"GATT Activities in 1970/71", which has just been published, reports on the evolution of international trading relations from July 1970 to December 1971, and reviews progress made in this period in the GATT work programme established to prepare a new effort to enlarge markets.

Need for New Trade Negotiations

During this difficult eighteen-month period, the major event in international trading relations was the crisis of August 1971. But as the GATT secretariat notes when commenting on the steps taken during the crisis, "more significantly, they may well prove to have set in motion major changes in the trade and payments system that has operated since the end of the Second World War".

Preparations are under way for these changes. As the GATT report states, "finally there is the intention, explicitly stated by all the major developed trading nations at an important meeting of the GATT Council in March 1972, to join in initiating and actively supporting new multilateral and comprehensive negotiations to expand world trade, beginning in 1973. While welcoming this move, the developing countries have for the most part not yet committed themselves to take part in these negotiations; they have, however, fully supported the launching of the discussions on techniques and modalities which are an essential preliminary to negotiation and which, it may be hoped, will provide them with the assurance they seek that their participation will be worthwhile".

Obtainable from the GATT secretariat; price US$ 1.50 Sw F 6.00.
This effort to achieve further liberalization of world trade will be welcomed at a time when the structure of trade and international trading relations are under strain. These strains "were revealed by the crisis that opened in August 1971; they were not, however, created by it". According to GATT, the causes lie in particular in a gradual shift, among the leading industrial countries, in the balance of economic power, the rise of regional economic groupings (partly connected with the earlier trend), the demand for and introduction of special measures to promote the trade of developing countries, the participation of centrally-planned countries in the GATT multilateral trading system, and the growing importance of multinational corporations in production and international trade.

The GATT secretariat notes further that it will not be easy to accommodate these diverse influences within the multilateral trading system. "Accommodation will be easier, however" because of "a new effort in GATT to remove barriers to international trade".

The Co-ordinated Work Programme: Significant Progress

Since late 1967 the GATT has been preparing for further trade liberalization in the context of its co-ordinated work programme. In the period under review, significant progress has been made in the various fields covered by the work programme. In this connexion, the GATT secretariat notes that "the governments of the GATT member countries are now equipped, as a basis for negotiations, for the industrial sector and the agricultural sector, with information and analyses more detailed than those assembled for any of the earlier negotiations, including the Kennedy Round".

The work programme is also of interest because it covers a broad front that extends to customs duties as well as non-tariff barriers, affecting the industrial and agricultural sectors and the trade of developing countries. As the report says, "each aspect of the programme is of vital importance to one or other of the member countries".

"Study of the tariff situation resulting from the Kennedy Round reductions has advanced to a new stage: on the basis of comprehensive documentation already collected and recorded on computer tape, the structure of tariff protection maintained by the leading developed countries in each of the main product sectors is for the first time being analysed and compared in detail".

Work has also progressed on non-tariff barriers affecting trade in industrial products. Hitherto the main task had been to draw up an inventory of existing barriers and to identify by way of indication the kind of solutions most suitable
for removing the barriers. The GATT secretariat states that a new phase commenced at the beginning of 1971 when the member countries undertook the task of seeking solutions to specific barriers — valuation for customs purposes, standards and their enforcement, quantitative restrictions (the work being focused initially on the operation of licensing systems) — by formulating solutions on an ad referendum basis (subject to government approval). The work on customs valuation has already yielded draft solutions which have been transmitted to governments for approval. Considering that GATT is the most appropriate forum for negotiations on non-tariff barriers, the Contracting Parties to the General Agreement decided during their session in November 1971 to add new topics to the work programme already in hand.

Although "the special problems of agriculture are the reason why trade liberalization in this sector has lagged far behind that of industrial goods", the GATT secretariat notes nevertheless that between July 1970 and December 1971 concrete results were achieved in the search for solutions to the problems affecting trade in agricultural products. Among these results, a detailed inventory has been established of measures affecting the agricultural imports of the major trading countries.

In addition to this work which is of interest to both the developed and the developing countries, "GATT has continued to investigate specific possibilities of enlarging export opportunities for developing countries". "GATT Activities - 1970-1971", reports a number of decisions made in this connexion, in particular the conclusion, under the auspices of GATT, by sixteen developing countries of the first negotiations among developing countries only, and the decision to authorize the industrialized countries to grant generalized preferences in favour of developing countries.

Lastly, the report considers some of the specific problems which have been examined by the GATT member countries during this period. Among these one may mention in particular the completion of the Kennedy Round tariff reductions, and the conclusions adopted by the GATT Council with respect to the Danish and United States import surcharges, and to regional and other special trading arrangements.