

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Trade and Development

## DRAFT PROCEEDINGS OF THE FORTY-SIXTH SESSION

Prepared by the Secretariat

1. The Committee on Trade and Development held its forty-sixth session on 5 and 6 April 1982 under the Chairmanship of H.E. Mr. F. Jaramillo (Colombia).
2. The Committee agreed to the request of the Junta to the Cartagena Agreement (Junta del Acuerdo de Cartagena) for observer status at the Committee's meetings. It was noted that the request of the Junta for observer status in GATT would be taken up later by the Council.
3. Having regard to the understanding reached in the Preparatory Committee that contributions from other GATT bodies to the substantive preparations for the Ministerial meeting should be made available by 20 April 1982, the Committee adopted an agenda consisting of the following main items: programme of consultations on trade liberalization; and the GATT Ministerial meeting.

### Programme of Consultations on Trade Liberalization

4. In accordance with the agreement reached in the Committee at its November 1981 session (L/5253, paragraphs 38-44), a programme of consultations on trade liberalization in the areas of tropical products and quantitative restrictions was held during March 1982. The Committee had before it two information notes reporting on the consultations, one on quantitative restrictions (COM.TD/W/362) and the other on tropical products

(COM.TD/W/363). Specific suggestions for improved market access made by developing countries in the course of the consultations on tropical products and on quantitative restrictions were reproduced in documents Spec(82)35 and 36. The Committee also had before it, in document COM.TD/109, information in regard to the advanced implementation of MTN tariff concessions that the Japanese Government had proposed to the Japanese legislature. As agreed at its November 1981 session, the Committee reviewed the progress made in the consultations and considered how work on tropical products and quantitative restrictions might be carried forward.

5. Commenting upon the progress made in the course of the programme of consultations, representatives of a number of developing countries observed that the consultations had served a useful purpose in allowing the identification of a number of obstacles, including tariffs, internal taxes, quantitative restrictions and other non-tariff measures, which affected exports of developing countries to markets of the developed countries, and which, in their view, had not received adequate attention during the Multilateral Trade Negotiations. The consultations had enabled an examination of the trade situation in these cases. They had also enabled some developed countries to offer explanations and clarifications regarding some of these restrictions, including on their scope and mode of operation.

6. Developing countries expressed, however, disappointment that adequate explanations or justifications, particularly in regard to the legal aspect of quantitative restrictions, had not, in their view, been offered in many cases. They also expressed regret that certain developed countries had been unable to fully participate in the consultations.

7. Representatives of several developing countries observed that the documentation prepared by the secretariat, as well as the informal record of the consultations in regard to tropical products, provided ample evidence that problems still remained to be solved in this area. It had been clearly established, in their view, that tropical products, particularly in their processed forms, continued to be faced with obstacles in the form of high levels of tariff protection, tariff escalation, internal taxes, seasonal restrictions and a number of other non-tariff measures, and that there was scope for further improvement of the conditions of access for exports of these products to markets of developed countries.

8. Representatives of several developing countries considered that the programme of plurilateral consultations was only the first phase of the work programme on trade liberalization in areas of particular interest to developing countries, to which all contracting parties were committed in terms of the decision taken by the CONTRACTING PARTIES in November 1979, in regard to the post-MTN work programme. The forthcoming Ministerial meeting added further urgency to achieving substantial and concrete progress with this programme. They felt that the momentum, acquired after the prolonged preparatory work, should be maintained, through an adequate follow up to the programme of consultations, so that concrete progress could be achieved before the Ministerial meeting.

9. These representatives observed that the Ministerial meeting could be envisaged as dealing with the question of trade liberalization at two levels. At one level, the Ministers could take concrete decisions on liberalization measures, in pursuance of the work programme on trade liberalization, in particular in regard to the elimination of restrictive measures inconsistent with the provisions of the General Agreement. On

another level, where issues were not fully ripe for decision, they could provide guidelines and lay down a time-frame for arriving at appropriate solutions. In this context, representatives of several developing countries expressed support for the specific proposals relating to quantitative restrictions made by the Turkish and Indian delegations (Spec(82)36), and also for the proposals made by Australia in the course of the Multilateral Trade Negotiations (MTN/NTM/W/106) that had been referred to by developing countries during the consultations. The representative of Australia stated that he could join in a recommendation that the Ministerial meeting should take a decision on a work programme on quantitative restrictions, with priority consideration for those measures affecting the trade of developing countries.

10. Representatives of some developed countries regretted that their delegations had not been able to participate more fully in the programme of consultations, due to the multiplicity of meetings at the time, and reaffirmed their continued commitment to work in this area. They stated that the specific proposals addressed to their delegations were being considered in their capitals, and they hoped to be able to respond bilaterally to the developing country delegations concerned.

11. The representative of Japan informed the Committee that the proposals of the Japanese Government in regard to advanced implementation of MTN tariff concessions, as outlined in COM.TD/109, had been approved by the Japanese legislature and had become effective on 1 April 1982. Indicating that his delegation had a positive assessment of the process of consultations, he said that Japan would need to reflect further on the proposals of the developing countries in regard to further work on trade

liberalization. As a preliminary reaction he was able to state that the proposal for a standstill on new quantitative restrictions not justifiable under GATT merited careful consideration by all contracting parties.

12. Representatives of some developed countries said that they had found the process of plurilateral consultations useful and interesting.

Importing and exporting countries had gained a better appreciation of each others position and problems. Importing countries had been able to point out what they had already done to liberalize trade, what they were presently doing and what were the possibilities for further action in this respect. They said that they remained open to further work in the areas concerned. Representatives of some of these countries emphasized the degree of openness of their markets that had already been achieved, through progressive tariff reductions and bindings, through the GSP which had among other things substantially reduced the problem of tariff escalation for developing countries, and, in some cases, through the extension of special preferences. The representative of a group of developed countries said that quantitative restrictions now applied to only a very small proportion of the imports of these countries and recalled that recently nearly one-third of the restrictions applicable to agricultural products in this group of countries had been eliminated. While his delegation remained open to further work in this area, there were severe constraints on the scope for progress at the present time. In his view, such further work should be based on a pragmatic, case-by-case approach having regard to the specific interests of countries affected, rather than on general principles.

13. Following the exchange of views on this item, the Chairman summed-up the discussion. The text of his summing-up is contained in the Annex.

14. In response to a question from the representative of a developed country in regard to the summing-up, the Chairman confirmed that the summing-up was being made on his own responsibility.

GATT Ministerial Meeting

15. The Committee gave consideration to the contribution that it might make to the preparatory work for the Ministerial Meeting in respect of issues directly falling within the competence of the Committee and in regard to aspects of global issues of priority concern to developing countries. In addition to the points for discussion contained in the secretariat note, COM.TD/W/360, the Committee had before it a secretariat paper on Technical Assistance for Developing Countries (COM.TD/W/359), describing the evolution and present status of GATT technical co-operation and training activities and an assessment of future needs in these areas.

16. Representatives of some developing countries said that their countries were being particularly adversely affected by the stagnation in world production and trade and referred in this context to the situation described in the GATT Press Release, International Trade in 1981 and Present Prospects(GATT/1313). In this connexion, references were made to problems arising from deteriorating terms of trade, especially in regard to exports of minerals, low and unstable commodity prices, growing debt burdens and major payments imbalances. The view was expressed that Ministers should examine the reasons for the critical trading position of many developing countries, and, in any general declaration that they might make, give full recognition to the problems of developing countries and the need for action to improve their trading situation. In stressing the

contribution that such action could make to restoring the health of the world economy as a whole for the benefit of all countries, they recalled the interdependence and mutual interest of countries in the satisfactory operation of the trading system and, in particular, the role that demand from developing country markets had played in sustaining the level of world economic activity.

17. Representatives of some developing countries said that a major element in any action to attempt to reactivate world economic and trade growth should be a reaffirmation of commitment to an open trading system based on the principles of multilateralism and the respect of general rules. They said that for smaller trading partners with limited negotiating weight such principles were of fundamental importance. Recent tendencies towards bilateralism and growing protectionist pressures were, in their view, seriously undermining the stability and credibility of the trading system and the confidence of traders and investors. They believed that the present priority was to ensure more effective and thorough implementation of the existing trading disciplines, particularly by developed countries.

18. Representatives of some developing countries were of the view that the Ministers should address in particular the extent to which the framework in GATT for trade relations between developed and developing countries was operating satisfactorily and in the way in which it had been originally intended to operate. Some of these delegations said that there was at present a tendency to lose sight of the principles that should underlie these trade relations and place undue emphasis on the contributions that developing countries could make while not sufficiently recognizing the extent to which their rights had been impaired by actions of doubtful

consistency with the GATT. In many cases, developing countries were faced with discrimination against their trade rather than special and differential treatment in their favour.

19. In specifying particular areas of the GATT framework for trade relations between developed and developing countries that might receive attention by the Ministers, representatives of some developing countries referred to the following:

- the question of the full and effective implementation of the provisions of Part IV and of the need to devise improved ways of ensuring the multilateral surveillance of such implementation;
- issues connected with the operation of the Enabling Clause, including the question of the erosion of GSP benefits as a result of m.f.n. tariff cuts, and the tendency in donor countries towards increasing differentiation among developing countries in the application of GSP treatment as well as the lack of objective criteria, transparency and effective multilateral overview of such differentiation;
- the operation of the MTN codes from the point of view of developing countries, including the question of the application of the principle of differential and more favourable treatment under the codes and the extent to which the implementation of these codes in terms of transparency, administrative requirements etc. was compatible with the full and effective participation of developing countries;
- the question of further special treatment to the least-developed countries to take account of their special problems.



20. In recalling the discussions under the previous agenda items, representatives of developing countries emphasised the importance they attached to the Ministers giving renewed impetus to trade liberalization in areas of special interest, including not only tropical products and quantitative restrictions but also other areas such as tariff escalation. In regard to global issues of priority concern to developing countries, delegations of some developing countries stressed the importance they attached to Ministerial action in the fields of agriculture, safeguards, structural adjustment, non-tariff measures and increased transparency. A reference was also made to questions concerning commodity prices.

21. The representative of a group of developed countries, noting that it was important to take an overall view of the trade situation of developing countries, referred to the programme of consultations on trade liberalization (paragraph 12 above) and spoke on a number of other aspects of the position of developing countries in GATT. He believed that, under the GATT, developing countries had benefited substantially from the level of trade liberalization achieved, including in areas where such liberalization had been primarily negotiated among developed countries. While his group of countries would continue to give priority to improving conditions for the poorer among the developing countries, including the least-developed countries, those developing countries which had become internationally competitive in certain sectors could be expected to make a greater contribution to GATT efforts to liberalize trade. Such contributions could take many forms including the binding of more tariff lines, the negotiated reduction of tariffs or, most importantly in many

cases, by reducing the complexity and increasing the transparency of their trade regimes. On the question of MTN agreements, he expressed the view that it was in the interest of all countries for more developing countries to participate and that in the years ahead continuing attention would have to be given to the manner in which the codes were being applied and to ways of facilitating the accession of developing countries. He said that his group of countries regarded transparency as a fundamental principle of the GATT and was looking to the Ministerial Session to provide a reaffirmation of this principle. He stressed the need for continuing efforts in the area of commodity price stabilization. Among other problems facing developing countries which he considered of major importance, he referred to the need to further develop food production in developing countries, and to improve marketing skills. In conclusion, he emphasized the commitment of his group of countries to the open trading system and to safeguarding and strengthening the principles of GATT, and affirmed that they would work for a major Ministerial declaration to this effect.

22. The representative of a developed country said that he recognized that there was a connexion between the work in the Committee on Trade and Development on trade liberalization and the Ministerial meeting. However, he hoped that the Ministerial meeting would have a broader purpose than dealing solely with items of unfinished business, and would aim to strengthen and improve the operation of the GATT system as a whole. It should aim to improve the ability of the trading system to provide opportunities for the more efficient use of resources on a world-wide basis and for the more equitable distribution of trade opportunities, in such a way as to allow greater play for the principle of comparative advantage in

international trade. He noted with interest the extent to which restrictions on agriculture were seen by developing countries as a key restraint on their trade. While there were some differences in the nature of agricultural protection as it applied to different types of goods, there were important common features, including critical uncertainties and a common tendency for comparative advantage to be denied in major importing markets. He was of the view that agriculture was the most disadvantaged sector in world trade and that all agricultural exporters had a common interest in seeing that the Ministerial meeting led to changes in past practices with the aim of restoring the application of GATT rules to agriculture.

23. A representative, speaking on behalf of a number of developed countries, said that he shared the regret that more progress in stabilizing commodity prices had not been made. He had noted the points made by some developing countries in regard to the Ministerial meeting and suggested that the secretariat might be invited to prepare a document on the basis of these points to serve as background for a further exchange of views in the Committee.

24. The representative of a developed country said that the Committee had an important function in providing an opportunity for discussion on issues of relevance to developing countries for the Ministerial meeting and, in particular, for enabling developing countries to indicate their views in greater detail. He stressed the need for a realistic and accurate assessment of the present situation and for proposals as specific as possible to be made on the basis of that assessment.

25. Representatives of a number of developing countries expressed their appreciation for the technical co-operation and training activities of the secretariat. They stressed the need for strengthening secretariat technical co-operation activities and increasing the number of participants on training courses. In this connexion, they welcomed the suggestions put forward in COM.TD/W/359, and urged that appropriate expanded budgetary resources be made available. Some of these representatives expressed their appreciation for the financial assistance extended by the Swiss Government to the recent Spanish language training course and proposed that Spanish courses be organized on a regular basis. The importance of ensuring that technical assistance activities are geared to meet the needs of the least-developed countries was also pointed out.

26. Representatives of a number of developed countries welcomed the proposals made by the secretariat in COM.TD/W/359 and indicated that they found the approach outlined very positive. While these delegations supported the strengthening of secretariat technical assistance, one delegation indicated that it was not in a position at this stage to make any commitment on the budgetary implications.

27. A number of representatives said that they considered that the Committee had had a useful first exchange of views on matters relating to the preparations for the Ministerial meeting. They suggested that, while an initial contribution could be forwarded to the Preparatory Committee, the Committee on Trade and Development should envisage meeting again in time to make a more substantive input into the preparatory work.

Chairmanship of the Committee's Sub-Committees

28. The Committee agreed to appoint, for 1982, H.E. Mr G.O. Ijewere (Nigeria) Chairman of the Sub-Committee on Protective Measures, and H.E. Mr. H.V. Ewerlof (Sweden) Chairman of the Sub-Committee on Trade of Least-Developed Countries.

Next meeting of the Committee

29. It was agreed that the next meeting of the Committee would be held in time for the Committee to make a further input into the preparations for the Ministerial meeting, the exact date being fixed by the Chairman in consultation with delegations and the secretariat.

Forwarding of note on proceedings to the Preparatory Committee

30. The Committee agreed that the secretariat would prepare, in consultation with delegations, a note on the proceedings of its forty-sixth session, which would be forwarded to the Preparatory Committee as a contribution to the preparatory work for the Ministerial Meeting.

ANNEX

Chairman's summing-up of discussion on  
Programme of Consultations on Trade Liberalization

The Committee noted that the informal consultations on trade liberalization enabled interested countries to carry out a useful exchange of views on issues related to trade of developing countries in tropical products and to import restrictions which affect exports of developing countries both in agricultural and industrial products. Developed countries recalled the efforts made during and after the MTN to further liberalize trade in products of interest to developing countries. While expressing their appreciation for past efforts of developed countries to further liberalize trade in products of interest to them, developing countries were able to identify a number of barriers, some of which they considered to be inconsistent with the provisions of the General Agreement, which, in their view, constituted impediments to the expansion of their trade. Issues relating to these points were discussed, and specific suggestions were made and duly noted.

The Committee agreed that there is scope for further work in this area, with a view to seeking means of further liberalizing trade in products of interest to developing countries. It also agreed that the meeting of the CONTRACTING PARTIES at Ministerial level in November 1982 presents an opportunity for the consideration of specific measures of trade liberalization and of appropriate modalities for carrying forward the unfinished process of liberalization in this area. It agreed that it could carry out preparatory work to this end, with a view to facilitating decisions by Ministers.