COUNCIL Council starts putting Ministerial Declaration into effect

At its first meeting in 1983, held on 26 January, the GATT Council approved a first set of measures to put into effect decisions adopted on 29 November 1982 by the Contracting Parties. The Council's decisions establish procedural arrangements for action on the nineteen topics identified by the GATT Ministers. In most cases, the Council has distributed the work among existing bodies or, where necessary, set up new ones. In other cases, consultations are under way to determine what measures are appropriate to put the Ministerial decisions into effect.

New bodies established

In accordance with the Ministerial declaration, the Council has set up a Committee on Trade in Agriculture to examine all measures affecting trade, market access, competition and supply in agricultural products, as well as subsidies and other forms of assistance. It is to make recommendations for achieving greater liberalization of agricultural trade. The Committee will hold its first meeting from 2 to 4 March.

The Council has also appointed a Group on quantitative restrictions and other non-tariff measures to review such measures, the grounds for maintaining them and their conformity with the General Agreement so as to secure a greater measure of liberalization in this area. The Group will meet for the first time on 10 and 11 March.

Responsibilities reaffirmed

The Council took note that the Ministerial declaration has strengthened its responsibilities for dispute settlement.

The Council called on the Committees on Tariff Concessions and on Trade and Development to give priority attention to the problem of escalation of tariffs on products with increased processing, with a view to eliminating or reducing such escalation. In addition, the Committee on Tariff Concessions is to give attention to the provisions of the declaration on establishment of a common system of tariff classification.

As regards GATT activities and rules concerning developing countries and tropical products, the Council noted that the Committee on Trade and Development will be taking the necessary action for implementing Ministerial decisions in these areas.

Consultation and research

In the coming weeks, there will be consultations on how best to examine the way in which governments are implementing their commitment to resist protectionist pressures, refrain from measures which would limit or distort international trade, and bring their trade policies and measures into line with the General Agreement (paragraph 7(i) of the Ministerial declaration).

With respect to safeguards, the Council took note that its Chairman intends to begin consultations in the near future, after which the Committee on Safeguards will meet.

The Ministerial declaration also calls for a review of operation of the Tokyo Round agreements and arrangements. Consultations are under way so that at the Council's next meeting its Chairman can make proposals for carrying out the review.

As provided in the declaration, the Director-General is to consult GATT members on the question of export credits for capital goods.

Consultations are taking place on problems of trade in certain natural-resource products (non-ferrous metals and minerals, forestry products, and fishery products) so that at its next meeting the Council can set terms of reference for examining problems in each of these sectors. Meanwhile, the secretariat is engaged in research and preparing documentation.

The Council agreed to revert later to the question of services, on which consultations are proceeding.

The Council was informed that, as envisaged by the Ministerial declaration, the Director-General of GATT would soon be holding consultations with the Director-General of WIPO on trade in counterfeit goods and with the Managing Director of the International Monetary Fund regarding exchange-rate fluctuations and their trade effects.

The Council requested the secretariat, where appropriate in co-operation with delegations, to go ahead with the study on textiles and clothing mentioned in the Ministerial declaration; at a later stage, it will consider convening a working party to complete the work envisaged by the declaration.

The Council has also asked the secretariat to make the necessary arrangements for GATT members to provide notification of any goods produced and exported by them but banned for sale on their own territory. Delegations have been invited to make proposals on dual pricing and rules of origin and suggest how the relevant studies should be undertaken.

Finally, the Council agreed to revert to the question of high-technology trade and to a proposal on this subject which the United States delegation has put to the Council. It noted that the Committee on Trade and Development is to examine proposals made by the Ivory Coast on tropical products.

The Council also considered various other matters and disputes involving member governments; these will be reported on in the next issue of FOCUS.
The GATT secretariat’s annual report on trends in bovine meat\(^1\), prepared following discussions in the International Meat Council on 10-11 December 1982\(^2\), sees 1982 as having brought some improvement to the relatively depressed situation existing on the world beef market during 1980-81. Preliminary indications suggest that the volume of beef trade expanded in 1982, due to increased slaughterings. Nevertheless, economic recession in most industrial countries continues to overshadow all beef markets, and its effects could be seen in declining demand for beef, while in most cases beef prices increased slightly. Demand for beef has also been affected by competition from cheaper meats—pork and poultry—which have also benefited from lower feed prices since the end of 1981.

While comprehensive statistics on beef imports and exports in 1982 are not yet available, the following graphs, based on estimates for the year, illustrate trends since 1977. The Arrangement Regarding Bovine Meat came into effect in 1980.

\(^1\) Cf. “GATT Publications”.

\(^2\) This body, responsible for administering the Arrangement Regarding Bovine Meat drawn up in the Tokyo Round, meets twice a year to examine market trends and outlook. The Council is now assisted by the Meat Market Analysis Group, which met on 5-6 December.

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**GATT Publications**


The third annual report prepared by GATT on this market (see article above), was published in English, French and Spanish on 28 January, and is obtainable free of charge from the GATT secretariat.

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**TARIFFS**

**Tokyo Round tariff cuts reach halfway mark**

On 1 January 1983, the Tokyo Round participating countries made the fourth of eight annual tariff cuts agreed upon in the multilateral trade negotiations.

This round of cuts, made on the 35th anniversary of the entry into force of the General Agreement on Tariffs and Trade on 1 January 1948, brings tariff reductions under the Tokyo Round agreements of 1979 to the halfway mark.

The annual tariff reductions will extend to 1 January 1987 and result in a cut of about one third in the level of tariffs imposed by industrial countries on imports of manufactured goods. The value of trade covered by the tariff cuts was more than $110,000 million in 1976, and current estimates are appreciably higher.

In addition, most of the tariff cuts on agricultural products are following the same schedule of reductions as for industrial products. The value of agricultural trade covered by these cuts was $12,000 million in 1976 and is now appreciably higher.

A number of countries are following faster schedules for reducing tariffs on products imported from developing countries. Some twenty developing countries have themselves granted concessions.
Focus on...

Trends in production and trade in textiles and clothing

World output of textiles and clothing declined in 1981 for the second consecutive year. Output of textiles fell by 2%, and of clothing by 1%, while their trade growth slowed down, according to a GATT secretariat document examined by the Textiles Committee on 16 December 1982. The authors warned, however, that they had encountered serious statistical problems, in particular because of shortcomings in both country and product coverage of the data, as well as methodological difficulties in respect of demand, production, employment and international trade.

**Demand for clothing**

As regards the main components of demand, comprehensive data on clothing purchases are available only for the developed countries. These purchases are estimated to have risen in real terms by nearly 2% in 1981, as in 1980. The increase was mainly attributable to the United States, where consumer expenditure on clothing was up 6%, while in the EEC and Japan clothing purchases seem to have slipped back. Textile and clothing consumption appears to have continued to expand fairly fast in developing countries, mainly because of their rapid population growth.

**Production decline**

- In the developed countries as a whole, textiles output declined by 3½% in 1981 and that of clothing by 5%. This overall downturn conceals wide divergences among the main producers.
- In the developing countries taken together, textile output dropped back 1% in 1981, while production of clothing is estimated to have risen by 2%.
- In the Eastern trading area, production of textiles levelled off in 1981 while that of clothing increased by 3%.

**Downturn in employment**

Employment in the textile and clothing industries of the developed countries continued to contract in 1980 and 1981. After an earlier increase, productivity has tended to slow and labour productivity in the clothing sector seems even to have stagnated or declined in certain countries in both 1980 and 1981.

**Slower trade growth in value terms**

The dollar value of world trade in textiles and clothing reached $74 billion in 1981, up 4% over the preceding year, but representing a sharp deceleration from the 17% increase recorded in 1980 and even higher growth rates in the preceding four years. This deceleration is mainly attributable to appreciation of the dollar, which accounts for the slight decline in textile and clothing export prices expressed in dollar terms.

The deceleration in the rate of increase was more pronounced for textiles (1%) than for clothing (8%). Textiles remained more important than clothing, though their share in world trade in this sector declined further to 55%, as (continued on page 4)

**Coming GATT activities**

**February:**

1-2 TSB
10-11 Committee on Technical Barriers to Trade
14 Committee on Budget, Finance and Administration
15-16 TSB
17 ad hoc Group on Implementation of the Anti-Dumping Code
22 & 25 Working Party on trade with Romania
23-24 Committee on Government Procurement
28 Committee on Tariff Concessions

**March:**

1 Working Party on Structural Adjustment
1-2 TSB
2-4 Committee on Trade in Agriculture
3-4 Committee on Customs Valuation
8 & 10 Committee on Trade and Development
9-10 Committee and Technical Sub-Committee on Trade in Civil Aircraft
8 & 11 Committee on Balance-of-Payments Restrictions
9 Council
10-11 Group on Quantitative Restrictions and Other Non-Tariff Measures
14-15 TSB
29 Working Party on Structural Adjustment

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**Area distribution of world trade in textiles and clothing (percentage shares)**

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*Excluding intra-EC trade.

Customs valuation agreement operating satisfactorily

Two years of implementation of the Agreement on Customs Valuation were reviewed by the Committee on Customs Valuation when it met on 10 and 11 November 1982. The Committee noted that parties to the Agreement have not encountered substantial difficulties in applying it, and that, on the contrary, all parties recognize the new valuation system as having resulted in uniform, fair and greatly simplified procedures for valuation of imported products. A significant benefit of the new valuation system to both customs authorities and traders has been greater certainty in determining the customs value of imports and the amount of duties. A report recently issued by the General Accounting Office of the United States states that changes in the U.S. valuation system have saved time and money, and improved efficiency. The same report notes that the transaction value method, the first of five valuation methods recognized by the Agreement, is used for virtually all imports into the United States, and that this seems also to be the case for other parties to the Agreement.

The fact that there have been no consultations under Article 19 of the Agreement and no recourse to the specific dispute settlement procedures established by Article 20 confirms that the Agreement is operating satisfactorily.

Importance of technical assistance

Developed countries reported at the meeting on technical assistance with customs valuation extended by them to developing countries, and said they would be willing to continue to such assistance, whether or not the recipients had signed the Agreement on Customs Valuation.

A number of seminars have been organized for developing countries, including member states of ASEAN (Association of South East Asian Nations) and ALADI (Latin American Association of Integration). Other seminars are being organized in the first half of 1983, in response to requests from member countries of ALADI and from CARICOM (Caribbean Common Market). The Customs Co-operation Council, in the context of its Programme for the Eighties adopted in June 1982, is also setting up a training programme on customs valuation for developing countries.

Textiles and clothing

(compared with 57% in 1981 and nearly two-thirds in 1973.

The share of developed countries in world textile exports declined from 54 to 53% in 1981. As regards clothing, the share of developing countries, the major suppliers, increased further, from 56 to 59% in 1981.

The share of developing countries in textile imports has increased further (from 41% in 1980 to 44% in 1981), as has their share of clothing imports, though industrialized countries are still the main market for the latter, accounting for 69% of the world total in 1981 as against 72% in 1980.

The report gives detailed information on trade trends in both developed and developing signatory countries of the Multifibre Arrangement, and main exporters and importers in each of these country groups.

Slower increase in trade volume

World trade in textiles and clothing seems to have increased in volume by around 5% in 1981, i.e. at a rate close to that of 1980 but lower than in 1979; the increase seems to have slowed down considerably in the first half of 1982.

Textile imports by developed countries declined slightly, while their exports were up by about 5% in 1981. By contrast, their clothing imports and exports increased at roughly the same rate of about 5%. As imports are more than twice as great as exports, however, net clothing imports of developed countries continued to increase.

It would appear that exports of textiles by developing countries showed hardly any increase in 1981 while their imports expanded strongly, with the result that their net imports of textiles showed a substantial increase. For clothing, developing countries' exports and imports increased markedly; as exports are more than three times greater than imports, net exports of clothing by developing countries moved further upward in terms of volume.

In conclusion, the trade flows which appear to have contributed most to the volume growth of world trade in this sector in 1981 were exports of textiles from developed to developing countries, exports of clothing from developing to developed countries and, to a lesser extent, trade in textiles among developing countries. Trade in textiles among developed countries, and their textile imports from developing countries, appear to have declined in volume in 1981.

Japanese trade liberalization measures

The Government of Japan has just informed GATT of measures decided on in order to liberalize access to the Japanese market. These measures include:

- reduction or elimination of customs duties on 322 tariff headings in the industrial and agricultural sectors;
- relaxation of import restrictions on certain processed agricultural products;
- simplification of import testing procedures, across-the-board review of certification and standards systems;
- improvement and strengthening of the system for settling trade-related grievances;
- promotion of imports in particular tobacco and manufactures;
- export policy: Japan will pursue its efforts to avoid excessive concentration of exports in specific product categories;
- encouragement of industrial co-operation;
- confirmation of Japan's readiness to implement the government procurement code drawn up in the Tokyo Round.

1 Under this method, the customs authorities can accept the price agreed between seller and buyer—the invoice price, for example—as the basis for customs valuation.