1. The Working Party was established by the Council at its meeting on 10 November 1980 (C/M/144) with the mandate "to elaborate specific proposals for the future work of GATT relating to structural adjustment and trade policy, including the nature and objectives of such work, in the light of the report of the Consultative Group of Eighteen and of the views expressed in the Council, as well as discussions in the Committee on Trade and Development". The Working Party was invited to report to the Council by March 1981.


3. The Working Party had before it a background document providing information on the discussions which had taken place in the GATT on the subject of structural adjustment (L/5086), as well as two working papers circulated at the request of certain members of the Working Party (Spec(81)11).

4. The Working Party noted that work in GATT on structural adjustment must remain related to GATT objectives, in particular those of trade expansion and trade liberalization. The Working Party noted that structural adjustment is under consideration in a number of international organizations and that there was need to avoid duplication. It was generally recognized that the GATT had a particular concern with issues relating to the contribution that trade policy might make to structural adjustment and the relationship between structural adjustment and the fulfilment of GATT objectives. A number of delegations stressed that no new obligations should be created with regard to structural adjustment per se. A number of other delegations underlined that all future work in GATT relating to structural adjustment should be carried out through usual GATT procedures, including exchange of information, consultation procedures, and multilaterally-accepted disciplines.

5. The Working Party focused its attention on the broad objectives towards which work on structural adjustment might be directed in GATT and on the modalities and institutional arrangements that might be appropriate in this connexion. It came to certain conclusions with respect to these matters which are attached.
ANNEX

I. Objectives of work in GATT

Work in GATT on structural adjustment should provide for a better understanding of the adjustment process and should aim at facilitating trade policy measures directed towards the expansion of international trade. It should also provide for an examination of the interaction between structural adjustment and the fulfilment of the objectives of GATT in furthering the expansion and liberalization of trade, including in particular the trade of developing countries. The work should take place within the context of the provisions of the GATT, including those in Part IV, and should take into account the results of the multilateral trade negotiations.

II. Nature of the work in GATT

In the context of the continuing efforts in GATT to avoid resort to trade-restrictive measures and to promote trade liberalization and having regard to the need for a thorough examination of this subject as well as for a fuller understanding of its nature and the rôle of the GATT, the Working Party agreed that there should be an analysis and discussion of the relevance of the Articles and instruments of the GATT, including Part IV, to the process of structural adjustment. Moreover, the Working Party agreed that the following tasks should be undertaken in the light of the objectives set out under I. above:

(a) an analysis and discussion of the relationship between developments in trade and changes in production structures aimed at facilitating a better understanding of the nature of the adjustment process, by helping to identify significant modifications in production and trading structures over time and the factors relevant to these modifications;

(b) consistent with the GATT and the results of the multilateral trade negotiations, an exchange of information and discussion on the experience of all contracting parties with regard to structural adjustment, along with an overall analysis of the experience.

III. Procedures

The Working Party proposed that, without prejudice to the specific competence of other bodies, the Council should entrust to it the tasks set out under II. above. Reports by the Working Party should be transmitted to the Committee on Trade and Development and the Consultative Group of Eighteen before being submitted to the Council.