Introduction

1. The Committee on Trade and Development held its forty-fourth session on 22 July 1981. In the absence of H.E. Mr. Oluyemi Adeniji (Nigeria), the Committee was chaired by H.E. Mr. F. Jaramillo (Colombia).

2. The Committee adopted the agenda set out in COM.TD/W/341, which consisted of the following main items: review of implementation of Part IV and operation of the Enabling Clause, report of the Sub-Committee on Protective Measures and work on trade liberalization. The Committee noted that, under "other matters", the delegation of Uruguay would make a statement concerning the Latin American Integration Association (LAIA) and that it would receive an oral report by a representative of the secretariat on the meeting of the Sub-Committee on Trade of Least-Developed Countries held on 13 July 1981.

3. As the work of the Sub-Committee on Protective Measures was considered to be of direct relevance to the implementation of Part IV, the Committee agreed, on the suggestion of the Chairman, to address agenda items 1 and 2 together.

REVIEW OF IMPLEMENTATION OF PART IV AND OF THE OPERATION OF THE ENABLING CLAUSE; REPORT OF THE SUB-COMMITTEE ON PROTECTIVE MEASURES

4. The Committee had before it a secretariat background note (COM.TD/W/336) which summarized available information relevant to the implementation of Part IV and the operation of the Enabling Clause in the fields of commercial policy measures other than those taken up in the Sub-Committee on Protective Measures (Section I), developments with respect to differential and more favourable treatment under the Enabling Clause (Section II), developments in other GATT bodies of interest in relation to Part IV (Section III) and activities in other international organizations and bodies of relevance to Part IV (Annex). The Committee also had before it the Report of the Sub-Committee on Protective Measures' third session (COM.TD/SCPM/3) held on 23-24 June, and a report made with reference to the Enabling Clause on the operation of the Trade Expansion and Economic Co-operation Agreement (Tripartite Agreement), submitted by the delegations of Egypt, India and Yugoslavia (L/5166).
5. Representatives of some developing countries noted with appreciation that a number of developed countries had made certain improvements in access to their markets for some developing country exports. They hoped that efforts in this direction would be continued and expanded.

6. The representative of a developing country recalled the points made at the last meeting of the Committee concerning the critical terms of trade and balance-of-payments position of many developing countries in the context of the present international economic situation and the consequent need for appropriate action by developed countries consistently with the objectives and provisions of Part IV. This, in the view of his delegation, required continued resistance to protectionist pressures, greater transparency when protective measures were considered unavoidable, the establishment of an effective multilaterally agreed safeguard system, full implementation of MTN results and action on commodity prices. There was a need to permit structural adjustment in the economies of developed countries to proceed without impediment and to employ measures to facilitate such adjustment. This representative stated that a perusal of the information contained in the Annex to COM.TD/W/336 indicated that little or no recent progress had been made in the dialogue related to North/South issues or in commodity negotiations. He noted, however, that there was an apparent increasing awareness of problems in these areas by the governments of the industrial countries as shown by the discussions in the World Bank/IMF Development Committee and the OECD. He hoped that this awareness would result in the emergence of demonstrable political will to find equitable remedies for the concerns of the developing countries as well as to the dangers that threatened the open trading system.

7. This representative said that it was the view of his delegation that the Committee's way of handling its reviews of the implementation of Part IV had become rather routine and removed from the original intention of the CONTRACTING PARTIES of furthering the objectives set forth in Article XXXVI and for giving effect to the provisions of Part IV. He recalled that the Committee had agreed to a work programme and procedures involving not only a continuous review of, but also consultations with regard to, the implementation of the provisions of Part IV. It was necessary therefore to examine these procedures with a view to giving a more meaningful content to this task. In his view, such procedures should involve bilateral or plurilateral consultations among interested countries held under the aegis of the Committee with a view to examining progress in implementing Part IV, identifying the compelling reasons behind the non-implementation of commitments and perhaps also considering the possibility of making appropriate recommendations to concerned contracting parties. Consultations would be more meaningful if they were product-specific and country-specific with the intention of bringing Part IV into sharper focus.

8. The representative of another developing country, in expressing support for the above proposal, suggested that the background information provided by the secretariat for the Committee's reviews might take a broader and more
analytical view of developments. He noted that the year-to-year nature of many GSP schemes led to a lack of certainty in the eyes of exporters and hampered their ability to plan ahead on the basis of the preferential access granted.

9. Representatives of some developing countries or territories expressed their deep concern about certain measures taken in the context of GSP schemes referred to in Section II of COM.TD/W/336 that constituted an application of the concept of "graduation". They expressed the view that this concept was contrary to the principle of non-discrimination which was a basic rule of GATT and, in particular, to the Decision of the CONTRACTING PARTIES on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries which referred to the establishment of generalized, non-reciprocal and non-discriminatory preferences beneficial to the developing countries. They were particularly concerned about what they believed to be the arbitrary and discriminatory nature of the exclusion of individual countries from GSP treatment for specific products under certain schemes, such exclusions not being based in their view on any objective criteria. The view was expressed by some of these representatives that such exclusions would in many cases only benefit other industrialized countries or constitute a form of protection for the domestic industry. They also stated that the lack of objective criteria tended to undermine the expectation that the Multilateral Trade Negotiations, and the Enabling Clause in particular, would make for greater uniformity and predictability in the GSP schemes of the industrialized countries.

10. Some of these representatives informed the Committee that they had requested consultations with certain developed countries under the relevant provisions of the Enabling Clause with regard to the matters referred to in the preceding paragraph. One delegation said that consultations held with a developed country under paragraph 4(b) of the Enabling Clause, although conducted in a positive and helpful spirit, had not led to any solution. That delegation therefore reserved its rights under paragraph 4(b) of the Enabling Clause. One delegation said that his authorities were examining the notifications of modifications to GSP schemes submitted by a number of developed contracting parties and wished to reserve the right of pursuing consultations under the relevant provisions of the Enabling Clause with industrial countries that had not already been approached on this matter. One representative indicated that he would keep the Committee fully informed of consultations that his delegation expected to have under the Enabling Clause; this delegation reserved its right to refer the matters concerned to the Committee in the light of the provisions of paragraph 4(b) of the Enabling Clause.

11. The delegation of a developing country suggested that, in order to more accurately reflect the situation, in the sentence in paragraph 29 of COM.TD/W/336 reading "The remaining 70 per cent, or twenty-one items valued at US$355.5 million, have not been redesignated, the countries concerned having been 'graduated'", the word "countries" might more appropriately be replaced by the word "products".
12. The delegation of a developing country said that it had held consultations with a number of developed countries on certain problems that it had experienced with regard to their GSP schemes and on some requests for improvements to them in the context of the recent meeting of the UNCTAD Special Committee on Preferences. He expressed the hope that the developed countries concerned would look actively into the points that had been raised.

13. The representative of the United States stated that, with effect from 30 June 1981, all aspects of the United States import relief programme on non-rubber footwear had been terminated, including the orderly marketing agreements with certain developing countries. With regard to the United States GSP, he said that with effect from 1 July 1981 three new items had been included. These additions, together with the forty-eight items added as of 31 March 1981, meant that additional imports of some US$480 million were being given duty-free treatment under the GSP. They brought the total number of tariff items under the United States GSP to 2,851, providing for duty-free treatment for imports valued, on the basis of 1980 trade figures, at US$7.3 billion. He further said that the withdrawal of benefits in certain situations was an essential feature of the United States GSP programme. In the United States' view, it made for a more equitable distribution of benefits among beneficiaries. In the past, the five major beneficiaries had accounted for 60 per cent to 70 per cent of benefits under the GSP. While the United States Government expected to maintain the overall level of benefits under the United States GSP, it also expected that the introduction of the "graduation" concept would improve the export opportunities for the mid-level and less advanced beneficiary countries.

14. The representative of the European Communities said the value of imports benefiting from the EEC GSP had increased markedly in 1980 to US$11.3 billion from US$7.7 billion in 1979. The Community had introduced in 1981 a new scheme and had decided to continue to apply GSP treatment for a further ten years. While noting the comments of some developing countries on the alleged insecurity of GSP treatment, he felt that this decision did provide for some increased predictability for investors in developing countries. He expressed the view that it was important that the GSP should benefit the developing countries that had greatest need. Experience of the first ten years of the EEC GSP had shown that a high proportion of benefits under it had accrued to a limited number of developing countries and that the mechanisms of the scheme in that period could disadvantage developing countries with less capacity to compete. The new EEC GSP scheme attempted to be as favourable as possible to the least-developed countries and established mechanisms for a better balance of advantages among other developing countries. All duties and limitations under the GSP had been removed on imports of industrial products from least-developed countries and this treatment had also been extended to nearly all agricultural products. With regard to the other developing countries, the new mechanisms enabled the less competitive supplying
countries to continue to have preferential access to the Community market while reserving certain preferential quotas for the more competitive developing countries. This constituted a change from the earlier system under which GSP treatment could be terminated for all countries once imports had reached a certain level, even if those imports only came from the most competitive countries. He noted the remarks that had been made concerning the consultations that had taken place in the context of the work of the UNCTAD Special Committee on Preferences and said that the Community had had a series of consultations with beneficiary countries; these could be expected to continue as in the past. He doubted that there was need to duplicate such work in the context of GATT, although the Community obviously stood by its obligations to contracting parties. Turning to the question of the concept of "graduation", he said that this concept had in a way been reflected in the new Community GSP, consistently with the provisions of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries. In this respect, particular attention should be given to the provisions of paragraph 3(c) and paragraph 7, especially its second half.

15. The representative of Japan said that his Government had decided to extend the application of the Japanese GSP for a further period of ten years from 1 April 1981. This was an indication of the commitment of his authorities to the expansion of trade with developing countries. A number of improvements and modifications which had been made to the scheme with effect from 1 April 1981 had been notified to the secretariat for circulation to contracting parties. Referring to the concept of "graduation", he said that this concept had in a way been reflected in the new Community GSP, consistently with the provisions of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries. In this respect, particular attention should be given to the provisions of paragraph 3(c) and paragraph 7, especially its second half.

16. The representative of a developing country recalled the position of his delegation with regard to paragraph 7 of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries. He said that the second sentence of that paragraph related, in the view of his delegation, to autonomous and unilateral decisions to be taken by individual developing countries.

1This notification is contained in document L/4531/Add.3.
17. Commenting on the report of the Sub-Committee on Protective Measures, (COM.TD/SCPM/3), the representative of a developing country said that his Government considered the Sub-Committee to be an important forum not only for examining individual protective measures instituted by the industrialized countries against the exports of developing countries, but also for identifying broad trends of protectionism which might adversely affect the open trading system. In this manner, the Sub-Committee could function effectively as an early warning system in GATT and might be able to consider appropriate action to anticipate the possible adverse consequences of protectionist pressures that may be building up in various national governments. He expressed the view that the Sub-Committee should play an effective catalytic rôle in finding equitable solutions within the GATT context by bringing the commitments of Part IV into more effective play in normal GATT activities. He said that, keeping in view the first aspect of the Sub-Committee's rôle, his delegation had notified several protective measures which were affecting his country's exports adversely. His delegation had made it clear that in this context the legality of these measures was an issue apart, since the Sub-Committee could not be a substitute for the formal GATT dispute settlement procedures. He welcomed the broad consensus apparently existing that work in the Sub-Committee should be tackled in a pragmatic manner and that any measure taken by a developed country which was considered by a developing country to have an adverse trade effect might be brought up for discussion and examination. He hoped that the spirit of constructive goodwill would continue to prevail and that an unduly legalistic approach would be avoided. He noted that it was important to preserve the spirit of the unanimous UNCTAD V Resolution which had led to the formation of the Sub-Committee and in this context account should be taken of the fact that the Sub-Committee was open to non-contracting party developing countries, and further that only a few developing countries were so far participating in the different MTN Agreements.

18. The representative of a developed country drew the attention of the Committee to the attitude of his authorities as to the appropriateness of the Sub-Committee on Protective Measures as a forum for the raising of matters relating to anti-dumping or countervailing actions. As stated in paragraph 24 of COM.TD/SCPM/3, his authorities did not believe that the Sub-Committee was an appropriate forum for discussion of measures which were considered to be responses to unfair trading practices.

19. At the conclusion of the discussion on agenda items 1 and 2, the Chairman suggested that the Committee take note of the proposals made concerning improved procedures for the Committee's reviews. The Committee might also take note of the information provided by developed countries on modifications and improvements to their GSP schemes, as well as on the question of the graduation concept which had been introduced into some of the schemes. In this regard, representatives of some developing countries had indicated their opposition to the graduation concept which they saw as constituting unjustifiable discrimination. Some of these delegations had specifically reserved their rights under the Enabling Clause with regard to these matters.
20. The Committee adopted the report of the Sub-Committee on Protective Measures, COM.TD/SCPM/3, and noted that it would be forwarded to the Council in accordance with the procedures decided by the CONTRACTING PARTIES relating to this matter. The Committee also took note of the information provided on the operation of the Tripartite Agreement circulated as document L/5166.

WORK ON TRADE LIBERALIZATION

21. The Chairman recalled that at the November 1980 session of the Committee, there had been broad agreement that work on trade liberalization in the Committee should proceed on a step-by-step basis, the first step being the collection of detailed data to provide a basis for the analysis and identification of issues and problems relevant to the trade interests of developing countries in the post-Tokyo Round situation.

22. Addressing themselves to the general question of work on trade liberalization with respect to the areas identified, representatives of a number of developing countries expressed the view that the detailed documentation that had been prepared and made available by the secretariat on tropical products and on quantitative and other import restrictions affecting the exports of developing countries provided a useful basis for substantive work. It was therefore important in their view for the Committee to take up the questions of procedures to be followed for this purpose and a time-frame within which this work may be expected to be pursued. They suggested that informal consultations among delegations on these questions be held between the present and the next session of the Committee, so that concrete proposals in this regard could be available for consideration. One of these delegations, referring to the discussion in the Consultative Group of Eighteen concerning the holding of a GATT Ministerial meeting in 1982, expressed the view that in considering this matter, the CONTRACTING PARTIES would need to assess what could be achieved in concrete terms at such a meeting. This would depend partly on developments in different GATT bodies and, for the developing countries, substantially on developments in the Committee on Trade and Development.

Tropical Products

23. In accordance with the Committee's work programme the secretariat was preparing detailed documentation on the commercial policy situation and trade flows in respect of products listed in the Annex to COM.TD/W/319 to enable the Committee to focus on the problems that continued to affect developing countries' exports of these products. The secretariat had made available at the March 1981 session of the Committee detailed documentation in regard to four groups of products, namely coffee and coffee products (COM.TD/W/328), cocoa and cocoa products (COM.TD/W/329), tea and instant tea (COM.TD/W/330), and bananas and banana products (COM.TD/W/331). For the present session, the secretariat had circulated documentation on the commercial policy situation and trade flows for five more groups of products listed in
the Annex to COM.TD/W/319, namely spices and spice products (COM.TD/W/334), essential oils and resinoids (COM.TD/W/335), oilseeds, vegetable oils and oilcakes (COM.TD/W/337 and Add.1), rubber and rubber articles (COM.TD/W/339 and Add.1) and cut flowers (COM.TD/W/340).

24. Representatives of a number of developing countries stated that the studies had brought out clearly certain measures that remained after the conclusion of the Tokyo Round which constituted barriers to developing countries' exports of tropical products in their major markets. They were of the view that in line with the Chairman's suggestions at the March 1981 meeting of the Committee, the preparation of further studies by the secretariat on the remaining items listed in the Annex to COM.TD/W/319 should proceed in parallel with efforts in the Committee aimed at identifying and analyzing trade problems and considering ways of making further progress towards trade liberalization in this area. In this respect, they referred to their general proposal that, between the present and the next session of the Committee, informal consultations might be held among interested delegations with the help of the secretariat on the question of procedures and modalities for further work in this area, so that some understanding could be reached on this process at the Committee's next session. One of these representatives suggested that the Committee might consider opening a process of consultations and negotiations and providing for the results of these consultations and negotiations to be reported back to the Committee after a reasonable period of time. In the view of his delegation, procedures should be flexible and action-oriented and should keep open the possibility of bilateral or plurilateral solutions.

25. The representative of a developing country recalled the comments he had made in regard to trade problems for his country brought out in the secretariat studies on tea and coffee (COM.TD/107, paragraph 17). Referring to the new studies prepared by the secretariat, he said that the information provided in the paper on spices and spice products (COM.TD/W/334) indicated that tariff escalation in some markets continued to be a significant barrier in this sector and showed that spices from developing countries were mostly processed in the consuming countries. As health and sanitary regulations and standards were also important questions, as indicated in Section IV of the paper, there was need to consider their impact on trade in products of special interest to developing countries taking account of recommendations and suggestions made by the relevant international bodies. Referring to the study on oilseeds, vegetable oils and oilcakes (COM.TD/W/337 and Add.1), he said that tariff escalation was also a problem in this area; exports of some of these products were affected in certain markets by other measures such as quantitative restrictions and import charges and taxes. He noted that products in this sector were also affected by health and sanitary regulations and that his delegation had recently raised in the Sub-Committee on Protective Measures the question of the decision by the United Kingdom to ban the import of certain types of oilseed extractions that contained detectable levels of aflatoxin. The representative of another developing country referred to the vital interest of his country in liberal and assured access to markets for
oilseeds and vegetable oils. He hoped that the Committee would be able to keep under review conditions of access to markets for these products, and anticipate and deal with any trade measures and policies that may adversely affect the situation.

26. Representatives of a number of developed countries noted that the documentation made available by the secretariat provided a basis for an assessment of the situation regarding conditions of access for the products in question from developing countries. It was also suggested that consideration might be given to extending the coverage of the documentation to include other important import markets. Some of these representatives expressed the view that the preparation of the studies was part of the essential process of clarifying what the existing situation was and how it affected the interests of developing countries. The next stage might be an exchange of views on an informal basis to provide a clearer and more precise indication of the interests of developing countries and to examine and clarify specific situations. On this basis, developed countries would be able to assess the possibilities for further progress in the area of tropical products. While they felt that it would not be prudent to get overly involved in procedural questions before a clearer picture of the substantive issues had emerged, they were generally prepared to enter into consultations aimed at exploring the modalities for further work.

27. The representative of the United States expressed the view that the general picture which emerged from the tropical product studies was that considerable progress had been achieved in the liberalization of international trade in tropical products, both by tariff reductions in the multilateral trade negotiations and under the GSP. The United States had extended m.f.n. or GSP duty-free treatment to a substantial number of items. He said that while the principal tariff negotiating authority of the United States Administration had expired on 3 January 1980, the Administration continued to have limited residual tariff negotiating authority, under Section 124 of the Trade Act of 1974, up to the end of 1981, which permitted it to enter into negotiations. Under the procedure provided for in Section 124, the Administration was in the process of determining the products on which it could enter into negotiations for submission to the International Trade Commission which advises on whether concessions relating to those products would be appropriate. He noted in this respect that a number of items listed in the Annex to COM.TD/W/319 had been submitted to the International Trade Commission. These included tropical fruits and nuts, fresh or dried; spices; rice; flour of tropical fruits and nuts; flour and meal of manioc and other tropical roots; manioc starches; tropical oilseeds and oleaginous fruits; tropical vegetable oils; cane sugar, raw or refined; sugar syrup; molasses from cane sugar; prepared and preserved tropical vegetables and fruits; tropical fruit juices; and manufactured tobacco. In recalling the time-frame available, this representative said that his delegation would be willing to consider any requests by developing countries on the items he had listed, and expected to be in a position to begin discussions with interested developing countries in the near future.
Tariff escalation

28. The Chairman recalled that following a preliminary exchange of views on the basis of secretariat notes COM.TD/W/315 and TAR/W/18 on this matter at the March meeting of the Committee on Trade and Development, the hope had been expressed that delegations would be in a position to examine more closely possibilities for work on tariff escalation of relevance to the trade of developing countries at the Committee's July session. He noted that, at an earlier meeting, the Committee had felt it would be helpful if delegations were to identify product areas or chains of production where exports might be impeded as a result of the apparent escalation of tariffs. One delegation had made some suggestions in this regard in relation to certain broad product categories.

29. The Chairman also recalled that since the March meeting of the Committee, the Committee on Tariff Concessions had considered, at its meeting of 11 May 1981, the secretariat note on the measurement of tariff escalation (TAR/W/18). Following the discussions on this matter at the meeting of the Committee on Tariff Concessions, the Chairman of that Committee had noted, inter alia, the general view that the Committee on Tariff Concessions had a rôle to play in this area, at least as far as the technical aspects were concerned. While some delegations needed more time to reflect upon the suggestions made and the appropriate approaches to be taken, some others were ready to see work proceed on the study envisaged in the secretariat note. In view of the various comments made, it was agreed that the matter be kept on the agenda of the Committee on Tariff Concessions for future meetings.

30. Representatives of some developing countries noted that document TAR/W/18 outlined some of the practical and theoretical issues associated with the measurement of tariff escalation. They favoured an approach based on nominal tariffs, despite its limitations, because of the shortcomings in the measurement of effective rates of protection associated with the difficulties in taking into account the general equilibrium repercussions of tariff changes and with the assumption that factor input proportions were fixed. They suggested that, in this perspective, the secretariat should be invited to undertake studies of tariff escalation along the lines suggested in paragraph 11 of TAR/W/18 for particular products or chains of production of export interest to developing countries that appeared to be facing problems. The representative of a developing country recalled that at the last session of the Committee on Trade and Development, his delegation had supplied a preliminary list of products that could be taken up for study, which included leather, coir, marine products and tropical fruits. He noted that the secretariat studies on spices and spice products (COM.TD/W/334) and on oilseeds, vegetable oils and oilcakes (COM.TD/W/337 and Add.1), prepared in the context of the Committee's work on tropical products, indicated that tariff escalation was an important problem in these areas. Since his
delegation continued to believe that tariff escalation was a factor inhibiting the long-term growth and development of exports of developing countries, he urged the Committee to initiate work on case studies as soon as possible.

31. Representatives of some developed countries said that it was desirable to reach a clearer understanding on the question of methodology in the Committee on Tariff Concessions before undertaking studies, since the results of studies could vary greatly according to the methodology employed. Some of these representatives said that any studies on tariff escalation should cover a representative range of importing and exporting countries involved in trade in the product in question. It was suggested that any studies should preferably focus on particular processing chains in order to obtain a more precise picture of the situation for the products and markets concerned. It was also suggested that pending the outcome of work on methodology it might be useful to look more closely at certain product chains to help clarify the problems that might arise in undertaking studies.

32. Representatives of some developed countries expressed the view that the tariff reductions resulting from the multilateral trade negotiations and the GSP had appreciably diminished the problem of tariff escalation for developing countries.

33. The representative of a developed country said that many of the difficulties in measuring tariff escalation outlined in TAR/W/18 had been encountered by his authorities in their own efforts to study the problem of tariff escalation. Looking at the issue in a general context, they had not been able to come up with an appropriate and defensible methodology in the face of these difficulties. His authorities believed that it would not be possible to undertake studies that could lead to general conclusions applicable to many products and markets. However, there might be some merit in examining the case study approaches outlined in paragraph 11(i) and (iii) of TAR/W/18 which might yield, with effort, some information on the problems of tariff escalation in regard to specific product chains in individual markets. The findings of such studies would inevitably be limited in their applicability and could risk providing a distorted picture of the general situation regarding tariff escalation. He said that work along the lines indicated in paragraph 11(ii) of TAR/W/18 was also needed in order that all the policies and measures affecting tariff escalation on developing country exports could be taken into account. He felt it important to avoid duplication and to avoid undertaking work that might better be done in a more expert group. With this in mind, he considered that it might be useful to explore further the suggestion to look in greater detail at specific product chains.

34. The representative of the secretariat noted that the question of approaches to work on tariff escalation had been under consideration both in the Committee on Trade and Development and in the Committee on Tariff Concessions for some time. One way of proceeding might be for consultations
among delegations to be held before the next meetings of the two Committees to attempt to work out an agreed way of carrying forward work in this area. As one approach, it might be useful to identify one or two groups of products that could be the subject of examination to assess the feasibility of the suggestions for study outlined in TAR/W/18.

Quantitative and other non-tariff measures

35. As background for the Committee's work, the secretariat, following consultations with delegations concerned, had circulated in document COM.TD/W/338, certain available information on quantitative and other import restrictions affecting exports of developing countries, showing also relevant trade data including main developing country suppliers, and applicable tariff rates (m.f.n. and GSP). The document also contained, in an annex, a brief survey of past work in GATT in connexion with quantitative and other import restrictions dealing more specifically with points of interest to developing countries.

36. Representatives of some developing countries said that the detailed documentation that had been prepared in regard to quantitative and other import restrictions affecting the exports of developing countries provided a useful data base for concrete work. It would now be appropriate, in their view, to address the question of modalities for substantive work on trade liberalization in this area, as a step in this connexion, consultations might take place among interested delegations as to how this work might best proceed. Some of these representatives stated that because previous efforts had not achieved a satisfactory solution to the problem of quantitative restrictions, future work in this area might be based on a more systematic and institutionalized approach. These delegations were of the view that procedures should be established for intensive and regular consultations with individual developed countries on a bilateral or plurilateral basis in regard to quantitative and other restrictive measures maintained by them in the light of objectives and commitments contained in Part IV. These delegations expressed the hope that this proposal would be given due consideration in the course of informal consultations. One of these representatives suggested that quantitative and other import restrictions inconsistent with GATT provisions might be phased out on a programmed basis. Such a process would be consistent with the standstill and other commitments entered into by developed countries in regard to developing country trade and also with the principle of special and differential treatment for developing countries. Some representatives of developing countries proposed that the secretariat might make suggestions in regard to procedures and modalities for further work in this area for consideration at the next meeting of the Committee.

37. Representatives of some developed countries, in noting that the document had been circulated only shortly before the meeting, stated that they were not in a position to comment at this stage on its content. However, they felt that the information provided would prove useful for identifying the possibilities for further work in this area.
Advance implementation of tariff concessions

38. The Chairman recalled that at the March 1981 session of the Committee, members had taken note of the possibilities for consultations on the advance implementation of tariff concessions and of the need for maintaining transparency in this process to ensure that the interests of interested developing countries were taken into account in the consideration of specific requests.

39. The representative of the United States said that following consultations with interested delegations his authorities had agreed to implement MTN tariff concessions on 140 items exported by developing countries at the most rapid rate permissible under the Trade Act of 1974. In addition, the United States had implemented, in advance, concessions of interest to least-developed countries, so that with a few exceptions, the United States had been applying terminal m.f.n. rates to imports from the least-developed countries as from 1 January 1980. He said that any further advance implementation would have to comply with the residual tariff negotiating authority contained in Section 124 of the Trade Act of 1974 and would therefore have to be agreed on before the end of 1981.

40. A member, speaking on behalf of a group of developed countries, reiterated that those countries were ready to examine any specific requests from developing countries for advance implementation of MTN tariff concessions.

Chairman's concluding remarks

41. At the conclusion of the Committee's discussion on its work on trade liberalization, the Chairman noted that, on the basis of the background documentation available to it, the Committee had had a useful exchange of views on the possibilities for making further progress in its work in this area with a view to arriving at concrete results, and also on the procedures that might be followed for this purpose. He noted that many delegations had proposed that in the light of the considerable amount of background information now available, the Committee should move to the stage of identifying and analyzing trade problems and considering ways of making further progress. He suggested that this could be followed up by a process of consultations between interested delegations and the secretariat with a view to exploring possible suggestions which could be taken up for consideration at the Committee's next meeting.

42. With respect more particularly to tropical products, the Chairman noted the suggestion that it should be possible for members of the Committee to hold informal consultations between now and the next session of the Committee on Trade and Development aimed at identifying particular products with respect to which significant trade barriers still existed, the factors affecting the maintenance of these barriers and the possibilities for further work. It had
also been suggested that, at the next meeting of the Committee, the Committee could receive reports on these consultations and attempt an assessment of the situation with a view to discussing the possibilities of establishing procedures for further action and also of adopting an appropriate timetable to this end. In this connexion, the Committee had taken note of the indications given by certain delegations with respect to their possibilities for entering into consultations in this area. The secretariat could facilitate this process, if requested, by assisting in the identification of products that continued to attract significant barriers to trade and particular elements that might need to be taken into account.

43. With regard to tariff escalation, the Committee had taken note of the discussion that had taken place in the Committee on Tariff Concessions on the basis of document TAR/W/18. It had been suggested that it would be useful to hold, before the next meetings of the Committee on Trade and Development and of the Committee on Tariff Concessions, informal consultations among interested delegations to attempt to work out a generally agreed way of proceeding with regard to this matter and that, to this end, it might be helpful to identify one or two products, or chains of production, in respect of which the feasibility of undertaking case studies could be examined in detail.

44. The Chairman noted that the initial discussions on quantitative restrictions and certain other import restrictions had brought forward a number of suggestions for pursuing work in this area. It was clear that delegations would wish to reflect on the various points made with a view to seeing how work might proceed when the Committee next met. As he saw the situation, the main points delegations would need to address in this respect were the following: how the Committee might take up the general problem of residual quantitative restrictions as they affected the interests of developing countries; what factors needed to be taken into account in considering the possibilities for making progress in this area; and how best to proceed with an examination of the restrictions applied by individual countries and the reasons therefor. He suggested that interested delegations might consult on these matters so that the adoption of a broad approach to work on trade liberalization in this area of interest to developing countries could be examined at the November session of the Committee. Delegations might also be expected to review the information contained in document COM.TD/W/338 with a view to suggesting any amendments, deletions, additions, etc. that might be required.

45. With regard to the Committee's discussions on advance implementation, the Chairman noted that a number of statements had been made regarding the possibilities for undertaking further consultations in this area. He considered that progress in this respect could be reviewed at the Committee's next session with a view to examining what further role the Committee could usefully play in this regard.
46. The representative of Uruguay, speaking on behalf of GATT contracting parties who are also signatories to the 1980 Montevideo Treaty which established the Latin American Integration Association, recalled the provisions of paragraph 2(c) of the Decision adopted by the CONTRACTING PARTIES on 28 November 1979 on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries and informed the Committee that the 1980 Montevideo Treaty providing for the creation of the Latin American Integration Association (LAIA) had entered into force on 18 March 1981. The transitional stage between the 1960 Montevideo Treaty, which had established the Latin American Free Trade Association, and the 1980 Montevideo Treaty was still under way. For this purpose, a meeting of high-level government representatives would be convened from 21-26 September 1981 in Peru to undertake, inter alia, the task of defining the criteria, the scope and procedures for the multilateral assessment referred to in Articles 3 and 6 of Resolution 1 adopted by the Council of Foreign Affairs Ministers of the LAIA Contracting Parties, to take all the necessary action to conclude this task and to evaluate the state of negotiations carried out up to the date of the meeting regarding the products which would be included in the lists concerning access to markets and regarding agreements of limited scope. In addition, the second extraordinary session of the Conference on Evaluation and Convergence would be held in Bogota, Colombia, from 30 November to 15 December 1981 to take up the matters referred to in Article 6 of Resolution 1 of the Council of Ministers of the LAIA Contracting Parties, and to adopt the agreements of regional scope containing the lists negotiated in favour of the relatively less-developed member countries. Internal procedures for ratification of the Treaty were continuing in a number of countries. For the time being three GATT contracting parties had become contracting parties to LAIA. He added that it was the intention of these members to keep the Committee on Trade and Development informed of the various developments aimed at ensuring the effective implementation of the Treaty. Once the transitional period had been completed, those countries that were contracting parties to LAIA and GATT would submit a notification to GATT taking into account the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries.

47. A representative of the secretariat said that the Sub-Committee on Trade of Least-Developed Countries had held its second meeting on 13 July 1981 under the chairmanship of the Director-General. As a basis for its work, the
Sub-Committee had had available to it two background notes prepared by the secretariat: COM.TD/W/LLDC/2 contained information on recent developments in commercial policy of interest to the least-developed countries, as well as on their trade and payments situation and the provision of technical assistance by the secretariat; COM.TD/W/LLDC/3 contained updated information on the tariff situation and on trade flows with respect to products of interest to least-developed countries exported to developed country markets, as well as some preliminary details on certain non-tariff measures which appeared to be relevant to least-developed country exports.

48. Delegations from least-developed countries had expressed appreciation for a number of positive measures indicated in the documentation that had been taken in the field of commercial relations since the last meeting of the Sub-Committee. They had also welcomed the technical assistance that had been extended to their countries and felt this could usefully be expanded to give greater support to their export efforts. They had drawn attention to their critical and deteriorating balance-of-payments situation arising in part from increasing deficits in their trade accounts. They felt that because least-developed country exports to developed countries had been generally small in terms of total imports by these countries, and in their view had had no adverse effects on domestic production in developed countries, it would be appropriate to grant least-developed country products unrestricted and duty-free access to industrial markets.

49. Members of the Sub-Committee had indicated their awareness of the very serious trade and payments situation facing least-developed countries. A number of delegations had provided details of certain additional commercial policy measures of interest to the least-developed countries taken by their countries since the last meeting of the Sub-Committee. Some of these delegations had also referred to the need to adopt a global approach to the problems of least-developed countries in the field of commercial policy.

50. In the light of the points raised during the discussions, the Chairman of the Sub-Committee, in his concluding remarks, had stressed the importance of the forthcoming Paris conference on the least-developed countries which was to afford the international community an opportunity to tackle on a global basis the many problems these countries had been facing. As to the work in GATT on the trade problems of least-developed countries, it was to be expected, that over the forthcoming period, interested delegations would offer their comments, etc., on the secretariat paper dealing with tariffs and non-tariff measures, so that an adequate basis would be available for following up this matter. Least-developed countries were also to be invited to notify any additional trade measures not covered by the documentation that might appear to be adversely affecting their exports. It was to be expected
that where specific problems and issues had been identified, a process of consultation would take place between the countries concerned with a view to seeking clarifications and discussing practical approaches towards finding solutions having regard to the Sub-Committee's terms of reference.

**Next meeting of the Committee**

51. It was agreed that the next meeting of the Committee would be held in November 1981, and that the exact date for the meeting would be fixed in consultation with delegations.