To our Readers

This is the first issue of GATT FOCUS.

Published by the Information Service of the General Agreement on Tariffs and Trade (GATT), it will provide a regular and up-to-date account of GATT’s work.

An international agreement signed by eighty-five governments (and applied de facto by thirty more), the General Agreement on Tariffs and Trade is the main contract underpinning trade relations among countries responsible for four fifths of world trade. The signatories of GATT include countries large and small, industrialized and developing, of every political and economic description. Over the years, they have made GATT a basis for negotiating to open up world markets, for settling trade disputes among themselves, and for consulting together to meet the challenges of trade in a rapidly evolving world.

Until now, there has been no continuous account of these international efforts to maintain and enlarge an open world trading system. GATT FOCUS will try to fill this gap, by describing how the member countries are jointly tackling trade problems and issues in the framework of GATT.

This first experimental number is deliberately limited to a factual account.

GATT FOCUS is published by, and on the responsibility of, the External Relations and Information Division of the GATT secretariat.

ALL TOKYO ROUND AGREEMENTS NOW IN FORCE

The entry into force on 1 January 1981 of the Codes on customs valuation and government procurement constitutes a further step forward in implementing the results of the Tokyo Round of multilateral trade negotiations, held under the auspices of GATT. All the agreements concluded in these negotiations are now in effect.1

To date, 13 developing countries and 24 industrialized countries have signed at least one of the non-tariff agreements. In addition, 28 countries, most of them developing countries, participate with observer status in the work of the committees administering the agreements.

Customs Valuation

The Committee established to administer the Customs Valuation Code held its first meeting on 13 January 1981. The meeting was mainly devoted to procedural decisions, arrangements for participation of observers and organization of future work. The signatories also exchanged information on their legislation for implementing the Code.

The Customs Valuation Code affects a larger volume of trade than any of the other non-tariff agreements. It is intended to provide a fair, uniform and neutral system for the valuation of goods for customs purposes: a system that conforms to commercial realities, and which outlaws the use of arbitrary or fictitious values. Developing countries may delay implementation of the Code for five years from the date of its entry into force. In addition, the Protocol on customs valuation defines more precisely the special and differential treatment which the Code provides for developing countries. Since its entry into force, the Protocol has become an integral part of the Code. At present, the Code is applicable to 26 countries; 26 observers (including the Customs Co-operation Council on a permanent basis) have followed the Committee’s work.

The Committee will hold its next meeting in the week of 4 May.

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Government Procurement

The first meeting of the Committee established to administer the Government Procurement Code, held on 15 January, was devoted partly to procedural matters and also to organizing the Committee’s work. The signatories of the Code exchanged information on their legislation for putting it into effect.

In addition, various questions were raised regarding interpretation of the Code: does it cover leasing operations? How is the threshold to be calculated above which a government procurement contract must be opened to foreign competition? How can enterprises be helped to identify more clearly contracts covered by the Code? All these questions will be examined in depth at the next meeting of the Committee early in April.

At present, the Code is applicable to 20 countries; 22 countries have participated in the Committee’s work as observers, together with UNCTAD and the IMF.

The Code lays the basis for greater competition between national and foreign suppliers which should benefit both exporters and consumers. It is designed to secure greater transparency in laws, regulations and practices followed by public entities in inviting and awarding tenders for the purchase of products, and of services incidental to the supply of these products.

The Code applies to purchases worth more than SDR 150,000 (about US $200,000) by a government entity listed in an annex to the Code. Any country wishing to accede to the Code is required to make a contribution in the form of a list of its purchasing entities which are covered. The Code provides that before the end of 1983, i.e. not later than three years after its entry into force, the signatories will negotiate to expand its coverage, in particular by including services and other government entities.

Second Stage of Tariff Reductions

On 1 January 1981, countries which participated in the Tokyo Round carried out the second of eight annual tariff cuts agreed on in the negotiations, and which will result in an average reduction by about one third in the industrial tariffs of developed countries. Developing countries have also implemented the tariff reductions to which they agreed. Other tariff cuts have been made for agricultural products.

Agreement on Trade in Civil Aircraft

Like most of the agreements concluded in the Tokyo Round, the Agreement on Trade in Civil Aircraft entered into force on 1 January 1980. Accordingly, in the course of that year, the Committee on Trade in Civil Aircraft, assisted by a technical sub-committee, began substantive discussions on administering the Agreement.

At its meeting on 16–17 December, the Committee examined how the signatories intend to implement their commitments covering non-tariff barriers affecting trade in civil aircraft. The Committee also discussed the legal basis used by signatories for defining what constitutes a military aircraft – an important question for the coverage of the Agreement.

The sub-committee has considered proposals for extending the list of products covered by the Agreement. At present, this Agreement applies to 19 countries: it provides for eliminating customs duties on civil aircraft and most civil aircraft parts (on the basis of GATT’s most-favoured-nation clause) and for eliminating barriers to trade in these products, in particular through applying the Agreements on technical barriers to trade and on subsidies and countervailing duties.

23 observers have participated in the Committee’s work. The Committee and the technical sub-committee will hold their next meetings around 23 March.

Subsidies and Countervailing Duties

The Committee on Subsidies and Countervailing Duties, after establishing the necessary procedures and mechanisms for implementing the Code, examined one specific problem at its special meeting on 11 December: at the request of India, it examined recourse by the United States to the provisions of Article 19:9 of the Code, which authorizes signatories not to apply the Code to other signatories in certain cases.

Delegations presented their comments on this issue, which will be further examined by the Committee at its next meeting in late April.²

² In parallel, aspects bearing on Articles I and VI of the General Agreement will be dealt with in the context of the GATT Article XXIII procedures for conciliation and dispute settlement.

The Code aims to ensure that the use of subsidies does not harm the trading interests of signatories and that countervailing measures do not unjustifiably impede international trade. So far, it applies to twenty-six countries.

Import Licensing

At its meeting on 12 December 1980, the Committee on Import Licensing agreed to carry out the first review of the Code shortly before the next session of the Contracting Parties in November 1981: it will meet on 6 and 7 April to establish a factual basis for that review.

The Committee also held a first exchange of views on procedures for accession to the Agreement of governments not contracting parties to GATT.

At present, the Code applies to 29 countries.

Agriculture

Two Arrangements covering Bovine Meat and Dairy Products entered into force on 1 January 1980, and Councils were established to oversee implementation of these agreements.

The Councils published reports undertaken by the GATT secretariat in 1980 on the situation in, and outlook for, the world market in bovine meat and in dairy products; these reports will be published annually (see “GATT publications” below).

International Meat Council

At its meeting on 15–16 December, the International Meat Council evaluated the situation in and prospects for the world market in bovine meat. The Council noted a general slackening of demand and production in this sector, with a slight increase in price levels.

The aim of the Arrangement is to encourage international co-operation in the bovine meat sector, and contribute to expansion, liberalization and stabilization of trade in meat and livestock.

So far, the Arrangement applies to thirty countries.

The International Meat Council will meet again on 15-16 June.
Protocols regarding certain dairy products

The market situation for certain milk powders, milk fat and certain cheeses was reviewed by the Committees with responsibility for supervising application of the Protocols regarding these products at their meeting on 17 December. The signatory countries furnished quantified information on their production, consumption, stocks and exports.

The International Dairy Arrangement has the same general objectives as the Arrangement Regarding Bovine Meat. Like the latter, it comprises an information and co-operation network applicable to the dairy sector as a whole, together with three Protocols containing specific provisions, in particular the fixing of minimum export prices, for certain milk powders, milk fat (including butter) and certain cheeses.

At present the Arrangement applies to twenty-five countries.

The Committees will hold their next session on 31 March and the International Dairy products around 3 April.

GATT PUBLICATIONS

Annual report on “International Trade in 1979–1980”

GATT's annual report examines trends in world trade by country and product categories in 1979, with general forecasts for the year 1980.

The report is already available in English and French and will shortly be issued in Spanish. It may be obtained from the GATT secretariat and through booksellers, price Sw F 29 or US $18.

Status report on world market for bovine meat

This is the first report published by GATT on this subject; it analyzes the international economic situation and the situation of the market for bovine meat in 1980 and prospects for 1981.

Available free of charge from GATT in French, English and Spanish.

Status report on world market for dairy products

This report gives comprehensive and detailed information on production, trade, consumption, stocks and prices of dairy products.

Available free of charge from GATT in French, English and Spanish.

TRADE POLICY COURSES

25 Years: “Silver Anniversary”

On 15 December 1980, a small informal ceremony at GATT brought together the participants in its 50th trade policy course with all those interested in this GATT activity, in order to celebrate the 25th anniversary of these courses. The courses are organized twice yearly for a duration of four months each and are designed to introduce officials from developing countries to the mysteries of the General Agreement, the multiple facets of trade policies, and the techniques of multilateral trade negotiation.

Much was said, of course, about the past; Jean Royer, former Deputy Secretary-General of GATT and founder of these courses, related a number of anecdotes to illustrate the climate of the early courses and the instruction given. But the past has borne fruit and in Geneva now, 21 delegates in permanent missions are former GATT trainees; and in national administrations and capitals, there are many officials who have taken part in the GATT commercial policy training courses. A total of 730 trainees have participated in the courses.

Over the years, the courses have familiarized participants with the theory and practice of the General Agreement and the successive rounds of multilateral negotiations; GATT is at one and the same time the “bible” of international trade and an organization that has “a pragmatically systematic approach”, as was underlined by Ambassador Franz Blankart, head of the Swiss delegation to EFTA and GATT, and representing the host country.

The past, the present... and what of the future? Without bringing into question the heritage of 25 years of experience, GATT will be laying increasing emphasis in its courses on the international political and economic environment in which international trade relations operate, knowledge of which is essential for in-depth understanding of the problems.

A broader perspective, and more in-depth practical knowledge by developing simulation exercises in which the trainees have to solve concrete problems: these will be two of the main guidelines for GATT in striving constantly to improve its trade policy courses, presented briefly by Mr. Robin Davies, Director of the GATT training programme until December 1980.

Whereas until now there have been two GATT training courses each year, one in English and the other in French, Mr. Arthur Dunkel, Director-General of GATT, has indicated that consideration is being given to the possibility of organizing a Spanish-language course in the near future.

For their part, Ambassador D. S. McPhail, Permanent Representative of Canada and Chairman of the GATT Council, and Mr. D. Jayasekera, Permanent Representative of Sri Lanka and a former GATT trainee, underlined the importance of these training courses in the context of technical assistance, not only for developing countries but also for developed countries, by contributing to strengthen a liberal trading system.

TEXTILES

Kick-Off for Negotiations on Future of MFA

At its meeting on 9–10 December 1980, the GATT Textiles Committee began discussions and negotiations on the future of the Multi-Fibre Arrangement (MFA). The negotiations as such will begin in spring 1981 after the members of the MFA have defined their negotiating positions. The Chairman of the Textiles Committee invited MFA members to have informal bilateral and plurilateral discussions between importers and exporters before then.

At their meeting of 22–27 October 1980 the MFA members reviewed the operation of the Arrangement, and repeated the essential features of their positions in December.

The MFA covers four fifths of world trade in textiles; it is designed to allow orderly development of the market in this sensitive sector, while seeking to reconcile the often conflicting interests of exporters and importers. The MFA entered into force in 1974, was extended in December 1977 and is due to expire on 31 December 1981. Before that date, the 58 countries covered by the rules of the MFA will have to decide whether they wish it to be extended, modified or discontinued as provided in Article 10.5 of the Arrangement.

1 As from 1 January 1981, Mr. D. Peart has taken over as Director.
Examination with European Community of refunds on sugar exports

The working party established by the Contracting Parties in November 1980 to examine with the European Community the possibility of limiting its refunds on sugar exports met on 4 December 1980, 27–28 January and 2 February 1981.

This working party was established in response to concern expressed by Australia and Brazil regarding further action on the conclusions of two panels which examined, at the request of those countries, the refunds on sugar granted by the European Community. The conclusions of the panels were published by GATT in its annual report "GATT Activities in 1979", which will shortly be updated for 1980.

Why "Focus"?

From its Latin origin, meaning "hearth", or "fireplace", focus has come to have as a principal meaning in English the point at which the image produced by a lens is clearly defined. English and French share the adjective "focal", while the English verb "to focus" has a close French counterpart, "focaliser". FOCUS is thus a name easily understandable in both English and French, a real advantage for a publication appearing in both languages. We hope that our newsletter GATT FOCUS will live up to its name, by throwing some light on the work of GATT, and its rôle in international trade.

A new view of the world

The GATT secretariat wishes to thank Dr. Arno Peters of the University of Bremen for granting permission to use. The Peters Projection, based on his innovative Peters Projection, is scarce is well, and the Spanish version is scarcely better.

GATT or AGTDC?

Spare a sympathetic thought for the non-English-speaking student of GATT. While little known to the general public in any country, GATT's name is at least explicable to people who speak English as being the initials of its full - and reasonably self-explanatory - title. To people more at home in French or Spanish, "GATT" stands for nothing: the appropriate initials are respectively AGTDC and AGSAAC.

Why, then, is "GATT" the universally used name both for the General Agreement itself and for the organization which has grown out of it? The answer is obvious, if you try to pronounce AGTDC: the most impeccable French accent cannot turn these jumbled letters into a word, and the Spanish version is scarcely better.

In fact, GATT is fortunate among international agencies, since few of them are known throughout the world by a single name. And among these, even if "GATT" lacks, for example, the vaguely Romanian elegance of "UNESCO", it has the great virtue of being short and memorable.

Not least, it permits us to use one title for a bulletin published in three languages. A new view of the world

The GATT secretariat wishes to thank Dr. Arno Peters of the University of Bremen for granting permission to use. In the title of GATT FOCUS, a world map based on his innovative Peters Projection. Unlike the usual Mercator view of the world, it is centred on the Equator and gives a true representation of the relative sizes of the world's land masses. The Peters Projection makes us question traditional ideas. It symbolizes the open-minded approach needed if international trade relations are to bring maximum benefits to all countries.

IN BRIEF

GATT or AGTDC?
To people more at home in French or While little known to the general public non-English-speaking student of GATT. The working party established by the GATT Council to make specific proposals on the rôle that GATT might play in regard to structural adjustment, seen from the angle of trade policies. The working party had a first exchange of views on 22-23 January 1981 on possible future GATT work in this area. The participants agreed to hold informal bilateral and plurilateral discussions on the matter before the next meeting, on 17 February, in order to develop their ideas.

The working party is to report to the Council in March. In making its proposals, it will also take account of discussions on this subject in the Consultative Group of Eighteen, the Committee on Trade and Development, and at earlier Council meetings.

The conclusions of the panels were published by GATT in its annual report "GATT Activities in 1979", which will shortly be updated for 1980.

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COMING GATT ACTIVITIES
Provisional programme of meetings in March:

3-6 March Working Party on Structural Adjustment
6 March Working Party on Accession of Bulgaria to the Agreement on Technical Barriers to Trade
4-6 March Textiles Surveillance Body (TSB)
10 March Council
23-27 March Technical Sub-Committee and Committee on Trade in Civil Aircraft
24 March Trade Development Committee
25-27 March Consultative Group of Eighteen
25-27 March TSB
30 March Textiles Committee working group on adjustment measures
31 March- 3 April International Dairy Products Council and Committees.

FINN-OLAV GUNDELACH
Many tributes have been paid to Finn-Olaf Gundelach, the dynamic Vice-President of the Commission of the European Communities, who died suddenly on 13 January 1981. Earlier in his career, in the 1960’s, he had been Deputy Executive Secretary, and later Deputy Director-General, of GATT. As Mr. Arthur Dunkel, the present Director-General, recalled in a message of condolence to the President of the Commission, Finn Gundelach "played a leading part in establishing the authority of the General Agreement as the basis for an open world trading system, and made an immense contribution to the success of the Kennedy Round of trade negotiations. Those who worked with him here in Geneva in those years remember his total dedication and unfaltering energy."

GATT FOCUS
Newsletter of the General Agreement on Tariffs and Trade
Published in English, French and Spanish by the External Relations and Information Division
GATT Secretariat, Centre William Rappard, 1211 Geneva 21 (Tel. 31 02 31)
Responsible editor: John Croome
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