GATT ACTIVITIES IN 1973

GATT Secretariat Reports on Progress of the Multilateral Trade Negotiations

The multilateral trade negotiations launched under GATT auspices at the Tokyo Ministerial meeting of September 1973 provide the major theme of a report on "GATT Activities in 1973"¹, just published.

The report also gives a detailed account of other work and negotiations carried on in GATT during the past year.

The multilateral trade negotiations

"GATT's twenty-fifth anniversary year", the GATT secretariat suggests, "will probably be remembered as one of extraordinary contrasts between advances and setbacks, optimism and gloom in international economic relations. The year 1973 began with renewed monetary crisis. It continued with unprecedented shortages of food and other primary products previously in chronic surplus, and with worldwide inflation. It ended with supply cutbacks and sharp price increases affecting a number of basic commodities, including petroleum. It is no wonder that governments and peoples alike entered 1974 in a sober mood".

¹The report is available in English, French or Spanish and may be ordered from booksellers or directly from the GATT secretariat, Villa Le Bocage, Palais des Nations, CH 1211 Geneva 10. Price US$3.00 or Sw F 9.00.
Nevertheless, significant progress was made in GATT's own field: world trade continued to grow rapidly and there was markedly less resort to restrictive trade measures. The report notes that "possible reasons for this relative calm include the effects of the widespread floating of monetary exchange rates, the recognized tendency for the approach of trade negotiations to restrain protectionist impulses, and a general feeling among governments that if they were to impose trade restrictions they would, in present circumstances, risk encouraging other countries to do the same".

A key development came in September 1973 at Tokyo, when 102 trading nations unanimously reached their long-awaited decision to open a new round of multilateral trade negotiations within the framework of GATT. The unanimous adoption of the Tokyo Declaration, "a political act of high significance" because of the scope of the many new commitments it contains, represents a culmination and at the same time a beginning.

Finally, notes the GATT secretariat, "in the very closing days of the year, and at the height of the energy crisis, some fifty countries succeeded in concluding in GATT an arrangement to govern world trade in textiles, a highly sensitive sector which in recent years has created much friction in trade relations. The arrangement is important in itself and also stands as a timely and encouraging demonstration that even in difficult circumstances the trading nations are capable, when the necessary political will and degree of international co-operation are present, of working together in their common interest to overcome their trade problems".

A culmination and a beginning

The Tokyo Declaration represents a culmination of the purely technical work of preparation that had been continuing over the years 1967-1972, and of the more detailed work done by the Preparatory Committee in 1973, leading up to the Ministerial meeting. The report gives a detailed account of this preparatory work which provides the technical basis for the multilateral trade negotiations.

The Declaration also represents a beginning, since it established the Trade Negotiations Committee, empowered to plan and direct the negotiations.

In a first agreement concerning the technical work to be carried out in the early months of the negotiations and the procedural arrangements to be made, a detailed programme has been established of analytical work to be undertaken in six specialized sub-groups.

According to the GATT secretariat, "it will be several months before the crucial stage of active negotiation is reached. The representatives of some key participants in the negotiations still need the legislative authority or detailed
mandate to make binding commitments. Even when the negotiations are fully engaged, it would be a mistake to expect to see rapid concrete results. Negotiations on trade policy matters are by nature highly technical, and in the Tokyo Round the negotiators are to a considerable extent venturing onto unknown ground. Moreover, acceptance of some of the specific agreements that may be reached in the earlier stages of the negotiations may be made contingent on the outcome of discussions in other areas, so that results are likely to be regarded as tentative until other elements have been successfully negotiated.

The basic principles governing the negotiations are explained in detail in "GATT Activities in 1973", which also describes the various aspects of the negotiations (tariffs, non-tariff measures, sectoral approach, agricultural and tropical products, multilateral safeguard system). In addition to explaining the work done, the report sets out the specific advantages and characteristics, as seen by the participating countries in the preparatory phases of the negotiations, of each possible approach, such as, for instance, the various techniques of tariff reduction.

The report also describes work undertaken on trade of developing countries and the positions, interests, specific implications and the technical assistance needed to take account of their situation. It underlines that the Tokyo Declaration holds out "the unambiguous promise of a determined attack on the obstacles that ... most seriously hamper expansion of their export earnings and thus impede their more rapid development and the achievement of better living standards for their peoples".

The search for solutions to other specific questions

The decision to open new trade negotiations in GATT was in part a response to the strains resulting from the rapid changes in the world economic environment. To solve specific problems of international trade posed by these changes, GATT - the principal forum in which the trading nations consult and negotiate to overcome specific trade problems - has continued to search for solutions to the many questions brought before it. Among active issues of 1973 was the examination of regional trading arrangements, including the consequences of the enlargement of the European Economic Community as well as the free trade agreements reached between the Community and individual member countries of the European Free Trade Association.

The GATT secretariat states that "one of the most encouraging features of 1973 was that very few countries - and none of the major trading powers - resorted to trade restrictions to meet balance-of-payments difficulties. This was in
marked contrast with experience in some recent years. ... Whatever the reason, it is a fact that the most notable national actions in the trade field in 1973 were in the direction of liberalization. The report notes tariff cuts made by Australia, Canada and Japan.

The report points to two interesting trends in procedures and working methods within GATT: first, the increasingly frequent establishment of panels, which have often proved successful in smoothing frictions that arise in trade relations; and second, the continued development of the role of the GATT Council of Representatives which is now able to act rapidly and effectively on important aspects of trade policy.