COUNCIL

Discusses broad range of trade issues

Current trade disputes

Matters examined by the Council on 11 June included the report of a panel established to examine a complaint by Brazil over Spanish tariff treatment of unroasted coffee imports. The Council adopted the panel's conclusions and found the Spanish import régime to be discriminatory against unroasted Brazilian coffee. The Council urged Spain to make its régime conform with the most-favoured-nation clause provided in Article I of the General Agreement, and to seek an amicable solution through further consultations with Brazil.

The Council decided to revert to the question of European Community refunds on sugar exports at its next meeting, pending notification to GATT of the new EEC sugar regulations and the 1981/82 intervention prices.

The Council was informed that two other trade differences brought before GATT under its dispute settlement procedures had been settled before the panels concerned had made their substantive examination: Japan and the United States had reached a mutually satisfactory solution regarding Japanese import restrictions on manufactured tobacco, and the United States had withdrawn its complaint over the EEC import régime for U.S. poultry.

On the other hand, consultations between the EEC and the United States under Article XXII regarding the U.S. import tariff on vitamin B12 feed-grade quality have remained in deadlock: the Council established a panel to examine the matter.

Safeguards and structural adjustment

The two mains reports adopted by the Council were from the Committee on Safeguards, and from the Working Party on Structural Adjustment and Trade Policy.

Speaking as Chairman of the Committee on Safeguards, the Director-General noted that most delegations wished to arrive at some substantive result on this issue; the Committee had decided to intensify its work and had once again urged GATT members to submit concrete proposals so as to expedite the work of the Safeguards Committee.

The report of the Working Party on Structural Adjustment had already been examined by the Committee on Trade Development and by the Consultative Group of Eighteen. The Working Party had considered that GATT activities in the area of structural adjustment should provide for better understanding of the adjustment process, and should aim at

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Group of Eighteen proposes

GATT Ministerial Meeting in 1982

The GATT Consultative Group of Eighteen, which brings together high-level trade policy officials, met on 25 and 26 June. The Group continued discussion of the implications for the world trading system of the worldwide slow-down in economic activity and the trade tensions associated with it. In its conclusions, it stressed the importance of a strong political commitment by governments to maintaining liberal trading policies and improving the multilateral trading system. Noting that "trade relations are beset by a number of complex and potentially disruptive problems, reflecting growing protectionist pressures, and that there was a need for improved international cooperation to solve these problems" the Group agreed that "it would be useful to consider at the political level the overall condition of the trading system".

"There was broad agreement", the Group stated, "that to this end it would be appropriate for the GATT Contracting Parties to envisage convening a ministerial meeting during 1982. Adequate preparation for such a meeting would be essential, and for this purpose an analysis would need to be carried out of the issues confronting the trading system and of the trends and problems likely to emerge in the 1980's. The Consultative Group of Eighteen intends to pursue its discussion at its next meeting, with a view to facilitating the task of the Contracting Parties."

The Group also discussed trends in trade in agricultural products, and reviewed progress in implementation of the Tokyo Round results.
The future of the open trading system: the role of Japan

The tensions that can be seen at present in international trade reflect fundamental problems that face economies in adjusting to change: Japan's own dynamism has revealed the magnitude of those problems. This is how Mr. Arthur Dunkel, Director-General of GATT, diagnosed current trade tensions when he spoke to the twelfth Keidanren Forum at Tokyo on 1 July.

"Protective measures are an inappropriate response to Japanese competition" said Mr. Dunkel. To accept the Japanese challenge means accepting the need for adjustments of economies to new competition and new market opportunities, which is the condition of growth. In that respect he said that Japan, which had shown its ability to adapt to change, "may be leading the way into a new phase of the industrial revolution".

Defending the multilateral system

"The worst possible course of action would be to leave problems to fester, or to allow positions to grow rigid", said the Director-General, recognizing the efforts made by Japan and its partners to defuse some difficulties and avoid real deterioration in the climate of trade relations. Nevertheless, "a search for short-term, ad hoc or piecemeal solutions that in some cases fall outside the trading system" presented certain risks, in particular those of "a cumulative erosion of the authority of the international rules, and obscuring the operation of the system as a whole".

What then is the alternative? he asked. "To place greater reliance on the opportunities available for resolving trade difficulties within the GATT system", if necessary by reinforcing the rules so that they can respond to present-day needs. "What is the degree of adequacy of the rules on adjustment, on safeguards? These are the kind of questions we should be asking."

A reinforcement of the multilateral rules may be needed in the area of agricultural trade where the degree of liberalization is less advanced, as well as securing better integration of the developing countries in the international trading system. In this sense there was room for bilateral action by industrialized countries as well.

The role of Japan

Mr. Dunkel suggested that Japan could contribute to shifting the debate with its partners on to more constructive ground by accepting to re-examine some aspects of its trade policy where trade liberalization was less advanced. For example, while Japan's average tariff was low, certain peaks still remained, protecting processing activities carried out on raw materials imported from developing countries.

Mr. Dunkel noted that increased Japanese investment abroad was having beneficial effects on trade tensions between Japan and the countries concerned.

One condition of Japan's trade success had undoubtedly been the existence of an open trading system. "No country has made better use of that system than Japan," said Mr. Dunkel. In such circumstances, he concluded, "should not Japan be lending its full weight to efforts to reinforce the multilateral trading system on which its economic success has been built?".

Special session of the Council on notification, consultation, dispute settlement and surveillance

The GATT Council met in special session on 27 May to review implementation of the new GATT procedures for notification, consultation, dispute settlement and surveillance resulting from the "framework" agreements of the Tokyo Round.

Under the GATT Work Programme adopted in December 1979, the Council carries out this review on an experimental basis. The Council exchanged views on the practical scope of the exercise, its modalities and field of application as well as how they envisaged the surveillance role of the Council. The Director-General underlined certain elements that seemed to him essential for useful work by the Council, and invited the Council to continue reflecting on the matter.

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facilitating trade policy measures directed toward expansion of international trade. There was unanimous agreement on the need for analysis and discussion of the relationship between trade developments and changes in production structures so as to improve understanding of the nature of the adjustment process, and to help discussion of the adjustment experience of all GATT members.

Other decisions and communications

Some GATT members were not able to complete by 30 June their constitutional procedures for acceptance of the Tokyo Round tariff protocols. The Council therefore adopted a decision extending the time-limit for acceptance to 31 December 1981.


At the end of the Council meeting, the Italian representative announced that because of an exceptional aggravation of Italy's balance-of-payments deficit, an import deposit scheme had been introduced, to be in effect until 1 October 1981.
TECHNICAL ASSISTANCE BY GATT TO DEVELOPING COUNTRIES

Unlike many other international organizations, GATT does not have any established programmes for technical assistance in the field. Its assistance activities take various forms. First of all at Geneva, within the GATT secretariat, the Technical Cooperation Division has intensified efforts launched by the Special Assistance Unit (which it replaced) set up in 1974 to help developing countries in the Tokyo Round of negotiations. Also, over the past twenty-five years, commercial policy training courses have introduced officials from developing countries to the theory and practices of GATT. Technical assistance missions to developing countries form part of these various activities and supplement them.

Why is technical assistance needed?
At present, two thirds of GATT’s members are developing countries. With the arrival of these countries on the economic scene and their growing contribution to international trade, it is essential for them to be fully capable of joining the international trading system and playing an active role in it.

The rules under which international trade operates have become increasingly complex, mainly because national economies are becoming more and more interdependent. Accordingly, the General Agreement of 1947 has been progressively supplemented by the addition of Part IV, which grants more favourable treatment to developing countries in certain areas, and by various decisions adopted over the years by GATT’s member states to supplement or interpret the Agreement. Only recently, the Tokyo Round agreements added to the existing rules a series of rights and obligations affecting vast areas of commercial activity. The General Agreement and the GATT rules as a whole can be seen to some extent as customary law that cannot be fully grasped by simply reading the relevant texts.

The main aims of GATT technical assistance activities 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.

The seminars organized by GATT in co-operation with national authorities are very often attended not only by government officials but also by representatives of trade and industry of institutions on the private and public sectors. They thus serve to familiarize both private and public bodies in developing countries with international trade matters and practices and with the functioning of the GATT system.

The hosts
Any developing country that asks can receive a GATT technical assistance mission, in the form it wants. Although GATT is mainly concerned with assistance to individual countries, it is also ready to respond to requests from regional groupings set up to liberalize trade among their members, an objective consistent with the GATT. Such groupings recently visited by GATT representatives include the Caribbean Community, the Permanent Secretariat of the General Treaty on Central American Economic Integration, and the West African Economic Community.

In the first half of 1981, GATT has sent ten technical assistance missions to countries in South America, Africa, the Pacific region and South-East Europe. Six additional missions are to take place before the end of the year.

Missions of various types
Seminars and short courses on GATT are the most frequent form of mission abroad. In most instances they are organized by or with the assistance of the Foreign Trade Ministry of the host country, or by the secretariat of the regional grouping, as the case may be, for persons with responsibilities in the public and private sector.

Most of these courses constitute an introduction to GATT and its activities, but they can also be specialized and devoted to specific questions, such as customs valuation of goods.

The seminars also afford an opportunity for GATT representatives (usually one to three in number) to have discussions with senior officials in ministries concerned with GATT activities.

Information missions are most often designed to inform government officials about recent developments regarding the Tokyo Round agreements, and to examine in depth certain points of special interest to them. In such cases, GATT representatives help officials to evaluate the practical advantages that the countries concerned could derive from participating in one or other of the Tokyo Round agreements or from acceding to the General Agreement. They can ascertain the conditions for admission and the obligations they would be accepting.

One more specific type of mission is to send GATT experts to a country that so requests, to help it to solve a particular problem.

In conclusion, apart from their central aim, these technical assistance missions have useful side effects. They encourage the beneficiary countries to play a more active part in the international trading system that GATT represents: they also develop a greater awareness among GATT officials of those countries’ trade problems.

Coming GATT activities

Provisional programme of meetings for July:

2 Working Party on Structural Adjustment
8-9 Committee on Government Procurement
8-10 Textiles Surveillance Body
10 Working Party on Accession of Greece to the EEC
13 Sub-Committee on Trade of Least-Developed Countries
14-17 Textiles Committee
15 Council
22 Committee on Trade and Development
27-29 Textiles Surveillance Body

See FOCUS No. 1.
Agriculture

International Meat Council

One of the main items considered by the International Meat Council at its meeting on 15-16 June was the establishment of a meat market analysis group “to assist the International Meat Council in carrying out its functions under the Agreement Regarding Bovine Meat” and more particularly to help the Council evaluate and analyze reports submitted to it on trends in the meat market. This group of experts is to meet twice a year, before the sessions of the International Meat Council. The latter will review the group’s functioning in June 1983.

As usual, members of the Council exchanged information and views on developments in the bovine meat market; they noted that world production had remained more or less stable, though with some decline in exports by the main producers; international prices for meat had risen less than exporters had expected, but the exporters seemed moderately optimistic for the future.

Dairy committees

The Committee that oversees implementation of the Tokyo Round Protocols on milk fat, certain milk powders and certain cheeses held their sixth session on 18 and 19 June.

The participants exchanged information and views on the market situation for these products. They noted that international prices of milk fat continued to be firm and that demand remained keen in that sector. On the other hand, prices of milk powders covered by the Protocol had dropped back somewhat, while demand continued firm. Cheese prices had remained stable and trade seemed to be continuing to develop.

The Committees also discussed consumption of the various products covered by the Protocols. Subject to confirmation, they decided to hold their next sessions on 28, 29 and 30 September, with the International Dairy Products Council meeting on 1-2 October.

Technical Barriers to Trade

At its meeting on 12 June, the Committee on Technical Barriers to Trade examined various matters regarding implementation and administration of the Agreement on Technical Barriers to Trade.

In addition, the Committee examined procedures for notifying proposed technical regulations and technical assistance for developing countries. It decided to devote part of its next regular meeting, scheduled for 20-23 October, to examining the operation of the enquiry points on standards-related activities that have been established in each signatory country in accordance with the Agreement.

There was also an exchange of views on the activities of regional standardizing bodies and on processes and production methods, in the light of the provisions of the Agreement.

Lastly, the Committee took note of the second progress report on the Chairman of the Working Party on the Accession of Bulgaria to the Agreement on Technical Barriers to Trade and decided to hold a special meeting on the matter once the Working Party had completed its deliberations.

Trade in Civil Aircraft

Meeting on 18 June the Committee on Trade in Civil Aircraft discussed various matters concerning the field of application of the Agreement that it administers. It decided to examine in further detail the question of products that might be included in the coverage of the Agreement on Trade in Civil Aircraft, and requested its technical sub-committee to continue that work. The sub-committee met on 22 June and made the necessary arrangements.

The Committee also continued its discussion on notifications of entities operating military aircraft, the binding of duty-free treatment for aircraft repairs, as well as quantitative restrictions and import licensing.

In addition the Committee exchanged views on export credits granted by signatories to the Agreement.