

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Thirty-First Session

SUMMARY RECORD OF THE FIRST MEETING

Held in the Palais des Nations, Geneva,
on Wednesday, 26 November 1975, at 10.30 a.m.

Chairman: Mr. P.S. LAI (Malaysia)

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Opening address¹ by the Chairman

The CHAIRMAN said that the CONTRACTING PARTIES met against a background of falling trade and strong domestic pressures in many countries to raise new barriers against imports. The situation, however, was not wholly sombre because discussions on international trade policies had evolved rapidly, a new consensus on the trade needs of developing countries was being forged and great restraint had been exercised by most governments in their reactions to the economic tempest. The GATT had provided an effective forum in which governments had been able to take joint action to deal with common problems.

Speaking of the place of developing countries in GATT he referred to the results of the special session of the United Nations on development and international economic co-operation. The resolution of the special session covered many subjects familiar to GATT, such as standstill in trade restrictions affecting imports from developing countries, the importance of improving the GSP, and differential and more favourable treatment for developing countries. These concepts were embodied in Part IV and the Tokyo Declaration. He considered that adjustments in existing policies and trading patterns would be required from the industrialized countries in particular. He appealed to developing countries to participate more fully in the work of GATT and the trade negotiations.

¹The full text of the Chairman's address is contained in Press Release GATT/1171.

In turning to the immediate economic situation he referred to the balance-of-payments deficits, inflation and unemployment in many industrialized countries. Difficulties were even more acute for developing countries, for which prices of their imports had soared while exports prices had gone down. These countries were therefore highly vulnerable to any deterioration in the world economic situation. Although there was hope for improvement in the economic climate, any introduction of restrictive measures could lead to a chain reaction of protectionist measures. He noted that contracting parties had exercised great restraint in their use of trade measures and called upon developed countries more than ever to avoid taking measures which would restrict imports and, in particular, imports from developing countries. Furthermore, he called upon the major trading nations to reconfirm their intention to refrain from the imposition of import restrictions or the use of export subsidies to avoid balance-of-payments difficulties.

Referring to the multilateral trade negotiations he recalled that assessments of the progress achieved had differed at the last meeting of the Trade Negotiations Committee. It would therefore be appropriate that, at this session, contracting parties should express their determination to push ahead with the multilateral trade negotiations in order to bring them to early fruition. He considered it essential, in this context, that negotiations in the agricultural sector should be allowed to move forward in step with other sectors of the negotiations.

With regard to the opportunities open for enlarging trade among developing countries under GATT auspices, he referred to the preferential arrangement among sixteen developing countries. He expressed satisfaction that this idea had now been specifically endorsed by the recent United Nations special session in its recommendation on co-operation among developing countries. The Tokyo Round provided an opportunity for developing countries to enlarge the product coverage of the arrangements and to add to the number of participating governments.

He referred with satisfaction to the establishment of the new Consultative Group of Eighteen. There were good reasons to hope that GATT had acquired with this Group a most useful supplementary instrument to respond quickly and flexibly to developments in the world trading situation. The membership of the Group provided a balanced and broad representation of the contracting parties. He believed that, as constituted, the Group could help the CONTRACTING PARTIES to meet their responsibilities in following international trade developments, in forestalling disturbances that threatened their trade and trade relations, and in co-ordinating their work with the International Monetary Fund.

1. Adoption of agenda

The Chairman referred to the Provisional Agenda (L/4235) and said that there were basically two principal items on the agenda. The Report of the Council covered all specific activities since the thirtieth session. Under the heading Activities of GATT, contracting parties would have an opportunity to review major developments and to consider the report of the Committee on Trade and Development.

Mr. WINTERMANS (Netherlands) announced that he intended to make a statement under Other Business.

The agenda proposed in document L/4235 was adopted.

2. Order of business

The Chairman drew attention to the proposed Plan of Plenary Meetings circulated in document W.31/1. He suggested that, as in recent sessions of the CONTRACTING PARTIES, delegations should be requested to limit the duration of their statements to no more than ten minutes. This would not preclude delegations wishing to have a more comprehensive statement circulated to all contracting parties from providing the secretariat with a sufficient number of copies for this purpose.

The CONTRACTING PARTIES approved the Plan of Plenary Meetings as proposed in document W.31/1 and agreed to limit the time to be allowed to each speaker to ten minutes.

3. Presentation of reports

Mr. SAHLGREN, (Chairman of the Council), in presenting the report of the Council (L/4254) pointed out that the Council had held nine meetings and had considered over seventy subjects of a varying nature. While a number of the subjects were routine matters which should not take up time at plenary sessions, the Council had also acted effectively on matters of urgency. The ability of the Council to meet regularly and at short notice to deal in a pragmatic way with such matters was convincing evidence of the wisdom of the CONTRACTING PARTIES in establishing this intersessional machinery.

The Chairman conveyed to Mr. Sahlgren his appreciation for the competent and highly successful way in which he had guided the Council and thereby contributed to the work of GATT.

Mr. ALO (Nigeria) Chairman of the Committee on Trade and Development, in presenting the report of the Committee (L/4252) stated that the Committee had reviewed the implementation of Part IV. Reference had been made in the Committee to the need for strengthening international commitments to an open world trading system. He said that many delegations had also referred to the maintenance and the imposition of restrictions on imports of products from developing countries. They had stressed the importance of observing the provisions of Part IV and had urged the early reduction or elimination of such restrictions.

When considering the application of Part IV many delegations had been of the view that Part IV was not adequately fulfilling its objectives and considered that the time might be opportune for reviewing its provisions, taking into account other parts of the General Agreement relevant to the interests of developing countries. He also pointed out that the Committee had asked the secretariat to prepare a background note setting out the experience of contracting parties with respect to the application of Part IV and a summary of specific observations and suggestions made in the Committee and other GATT bodies with respect to the review and possible amendment of the provisions of Part IV.

Concerning developments in the multilateral trade negotiations, he stated that a number of delegations from developing countries had stressed the need for reaching an early agreement on special procedures leading to differentiated treatment for developing countries.

He pointed out that the Committee had taken note of the value and usefulness of the technical assistance being extended by the secretariat to developing countries participating in the multilateral trade negotiations, and endorsed the continuation and intensification of this assistance.

In relation to the expansion of trade among developing countries, he reported that the Committee had examined and taken note of the second annual report of the Committee of Participating Countries to the CONTRACTING PARTIES (L/4238 and Add.1).

Mr. LONG (Director-General), Chairman of the Consultative Group of Eighteen, stated that the Group had held its first meeting early that week. The Group had reviewed the present situation in international trade as well as recent trade policy developments. In his opinion the members had had a very frank exchange of views on the difficulties with which governments, and in particular those of developing countries, were faced in the present economic situation.

He mentioned that the Group had also discussed in a constructive spirit the rôle which the CONTRACTING PARTIES might be able to play in order to maintain the present level of trade liberalization and to promote the recovery of international trade.

He also mentioned that members of the Group had studied the experience of contracting parties in dealing with trade measures taken for the protection of balance of payments, as well as more generally the rôle of GATT in the international adjustment process. These discussions, which were useful and productive, had made it clear that a further exchange of views was necessary before a common view in this field could emerge. The Group had decided to take up these two subjects again at its next meeting on 24 and 25 February 1976.

In conclusion the Director-General expressed the opinion that the Group had made a good start and had got down to work in a constructive and co-operative manner. In establishing this Group the CONTRACTING PARTIES had taken a step whose effect would be to strengthen the effectiveness of the GATT and thus help in promoting the trade interests of all GATT members.

The meeting adjourned at 11.35 a.m.