

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Thirty-First Session

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SUMMARY RECORD OF THE FOURTH MEETING

Held in the Palais des Nations, Geneva
on Thursday, 27 November 1975, at 3 p.m.

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

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1. Activities of GATT

Mr. HAMBRO (Norway), speaking on behalf of Finland, Iceland, Norway, and Sweden, considered that, despite the still turbulent economic climate, there was some reason for satisfaction. In the difficult period behind, resort to trade restrictions had been the exception. The recognition had prevailed that unilateral protectionist measures could at the best bring only temporary relief, and that the risk of proliferation and resulting detrimental effects on international trade would tend to prolong the economic downturn.

He stated that GATT had once more proven its viability. Disagreements had sometimes been unavoidable in view of the multitude of concrete issues dealt with. However, through the consultations and dialogue in GATT, contracting parties had in a most constructive manner clarified contentious issues, avoided misunderstandings with regard to each other's trade policy and strengthened the understanding. This was the prerequisite for overcoming, individually or through concerted efforts, adverse economic circumstances. Thus, the feeling of deep trouble which dominated last year was gradually yielding to more optimistic provisions. It was, however, imperative to guard against complacency. As recovery was still at its infant stage, relentless efforts were still necessary.

The pledge in the Tokyo Declaration and the ensuing negotiations had helped to look beyond the temporary period and to forestall back-tracking motivated by short-term considerations. Progress had been slower than had been hoped but it was more important than ever to push forward.

He underlined that the Nordic countries fully understood the emphasis developing countries laid on the need for expedient work in the trade negotiations on points of particular interest to them. The Nordic countries were equally anxious to see rapid progress, and were striving to reach an agreement on tropical products as soon as possible, and to arrange for an early implementation of the results. The Nordic countries would spare no effort with regard to taking the special status of developing countries into account, also in other areas, and were confident that the aim of additional benefits for developing countries would be attained.

Mr. KIRCA (Turkey) said that international organizations and governments continued to seek a solution to the problems of international trade and to the financial problems of the world. He expressed the hope that the work of the Group of Eighteen would be useful in these two parallel fields by assuring closer co-ordination between the IMF and GATT.

Referring to the multilateral trade negotiations, he stated that many efforts had been made without achieving a satisfactory result. However, the fact that highly industrialized countries found it necessary to accelerate the negotiations was of major importance. He considered it very desirable to assure that, in particular, the results of the negotiations on tropical products would take effect as from 1 January 1977.

Pending the implementation and improvement of Part IV of the General Agreement, his delegation appreciated that the United States would give effect to its Generalized System of Preferences on 1 January 1976. He regretted, however, that some other developed countries continued to discriminate between developing countries by excluding some of them from their schemes of preferences. He expressed the hope that those practices would be revised as soon as possible.

Recognizing the danger of a chain reaction in protectionist measures, he considered that it was mainly the responsibility of developed countries to avoid such developments since developing countries were suffering from permanent structural problems which put heavy pressure on their trade balance. The oil crisis also contributed to these difficulties. The Group of Eighteen should study these problems in order to ensure that GATT procedures for examining the restrictions would take into account the special difficulties of developing countries.

He expressed his satisfaction about the evolution of trade which took place in the framework of the Protocol Relating to Trade Negotiations Among Developing Countries and stated that his country was determined to do its best to enlarge the commercial and geographical scope of this Protocol.

Mr. WILLENPART (Austria) expressed the belief that the present difficult situation in the world economy was only of a temporary nature. In order to overcome these difficulties within a reasonable period of time, it was necessary to maintain international discipline and to safeguard the present degree of liberalization by resisting internal protectionist pressures. His delegation believed that the GATT procedures and the pragmatic way in which GATT dealt with trade problems were well suited to helping contracting parties to maintain the present degree of trade liberalization. The creation of the Consultative Group of Eighteen had strengthened GATT at a moment when this was required by present economic developments.

He stated that one should not lose sight of the main purpose of GATT which was the further expansion of world trade. The multilateral trade negotiations had an important rôle to play in this context and should, therefore, move forward rapidly. He affirmed that Austria was fully prepared to co-operate in any efforts to accelerate these negotiations.

Turning to the problems of developing countries, he agreed that the needs of developing countries should be better taken care of. The questions of a standstill in trade restrictions, of improving the Generalized System of Preferences and of a review of Part IV of the General Agreement, and several other problems of importance to developing countries should, therefore, receive the utmost attention. He considered that the most appropriate place to deal with at least some of these matters was within the framework of the multilateral trade negotiations. Without losing sight of the general progress which had been achieved within these negotiations, the necessity to work out solutions at a very early stage for at least some of the problems of developing countries should be borne in mind. In this context, he expressed satisfaction with the progress achieved so far in the Group on Tropical Products.

In conclusion, he expressed the hope that the CONTRACTING PARTIES would again reaffirm their determination to maintain a liberal trading system.

Mr. JARAMILLO (Colombia) stated that his country considered the GATT as the main forum for the search for an adequate and permanent solution to the serious problems facing developing countries, especially in their trade with developed countries. It was in this light that he expressed his country's concern that little progress had been made in the multilateral trade negotiations in defining preferential and differential treatment for developing countries. Consequently,

his delegation viewed with a certain pessimism the results of these negotiations. Developing countries placed great hopes in these negotiations which provided the only opportunity for them for many years to come to solve within the framework of the GATT their trade problems. He welcomed the acceleration of the negotiations and expressed the hope that they would be pursued in full compliance with the principles of the Tokyo Declaration.

Referring to international trade in textiles, he expressed concern that the Textiles Arrangement had so far served as a means to increase restrictions rather than as an instrument for the regulation of the expansion of trade in textiles.

Referring to the Consultative Group of Eighteen, he expressed the hope that its establishment would not lead to the taking of important decisions in the field of international trade by a few countries. The Group could develop into an important body provided it did not detract from the universal nature of the CONTRACTING PARTIES.

Mr. AHMED (Bangladesh) stated that his country was an example of a developing country which had suffered most from the current problems of the world economy. While prices for Bangladesh exports had gone down, prices for its imports of manufactured goods and machinery continued to increase. Moreover, as a result of the recession in developed countries, the volume of his country's exports had also been adversely affected.

The problems faced by developing countries had been amply discussed at two special sessions of the General Assembly and corrective actions had been suggested. He called on the developed countries to take concrete measures to implement these suggestions. Within the GATT measures should be taken to implement and improve the provisions of Part IV.

He also urged that a deadline should be set by which the negotiations on tropical products under the MTN should be completed and that the results of these negotiations should be implemented immediately thereafter.

The Bangladesh Government attached great importance to the concept of co-operation among developing countries and had already initiated the necessary steps to become a party to the preferential arrangements among developing countries.

Mr. HARRIS (Barbados) said that the absence of his delegation in recent years from sessions of the CONTRACTING PARTIES was not because it believed GATT to be an unimportant organization, but rather because it considered that GATT did not fully reflect the interests of small developing countries. He had been impressed by the debates so far on the international trading system and by the emphasis placed on the problems of developing countries. However, he had noticed

the dissatisfaction expressed by developing countries with relation to progress in the multilateral trade negotiations and the imposition of import restrictions. He considered it to be very important that steps should be taken to implement the results of the Seventh Special Session of the General Assembly.

Mr. BOSCH (Uruguay) supported the suggestion that developed countries should, in spite of protectionist pressures caused by unemployment and the crisis situation, refrain from imposing new restrictions. In this connexion he noted that Uruguay had not introduced new restrictions in the last year. He hoped that developing countries would be able to obtain satisfaction for their demands in the multilateral trade negotiations. Some progress in certain sectors had been made. His delegation would continue to collaborate in the negotiations, and he hoped that progress could be accelerated. As concerned Part IV, his delegation had always stressed the need for giving it more power so that its objectives could be achieved. He considered that the Group of Eighteen could become a useful instrument if its members would not deal with short-term problems in a pragmatic manner but would devise substantive and real measures leading towards a new economic order. On the expansion of trade among developing countries, he stated that Uruguay participated in the present arrangement and would co-operate in enlarging its scope.

2. Date of the thirty-second session

The CHAIRMAN proposed that the thirty-second session of the CONTRACTING PARTIES be held within the period 22-27 November 1976. This suggestion was made with the understanding that the Council would be asked to fix the duration of the session and the actual date in the course of next year.

The CONTRACTING PARTIES agreed to the date of the thirty-second session as proposed by the Chairman with the understanding suggested.

3. Election of officers

The following nominations were made:

Chairman of the CONTRACTING PARTIES	Mr. G.L. Easterbrock Smith (New Zealand)
Vice-Chairmen of the CONTRACTING PARTIES	Mr. O. Alo (Nigeria) Mr. T. Jodko (Poland) Mr. H.E. Kastoft (Denmark)
Chairman of the Council of Representatives	Mr. G. Alvares Maciel (Brazil)
Chairman of the Committee on Trade and Development	Mr. I.S. Chadha (India)

The CONTRACTING PARTIES agreed to elect the officers nominated.

Closure of the session

The CHAIRMAN in his concluding remarks said that contracting parties had highlighted a number of problems, both specific to themselves and problems of importance to a great number of contracting parties. When discussing the report of the Council many delegations emphasized before this forum some of their urgent problems, which had already been before the Council but on which work was still continuing. Contracting parties also explained in detail the more general problems their governments were confronted with in the present economic situation. The fact that the emphasis was placed on the problems of the developing countries demonstrated their urgency.

He believed that there were a number of important points that could be picked out from the discussion. The Chair had found strong support for the reaffirmation by the contracting parties of their will to refrain from the use of trade restrictive measures so that they did not increase their own difficulties and the difficulties of their trading partners. There had been a widely expressed need for better implementation of Part IV of GATT. Many developing countries considered this essential for the improvement of their economic situation. There had been broad recognition of the useful rôle trade negotiations among developing countries within the framework of the GATT Protocol could play in expanding trade among developing countries, enlarging markets for their exports and strengthening their economies. There had been general welcome and support for the establishment of the Consultative Group of Eighteen, which many contracting parties saw as having a task of great importance to perform in the present situation. Finally, there had been a strong conviction on the part of all that one needed to push ahead with the multilateral trade negotiations.

He expressed the hope and trust that these negotiations could make very significant progress in the course of the year to come and that in at least one area of particular interest to developing countries, one could look forward to an early concrete result. The contracting parties had in the General Agreement and in the various mechanisms of GATT a valuable instrument which should be improved as much as possible and be fully utilized. The multilateral trade negotiations also provided an important opportunity in this connexion.

Mr. EASTERBROOK SMITH (New Zealand) thanked the CONTRACTING PARTIES for his election and expressed his deep appreciation to Mr. Lai for the manner in which he had fulfilled his duties throughout the past year. He would do his best to fulfil the trust that had been placed in him by the CONTRACTING PARTIES.

The meeting adjourned at 5 p.m.