

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Fortieth Session

SUMMARY RECORD OF THE NINTH MEETING

Held at the International Labour Office,
on Friday, 30 November, at 4 p.m.

Chairman: Mr. H.V. Ewerlöf (Sweden)

	<u>Page</u>
<u>Subjects discussed:</u> Activities of GATT (continued)	1
Report of the Council (continued)	2, 3
Arrangements for the forty-first session	2
Election of Officers	2
Closure of the session	3

Activities of GATT (continued)

The CONTRACTING PARTIES adopted the report of the Committee on Trade and Development (L/5735) and took note of the reports of the MTN Committees and Councils (L/5703, L/5722, L/5719, L/5690, L/5693 and Add.1, L/5729, L/5696, L/5698 and L/5724).

Mr. LUYTEN (European Communities) said that the consultations on Part IV of the General Agreement carried out by the Committee on Trade and Development had been useful and that the Community looked forward to their being completed. He noted that there was a consensus in favour of repeating this exercise in future years; his delegation would fully participate and was also prepared to discuss further suggestions for improving the quality of the consultations. However, the Community felt that an exercise of this nature would gain by not being repeated at too frequent intervals; a program every four years might be appropriate. Turning to the statements by Norway (SR.40/5), and Bangladesh (SR.40/6), concerning special trade measures to help the least-developed countries, the Community considered that the seven proposals set out in the Committee's report (L/5735, page 18) warranted full attention by all contracting parties. The Community considered that it had already met those suggestions and would continue to give serious attention to the idea contained in the sixth proposal.

The CONTRACTING PARTIES took note of the statement and of earlier statements by contracting parties and by the Chairman under Agenda Item 2 - Activities of GATT, and thus concluded consideration of that item.

Report of the Council (L/5734/Add.1), continued

Point 1. Work Program resulting from the 1982 Ministerial Meeting

Mr. HARAN (Israel) stressed the importance which his delegation attached to the preparedness, indicated in the statement (L/5744) by India on behalf of the developing contracting parties, for a new round of trade negotiations. In that statement the developing contracting parties were not calling for any new undertakings by other countries as a precondition for a new round, because that would be a demand for an additional payment; rather they were calling for implementation of existing undertakings. This stated preparedness by the developing contracting parties to enter into specific trade negotiations within GATT was one of the most positive achievements of the fortieth session and should receive, in Israel's view, the interest and appreciation of all contracting parties.

Point 1(p). Aspects of Trade in High-Technology Goods

Mr. HARAN (Israel) said that more and more trade was being carried out in high-technology goods; Israel therefore regretted that this point had not been addressed at the session, especially since the chances of a breakthrough in trade opportunities in this sector were available to many developing countries.

Arrangements for the forty-first session

The CONTRACTING PARTIES agreed that the forty-first session be held at about the same time of year as the present session, and that the Council be authorized to fix the opening date and duration of the session in the course of 1985.

Election of Officers

The following nominations were made:

Chairman of the CONTRACTING PARTIES:	H.E. Mr. Felipe JARAMILLO (Colombia)
Vice-Chairmen of the CONTRACTING PARTIES:	H.E. Mr. Hortencio BRILLANTES (Philippines)
	H.E. Mr. Paavo RANTANEN (Finland)
	Mr. Boguslaw SOSNOWSKI (Poland)
Chairman of the Council of Representatives:	H.E. Mr. Kazuo CHIBA (Japan)
Chairman of the Committee on Trade and Development:	Mr. Mahmoud Abdel-Bari HAMZA (Egypt)

The CONTRACTING PARTIES elected the officers nominated.

Report of the Council (L/5734) continued

Point 3. Consultative Group of Eighteen

Mr. DUNKEL (Director-General) said that due to difficulties encountered by one group of contracting parties, he was unable to inform the CONTRACTING PARTIES of the entire membership of the Consultative Group of Eighteen for 1985, which would be subject to a final decision by the Council. As agreed so far, the composition would be as follows:

Australia, Canada, European Economic Community and member States, Egypt, Finland, India, Indonesia, Japan, Nigeria, Pakistan, Poland, Spain, Switzerland, United States and Zaïre.

He added that he had been informed that due to lack of time, certain of the African contracting parties had not been able to discuss among themselves the distribution of seats in the Group for 1985. In these circumstances, the list just presented contained no change in the Group's membership as far as the African countries were concerned.

The CONTRACTING PARTIES took note of this information and agreed that the Group's composition for 1985 would be finally decided by the Council at its next meeting.

The CONTRACTING PARTIES then adopted the part of the Council's report covering non-Work Program points (L/5734), and thereby, the report as a whole, thus concluding consideration of Agenda Item 1 - Report of the Council.

Closure of the session

The CHAIRMAN, summing up the session, referred to some of the common themes and preoccupations emphasized during the meeting:

Many contracting parties had noted the higher levels of production and trade growth in the world economy over the past year or more. At the same time, high unemployment had continued in many countries. The growth performance of many developing countries in particular had been disappointing, and their terms of trade had continued to deteriorate. Economic recovery in some developed countries had permitted a degree of export expansion - sometimes very rapid - in a number of developing countries, but for many of them, high debt-servicing requirements had largely prevented these gains from being translated into higher imports, investment and growth. Many representatives, particularly from developing countries, had emphasized the wider implications of the debt problem for all countries and the need for concerted action by the international community to address this problem in terms of both its trade and financial implications.

He noted that many representatives had expressed disappointment at what they saw as a failure of policy decisions to reflect either the recent improvement in economic conditions in a number of countries or an

adequate commitment to the "standstill" and "roll-back" undertakings contained in the 1982 Ministerial Declaration. They felt that the success of governments in resisting protectionist pressures had been limited and that the integrity of the trading system remained under serious threat. Particular reference had been made to the increasing use of trade measures which circumvented or ignored basic GATT principles, especially the most-favoured-nation principle. Much importance had been attached to the special Council meetings for reviewing developments in the trading system and monitoring the commitments in paragraph 7(i) of the Ministerial Declaration.

The analysis contained in the first chapter of the GATT Annual Report, International Trade 1983/84, which stressed the importance of the m.f.n. principle for the adequate functioning of an open trading system, had received wide endorsement. In the same vein, a number of contracting parties had supported the Secretariat's analysis of how protectionism and the resort to bilateralism had generated uncertainty, inhibited investment and undermined the prospects for a sustained and generalized economic recovery. It had been pointed out that this situation was especially prejudicial to smaller trading nations, both developed and developing, whose economies relied heavily on trade, sometimes in only a few commodities. The particular plight of the least-developed countries, many of them African, and the need to examine new and more imaginative ways of helping those nations to deal with the formidable difficulties they faced, had been stressed by many speakers.

He added that a number of other contracting parties had felt that despite the persistence of serious economic problems, there had been positive signs of improvement in a number of countries, which had greatly benefitted the world economy. These contracting parties had also noted that while much remained to be done to give full effect to the Ministerial decisions, there had been a measure of success in resisting strong protectionist pressures.

With regard to implementation of the Work Program, he said there appeared to be a generally shared concern at the slow progress made, and he referred in particular to the statement by India (L/5744) on behalf of developing contracting parties. On the other hand, it was clear that contracting parties felt that valuable work had been done over the past two years, particularly in certain key areas. Individual contracting parties attached varying degrees of importance to particular elements in the Program, but real progress could be made only if all contracting parties recognized the need to move forward on the Ministerial mandate as a whole.

He then referred to the proposal made by a number of contracting parties that a special session of the CONTRACTING PARTIES might be held in the middle of 1985, the purpose of which, in the view of some delegations at least, should be to prepare the ground for a new round of trade negotiations.

In relation to specific elements in the Work Program, many contracting parties had stressed the pivotal rôle that satisfactory safeguards arrangements had for the functioning of the multilateral trading system. It was his personal view, which he believed to be widely shared, that nothing could do more to restore confidence in the commitment of governments to the rule of law in international trade than an early and comprehensive agreement on safeguards.

The areas of agriculture and quantitative restrictions and other non-tariff measures had clearly been seen as priorities by many contracting parties. While some delegations regarded the agreements reached so far in these areas as essentially procedural, many representatives also felt that significant steps had been taken which would allow work to move forward in a concrete and positive way. Nevertheless, all contracting parties recognized that progress in these areas, as elsewhere, would require a high degree of determination and commitment by governments.

He went on to say that developing countries in particular had reiterated the importance they attached to trade liberalization in textiles and clothing. A number of recent trade restrictive measures taken in this sector had been a source of particular concern. Many developing countries had also referred to tropical products as an area where they hoped to see further progress. In relation to the work undertaken by the Committee on Trade and Development, a number of developing countries had expressed the hope that the consultations under Part IV, which had been found positive, would continue. Several contracting parties had also commended the valuable work done by the International Trade Centre in promoting the exports of developing countries.

The Chairman, after making this brief summary, made the following personal observations:

He said that the Ministerial Declaration, which formed the basis for so much of the work carried out in the GATT over the past two years, essentially did three things:

- it drew attention in the clearest possible way to the severe stresses which endangered the multilateral trading system;
- it contained commitments on the part of all contracting parties to resist and prevent further erosion of this system; and
- it provided a comprehensive Work Program covering all important issues facing the CONTRACTING PARTIES.

These three elements had provided the essential themes of the debate in the present session, in which the CONTRACTING PARTIES had taken stock of progress made in implementing the Ministerial decisions and had begun to prepare for the future. As many had said, there was no room for

complacency about the progress made in the past two years in implementing the Work Program; but there was no reason for pessimism. Many of the subjects covered in the Program were there precisely because they formed the hard core problems for which years of negotiation in the GATT, culminating in the Tokyo Round, had failed to produce satisfactory solutions. Some of them would only be resolved through a process of negotiations, and in the past two years the work had been essentially preparatory. Despite the great economic difficulties under which many contracting parties had laboured, there had been real progress in some of the most important areas of GATT's work. He agreed with those who had singled out agriculture as the most encouraging of these, because for the first time in GATT's history, there was proof of readiness to confront basic issues which had hitherto been regarded as too sensitive or too difficult to be negotiated under the aegis of GATT.

He went on to say that the agreements adopted at the present session in the context of the Work Program, some of which had been achieved with great difficulty, related to issues of real significance for the future of the world economy. Even where the operational effect of those accords might seem largely procedural, the fact that it had been possible to reach agreement opened the way for substantive work, and was an encouraging demonstration of the shared commitment to work within the multilateral system. It was also evidence of the recognition that despite the difficulty of bringing 90 sovereign countries to act in concert, there was no viable alternative to multilateral co-operation based on the rule of law.

The Work Program had, in his view, created a momentum and a clear sense of direction which would guide further work. This was crucial, because he believed it was already obvious that 1985 would be an important and perhaps critical year for the trading system. Work in GATT would be profoundly affected by developments in the world economy and in other international fora, and above all by developments in trade policy.

It was therefore important that governments should make it their central concern to achieve significant progress in the early months of 1985 in fulfilling the commitment to roll back protectionist measures and in promoting further liberalization. He welcomed the indications which some contracting parties had been able to give of the positive steps which their authorities intended to take.

He concluded by saying that it was also essential that governments make it their responsibility to see to it that the follow-up of the Work Program was speedy, thorough and effective. Above all, work in 1985 should lay the necessary basis for the substantive negotiations which would certainly be needed - and for which a large number of contracting parties had called - to resolve many major problems in the trading system. If such negotiations were to take place, and to be productive, they had to hold out the prospect of concrete benefits for all participants. The aim of GATT's work in the period ahead should be to ensure that this was so.

The session closed at 5 p.m.