"GATT Activities in 1974", just published, gives an account of the final preparation of the multilateral trade negotiations (the "Tokyo Round"), and the opening of their substantive phase, and also outlines the GATT work arising from developments in international trade relations. The report comments on present prospects for international trade policy.

A testing year, but there are grounds for encouragement

The GATT secretariat report notes that "the year 1974 was a testing one for international trade and trade policy".

The report continues: "The year 1975 promises to be no less difficult. In a situation of widespread economic recession, monetary instability, inflation and unemployment, the growth of world trade has decelerated and many countries, both developed and developing, have encountered severe balance-of-payments problems... In the field of international trade policy and co-operation, there are grounds for encouragement. The principal industrialized nations have recognized the grave dangers that a general lapse into protectionism on their part would represent, and have pledged themselves to refrain from imposing unilateral trade restrictions in an attempt to shift their balance-of-payments difficulties onto others. They are aware of the risk for international trade relations and for economic welfare of recurring frictions and confrontation and have demonstrated in concrete terms their desire to seek solutions to their trade problems through consultation and negotiation."

1The report is available in English, French and Spanish editions and may be ordered from booksellers or directly from the GATT secretariat, Villa Le Bocage, Palais des Nations, 1211 Geneva 10. Price US$5.00 or Sw F12.-.

MORE
Opening of Multilateral Trade Negotiations

Some ninety countries, together accounting for over nine-tenths of world imports, have carried through the preparation of the multilateral trade negotiations, which have now moved into their substantive phase within six negotiating groups: "tariffs", "non-tariff measures", "sector approach", "safeguards", "agriculture" and "tropical products".

While the economic situation has changed in many respects since the official launching of the negotiations at Tokyo in September 1973, the report points out that "the participants have in recent months repeatedly stated their conviction that, taken as a whole, the multilateral trade negotiations are actually of greater relevance and importance than ever before. It is now up to governments to ensure that the opportunities presented by the negotiations are fully taken up and that the participants make the maximum contribution of which they are capable toward the solution of the chronic problems confronting the world economy."

Furthermore, notes the GATT secretariat, "governments recognize that the negotiations also offer an exceptional opportunity to re-examine and perhaps alter certain aspects of the world trading system. The Tokyo Declaration provides the scope and flexibility necessary to permit the negotiations both to enlarge specific trading opportunities and to enable consideration to be given to improvements in the international framework for the conduct of world trade that might be desirable in the light of progress in the negotiations."

The first chapter of "GATT Activities in 1974" gives a detailed account of the preparatory work leading up to the establishment of the six negotiating groups. It enlarges on each of the six aspects of the negotiations, and describes such matters as the preparation and updating of basic information that will be needed by the participants, the negotiating options that will be open to them, and the specific needs of developing countries.

It also describes how technical assistance will be given to developing countries, taking account of the Tokyo Declaration's requirement that they be given special and priority treatment.

Development of international trade relations and the work of GATT

Apart from the multilateral trade negotiations, the chief focus of its present work, GATT continues to provide the principal forum for multilateral negotiation and conciliation on trade matters.

The GATT secretariat notes that "the importance of this rôle in the present difficult economic circumstances was explicitly recognized when GATT member countries held their annual session in November 1974. At this session, in which
the major trading countries also reconfirmed their pledge not to impose import restrictions or export subsidies for balance-of-payments reasons, it was agreed that determined use should continue to be made of all the possibilities that GATT provides for countries to consult on trade problems."

The final chapter of "GATT Activities in 1974" comments that "in spite of economic difficulties without precedent in the post-war period, only a small number of countries introduced trade restrictions for balance-of-payments reasons". Nevertheless, it adds, "a fairly large number of other restrictive measures affecting specific products were introduced".

The chapter describes the more important cases of consultation in response to specific trade problems, or arising from balance-of-payments reasons. These include import deposit arrangements and discussions on international trade in beef.

Other matters covered by the report include developments in textiles trade policy, which have been kept under continuous and searching review by the Textiles Surveillance Body set up at the beginning of 1974, and the complex Article XXIV:6 negotiations, required under GATT rules in order to compensate for certain consequences of the enlargement of the European Communities, which were largely concluded in mid-1974. These negotiations had lasted well over a year between the nine-member Communities and seventeen other countries.