

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Thirty-Ninth Session

SUMMARY RECORD OF THE FOURTH MEETING

Held at the International Labour Office,
on Wednesday, 23 November 1983, at 10 a.m.

Chairman: Mr. B.L. DAS (India)

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1. Activities of GATT (continued)

Mr. FIELD (Australia) said that while listening to the statements made at the present session, his delegation had noted the various views and the divergent levels of commitment to early progress in implementing the 1982 Ministerial work program. He said that some opinions had sought to depict these differences as confrontations detrimental to the workings of the multilateral trading system; but from Australia's perspective, the divergences reflected differences in commitment to that system, to improving it and to seeking substantive trade liberalization. His delegation could not agree that one alternative to expressing differences of perception and seeking solutions was to accept that the multilateral system would somehow correct itself, without the need for active intervention by the CONTRACTING PARTIES.

He said that Australia's concerns were perhaps best reflected in the sentence of the 1982/1983 GATT Report on International Trade which stated: "While the economic recovery will improve the climate for introducing needed policy reforms, it is unlikely that the end of the recession can by itself solve the twin problems of protectionism and international indebtedness".

He said that neither in the Ministerial Declaration, nor in GATT's activities in 1983 towards implementing the work program, could his delegation derive much encouragement that the situation would improve. Solutions to problems in the areas of safeguards, subsidies and trade in agriculture would have to be practical to achieve a degree of permanence. Such solutions would also have to revitalize and reinforce the multilateral trading system embodied in GATT principles, and not erode or distort those principles. In Australia's view, the GATT neither provided effective disciplines, nor effectively applied existing disciplines in a number of critical areas, particularly on agricultural subsidies and on

protectionist measures affecting trade in manufactured and agricultural products. Australia was concerned at the implications that this lack of effectiveness and coverage had for the world trading environment and for the multilateral trading system.

He noted that his delegation had already expressed its disappointment that the discussions on safeguards had so far not produced progress, and that Australia had stressed the great importance it attached to reaching a comprehensive understanding on safeguards, incorporating the elements contained in the Ministerial Declaration.

He added that the failure of the CONTRACTING PARTIES to resolve some important elements in the range of disputes currently before them threatened the credibility of the General Agreement and of its associated instruments. This failure had seemed to add impetus to the need felt by some contracting parties to secure success by seeking bilateral solutions, with all the dangers that this posed for the economies of smaller trading nations, especially those of developing countries whose trade interests in these circumstances were so often ignored.

He said that the first review in the Committee on Trade in Agriculture had at least opened up discussion on agricultural measures, and had exposed the diverse range of existing restrictive measures. There was now an urgent need to inject the views of high level agricultural trade policy officials into these deliberations to give the necessary policy direction to the Committee's work. The critical next stage of its work would be to establish negotiating possibilities, with particular focus on measures that distorted international trade. This objective, inherent in the Ministerial Declaration, could not be achieved without the substantial active participation and commitment of the major trading nations.

He concluded by suggesting that what distinguished GATT was its obligation to action-oriented multilateral solutions to trade problems and to trade liberalization. If the prospect now, for an almost indefinite period, was merely for further discussion and analysis both inside and outside GATT, then the question was bound to arise of whether the contracting parties had abdicated the distinctive rôle in international trade that GATT membership gave them. Australia considered there was a need to step up both individual and collective efforts to implement the Ministerial work program. The initiative and leadership for this could only come from within GATT itself.

Mr. AHMAD (Bangladesh) said that the present session had exposed certain shortcomings in the GATT multilateral trading system, which had been threatened by mounting protectionism resulting from the prolonged economic crisis. Despite the evidence of recovery in certain developed economies, one could not presume that it had acquired enduring stability or global application; developing countries still faced declining terms of trade, increased current account deficits and mounting debt burdens.

His delegation considered that there was an urgent need for an improved and more efficient safeguard system to ensure greater predictability and clarity and to preserve the results of trade liberalization. Lack of transparency and resulting uncertainty had hindered diversification of the exports and thus the growth and development of developing countries, particularly of the least-developed among them. He pledged his country's fullest co-operation in the search for the comprehensive understanding called for by Ministers on safeguards.

Another important aspect of the work program was the need to improve GATT's dispute settlement mechanism. It was also necessary to remove obstacles posed by quantitative restrictions and other non-tariff measures, which continued to threaten the trade of developing countries. The codes on non-tariff measures negotiated during the Tokyo Round had yet to prove their worth, and some of them, particularly the one concerning subsidies and countervailing measures, should be clarified and strengthened.

He said that an important feature of the work program was to ensure the effective implementation of GATT rules and principles concerning developing countries to enable them to participate actively in international trade. He noted the decision of the Committee on Trade and Development that the Sub-Committee on Trade of the Least-Developed Countries would monitor the implementation of those aspects of the Ministerial Declaration concerning the least-developed countries, and would hold consultations between interested least-developed countries and their respective trading partners on issues related to their development and trade interests. In this context, Bangladesh had consulted with a number of contracting parties in the Sub-Committee to identify and discuss tariff and non-tariff barriers affecting its trade. While the response had fallen short of expectations and the results were uncertain, he viewed it as the beginning of a process which, if properly followed up, could eventually contribute towards easing trade problems.

In conclusion, he pointed to the need for a stable and predictable institutional environment conducive to the efficient use of resources in order to promote global economic recovery; the creation and sustenance of such a recovery would require political will and sincere commitment to strengthen the open multilateral trading system. He expressed his delegation's appreciation of the Director-General's initiative in setting up an independent group to study problems in the international trading system.

Mr. HAMZA (Egypt) said that the purpose of the present session was to review major developments since the 1982 Ministerial meeting, and to review progress on the action program established at that meeting. He raised the question as to how far that program had provided an adequate response to the longer-term needs of the international trading community and the world economy. He questioned in particular the extent to which

the program had met the basic and legitimate interests of developing countries. As evidence of his concern, he referred to recent studies published by GATT and the World Bank. The GATT study had shown that there had been a contraction of both world production and trade in 1982.

Referring to these studies, he said that most current international economic problems were related to failures of the price system. The solutions to these problems lay in the restoration of competition and in a more efficient working of the price mechanism. The debt problems of developing countries should be solved by permitting them to increase their exports, and this solution would be aided by suppression of protectionist measures in industrialized countries. The information which had become available on developing countries' debts since the Ministerial meeting indicated that a fresh look at the Ministerial Declaration might be necessary, in order to see how it could be made into an effective instrument for development of world trade on a definite and secured basis.

He said that Egypt was concerned at the continued proliferation of protectionist measures since the Ministerial meeting. Whether these were based on GATT provisions or whether they were "grey area" measures made little difference; they still prevented developing countries from achieving increased growth in exports and therefore from reducing their foreign debt load. Of particular concern to developing countries were increased restrictions of trade in such products as farm goods, yarns and textiles.

In conclusion, he urged the CONTRACTING PARTIES to refrain from introducing new protectionist measures and to re-commit themselves to the removal of measures inconsistent with GATT. The studies by GATT, UNCTAD, the IMF and the World Bank clearly emphasized that policies aimed at restricting competitive imports from developing countries could only work in the long term to the disadvantage of the countries taking such measures.

Mr. DUMITRESCU (Romania), reviewing what he called the critical current situation of the world economy and international trade, underlined the particularly bad situation faced by developing countries. For a global and durable economic recovery, he said it was essential that these countries play a dynamic rôle in international trade. GATT member countries should therefore step up their efforts to take urgent and firm action designed to check and overcome protectionist trends, and should give more active support to developing countries for increasing their participation in international trade.

Romania considered that GATT should be more involved in solving major problems in the world economy. Regrettably, only very modest progress had been made in implementing the Ministerial Declaration. Requests for export restraint had increased as had anti-dumping practices; no significant progress had been made on the safeguards

issue. Referring to the consultations on implementation of Part IV, on tropical products, and the work of the Committee on Trade in Agriculture, he said it was important that those activities led to concrete results, the elimination of restrictions on imports from developing countries, and improvement of the Generalized System of Preferences.

Romania considered that the Working Party on Structural Adjustment and Trade Policy had done useful work, but more in-depth examination was desirable in the perspective of a sectoral approach, in order to agree on specific recommendations with regard to sectors in which protectionist practices were most frequent, such as the textiles and the iron and steel industries.

He reiterated Romania's request for early elimination of discriminatory quantitative restrictions still maintained by certain European countries, noting that under the Protocol for the Accession of Romania (BISD 18S/5), 1974 had been set as the target date for such elimination. He also renewed Romania's request to the United States and other contracting parties to grant most-favoured-nation treatment to his country on a permanent and multilateral basis.

Mr. BLANKART (Switzerland) recalled that Switzerland had acceded to the General Agreement on a provisional basis on 22 November 1958. Looking back over the intervening 25-year period, he noted the great upheaval in the economic and political context in which GATT and the CONTRACTING PARTIES had evolved. The consequences of that evolution had brought about the following paradox: to the extent that GATT insisted on remaining as it always had been, its position in that context would steadily weaken; on the other hand, the more it was able to find ways and means of supplementing and adapting its structures and its sphere of application, the more it would preserve intact the essential rôle that it had occupied at the outset in the system of international relations, and its effectiveness in promoting international trade.

Essentially, the requirements of the General Agreement had never been definitively fulfilled; yet it was important to meet them, even if the task of the CONTRACTING PARTIES was as heavy today as in the early days of GATT, in view of the dynamic nature of its evolving economic and political context.

He then went on to make two points suggested to him by the agenda of the present session. First, noting that the Council's report and other GATT documentation attached great importance to the activities of the Ministerial meeting, he said this was natural but it should be an exception. It was evident that some of GATT's activities embraced certain matters which were more important and more basic than others by their very nature, in accordance with the letter and the spirit of the General Agreement. However, he felt that a practice which amounted to artificially giving certain questions preference in relation to other fundamental issues would gradually bring them into the foreground, regardless of their status and scope within the General Agreement. Fortunately, that stage had not been reached.

His second point was that many of the topics on the agenda of the CONTRACTING PARTIES were difficult to classify in the present framework of GATT's activities. The current deliberations on the way in which GATT could tackle them should culminate either in incorporating the problems in its existing activities, or in adapting the framework of the organization to embrace new topics adequately. It would be a matter of concern to find that an increasing number of problems had to be dealt with outside the General Agreement, and on a bilateral basis. While it would be tempting, and at times justifiable, to associate the liberalization of trade and the evolution of the rules governing international trade with certain economic problems of a non-commercial character, it was essential to avoid certain approaches liable to cause misunderstandings or illusions such as a bogus type of liberalization used as an alibi for certain barriers imposed at another level, or the application of existing rules subject to certain economic preconditions.

With regard to the notion of setting up an independent group of people to analyse the policy options facing GATT, even if the establishment of such a group was justifiable, only a consensus among the CONTRACTING PARTIES would make it possible to actually decide on those options. Such a consensus would presuppose a fundamental choice by the CONTRACTING PARTIES between overall prosperity, regarded as the sum of the prosperity of each individual contracting party, and national prosperity regarded as a function and consequence of global well-being.

Mr. JUNG (Czechoslovakia) said that the world economy was still passing through a difficult period, and the limited signs of recovery in some countries could hardly alleviate the difficulties faced by the rest of the world. Protectionist pressures, trends towards the use of sectoral solutions outside the GATT framework, resort to safeguard expedients of questionable GATT compatibility, the use of quantitative and discriminating restrictions and the arbitrary allocation of market shares had all been challenging basic GATT principles. A growing number of proceedings initiated in important trading countries against allegedly dumped or unfair imports had promoted a climate of uncertainty. In addition, the MFN principle had been further eroded by the demand for strict bilateral reciprocity, and this had discriminated against weaker countries. The overall trade situation had thus continued to deteriorate despite the commitments undertaken at the GATT Ministerial meeting and at other high-level meetings. Therefore, the major task of the CONTRACTING PARTIES still remained to secure improved market access based on the principle of non-discrimination, and to implement effectively paragraph 7 of the Ministerial Declaration.

He referred to the adverse effects of restrictive trade measures applied for non-economic reasons, citing as an example the suspension of GATT obligations between the United States and Czechoslovakia. He called on the CONTRACTING PARTIES to abide by their undertakings in the Ministerial Declaration to abstain from taking restrictive trade measures for non-economic reasons.

Czechoslovakia considered that the implementation of the work program adopted at the Ministerial meeting had progressed slowly, and he outlined several areas requiring further attention. While useful work had already been done in identifying and reviewing quantitative restrictions and other non-tariff measures, further work should be directed at eliminating such restrictions and measures which were inconsistent with the GATT. On the issue of safeguard measures, greater effort and political will would be needed to stop the use of these measures outside GATT.

His delegation considered that the implementation of the MTN Agreements had in principle progressed satisfactorily, and had assisted in securing greater discipline and transparency. While some of the Agreements had helped to reduce trade-distorting effects to a certain extent, others, like the anti-dumping code, tended to be used for protectionist reasons. In addition, developing-country participation in the MTN Agreements had remained low. Czechoslovakia believed that the major task was to ensure that obligations were met at both the national and international levels and to encourage wider participation in the MTN Agreements.

The Council's decision in 1983 to review developments in the trading system and to monitor the implementation of the undertakings in paragraph 7(i) of the Ministerial Declaration was, by increasing transparency, an important step in countering the proliferation of restrictive measures and in influencing the safeguard issue.

His delegation considered that a study of changes in trade relations due to new competitive opportunities created by accelerated growth in new industries seemed to be a useful exercise, if undertaken without commitments or preconditions. However, efforts for freer trade in this area should consider the needs of all countries and should respect GATT principles.

Concerning preparations for a new round of multilateral trade negotiations, he shared the view of some other delegations that it was premature to consider concrete proposals in this area. The essential task at present was to complete the current work program, particularly in problem areas still remaining unresolved from the Tokyo Round. As trade policy was likely to be a significant component of resumed economic expansion, GATT's main contribution to the revival of trade should be to keep trade channels open and to clear away existing barriers and distortions through the implementation of its work program for the rest of the 1980s.

Mr. PEREN (New Zealand) said that the present session was an opportunity to take stock of the main problems affecting the GATT trading system and to assess priorities for dealing with those problems; there was a need to deal with the difficulties in the trading system in a manner that appropriately acknowledged those two goals. While his

delegation believed that an increase in trade would not solve all the world's economic problems, it was an essential element of recovery for those countries that depended on trade.

He agreed with other representatives who had stressed the linkage between trade problems and the debt of developing countries. However, there were interlinkages between other trade issues which were more fully within GATT's competence. In this regard, he emphasized the varying treatment accorded to different sectors of world trade; of particular importance were the inequities in the current situation regarding trade in agriculture. New Zealand wanted to see progress in this area in order that agricultural exporting countries might trade more effectively and develop their production base in a manner consistent with the best international division of labour that was one of GATT's goals.

His delegation viewed as a top priority the successful completion of the work program established for the Committee on Trade in Agriculture. New Zealand considered that GATT rules were not sufficiently or effectively applied to international trade in farm products. He reiterated his country's support for the undertakings agreed by Ministers when they had established the Committee on Trade in Agriculture. New Zealand strongly urged participants in the Committee to build quickly upon the foundation laid down by their 1983 examination of individual country notifications. Parties should now proceed without delay to consider the policy questions and problems which lay at the heart of the difficulties facing trade in agriculture. Given that only one year remained before the Committee had to place its recommendations before the CONTRACTING PARTIES, it was essential that its work proceed quickly.

Mr. JARAMILLO (Colombia) said his delegation was concerned that the economic recovery beginning to take place in the main developed countries was having no positive effect on the exports of developing countries, despite the undertakings in paragraph 7(i) in the Ministerial Declaration. It was necessary to take definite action in this field to avoid the danger of loss of GATT's credibility in 1984, the year in which the results of the work program stemming from the Ministerial Declaration would be presented to the CONTRACTING PARTIES.

With regard to the suggestion by Japan that a further round of multilateral trade negotiations should be considered, Colombia felt that the present work program should first be completed, especially in respect of matters relevant to developing countries. These countries' chronic payments deficits could only be remedied by an improvement in their exports.

He recalled Colombia's difficulties in acceding to the code on subsidies and countervailing measures, owing to the attitude of one contracting party; he hoped that this example would prove useful in future discussions on the proposal made by the representative of Egypt that the CONTRACTING PARTIES should examine how developing countries might participate more fully in the various MTN agreements.

With reference to the Director-General's initiative in setting up an independent group of people to study the world trading system, his delegation agreed with the earlier remarks by the representative of Jamaica.

The CHAIRMAN, in closing the discussion on this item of the Agenda, referred to some of the main themes of the statements by delegations. He noted that many delegates had also made a number of specific comments during the discussion on the Council's report. He said that the discussion had been intense, interesting and topical. The work program set by the 1982 Ministerial Declaration, the present international trading environment, and concern about the future had been the central themes of almost all the statements.

Many delegations had drawn attention to the continuing difficulties faced by the world economy: low growth, high unemployment and inflation, persistent balance-of-payments problems, falling commodity prices, and adverse terms of trade in a large number of countries. While there was a feeling that there were promising signs of recovery in some major economies, it was also felt that these improvements were not evenly spread among the contracting parties. Doubts were raised whether the positive effect of such a recovery in certain countries would be transmitted on a wider scale. Concern had been expressed about the implications of a recovery in growth, unaccompanied by a commensurate improvement in employment. Many representatives pointed out that some countries, particularly the developing countries, were still facing extremely adverse economic conditions.

Moreover, present developments had imposed considerable stresses and strains on the trading system as a whole. While some delegations had noted that the system had shown considerable resilience, many delegations considered that even if there were some signs of improvement, it would be impossible for an economic recovery to take hold unless governments showed the political will necessary to stem protectionist pressures which had continued to grow during the past few years. The continued recession had depressed demand and had had an adverse impact on international trade. At the same time, some representatives had expressed the view that there could have been a greater proliferation of protective measures if governments had not resisted pressures put on them. However, several representatives considered that protectionist measures had indeed increased, and they quoted factual and statistical information to support this opinion, particularly concerning anti-dumping and countervailing measures, quantitative restrictions, actions under Article XIX and other similar measures.

Many delegations had emphasised the need for effective implementation of the commitments in the 1982 Ministerial session in favour of a stand-still on the introduction of new restrictive measures and of a roll-back of protectionist actions taken in recent years. It had also been suggested that the time might have come for the CONTRACTING

PARTIES to start considering the possibility of, and laying the groundwork for, new multilateral trade negotiations. At the same time, almost all representatives had emphasised the need for giving top priority to ensuring that the work program established by the Ministers was satisfactorily implemented. Some delegates had stressed that the program and the on-going work in GATT should not be relegated to the background.

With reference to the undertakings contained in paragraph 7 of the Ministerial Declaration, many representatives had expressed concern about the seeming lack of a strong commitment to abide by those undertakings; this had been quite apparent in a number of instances. These representatives had emphasised the importance of abiding by those undertakings for the maintenance of an open and equitable trading system as well as for the continued validity of GATT itself. There was a strong feeling among many representatives that if the undertakings contained in paragraph 7 concerning the arrest and rolling back of protectionism were given no more follow-up than words, this would have serious consequences, not only for the trading system but also for the economic well-being of nations. Emphasis had been placed by almost all representatives on the need for further liberalization of trade, and for ensuring further openness in trade transactions and in the adoption of policies and measures affecting trade.

Representatives of developing countries had laid particular emphasis on their present economic plight and especially on the adverse effects of protectionist trade measures on their balance-of-payments. The special difficulties faced by the least-developed countries in this connection had also been mentioned. Several representatives had referred to the link between trade and finance and had pointed out that their high levels of commitment for the outflow of foreign exchange had so far been met largely through contractions in imports, which had inevitably impaired their growth and development prospects. These representatives had stressed the need for an open and predictable trading environment in which their countries could expand exports on the basis of comparative advantage. They called for renewed efforts by their major trading partners aimed at lowering tariffs, improving GSP schemes and removing non-tariff barriers, and stressed that any action in this regard should be taken on a multilateral and non-discriminatory basis.

Certain developing country representatives had also referred to the growing number of anti-dumping and countervailing duty actions that were being taken by developed countries, which, whatever their legal justification, were introducing a growing element of uncertainty and unpredictability into trade and were exercising strong protectionist effects. In connection with the link between trade and finance, some representatives had referred to the difficulties faced by the world banking system and the financial system as a whole, and in this context, too, they emphasized the inherent dangers in not ensuring liberal and open trade.

In referring to the work program, several representatives had noted that there had been satisfactory progress on many fronts. They had also noted, however, that a good deal of this work had so far been in the nature of preparing the ground for the substantive work yet to come. These representatives viewed this preparatory phase as both necessary and useful, but had stressed that the next stage of work in many areas was going to involve decisions which would severely test the resolve of contracting parties and their commitment to the trading system as embodied in the GATT.

Some representatives also considered that it was necessary to proceed in a balanced manner with regard to the different elements in the Ministerial Declaration, since the document as a whole represented a balance between the sometimes diverging interests and priorities of contracting parties. Some representatives had referred to the need for strong political will when it came to the final implementation of the objectives in the Declaration.

Many representatives had expressed disappointment at the failure to reach a comprehensive understanding in the field of safeguards in time for this session of the CONTRACTING PARTIES, as had been called for by the Ministers. These representatives had expressed appreciation for the efforts made during 1983 to arrive at such an understanding, in particular for the efforts by the Council Chairman. They had stressed the importance of persevering with these efforts in the year ahead. Many representatives had also emphasized the need to ensure that any understanding reached in this area would be genuinely comprehensive and would cover all the elements specified in the Ministerial Declaration.

Many delegations had referred to particular sectors, notably agriculture and textiles, which needed continuing priority attention. While most reactions to the preliminary work undertaken in the Committee on Trade in Agriculture had been positive, insofar as it had entailed an open and frank discussion on policies applied to this sector, many delegations had stressed the need to push ahead with this work and to carry out an examination, not only of the agricultural policies of contracting parties, but also of the adequacy of the GATT rules themselves or particular interpretations of them, especially the rules on subsidies.

Many representatives of developing countries had once again pointed to what they saw as an unsatisfactory situation in the textiles sector. They hoped that the forthcoming study by the secretariat would provide a basis on which to engage in serious discussions on how to bring this sector under normal GATT disciplines. It had also been suggested that in future it would be better for the Textiles Committee to meet before sessions of the CONTRACTING PARTIES.

Some representatives had noted growing use of GATT's dispute settlement mechanisms, and had stressed the importance of the satisfactory functioning of these procedures for the trading system as a

whole. They had expressed appreciation for efforts made to this end, particularly with regard to providing as much transparency as possible in the conduct of trade policies. They noted, however, that it was the political commitment to an open trading system, and not merely legal rulings, which would ensure the adequate functioning of that system.

Some representatives had referred to the MTN Agreements and Arrangements and to the related Committees and Councils, and had expressed the view that these had brought about a degree of liberalization in some areas. The hope had been expressed that the existing codes would be implemented in the right spirit. A number of representatives had expressed concern at the low level of participation in most of the codes. They felt that limited participation was undermining the unity and integrity of the GATT as a whole, and considered it necessary to carry out a careful examination of why more contracting parties were not signatories to the codes. Some representatives considered that a part of the explanation lay in the inadequacy of certain provisions of the MTN Agreements and Arrangements, and the fact that the special and differential treatment provisions were not being applied.

Many delegations had referred to useful work being undertaken by the secretariat on technical assistance and training. They had also expressed support for the useful work done by the International Trade Centre and had expressed gratitude to the principal donors that supported this work.

Referring to the Director-General's announcement on establishment of a study group to examine present problems facing the trading system, the Chairman noted that this study was being undertaken as the result of an initiative by the Director-General on his own responsibility, and that the purpose of the study would be to give advice to the secretariat. The CONTRACTING PARTIES looked forward to hearing from the Director-General about the results of the study.

He concluded by saying that almost all delegations had expressed their appreciation of the GATT secretariat, particularly of the Director-General for providing leadership to the secretariat which had all the time worked with efficiency, earnestness and devotion.

The CONTRACTING PARTIES took note of the statements by delegations and by the Chairman.

The CONTRACTING PARTIES adopted the report of the Committee on Trade and Development (L/5580) and took note of the reports of the MTN Committees and Councils (L/5548, L/5503 and L/5578 L/5496 and Add.1, L/5545, L/5546, L/5491 and L/5583, L/5553, L/5554, L/5486).

2. Consultative Group of Eighteen (continued)¹

Mr. DUNKEL (Director-General) said that on the basis of consultations among delegations, the composition of the Consultative Group of Eighteen for the following year at the titular level would be as follows:

Argentina, Australia, Brazil, Canada, Colombia, Czechoslovakia, European Economic Community and member States, Egypt, India, Japan, Nigeria, Pakistan, Spain, Sweden, Switzerland, Thailand, United States and Zaire.

He added that the alternate members would be: Austria, Finland, Israel, Ivory Coast, Jamaica, Korea, New Zealand, Poland and Yugoslavia.

The CONTRACTING PARTIES approved the composition of the Consultative Group of Eighteen.

3. Arrangements for the Fortieth Session

The CONTRACTING PARTIES agreed that the fortieth session be held in the week beginning 26 November 1984, and that the Council be authorized to fix the opening date and the duration of the session in the course of 1984.

4. Election of Officers

The following nominations were made:

Chairman of the CONTRACTING PARTIES:	H.E. Mr. Hans V. EWERLOF (Sweden)
Vice-Chairmen of the CONTRACTING PARTIES:	Mr. Mahmoud Abdel-Bari HAMZA (Egypt) H.E. Mr. Kazimir VIDAS (Yugoslavia) H.E. Dame Anne WARBURTON (United Kingdom)
Chairman of the Council of Representatives:	H.E. Mr. Felipe JARAMILLO (Colombia)
Chairman of the Committee on Trade and Development:	H.E. Mr. Tai Soo CHEW (Singapore)

The CONTRACTING PARTIES agreed to elect the officers nominated.

¹ See also SR.39/1 and SR.39/2.

5. Closure of the session

In his closing remarks¹, the CHAIRMAN paid tribute to the delegations and to the efficient functioning of the GATT Council, as well as to the rôle of the secretariat, which had enabled work to proceed smoothly during the Session. He thanked the Director-General and all the officers and other staff of the secretariat for the support that they gave to the CONTRACTING PARTIES during the year.

He said that although the General Agreement provided for decision by voting, the traditional efforts in the Council to reach consensus, sometimes by means of intense consultations, had proved most useful. He welcomed and encouraged the increasing participation of a large number of developing countries in GATT's work, particularly in the Council. This improved the transparency and the utility of GATT, and helped to build confidence in GATT as an institution.

He said that in the light of past experience and in anticipation of problems lying ahead, great effort had to be made to spot points of strain in the Council's activities and to try to nip them in the bud. The work of the MTN Committees and Councils had an important rôle to play in this regard; the harmonious functioning of those bodies, along with the Council itself, which was GATT's chief executive body, was vital.

The Chairman said that the statements made during the Session had shown how difficult the next year was going to be. While certain information had been collected and some analyses made, the real work of review, analysis and decision-making would come in 1984. This would involve much formal and informal negotiations. The Council, the secretariat and delegations would be very busy on these matters during the whole year.

Referring to the increasing work in GATT since 1979, he said that many GATT delegations might be well advised to have additional staff and improved technical back-up so as to be able to meet GATT's current and future challenges and work-load. It had to be appreciated that GATT was the principal focus of the contractual aspects of international trade; in order to use it fully, it had to be strengthened and improved wherever necessary. This had to be done to ensure that countries operated inside rather than outside the GATT trading system, and to create conditions so that the legitimate expectations of countries, whether large or small, were respected.

He said that 1984 should be a year of confidence-building and conciliation in GATT. This would require intense deliberations, as well as formal and informal consultations and negotiations. The effort should be not to reject outright the many proposals, ideas and positions put forward by delegations, but to consider them coolly and with full

¹ Circulated in document W.39/5.

understanding so as to arrive at logical solutions undistorted by emotion, force or pre-conceived ideas. Just as it was necessary to respect those proposals, ideas and positions, it was also necessary to respect the fears and apprehensions they might evoke. The necessary reconciliation of all these aspects needed a constructive, imaginative, patient and bold approach. National interests, which were of course the brief of all negotiators, could in almost all cases be better served and secured in an atmosphere of peace and mutual confidence. This was as true for economic issues as it was for political issues.

The Chairman concluded by re-emphasizing that 1984 should be a year of conciliation and of building confidence in GATT as an institution, and among the trading nations themselves, so as to promote the well-being and prosperity of the world's peoples.

Mr. EWERLÖF (Sweden) thanked the CONTRACTING PARTIES for his election as Chairman. He said that GATT's rôle in the present economic environment was more important than ever, and a great responsibility lay with all contracting parties to ensure the efficient and effective functioning of the GATT and respect for its rules. If and when GATT failed, the blame should not be placed on GATT, but exclusively on its member governments.

He stressed that, as Chairman of the CONTRACTING PARTIES, he would stand ready to assist the Council Chairman and the Director-General in any efforts to strengthen the GATT system and, in particular, in combatting protectionism, which remained a serious and growing threat to the open trading system and to economic recovery. An important year lay ahead, calling for much effort and good-will to meet the expectation that, by the time of the fortieth session, substantive progress could be made in implementing the Work Program and commitments in the 1982 Ministerial Declaration, particularly in the more complicated and controversial areas.

In conclusion, he paid tribute to the outgoing Chairman for his powerful contribution to GATT during the years he had served as India's Permanent Representative to GATT, as Chairman of the CONTRACTING PARTIES, and in particular for the valuable rôle which he had played as Council Chairman in preparing for the 1982 Ministerial meeting.

The Session closed at 1 p.m.