

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.35/4

18 December 1979

Limited Distribution

---

CONTRACTING PARTIES  
Thirty-Fifth Session

Page 42/43

## SUMMARY RECORD OF FOURTH MEETING

Held in the Palais des Nations, Geneva on Wednesday,  
28 November 1979, at 3.20 p.m.

Chairman: Mr. JUAN JOSE REAL (Uruguay)

Subject discussed: Multilateral Trade Negotiations

Mr. PAPAIOPOULOS (Cyprus), after having referred to a number of aspects of the world economic scene, said that there were some positive achievements in the agreements which had resulted from the Tokyo Round, but there were also several areas in which the results had not been satisfactory from the point of view of developing countries. Among these were the question of quantitative restrictions and trade liberalization in tropical products. Above all, a satisfactory safeguards agreement was needed, so that the objective of ensuring additional benefits for the international trade of developing countries could be fulfilled.

He also said that Cyprus was fully appreciative of the opportunities offered by GATT in various fields, and in particular that of technical assistance. His delegation was also aware of the efforts made under the auspices of GATT regarding the expansion of trade among developing countries. His delegation hoped to make whatever contribution they could in this as well as the other fields of activity of GATT. Furthermore, he declared the readiness of his country to co-operate with the contracting parties in taking up the challenge of restructuring international trade. He agreed that a concerted action was needed in order to maintain within a growing complexity the necessary harmony and unity to ensure adequate participation by all the parties in the conduct of increasingly liberalized and equitable trade. He expressed his conviction that GATT would continue to throw its full weight and influence behind the collective efforts to achieve this objective.

Mr. McPHAIL (Canada) stated that his country placed great emphasis on the importance of the negotiations in terms of its national interests and the broader considerations involved. It was characteristic of a negotiation of a multilateral nature that no individual party achieved all its aims and objectives; however, Canada considered the MTN results to be a substantial step towards improving and strengthening the world trading framework, and as such they should be regarded as a major achievement in international co-operation in view of the difficult economic situation.

Referring to the GATT work programme and his country's perception of the GATT of the 1980s, he expressed agreement with the view that first priority should be given to the effective implementation of the results of the MTN. He believed that the MTN implementation and other elements of the work programme should be seen against the likely background of continued pressures across the entire international economic system, and the recognition of growing economic and political interdependence. He stressed that effective implementation of the full range of MTN agreements would assume an importance quite beyond the sum total of individual benefits accruing to contracting parties. It would both reflect and sustain the will and ability of contracting parties to maintain and extend a more open and stable environment, and thus contribute to general economic growth and adjustment.

He stated further that his Government considered the implementation of the MTN results and associated elements of the GATT work programme as important elements in the pursuit of economic policy objectives in two broad and complementary areas. Firstly, the implementation of these results would provide a more predictable and secure international context in which to pursue domestic economic policy objectives in the 1980s. Canada would be placing particular emphasis on industrial development, including the need to facilitate structural adjustment to encourage increased productivity and competitiveness and to keep pace with technological innovations and market developments. For Canada regional economic development would also be important. Secondly, implementation of the MTN results would serve to enhance the mutual benefits to be derived from Canada's major trading relationships. In this connexion, he mentioned that his Government had appointed a Minister of State for International Trade in order to emphasize the importance it attached to trade in its overall economic policy.

With respect to the GATT work programme and the modalities of its operation, he believed that the practical application of the MTN agreements would provide much of the necessary guidance. In addition, his Government would wish to ensure that the balance of rights and obligations under the General Agreement, as agreed to in the MTN negotiations, was preserved through effective surveillance and dispute settlement procedures; that the negotiations toward a safeguards agreement be pursued expeditiously; that the Consul Consultative Group of Eighteen be fully utilized in its consultative and advisory capacity; that the problems shared by contracting parties be addressed in an integrated, common fashion, and that unnecessary duplication of effort be avoided; that consultations by the Director-General in order to develop active co-operation in agriculture be substantive in nature and that the Director-General would be in a position to report positively to the next regular session of the CONTRACTING PARTIES.

He believed that promising steps had been taken in the trade negotiations with respect to exploring ways in which special measures for developing countries could be worked out within the context of particular agreements to deal with substantive trade issues. These steps should be carried further.

He stated that the Committee on Trade and Development would have an important rôle in that process and he would wish to ensure that the Committee was fully enabled to carry out these tasks. He also would wish to ensure that each of the operational committees within the expanded GATT structure, and the GATT as a whole, would be alive to this ongoing process. Finally, he stated that considerable progress had been realized in the development of a better GATT system which was more responsive to the new problems likely to arise in the decade ahead. He expressed the hope that contracting parties would make full use of this system by implementing and utilizing the agreements negotiated.

Mr. MAGARINOS (Uruguay) stated that the results of the Tokyo Round would doubtless have a great influence on the future development of international trade, both through the effect of the tariff reductions and through the institutional and procedural innovations that had been agreed and formulated in the different codes. The stimulus that had been given to the liberalization of trade was especially important as the negotiations had been held in a period of instability, characterized by economic recession, generalized inflation, the problem of energy, unemployment and decreasing productivity growth in industrialized countries, particularly in some sensitive sectors which were precisely those presenting the best opportunities to developing countries for the growth of their exports. However, it was yet to be shown whether the positive impulse given by developed countries to the process of liberalization of international trade would serve to narrow the gap existing between the industrialized countries and the developing world. With the exception of a few countries having more sophisticated economies and increasing export potential, developing countries had, in his view, participated very little, if at all, in the negotiations. This was due to the fact that traditional methods of multilateral trade negotiations were not able to deal effectively with the problems of developing countries in world trade. Such important issues as the structural reforms required in the international economic order, the adjustments needed in industrial economies to adapt to changes in the competitiveness of certain sectors, the establishment of a rational basis for achieving an appropriate international division of labour, and the adoption of a greater transparency in trade practices had been avoided in the MTN.

He expressed concern that protectionism was growing as governments showed themselves increasingly ready to defend minor sectorial or group interests. The developing countries, which had long suffered from the lack of international action to provide remunerative and stable prices for their exports of primary commodities, were now being hit by the new protectionist developments in the developed countries, as certain increasingly uncompetitive industries in those countries affected by exports of manufactures from developing countries called for protection on the pretext of the defence of national interests. He wondered whether against the background of these problems, it would prove possible to work effectively for the establishment of a new international economic order that would respond to the interests and needs of developing countries.

Stating that his Government was looking for effective progress on these issues, he described the changes that had been made to the basis of the Uruguayan economic and trade systems.

New export industries, with reasonable levels of efficiency, had been encouraged to the point that 60 per cent of Uruguay's exports were made up of non-traditional goods. In this way, Uruguay had tried to overcome the problems resulting from unjust, illegal and unilateral restrictions in traditional markets for its commodities, such as was the case for meat in the EEC. Uruguay had completely restructured its foreign trade régime on a more open basis, by reducing the export incentives and providing for a general tariff reduction. It had liberalized its exchange market, and all its financial transactions. It would now achieve the maximum level of productive efficiency by means of a progressive liberalization of its system of internal price formation. In brief, Uruguay was showing its will and capacity to modernize its economy, adapting it to high standards of technology and management. Despite all this, Uruguay was being faced with a proliferation of trade barriers such as the restrictive application of the Multi-Fibre Arrangement, the adoption of unjustified sanitary measures, the discrimination resulting from preferential agreements between certain groups of countries and the use of countervailing duties for protective purposes to defend the interests of particular pressure groups. He hoped that the sub-committee for the surveillance of protective measures affecting the imports from developing countries, which would operate under the Committee on Trade and Development, would become an effective mechanism for controlling these measures.

He stated that it was in this light that his country would assess the results of the MTN and the proposed machinery for its implementation. He noted that the various codes contained certain innovations or improvements in the GATT. It appeared therefore that changes were made to the General Agreement or that it was being oriented toward new objectives by the introduction of new practices without a formal revision of its text. He believed that the superimposition of new rules or the replacement of existing GATT rules might be dangerous to the multilateral nature of the General Agreement, as it could break up its collective solidarity. The concept of having exclusive groups not open to other contracting parties would lead to a lack of transparency. He stated that although these agreements were to a great extent autonomous they were not totally autonomous as they operated within the framework of the General Agreement. He said that a number of governments were still hesitant in taking a definitive position in regard to these agreements and they should not be influenced in their decision for reasons of not wishing to be excluded from future activities taking place under the agreements.

He hoped that in applying the codes the provisions recognizing the special situation of developing countries would be respected, bearing in mind that a main objective was the promotion of greater participation of these

countries in the trading system. The fundamental rules contained in the General Agreement should always be respected and steps should be taken to effectively ensure the participation of all contracting parties whether signatories or not in the work and decisions of the respective committees.

As regards safeguards, he urged the successful conclusion of negotiations aimed at establishing equitable criteria for their application in cases of market disruption. That would also ensure that the export interests of the developing countries were sympathetically taken into account and not injured. In conclusion, he expressed the hope that the current session of the CONTRACTING PARTIES would see the start of a new period in the strengthening of international solidarity.

Mr. KAARLEHTO (Finland) speaking on behalf of the four Nordic countries, Iceland, Norway, Sweden and Finland, said that the Nordic countries welcomed the opportunity of assessing the results of the MTN and taking appropriate action in order to ensure their proper implementation in the overall framework of the GATT. It was the Nordic countries' view that GATT was approaching the 1980s in a strengthened position as a result of the success achieved in the Tokyo Round. In spite of certain shortcomings that had been pointed out by a number of delegations the completion of the Tokyo Round should in balance be considered as a major achievement. A careful analysis of the results showed clearly that substantial progress towards further trade liberalization had been achieved both in tariffs and non-tariff measures. He said that this was practically the first major effort on non-tariff measures. It should therefore be especially welcomed that the MTN had been able to produce several agreements regarding the most important non-tariff measures. He said that the tariff cuts agreed in the MTN would also contribute to a more forward-looking and positive business climate as well as to favourable trade policy expectations. The Nordic countries furthermore regarded the texts agreed on in the group "Framework" as important and timely adaptations of GATT to the present and future requirements of the world trading system. The Nordic countries expected that these results would contribute to increased co-operation between developed and developing countries in GATT in the years ahead. The Nordic countries were aware of the fact that the results had not met all the expectations of the developing countries. But he believed that substantial benefits had been gained by developing countries in many fields of the negotiations both from the general provisions of the various agreements and from those related to special and differential treatment. It would seem, therefore, that the most effective way of securing the interests of the developing countries would be their active participation in the agreements. He regretted that it had not been possible to come to an agreement in the field of safeguards. The Nordic countries considered such an agreement to be an essential part of the whole MTN package. The Nordic delegations had often stressed the need to strengthen the procedures and disciplines as regards all

types of safeguard actions. They welcomed the fact that at least an agreement had been reached to continue negotiations on safeguards. He pointed out that of parallel importance with the substantive contents of the agreements reached was the effect the MTN process would have on trade policies of the participants and the expectations related to future trade policy trends. World trade was a dynamic process, in which no complete stability could be foreseen. He believed that a lack of continuous efforts towards further trade liberalization could have led to an increase in the protectionist pressures facing all governments and in some cases to governments yielding to such pressures. The mere fact that the MTN had facilitated the maintenance of a liberal tendency in trade policies was of great importance.

Turning to the future he said that the main task ahead was a faithful, prompt and accurate implementation of the results of the MTN, in line with the letter and the spirit of the agreements and of the General Agreement itself. The significance of the agreements reached in the MTN would depend on their effective implementation both in terms of national legislation and internationally. In order to secure the results achieved it should be borne in mind that any interpretations and reservations would have to be agreed on in accordance with the procedures under the various agreements. An effective implementation was in the interest of the parties to the various agreements and of the CONTRACTING PARTIES as a whole.

Mr. KALONJI TSHIKALA KAKWAKA (Zaire) said he was glad to see that good will and common sense had finally prevailed and that some progress had been made in regard to the agreements and arrangements. However, the secretariat could give more help to the countries needing help, by sending out missions to explain and clarify certain of those codes to the Governments concerned. With regard to safeguards, the consultations in progress should take account of the specific interests of the developing countries. The Republic of Zaire, abiding by its open-door policy, conscious of its responsibilities in the process of trade liberalization, and anxious to contribute fully to it, had made an important contribution to the Multilateral Trade Negotiations involving both substantial tariff reductions and a series of autonomous measures to reduce certain fiscal charges and simplify certain customs formalities. Its constant concern to help to establish a new framework for the conduct of international trade had been confirmed on 22 November 1979 by the signing of the Protocol Supplementary to the Geneva Protocol. Zaire had supported the idea of setting up a trade negotiations committee with a view to establishing machinery and procedures for the forthcoming negotiations between developing countries. If those negotiations were to succeed, they

must take account of the historic peculiarities of the countries concerned and the specific nature of the problems. In that connexion, no approach should be neglected a priori; on the contrary, account should be taken of the existence of sub-regional and regional groupings and arrangements already in being in the monetary and customs union fields.

His delegation had already had occasion to urge the secretariat to speed up the current work, particularly in the matter of export and import products by countries, existing and potential future payments arrangements, distribution, marketing and promotion circuits, problems of infrastructure and transport costs, not forgetting the questions of tariffs and other barriers to trade. Such studies would make it possible, when the first meeting of the negotiating committee took place, to decide on the approach to be adopted as a negotiating technique. The Special Assistance Unit, which had been very helpful to the developing countries in the course of the Multilateral Trade Negotiations, should continue to be intimately associated with the work, and the widening of its range of activities should enable it to supplement in the field the technical assistance it gave at Geneva. Within the framework of the efforts at present being carried out by the Director-General within the secretariat to redeploy human resources, there should be a better distribution of responsibilities and tasks in the new structure of the secretariat with a view to increasing its efficiency. In the course of that operation, due attention should be paid to equitable geographical distribution without of course neglecting competence, experience and merit. That was an essential condition for the effective attainment of universality by GATT.

Mr. AHMED (Bangladesh) stated that, since in his view the results obtained in the Multilateral Trade Negotiations were rather unsatisfactory, the remaining work of the negotiations should continue with a view to obtaining further improvements in world trade. His delegation attached great importance to the special treatment to be given to the least developed countries in accordance with paragraph 6 of the Tokyo Declaration. He regretted that the requests of the least developed countries to the developed countries for special treatment by way of duty and barrier free access for their products had not received due consideration. His delegation, however, appreciated some positive steps taken by the European Communities in this regard. However, he hoped that the restrictions that his country was facing on its major export item to the Community market, namely jute goods, would be removed as soon as possible. He further hoped that, in carrying forward the remaining work, the developed countries would continue to give positive consideration to the requests of the developing countries for special and differential measures, particularly of the least developed countries for special treatment. In connexion with the legal basis that the provisions for special treatment would now have under paragraph 2(d) of the Enabling Clause, he suggested that a sub-committee should be set up under, and periodically

report to, the Committee on Trade and Development to supervise and monitor the implementation of the MTN results relating to the least developed countries and to further work on special treatment in their favour.

As regards the question of the implementation of the MTN results, he emphasized the necessity of adapting the GATT system to the new situation arising out of the MTN and of the CONTRACTING PARTIES maintaining control over the system as a whole so that the balance of rights and obligations arising from the General Agreement was not disturbed. He also placed considerable emphasis on the necessity of the full utilization of the MTN results to the benefit of world trade, particularly the trade of developing countries. In this connexion, it was important that steps be taken by GATT to make the exporters of the developing countries aware of the results of the MTN. He appreciated the steps already taken by the GATT in this respect with the help of the Nordic countries. He stated that more far-reaching action was required and that a programme for such action should be drawn up and implemented by the GATT, on the basis of requests from developing countries.

Commenting on the issue of safeguards, he welcomed the initiative taken by the Director-General in this regard. He emphasized that, in any safeguard system that might be ultimately agreed upon, the interests of the least developed countries, which were small exporters of a few products, should be safeguarded through special treatment in accordance with the commitments of the international community in the Tokyo Declaration.

Mr. HLAVATY (Czechoslovakia) said that his country, to a great deal dependent on foreign trade and traditionally supporting all actions in favour of liberalization of international trade, had participated actively since the inception of GATT in all its conferences aiming at a reduction of tariffs and other barriers of trade, including the Tokyo Round of Multilateral Trade Negotiations. The results of these negotiations represented on the one hand important agreed measures aimed at a further liberalization of trade and at a removal or lowering of trade barriers, but on the other hand they included also concessions in favour of protectionism which enabled governments to introduce new restrictive measures that could reduce the value of the positive results.

Thus, in the field of tariffs, a substantial reduction of tariffs rates had been achieved. However, the implementation of this reduction would be staged over eight years and would be made in such small instalments that their favourable effect on trade would not be noticeable in the fluctuation of prices, exchange rates and other economic developments. For Czechoslovakia there was moreover one clearly negative effect, as the reduction of tariffs in the United States would further raise the degree of discrimination between these reduced conventional tariff rates for countries enjoying most-favoured-nation treatment, and the maximal rates imposed on products from Czechoslovakia for more than twenty-eight years.



He considered that the new codes which had emerged from these negotiations represented a major achievement. However, there were some codes which could be dangerous for a further liberalization of trade. In this connexion he mentioned especially the code on subsidies and countervailing duties, which introduced a new provision discriminating against one group of countries, including countries that did not participate in the negotiations.

He said that a whole system of rules had been built up for the imposition of countervailing duties and there seemed to emerge a danger that a non-tariff barrier which so far had been applied by a small number of countries only would become a new protectionist instrument of wide application. He mentioned that Czechoslovak products had so far never been subject to countervailing duties. Under the new code, however, Czechoslovak products might at any time be deemed to be subsidized and consequently subject to countervailing duties simply because they were being sold at a price lower than the domestic price in the country of importation. He considered that in the light of the changing economic conditions there was a need to review some of the rules that had governed international trade for more than thirty years. However, there were very precise rules in the General Agreement in respect of amendments which sometimes required even unanimity of all contracting parties. That applied especially to the fundamental principle of non-discrimination expressed in Article I of GATT. The provision could not be circumvented by any formula that the provisions of the General Agreement were to be applied as interpreted by the MTN Agreements. Thus for instance, the code on licensing could not be interpreted as authorizing any departures from most-favoured-nation treatment in the application of automatic import licences under the pretext that the principle of non-discrimination had not been explicitly confirmed in this code. He said that Czechoslovakia was following with deep concern every attempt to weaken the principle of non-discrimination. From this point of view he expressed satisfaction that the proposals to introduce a discriminatory, i.e. selective application of safeguard measures, had not been accepted. On the other hand, his delegation would have welcomed a more precise classification of the rules for the application of safeguard measures. In conclusion, he stressed that it was necessary not only to seek the rapid implementation of the results of the MTN, but above all to keep an eye upon the way in which they were applied, that the fundamental provisions of the General Agreement were not being infringed, and that some of the provisions of the new codes were not misused for protectionist purposes.

Mr. FARNON (New Zealand) expressed the belief that the results of the Multilateral Trade Negotiations had improved the international trade environment mainly through the negotiation of a series of codes and other agreements. His delegation particularly welcomed the achievement of the arrangements on dairy products and bovine meat, which, in spite of their limitations, could bring more stability to international trade in these products. He stated that his country also welcomed the round of tariff cuts negotiated under the MTN and the enhanced security of access gained in bilateral negotiations with some of its major trading partners. He expressed disappointment, however, at

the failure to grapple effectively with the basic problems which faced the major portion of New Zealand's trade, namely agricultural protectionism and lack of access. He pointed out that there had been no real discussion on the most persistent problems facing efficient agricultural producers, namely non-tariff barriers and the disposal of artificially-created surpluses with consequent distortions to world trade. He said that the core of the problems for efficient agricultural producers was the drive in many countries for greater self-sufficiency in food through policies which were pursued regardless of the economic cost both domestically and in terms of international inflation. He regretted that even the new codes, when implemented, would not materially alter the situation. On the contrary, there was a disturbing trend whereby systems of high-cost agricultural production were reinforced. He stressed therefore that direct and visible progress in improving access for agricultural trade was required.

With regard to the texts which were before the CONTRACTING PARTIES, he expressed the satisfaction of his country at the emphasis being placed on an early agreement on an improved multilateral safeguard system. He believed that the other texts represented a balanced approach towards the implementation of the MTN results, and their acceptance would form a satisfactory basis for the continuation of the work of the CONTRACTING PARTIES.

In conclusion, he stressed that his country's efforts would continue to be directed towards more liberal and secure access for exports of agricultural products. He believed that the GATT, and the principles of a liberal non-discriminatory multilateral trade system that it embodied, would face more difficult times, when the task of sustaining the momentum of international trade growth through a period of recession would require special commitments on the part of participating governments. He added that this would require a new spirit of accommodation, encompassing also the developing countries and agricultural exporters. He stressed that it would not be enough merely to implement the results of the Tokyo Round, but that its achievements must be built upon and renewed attention should be focused on its shortcomings.

Mr. RYAN (Australia) said that the conclusion of the Multilateral Trade Negotiations marked an important event in the history of the GATT. While the results fell short of the high hopes and expectations held earlier, it was to be hoped that they would produce a further liberalization of trade and play a rôle in restraining protectionist tendencies. The contracting parties should all accept the responsibility and obligation to build on the MTN outcome and to achieve further reductions in protection. If this could be achieved, it would have a significant beneficial influence on world trade and investment. It should also enhance the key rôle of the GATT as the main multilateral legal agreement in the area of international trade.

While welcoming the results achieved, he believed that, as in previous GATT rounds, efforts had been excessively concentrated on issues of interest to the major trading nations. The absence of real progress in the area of agricultural trade had been disappointing for Australia, given the importance of this area to Australia, and to many other contracting parties. Australia nevertheless endorsed the progress made, such as the International Dairy Arrangement, which expanded existing arrangements in respect of some dairy products, the modest Arrangement on Bovine Meat, which he hoped would prove to be more effective than existing GATT activities in this area, and the modest concessions on agricultural products achieved in bilateral negotiations. He considered that the extent of trade liberalization achieved on agriculture was limited. The concessions offered by the major trading countries in some instances entailed quantitative limits. Also, the serious problem of quantitative import restrictions which were a major impediment to trade in agricultural products, and which in many cases were maintained in contravention to the GATT, had not been seriously tackled. Moreover, major trading nations had not been prepared to break significant new ground in the elaboration of multilateral trade rules on agricultural products, particularly in the important area of export subsidies. He regretted that Australia's proposals on this issue had proved to be not negotiable.

Australia also regretted that no positive agreement was reached in the MTN on developing active co-operation in the agricultural sector in the post-MTN period. Australia strongly supported the need for adequate coverage of agriculture in the future work programme of the GATT and in this respect noted the decision adopted at the meeting of the GATT Council on 22 November requesting the Director-General to consult with interested delegations with a view to furthering active co-operation in this sector and to report on this matter to the next regular session of the CONTRACTING PARTIES. He said that this decision fell far short of the tangible commitments he had expected from the MTN and of a meaningful decision on the way of handling the many problems in world trade in agriculture. However, in view of the stalemate that had developed on this issue, his delegation had accepted this decision and would participate in the consultations with the Director-General in a constructive manner with a view to achieving substantive progress in this area. His delegation would reassess its position on this matter in the light of the Director-General's report. Overall, he considered that the MTN had done little to redress the imbalance that existed between agricultural trade and industrial trade in respect of GATT rights and obligations, and the observance of these rights and obligations. He believed that the negotiations had probably resulted in a widening of this imbalance. It was also in his opinion anomalous that the major industrialized countries had been prepared to accept a specific work programme to follow up discussions in the MTN in the area of export restrictions, in which there were no demonstrable problems, whilst they still could not decide on the adoption of such a programme in the area of agricultural trade where real problems had been in existence for decades.

Turning to the question of the legal relationship between the GATT and the codes which had emanated from the MTN on various non-tariff issues, he said it was his strong view that the provisions and obligations of the GATT were to take precedence over the codes. In particular he considered that the most-favoured-nation clause of Article I was fundamental to the obligations of contracting parties in the GATT and to the continued operation of the Agreement. He said that the application of the codes on a discriminatory basis by contracting parties to the GATT would breach their obligations in this respect. If countries choose to apply the codes in this way, they would, in his view, be adopting an approach clearly in breach of their GATT obligations. Such an approach, if it were to become widespread, would place very great strains on the GATT.

He said that the codes would be intrinsically linked with the GATT, thus becoming part of the international trade rules, administered by the GATT and its institutions. However, the implementation of the codes should not infringe upon the GATT rights of non-signatories and no individual contracting party should be able to use the codes to deny any other contracting party any or all of their GATT rights. Accordingly, Australia saw the CONTRACTING PARTIES as exercising full supervisory authority over the codes and committees set up to administer the codes. These committees would report regularly to the Council and the CONTRACTING PARTIES on the activities and operation of the codes and any fundamental changes with respect to the obligations and provisions of the codes would be matters for consideration by the CONTRACTING PARTIES. Furthermore, he considered that practices should be devised which would enable non-signatory contracting parties to follow proceedings of the code committees in a meaningful way.

Referring to some of the specific texts which were before the CONTRACTING PARTIES, he said in respect of safeguards that his delegation had considerable difficulties with the proposed text. His delegation was therefore not able to join in a consensus in respect of the proposed text. He said that Australia could not accept further work on safeguards being confined solely to Article XIX, and not taking into account safeguard actions taken under other GATT provisions, or indeed outside the General Agreement. Moreover, while his delegation was prepared to examine whether there was a need for improvements, it could not accept a priori that an improvement of the safeguards system was necessary.

He said in respect of points 1-4 of the Framework texts, contained in Annex III of document L/4884/Add.1, that his Government had not yet made an assessment of all the aspects of the MTN. As the constitutional proceedings had not yet been concluded, it was, at this point in time, not in a position to go along with a consensus to formally adopt the Framework texts. However, he did not see any problems in due course. He said with respect to export restrictions and charges, that Australia, while not wishing to stand in the way of any consensus emerging, it did not consider itself bound by any such consensus and it reserved the right to decide, in due course, whether or not to participate in any future work on this subject.

He said in respect of Annex IV, third paragraph, that his delegation was concerned that some of the wording which was originally in the draft text namely that the GATT rights of all contracting parties were maintained, was now missing. This, in his view, took an essential part out of the text. His delegation was of the opinion that the implementation of the codes between contracting parties could not infringe the GATT rights of non-signatories and that no contracting party could take refuge in the codes in order to deny any other contracting party any or all of its GATT rights and obligations. While it was clear that a contracting party, in joining a code, gave up certain of its GATT rights or took up additional obligations, such a contracting party was not absolved in any way from its GATT obligations to non-code signatories. Furthermore, no signatory should in any way be relieved of its GATT obligations to non-signatories, particularly when obligations under a code led to conflict with GATT obligations.

He said in respect of MTN tariff concessions in Annex V that his delegation could accept the proposed text on the initial negotiating rights. This acceptance was qualified by the fact that Australia had previously reserved its position regarding the provision of full GATT rights to certain contracting parties in the context of their Protocols of Accession.

Mr. EL GOWHARI (Egypt) expressed the full support of his delegation for the statement made by Ambassador Jaramillo of Colombia on behalf of developing countries. He pointed out that the Multilateral Trade Negotiations had brought advantages only to some participating countries. He believed that the negotiations did not fulfil all the objectives set out in the Tokyo Declaration, since the additional benefits for the trade of developing countries could either hardly be identified or were only modest. He stated that the absence of a safeguards code from the MTN package was liable to affect the overall balance of the negotiations' results. He expressed concern at the fact that quantitative restrictions might be imposed occasionally by developed countries against products of export interest to developing countries, such as textiles and other exports for which there was an export potential. He expressed the hope that future work on safeguards would produce a mutually acceptable solution in elaborating supplementary rules and procedures concerning the application of Article XIX of the General Agreement.

With regard to the relationship between the MTN agreements and the General Agreement, he stressed that the agreements should not affect the rights of contracting parties which were non-signatories, especially rights pertaining to the MFN provisions of the General Agreement. He supported the view that developing countries non-signatories to the agreements should be able to participate as observers in the committees to be established for the purpose of monitoring the implementation of the various agreements.

With reference to the International Dairy Arrangement, he asked for clarification as only a certified copy of the text representing the interests of exporting countries had been distributed. The other text representing the views of some importing developing countries, and incorporating certain elements, such as the concept of minimum and maximum prices, had not yet been received.

With regard to the future work programme of the GATT, he said that priority should be given to the expansion of trade among developing countries. He also stated that the GATT had the competence and expertise to serve as the central mechanism for the forthcoming round of trade negotiations among developing countries. These negotiations should cover both tariffs, non-tariff barriers and other trade-related measures, and they should aim at a substantial and balanced expansion and diversification of production and trade among developing countries. He also expressed support for the proposal to establish a sub-committee of the Committee on Trade and Development to examine any case of future protective action by developed countries against imports from developing countries with a view to implementing paragraph B.8 of UNCTAD Resolution 131(V).

Mr. LONG (Director-General) confirmed that certified copies of the second version of the International Dairy Arrangement were being processed and would be available shortly.

Mr. BERMUDEZ (Cuba), while expressing his full support for the statement made by the representative of Colombia on behalf of developing countries, stated that, in general terms, the basic interests of developing countries, especially those of the least developed, had not been duly taken into account during the Multilateral Trade Negotiations. Contrary to the commitments contained in the Tokyo Declaration, no real attempt to extend special and differential treatment to the developing countries had been made in the negotiations. It was for this reason that the Heads of State or Government of Non-Aligned Countries had stated, in the Economic Declaration of their Sixth Summit Conference, that the agreements multilaterally negotiated in the MTN could be considered final only when the essential concerns of developing countries had been fully met in the final outcome of the negotiations.

Mr. VALDIVIESO (Peru) expressed his support for the statement made by Mr. Jaramillo on behalf of developing countries. He stated that Peru had participated actively in the Multilateral Trade Negotiations in the hope that they would bring about improved trading conditions in keeping with the economic and social development needs of developing countries and with the commitments contained in the Tokyo Declaration. While acknowledging that the results were important in that the agreements which had been negotiated would introduce increased discipline into international trade relations, he said that his country was not completely satisfied with these results. A

number of problems which were of special concern to developing countries had not been resolved. These shortcomings included the lack of a multilateral solution to the problem of quantitative import restrictions, tariff escalation, the exclusion of certain sectors from the tariff concessions made by developed countries, and the erosion of the margins of preference on products benefiting from GSP treatment as a result of the MFN tariff concessions. He stressed the need for a more liberal system of international trade and for continued resistance to protectionism, particularly against the background of the critical world economic situation. In this connexion, he expressed his support for the establishment of a sub-committee, under the Committee on Trade and Development, whose task would be to monitor protectionist measures imposed by developed countries against imports of developing countries. He stated that one of the causes of protectionism was the inability of industries in developed countries to adjust to growing competition from products from developing countries. The CONTRACTING PARTIES therefore, had an obligation to follow closely the efforts which were being made towards structural adjustment. He expressed understanding for the difficulties which this process involved for the industrialized countries, especially in view of the heavy social costs. His delegation insisted however, that this structural adjustment should be considered and carried out from the angle of global economic development. The continuation of this situation would have a destabilizing effect on the economic and political equilibrium in the world. In this respect, he supported the mandate given to the Consultative Group of Eighteen to advise the Council and, through the Council, the Committee on Trade and Development as to the task to be carried out and the measures to be taken with a view to achieving positive results in this field. As regards safeguards he hoped that an early agreement could be achieved based on the MFN principle and on strict discipline. He supported the establishment of a special committee with a view to continuing the negotiations, and believed that all countries which had taken part in the MFN should be members of this committee. He stated that his Government was convinced that strict compliance with the rules of GATT and of the new agreements was essential for a restructuring of the international trading system. This new system should lead to the diversification and expansion of the exports from developing countries as a means of increasing their participation in world trade. He further stated that his Government placed special importance on the trade negotiations among developing countries and welcomed the interest shown by GATT in this area. However, his country was aware of the difficulties that existed in this area, due to the limitations which restricted the field of negotiations, but also to the views of some countries concerning their framework and the problems connected with the participation of non-signatories in the committees that would be charged with the implementation of the MFN agreements.

Mr. KRZYSZTOFOWICZ (Poland) said that the completion of the Multilateral Trade Negotiations brought to a close an important stage in the activities of GATT and that the results obtained were not negligible, although they did not come up to what the participating countries hoped and expected. There was no doubt that they would exert a significant influence on world trade in the years to come. During the Multilateral Trade Negotiations, much effort had been expended to achieve concrete results. But the real value of the results, and particularly of the agreements and arrangements worked out, would depend largely on the way in which they were applied in everyday practice. Thus, great importance should be attached to the work of the committees or councils of the signatories which would have the task of seeing to it that the agreements functioned entirely in accordance with the provisions of the agreements, and at the same time with the provisions of the General Agreement.

The most-favoured-nation clause was the basic principle of GATT, and it could not be affected by the provisions of agreements and arrangements worked out during the MTN, their essential purpose being to reinforce the provisions of the General Agreement and not to weaken them. It was important most of all that their functioning should not affect the rights and advantages which contracting parties not acceding to those agreements obtained from the General Agreement, including Article 1. Furthermore, the application of the agreements should create an effective barrier against protectionist trends which were omnipresent and stronger than ever.

The strengthening and improving of the effectiveness of the procedures for consultation and for the settlement of disputes used by the contracting parties in new conditions should also constitute a factor in the fight against protectionism. The proposals contained in the annexes to the Council's report had been discussed at length and constituted a compromise undertaking which it would be difficult to violate. His delegation was prepared to accept them, at the same time expressing the hope that their implementation would be effected in complete conformity with the letter and the spirit of the General Agreement and would thus contribute to improving the conditions of international trade.

Mr. UME (Nigeria) stated that the results of the Multilateral Trade Negotiations should be assessed against the background of a deteriorating world economic situation resulting from increased inflationary pressures. In this regard the basic question was whether the objectives of the developing countries, which had participated in this long exercise, had been met. On the issue of safeguards, he expressed the regret of his delegation that no acceptable code had emerged despite the compromise proposed by the Director-General. He expressed the hope that the Committee, which would be established to continue work on this problem, would undertake its task with speed so that an early agreement could be reached. Referring to the implementation of UNCTAD Resolution 131(V) he stated that his



delegation supported the decision to establish a sub-committee under the Committee on Trade and Development for that purpose. With regard to the relationship between the agreements emerging from the MTNs and the GATT he asked for assurances that there would be no discrimination against non-signatory contracting parties so that their rights under the m.f.n. clause would be safeguarded.

He expressed the hope that the CONTRACTING PARTIES would give more priority to the problems of developing countries and that in this regard the Committee on Trade and Development which was charged with safeguarding the interests of developing countries would step up its activities. He pointed out that his delegation was awaiting with keen interest the start of the trade negotiations among developing countries. These negotiations should not be considered merely as an enlargement of the existing arrangements. Finally he proposed that the GATT should consider holding some of its important meetings outside Geneva in order to increase the public's awareness of its activities.

Mr. CHAN (United Kingdom, speaking for Hong Kong) stated that his authorities supported further negotiations with a view to reaching an agreement on safeguards and were prepared to continue to play an active part in them. He expressed the hope that certain achievements which had taken shape in previous negotiations on the subject, e.g. in regard to the criteria for the determination of injury, the conditions for safeguards measures, the procedures for notifications, surveillance and dispute settlement, would not be lost. He noted the intention of contracting parties, to continue to abide by the disciplines and obligations of Article XIX of the General Agreement. He stated that to Hong Kong the principal obligation in the application of that Article, like the fundamental principle enshrined in Article I of the General Agreement, was clear. Hong Kong would be watching events closely and hoped that no action based on a unilateral interpretation of Article XIX would be taken to undermine the good faith on all sides and the confidence and trust which were the prerequisites for any continued negotiations on this subject to be meaningful.

Mr. SEOW (Singapore) associated himself with the statement made by Ambassador Jaramillo of Colombia, who had explicitly expressed the views and disappointment of developing countries on the overall results of the MTN. He said that in his delegation's opinion these results fell short of the objectives of the Tokyo Declaration. His delegation was not in a position to comment on all the texts proposed because the full implication of their implementation were still being studied. However, it considered that these agreements should in no way infringe the rights under the GATT of all contracting parties, and in particular developing ones. Neither should they be implemented in such a way as to effect modification to or withdrawal of Special and Differential treatment accorded to them.

Mr. POMPEE (Haiti) said that a new stage had been reached along the road to the liberalization of international trade, but it was desirable that liberalization should extend to agricultural commodities particularly those of special interest to the developing countries. The essential task was to ensure for those countries net supplementary advantages, an increased share in world trade and diversification of their exports. Essential points of vital interest for those countries had not led to satisfactory results - examples were quantitative restrictions and the application of safeguards. Joint action and the political will of the CONTRACTING PARTIES were necessary for the post-Tokyo Round period if a significant reduction of protectionist pressure was to be achieved. Stress must be placed also on effective preferential and differential treatment in regard to the developing countries. Furthermore, participation by those countries in the various committees arising out of the Tokyo Round Agreements was indispensable. He fervently hoped that the climate of liberalization in inter-State relations would continue to prevail in the negotiations for the establishment of the new international economic order in the years to come.

Mr. MARTINEZ (Argentina), recalling that he had participated actively in the Multilateral Trade Negotiations from their preparation to their conclusions, stated that, while a full evaluation of the negotiations would be premature, a general and broad appreciation of their results could be attempted. He considered that the secretariat could help developing countries to assess the global results more profoundly by updating the Report by the Director-General on the Tokyo Round, particularly the part that related to developing countries. Concerning the evaluation of the specific results for individual countries, he stressed the importance of assessing both the direct and indirect benefits as well as the price paid for these benefits, taking into account not only the contributions made by each developing country but also changes brought about by the negotiations, for example the erosion of preferential margins. He stated that the most important results of the negotiations would come from the impact that the different codes would have on the development of international trade. While the codes would certainly bring about more discipline and transparency to the rules agreed within GATT, what was really important was the way these codes would be applied, as their value would depend more on the manner of their practical application than on the language in their texts. Also very important in his view, was the need for the CONTRACTING PARTIES to supervise the general implementation of the codes.

Concerning the question of safeguards, he recalled that from the outset of the negotiations emphasis had been placed on the relation between, on the one hand, the depth and coverage of the concessions that would be possible and on the other hand, the progress that was made in providing greater flexibility in the application of safeguard measures. He expressed the

view that the fact that the multilateral trade negotiations had not achieved the expected results, particularly in the field of agriculture, should be borne in mind when finalizing the work in the field of safeguards. With reference to the problem of protectionism, he regretted that, although the secretariat had been the first, more than two years earlier, in putting governments on guard as to the effects of increasing protectionist tendencies and the CONTRACTING PARTIES had examined the question of protectionism in detail during their thirty-fourth session, it was only after a resolution had been adopted in another forum that contracting parties appeared ready to agree on the establishment within the GATT of a mechanism for permanent review of protectionist measures affecting the trade of developing countries.

Referring to the future activities of GATT as a permanent negotiating body, he urged that GATT give all its support to those developing countries who had decided to enter into negotiations with the view of improving their mutual trade, so as to enable them to carry out these negotiations, with the co-operation, where appropriate, of other international organizations. Once these negotiations among developing countries were finished, contracting parties could reconsider the rôle GATT had to play in North-South negotiations. In his view, a round of North-South negotiations, complementary to the Tokyo Round, should take place at some time in GATT. To be effective, and to avoid the interests of developing countries being lost sight of, such negotiations should have well-defined objectives and purposes. In concluding, he expressed his delegation's wish to join the consensus in support of the texts before the CONTRACTING PARTIES for approval.

Having concluded the discussion the CHAIRMAN said that the CONTRACTING PARTIES would take note of the statements made including those made on particular points. Any action the CONTRACTING PARTIES would now take would, of course, be against this background. He would now put each item for the CONTRACTING PARTIES for appropriate action, but one could not consider that the approval of the CONTRACTING PARTIES on action to be taken in one case was fully obtained, until the approval had been obtained in all cases.

The CHAIRMAN then drew attention to the draft decision contained in Annex I - of document L/4884/Add.1 - Safeguards.

The CONTRACTING PARTIES agreed to adopt the Decision by consensus.

The CHAIRMAN drew attention to Annex II in document L/4884/Add.1 - Examination of Protective Measures Affecting Imports from Developing Countries.

The CONTRACTING PARTIES agreed to adopt by consensus the Decision on the Examination of Protective Measures Affecting Imports from Developing Countries.

The CHAIRMAN drew attention to Annex III in document L/4884/Add.1 which contained proposals regarding the decisions to be adopted by the CONTRACTING PARTIES on the Framework texts, which were contained in document L/4885.

The CONTRACTING PARTIES agreed to adopt by consensus the Decision Regarding Differential and More Favourable Treatment and Reciprocity and Fuller Participation of Developing Countries (Points 1 and 4).

Mr. SEOW (Singapore) said that his delegation had difficulties with some of the provisions. It therefore maintained reservations on paragraphs 3c, 4, 5 and 7 of the Decision which had just been adopted.

The CONTRACTING PARTIES decided to adopt by consensus the Declaration on Trade Measures for Balance-of-Payments Purposes (Point 2A).

The CONTRACTING PARTIES agreed to adopt by consensus the Decision Regarding Safeguard Action for Development Purposes (Point 2B).

The CONTRACTING PARTIES agreed to adopt by consensus the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance (Point 3).

The CHAIRMAN drew attention to Annex IV of L/4884/Add.1 regarding the proposed Action by the CONTRACTING PARTIES on the Multilateral Trade Negotiations. He recalled in this connexion that the observer from Bulgaria had raised in the Council a question relating to the position of non-contracting parties in the MTN agreements. The Chairman made the following statement for the record:

"Difficulties may arise during the period between the application for accession of non-GATT member countries to the Agreements and the finalization of the necessary negotiations. It is my hope that any such difficulties would as far as possible be overcome on the basis of temporary arrangements between the members of the Agreements and the respective applying countries, with the understanding that the balance of rights and obligations will be preserved."

The CONTRACTING PARTIES agreed to adopt by consensus the proposed Action by the CONTRACTING PARTIES on the Multilateral Trade Negotiations (Annex IV of document L/4884/Add.1).

The CHAIRMAN drew attention to the proposal contained in Annex V to the Council's Report on Action by the CONTRACTING PARTIES on the MTN Tariff Concessions.

The CONTRACTING PARTIES agreed to adopt by consensus the proposed Action by the CONTRACTING PARTIES on the MTN Tariff Concessions (Annex V of document L/4884/Add.1).

The CHAIRMAN noted that herewith all the decisions and proposals for action by the CONTRACTING PARTIES relating to the Multilateral Trade Negotiations had been adopted.

The meeting adjourned at 17.45.