Mr. Qui Wenmin, Head of the Chinese Delegation (centre) is greeted by Mr. Arthur Dunkel, Director-General of GATT (on his left) and Mr. Madan Mathur (on his right), Deputy Director-General of GATT with responsibility for development, technical co-operation, non-tariff measures, trade policy and textile matters.

TEXTILES
Welcome to China

On 18 January 1984, the People's Republic of China officially became a party to the Multifibre Arrangement, which regulates international trade in textiles. One month earlier, on 15 December, the Textiles Committee had approved China's application.

At that meeting, the Chinese representative underlined that his country's participation in the MFA represented one aspect of the open policy pursued by the Chinese Government to strengthen and expand international economic and trade exchanges and co-operation.

China has accepted without reservation the MFA and the 1981 Protocol of extension. In due course, it will notify to the TSB its existing restrictions in textile trade. The Chinese representative reiterated that China's participation in the MFA is without prejudice to China's legal status vis-à-vis the General Agreement.

This new participant in the MFA is of considerable importance. In recent years, Chinese exporters of textiles and clothing to major industrial countries, in particular, the United States, the EEC, Japan and Canada, have been remarkably active. According to those countries, China is the fourth largest supplier of the United States, the second of Japan, the third of Canada and is one of the EEC's major suppliers. Nevertheless, China maintains that it is not to be considered as a leading world supplier, but as a developing party to the MFA.

Concern over United States measures

At a special meeting of the Textiles Committee on 19 January, developing textile-exporting countries expressed concern over additional criteria adopted by the United States administration on 16 December for determining the existence of market disruption or a threat thereof. The criteria are applicable to textile products which had not previously been subject to import regulations.

These countries consider that the new United States procedures are inconsistent with the Multifibre Arrangement, Annex A of which specifies the factors that must be present for a determination of market disruption or threat thereof.

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Satisfactory implementation of most Tokyo Round Agreements

Speaking at a conference on economic interdependence and the future of world trade, held in Washington on 19-20 January, William B. Kelly, Deputy Director-General of GATT, stated that, "despite what you may read in the newspapers, the interpretation and implementation of the Tokyo Round Agreements is in most respects proceeding satisfactorily".

Thanks to the Customs Valuation Code, world trade is now conducted under a valuation system based upon transaction values rather than the American Selling Price or other protectionist devices of the past. The Code enables importers and exporters to estimate with much greater certainty the amount of customs duties that will have to be paid and, therefore, helps them in making sound business decisions.

The Japanese authorities have credited the Code on Technical Barriers to Trade with spurring a wholesale revision of sixteen domestic laws on standards and certification procedures. Henceforth foreign complaints in this area need no longer be dealt with on a one-by-one basis.

Very recently, the Committee on Trade in Civil Aircraft, recommended to governments that thirty-two new categories of products be added to those already receiving duty-free treatment. Mr. Kelly underlined that this is a meaningful example of the technical work undertaken in the GATT that produces concrete results while receiving little publicity.

A further example is recommendations adopted this autumn by the Committee on Anti-Dumping Practices which, in effect, are an extension of the Code's provisions. These recommendations are designed to make anti-dumping procedures more transparent and to afford fairer treatment to the importing and exporting firms involved.

On the other hand, said Mr. Kelly, the Code on Subsidies and Countervailing Measures is not working well and therefore has received most public attention. It is now being severely tested by disputes between the United States and the EEC regarding certain agricultural products. These disputes involve fundamental issues that go far beyond the importance of trade in the products concerned. Furthermore, "they reflect divergent views on the GATT itself" said GATT's Deputy Director-General. Some contracting parties regard the GATT as being primarily a body making legal rulings, while others underline its rôle of negotiation in dispute settlement.

The biggest problem in GATT today, however, is not the disputes that are brought before it but those that are dealt with outside the GATT – such as "voluntary restraint arrangements" which are not sanctioned by the General Agreement. If the governments do not abide by the rules that they themselves have negotiated and ratified, "world trade will be governed, or rather uncontrolled, by a series of ad hoc arrangements based upon the political needs of the moment" warned Mr. Kelly.

Economic recovery, indebtedness and international trade

Converging views from international organizations

At a time when the first signs of economic recovery are emerging, how can we foster and strengthen it for the benefit of the world as a whole? Executive heads of several international organizations directly concerned with these issues have recently expressed broadly converging opinions.

"It is unrealistic to count on economic recovery as bringing about a solution to trade tensions" stated Mr. Emile Van Lannep, Secretary-General of OECD, to the Trade Policy Research Centre in London on 25 January. In his view, the time has now come for governments to start saying "no" and to take a first step to roll back protectionism.

Mr. Van Lannep favours a two-phase strategy: in a first phase, member countries should relax some of their protective measures in order to signal to the private sectors and to other countries that they are ready to implement their commitments regarding protectionism. As confidence improves, countries could then move on to the second phase and aim over a longer-term period at systematic dismantlement of trade restrictions and other trade-distorting measures.

In addition, the short-term solutions that have had to be found must not be allowed to store up problems for the future, said the OECD Secretary-General, mentioning countertrade in particular. Arrangements of this latter type have enabled financially-constrained countries to continue to secure the imports they need while limiting their net outlay of foreign currency. But countertrade can also introduce distortions, reduce flexibility in trade relations, and prove costly in the longer term. Like other developments which...

(Continued on p. 4)
Focus on...

What's new in technical co-operation?

The General Agreement, its codes and agreements as well as the procedures and activities of the GATT as an institution, are both technical and complex. The Secretariat attempts to meet the need of developing countries to understand and effectively operate within GATT in a number of ways but principally through technical assistance and training schemes.

Technical assistance

GATT's technical assistance activities were extended considerably in 1983, as envisaged by the Ministerial Declaration of November 1982. Their objectives are to promote better understanding of the General Agreement, the rights and obligations of its members, the trade advantages that can be derived from it, and recent developments in the international trading system, as well as to advise and assist developing countries that encounter difficulties in becoming part of the GATT system.

More than twenty seminars and short courses on GATT have taken place abroad, in response to requests from developing countries since the Ministerial Meeting. Their number, in 1983, was double that for 1982, and in 1984 will be maintained at the 1983 level. In a forthcoming issue of FOCUS, further details on the programmes will be given.

Emphasis has been laid on regional co-operation. From 19-30 September 1983 a seminar in Bangkok, financed by the Federal Republic of Germany, was organized in collaboration with the Economic and Social Commission for Asia and the Pacific (ESCAP). The People's Republic of China participated in this seminar. Another seminar took place in Montevideo from 21-25 March on the initiative of the Latin American Integration Association (LAIA).

Plans for 1984 include seminars with SIECA (Secretariat of the General Treaty on Central American Integration) in June and CARICOM (Caribbean Community). In July, Asian Commonwealth-member countries are to participate in a seminar in Geneva.

GATT organizes seminars in all countries that so request. A general seminar on GATT was held in Beijing from 20-25 February.

In addition, specific information missions afford an opportunity for the requesting countries to examine in greater detail matters in which they have a particular interest.

Within GATT, the Technical Co-operation Division answers requests for information from developing countries wishing to learn more about GATT's many activities, or advises them on specific trade problems. It can also help them to pinpoint their trade interest, often in relation to particular commodities and can furnish trade statistics.

882 fellowship awards

The GATT commercial policy courses are arousing steadily increasing interest. Following the Ministerial Session of November 1982, the number of fellowships has been increased from 20 to 24 for each training course, but there are always many more applicants than places available. Since the courses began in 1955, a total of 882 officials have attended the GATT courses.

The principal aim of the courses is to help participants—officials mainly from developing countries who have, or may in future have responsibilities in the formulation and conduct of trade policy in their countries—to acquire a full and up-to-date understanding of the General Agreement and the multilateral instruments concluded within GATT.

Increasing emphasis is laid in the courses on practical work (seminars, group discussions, studies on topics of particular interest to participants). A simulated trade negotiation has been included in the training programme since 1980.

The lecturers are not only GATT officials, but also representatives of other international organizations, negotiators experienced in defending the trade interests of their country, academics and other experts.

Halfway through the programme, participants undertake a one-week study tour in Switzerland. At the end of the training course, which lasts about four months, a two-week study tour is also organized in other countries. This allows the participants to familiarize themselves with the trade policy of the host country, visit industrial and commercial centres, and establish useful contacts with the public and private sectors. Places recently included in study tours are Canada, Spain, Brussels (headquarters of the European Communities), Finland, France, Iceland, Italy and the Netherlands.

Until this year, two training courses were organized each year—one in English in the first part of the year, the other in French in the latter part. For the first time, a Spanish-language course is currently under way at GATT, lasting from 13 February to 5 June 1984. This is the 57th course.

Coming GATT activities

March:

5-6 Committee on Trade in Agriculture
7-9 Textiles Surveillance Body
13 Council
14 ad hoc Group on Implementation of the Anti-Dumping Code
20-21 Textiles Surveillance Body
22-23 Group on Quantitative Restrictions and Other Non-Tariff Measures
26-28 Committees on Milk Powders, Milk Fat and Cheeses
27-30 Committee on Balance-of-Payments Restrictions
29-30 International Dairy Products Council

April:

2-4 Committee on Trade in Agriculture
4-6 Consultative Group of 18
10-13 Committee on Government Procurement
11 Committee of Participating Countries
11-13 Textiles Surveillance Body
16-27 Committee on Customs Valuation

GATT Publications

The World Market for Bovine Meat

According to the fourth annual report on the World Market for Bovine Meat, cattle producers in many countries had another difficult year in 1983. This trend is likely to continue in 1984.

The GATT report is available free of charge in English, French and Spanish from the GATT Secretariat.

1 A feature article in FOCUS No. 5 has already presented the GATT philosophy in this respect as well as its practical application in general terms. Only the most recent developments are reported here.
COUNCIL

On 7 February the Council adopted the report of the panel established to examine certain practices under Canada's Foreign Investment Review Act (FIRA). In particular, the panel had been concerned with the conclusion of agreements with foreign investors giving preference to the purchase of Canadian goods over imported goods.

Accepting the report, the Canadian representative said that his Government would take the necessary action to avoid any future discrimination in commitments undertaken by foreign investors, and would review existing commitments in the light of the panel's conclusions. He noted that the panel had not called into question the legislation as such, which was designed to step up competition, not to discriminate against foreign suppliers.

Several developing countries expressed the view that the report could not be considered as contributing to the evolution of case law applying to LDCs.

The US representative called the report "exemplary" of the way the GATT disputes procedure should work.

The Council went on to establish a working party to examine the 26th annual report by the United States on its Agricultural Adjustment Act. Several countries urged that the United States should not only continue to report on restrictive measures in respect of certain agricultural products, but should also give more details about the reasons for maintaining the waiver, originally granted in 1955 for a limited duration.

The United States raised the question of the ECC's intention to suspend certain concessions on 1 March 1984 to compensate injury caused by US tariff and quota measures affecting imports of specialty steels. The United States contested certain elements of the calculation (in particular the exchange rate between the US dollar and the ECU) and the level of trade in the products affected by the EEC to evaluate the compensation and the injury. The EEC refused to postpone implementation of its measures, but expressed readiness to pursue the consultations already initiated with the United States on the amount of compensation.

1 See Focus No 23 Article XIX of the General Agreement provides the possibility for a contracting party to "suspend... such concessions or other obligations as may be necessary to prevent or remedy the injury".

Economic recovery

(continued)

have proved useful for dealing with indebtedness, it points toward an increasing bilateralization of trade and financial relations that can be detrimental to the system as a whole. Addressing the recent Davos Symposium, Mr. Alden Clausen, President of the World Bank, stated that in order to move from recovery into a sustained period of economic expansion, the industrial countries need to create an environment conducive to structural change. Economic progress requires change – increasing productivity through new technology, for example, or adapting to evolving patterns of comparative advantage.

Mr. Clausen underlined that sustained and rapid growth will require further liberalization of international trade. The present dilemma is that more liberal trade is essential to long-term economic growth, but slow recovery in large parts of the world makes it difficult for many countries (both industrial and developing countries) to resist increasing barriers to trade. For heavily indebted countries, the dilemma is acute.

Speaking at the Financial Studies Centre in Brussels, Mr. Jacques de Larosière, Managing Director of the International Monetary Fund, underlined that "integrity of the international financial system and world economic growth have never been so closely dependent on liberalization of world trade". In his view, maintenance of an open trading system is one of the conditions for an ongoing process of recovery and easing of international financial tensions, along with continuing and generalized economic recovery in the industrial countries and increased liberal public aid to the poorest countries.