member suggested that it would be worth exploring whether the Group's Chairman should be from a contracting party rather than the secretariat. Another member said that the Group's future had not yet been definitely decided but it could already be said now that the Group had a chance of becoming a steering group of great importance in the conduct of GATT affairs. The original thought behind the constitution of the Group was that the GATT should have at its disposal a small but representative group to discuss existing and emerging trade policy issues in confidence among responsible men from capitals. He expressed the hope that the energies that could be released from the Tokyo Round would now be transferred to this Group so that it could function as originally foreseen. The Chairman pointed out that the future of the Group of Eighteen will have to be decided by the CONTRACTING PARTIES at their next session at the end of November and that they would no doubt welcome an opinion of the Group on this matter.

Date and Agenda of next meeting

18. The Group decided at the suggestion of the Chairman to meet again on 16 and 17 October 1979. The main purpose of the meeting will be to prepare, for adoption by the CONTRACTING PARTIES at their next session in late November, a GATT work programme and a recommendation regarding the future of the Group. This meeting will be preceded by an informal, preparatory meeting of the Group at the working level in the first half of July. The secretariat will in the meantime attempt to collect from delegations as many ideas and suggestions on the work programme as possible so that these can be injected into the Group's work.