SAFEGUARDS

On 15 April, the Committee on Safeguards held its third meeting since its creation in November 1979. The Committee was established at the end of the Tokyo Round to continue discussions and negotiations, taking into account the work already done, with the aim of elaborating supplementary rules and procedures regarding the application of Article XIX of the General Agreement, in order to provide greater uniformity and certainty in the implementation of its provisions.

The Committee evaluated the present situation and the discussions since its last meeting in October 1980. On the whole, participants felt that those consultations had been useful and had contributed towards a better understanding of the problems and positions of trading partners with regard to improving the international safeguards system. They also stressed that it was now necessary to introduce greater transparency in their work.

Many delegations called on the Chairman to encourage a renewed effort by the Committee to accomplish its mission. The Committee reached the following conclusions:

1. The provisions of Article XIX of the General Agreement continue to apply fully and at the present time, the rules and procedures for their application remain unchanged.
2. The Contracting Parties will continue to keep the matter under examination and discussion, and the Committee on Safeguards will intensify its work to that end.
3. All actions taken under Article XIX and, to the extent possible, other actions which serve the same purpose will be notified to the contracting parties. In addition, it will be open to contracting parties to bring up any matter in accordance with the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance (reached in the Tokyo Round).

"FOCUS" to replace general distribution of GATT press releases

With GATT FOCUS now established as a regular and continuous record of GATT activities, circulation of GATT press releases to the general public should no longer be necessary. Accordingly, they will in future normally be sent only to journalists and other media users. Copies of individual press releases referred to in GATT FOCUS will always be available on request from the GATT Information Service (Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21, Switzerland).

Non-journalists who nevertheless wish to continue receiving GATT press releases are asked to so inform the GATT Information Service.

This change does not affect existing distribution to governments and intergovernmental organizations.

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Market situation and policies discussed

At its meeting on 2 April, the International Dairy Products Council, which administers the International Dairy Arrangement, evaluated the situation in, and outlook for, the world market for dairy products. It gave particular attention to the policies being applied by the countries participating in the Arrangement, including their contributions to food aid.

Once again, as in 1979, world milk production in 1980 increased by only about 1 per cent. i.e. at a rate clearly lower than that of earlier years. International trade in dairy products remained very active however, in spite of large inventories in certain countries; world stocks taken as a whole remained relatively stable and even declined from their level at the beginning of the year. International prices for dairy products improved in 1980 but now seem to be holding steady, with perhaps a slight upward tilt.

The Council also reviewed the functioning of the Arrangement and of the three Protocols (regarding certain milk powders, milk fat and certain cheeses) which are part of the Arrangement. It was agreed that a group of experts would examine improvement in the questionnaires on which the participants base the information required by the Arrangement. The International Dairy Products Council will hold its next meeting on 24 and 25 September.
**Technical assistance and co-operation among developing countries in GATT**

**Africa's place in GATT**

Speaking of GATT’s technical assistance activities and its initiatives to promote the trading interests of the developing countries, Mr. T. Konaté, Senior Advisor to the Director-General, has stressed that, as in the Tokyo Round, GATT has continued to provide technical assistance to the developing countries designed to help them take full advantage of the Tokyo Round results. Mr. Konaté was representing GATT at a meeting in Geneva on the contribution by United Nations specialized agencies to implementation of the Lagos Plan of Action.

GATT is helping individual developing countries to assess the value for their trade of the results of the Tokyo Round, and is giving these countries all necessary clarifications on the various Codes concluded so that they can weigh the desirability of acceding to these agreements. It is also organizing seminars in various developing countries and special training courses for nationals of the least-developed countries to evaluate the results of the Tokyo Round.

GATT also organizes commercial policy courses for nationals of developing countries. Over the past 25 years, a total of 218 African officials have been granted fellowships by GATT for such courses.

Since the end of the Tokyo Round, GATT has set up two sub-committees under the Committee on Trade and Development, one concerned with protective measures against imports from developing countries, and the other with the problems of trade of least-developed countries. The two sub-committees provide a framework within which the countries concerned can raise any trade difficulties that they may encounter and can propose action in support of their trade interests.

Lastly, in response to a request from some 80 developing countries, including about 20 African countries, GATT undertook to explore, at the end of the Tokyo Round, the possibilities for further expanding their trade through a new round of negotiations among them on tariffs and non-tariff measures, with a view to the granting of trade preferences along the lines of the Protocol Relating to Trade Negotiations Among Developing Countries concluded in 1971 by sixteen of these countries. Open to all developing countries, the Protocol constitutes, in the opinion of Mr. Konaté, « a co-operation model established in a pragmatic and realistic manner which the Organization of African Unity could follow if it considered appropriate. ... The Protocol is at present the only fully operational inter-regional preferential arrangement that aims to promote economic co-operation among developing countries ».

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**Expansion of intra-African trade**

Mr. Konaté said GATT could contribute to the expansion of intra-African trade as envisaged in the Lagos Plan of Action, through the regional and sub-regional economic integration organizations already existing in Africa and through the various preferential trading areas now being established. GATT has recently set up co-operation links with the Economic Community of West Africa and the Economic Development Community of West African States. Speaking of co-operation with these two organizations, Mr. Konaté said « we shall be examining tariff and non-tariff barriers to the trade liberalization process in West Africa, and trying to improve... trade statistics. In the light of the objectives established by the Lagos Plan of Action for regional economic integration groupings, we believe that our assistance can be a positive contribution ».

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**In brief**

**The Committee on Government Procurement starts substantive discussions on specific questions**

The Committee on Government Procurement met on 9 April. It exchanged views on the implementation of the Agreement on Government Procurement and on relevant national legislation adopted by the participants in the Agreement.

The members of the Committee then began a substantive discussion on certain specific questions connected with the scope of the Agreement. In particular, they discussed the applicability of the Agreement to leasing arrangements and similar practices. They also discussed the question of identification by procurement entities of contracts falling under the Agreement, as well as the question of whether taxes and customs duties should or should not be included in the value of a contract for purposes of determining whether the threshold required by the Agreement had been reached and of comparing bids.

The Committee took note of the introduction of a loose-leaf system which will contain continuous up-to-date information on the entities covered by the Agreement (see « GATT publications » below).

The Committee will hold its next meeting on 8-9 July.

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**Committee on Import Licensing**

The Committee on Import Licensing met on 6 and 7 April. It took note of the information which participants in the Agreement on Import Licensing had communicated concerning their licensing procedures in force.

Unlike other committees resulting from the Tokyo Round which make an annual review of the implementation of the agreement for which they are responsible, the Committee on Import Licensing is to make such a review only after two years of operation. It will start this exercise at its next meeting in November.
Focus on...

Notification, consultation, dispute settlement and surveillance

Member states of GATT are making increasing use of the possibilities of consultation, conciliation, and dispute settlement offered by the General Agreement. There are many such possibilities based not only on the provisions of Articles XXIII and XXIII, but also on other provisions scattered throughout the General Agreement. Consultation and efforts to reconcile divergent interests are a basic feature of the GATT. Moreover, in a world becoming increasingly interdependent, it is necessary that countries which adopt trade-policy measures liable to affect the interests of their partners should inform them of such measures by appropriate notification procedures.

On the whole, GATT’s procedures in this field were long governed by practice, indicative of GATT’s pragmatism. But these procedures were eventually codified during the Tokyo Round negotiations. The new rules regarding notification, consultation, dispute settlement and surveillance have now been in force for a year.1 But just what are these procedures? How do they prevent isolated commercial disputes from degenerating into a trade war? This question is particularly important at a time when protectionist pressures are so strong.

The «Understanding»

One of the most important results of the Tokyo Round is to be found in the improvement of the legal framework governing international trade. The Understanding Regarding Notification, Consultation, Dispute Settlement, and Surveillance is an integral part of that framework; it represents a compromise between those who favoured strict, quasi-juridical codification of the procedures for dispute settlement, and those who advocated the maintenance of GATT’s pragmatic traditions and customs. GATT’s practice was maintained, but a number of points have been clarified, and new obligations accepted by GATT’s members.

Publication, notification and consultation

1. The Understanding reaffirms the commitment of GATT’s member states to their existing obligations regarding publication, notification and consultation.

These obligations are varied and numerous. Under the General Agreement itself or by virtue of decisions of the Council or the Contracting Parties, there are 24 clauses concerning publication, notification and consultation binding on all GATT’s members.

The obligations of member states vary from the simple publication of trade regulations to the submission of detailed reports for in-depth consultations in the Council.

Some of these obligations are based on well-known provisions of the General Agreement, such as Article XIX on safeguards, while others are very specific and technical.

2. The Understanding also contains an undertaking by member states to notify, to the maximum extent possible, the adoption of trade measures affecting the operation of the General Agreement—if possible in advance of implementation—such notification being without prejudice to the consistency of these measures with the rights and obligations of the General Agreement.

Conciliation and settlement of disputes

Until the Tokyo Round, the rules in this area were derived mainly from Articles XXII and XXIII of the General Agreement.2 In 1966, new procedures were adopted under Article XXIII for complaints by developing countries against measures taken by developed countries.

The improvement and strengthening of GATT’s system of dispute settlement is considered very important by the developing countries, which regard this system as an essential instrument for defending their trade interests.

The practice increasingly followed by GATT in recent years has been to establish a panel of independent experts to examine a dispute and submit recommendations to GATT’s member states. The main objective of these panels is to determine the facts independently, to encourage conciliation and the withdrawal of the measure in question if it proves to be inconsistent with the General Agreement.

The understanding of the Tokyo Round codifies GATT’s customary practice, and improves and clarifies it. In particular, there are detailed provisions relating to the establishment of panels, the rights and functions of the panels, the submission of their conclusions, and the action to be taken by GATT’s member states on their recommendations. Similarly, the Understanding confirms the procedures in favour of the developing countries, and provides that special attention should be given to their problems and interests during consultations.

In addition, with the exception of the Agreement on Import Licensing, each of the non-tariff agreements of the Tokyo Round contains dispute settlement provisions based on the Understanding and adapted to the particular field covered by the agreement.

Surveillance

The surveillance mechanisms of the international trading system have been strengthened by the Understanding, so as to ensure greater transparency in the application of GATT’s rules by its members. The Council was made responsible for this mission of surveillance.

Technical assistance

A developing country may request technical assistance from the GATT secretariat in connection with any matter relating to application of the Understanding.

In conclusion, the improvement in GATT’s procedures regarding publication, notification, consultation and dispute settlement helps to increase transparency in international trade relations and introduces a greater margin of predictability in the behaviour of governments. It also helps to restrain the adoption of certain trade restrictive measures and serves as a means of pressure for their elimination. In this way, the improved system helps to maintain open world trade.

1 These rules are part of «Agreements relating to the framework for the conduct of international trade», available from the GATT Information Service.

2 Article XXII provides for consultations on any question concerning application of the Agreement. Article XXIII has a much wider sphere of application; a country may invoke it even if the action taken by another country is not covered by the General Agreement. The country considering itself injured may make representations or written proposals to the country responsible for the action; if a compromise is not reached, the case may be brought before GATT’s member states for investigation.
Director-General warns of dangers of bilateral and sectoral trade approach

Protectionist pressures in the world are largely being held in check—but only by “a kind of balance of terror” which “cannot provide an adequate basis for the firm and predictable economic policies the world economy urgently needs to recover its vitality”.

This warning was given in a speech by Mr. Arthur Dunkel, Director-General of GATT, in London on 30 March. Addressing the Trade Policy Research Centre, he noted increased activity in “the so-called ‘grey area’ of mutually-agreed restraints on trade, import monitoring and so on”, and in measures such as subsidies, which distort competition. Typically bilateral or sectoral in character, such “substitutes for constructive policies” might bring some relief. But the relief “is frequently illusory, it provides no durable solution, and all too often it is bought at the price of misallocation of resources”.

Mr. Dunkel was in no way opposed to bilateral agreements when concluded within the context of established multilateral rules such as those of GATT. “But as an earlier generation learned in the 1930’s and 1940’s, bilateralism divorced from a framework of multilateral principles tends to create more problems than it solves. In an interdependent world, no country is so strong that it can afford to abandon the multilateral approach: moreover, no valid trade or monetary policy can be formulated in response to isolated bilateral flows.”

“As for a sectoral approach to policy, it leads fatally to an undirected drift in trade policy from one problem to another, without regard to the interrelations between them. Short-term solutions for particular difficulties, ignoring long-term consequences, misallocate resources, and their disruptive effects tend to spill over from the field of trade into the areas of finance and the balance of payments.”

The full text of this speech is available from the GATT secretariat.

GATT Publications

GATT Activities in 1980

This annual report on GATT’s activities offers a clear and concise overview of GATT’s work during the preceding year. It describes the implementation of the Tokyo Round agreements;

In this issue

Safeguards
Committee on Safeguards takes stock of situation and decides to intensify its work

International Dairy Products Council
Technical assistance and co-operation among developing countries in GATT Africa’s place in GATT

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Focus on...
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Dangers of a sectoral and bilateral approach to trade problems

Activities of GATT in 1980

GATT publications

Coming GATT activities

initiatives by the Consultative Group of Eighteen on problems concerning world trade in agricultural products and the issue of structural adjustment; action taken to promote the trade of developing countries; and the negotiations that will be held in 1981 on the future of the Multifibre Arrangement.

«GATT Activities in 1980» is available in English, French and Spanish from bookshops or directly from the GATT secretariat, at the price of 12 Swiss Francs.

Updated lists of government entities covered by the Government Procurement Code

GATT has just published complete lists of government entities covered by the Government Procurement Code, in the form of loose-leaf sets, making it possible to keep the lists up to date. This publication is a useful guide both for governments and for international business circles.

It may be ordered in English, French or Spanish from the GATT secretariat.

Price: 30 Swiss Francs.

Report on GATT activities in 1980:

GATT’s system of co-operation is intact, and even stronger than before

In its annual report on GATT’s activities, just published, the GATT secretariat points out that in spite of a slackening of international commerce and of the tensions to which the system of international trade has been exposed, the system has proved very solid and remains intact. It has even been strengthened in certain ways by the implementation of results of the Tokyo Round and by the confidence shown by governments in the GATT system and the opportunities it offers for dispute settlement, of which they took considerable advantage during the past year. In its future work programme, GATT will place emphasis on issues affecting the trade of the developing countries. There is thus every reason to believe that efforts towards even greater liberalization of trade will continue.

Coming GATT activities

Provisional programme of meetings in May:

5-6 Committee on Customs Valuation
7-8 Textiles Committee
11-12 Committee on Tariff Concessions
11-13 Textiles Surveillance Body
13 Committee on Balance-of-Payments Restrictions
14-15 Committee on Budget, Finance and Administration
15 Committee on Balance-of-Payments Restrictions
20-22 Working Party on Accession of Bulgaria to the Code on Technical Barriers to Trade
20-22 Textiles Surveillance Body
27 Council

Many GATT meetings are convened at short notice.

GATT FOCUS
Newsletter of the General Agreement on Tariffs and Trade

Published 10 times a year in English, French and Spanish

by the External Relations and Information Division

GATT Secretariat, Centre William Rappard, 154, rue de Lausanne, 1211 Geneva 21 (Tel. 31 02 31)

Responsible editor: John Croome

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