

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Thirty-Sixth Session

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## SUMMARY RECORD OF FOURTH MEETING

Held in the Palais des Nations, Geneva, on Wednesday,  
26 November 1980, at 10.00 a.m.

Chairman: Mr. ERIK NETTEL (Austria)

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### 1. Activities of GATT, continued

Mr. VALDIVIESO (Peru) referred to the remaining problems which threatened the exports of developing countries to the detriment of their economic development, and said that the GATT should be the forum for debating frankly the differences arising from the interpretation or application of the General Agreement and the MTN Agreements. It was his opinion that in this dialogue, the developed countries had a major responsibility for faithfully observing the free-trade and free-competition policies they advocated.

He recalled that the representative of the European Communities had defended the various measures taken by the EEC in the light of the serious social problems arising from the economic crisis, while stating that the GATT rules were universal and should be equally observed by all. On this issue he felt obliged to point out that while all contracting parties utilized the same path for developing and stimulating their foreign trade, there was undoubtedly a fundamental difference between the industrialized countries and the developing countries, and that it would be unjust to restructure international trade using methods which failed to take this into consideration.

He said that the industrialized countries were encountering problems which resulted from not having taken into account the need to enhance the purchasing power of the developing countries, whose one-sided dependence on the industrialized countries had been brought to an end by the energy crisis. This new factor had revealed the precariousness of the system and the emergence of a new phenomenon from which there was no escape: the law of supply and demand, broadly speaking,

made necessary a review of the whole system of economic relations as practised since World War II. He believed that there should be put into force a new economic order, in which the GATT had a major responsibility with regard to international trade.

In conclusion he expressed Peru's appreciation for the technical assistance provided by the GATT secretariat.

Mr. SMITH (United States) said that during the past year the main task of GATT had been to implement the MTN results. The United States was generally pleased with this effort, but wanted to encourage all signatories to the MTN Agreements to redouble their domestic, internal implementation efforts with respect to those which they had signed. His delegation strongly supported as broad a participation by contracting parties as possible, and was particularly gratified that developing countries had increased their participation to a very significant extent.

He said that serious consideration should be given to matters unresolved in the MTN and to other issues not yet resolved, pointing out that a major disappointment had been the failure to negotiate a safeguards code and an understanding on export restraints, which was a matter of some importance for all. He felt encouraged, however, by the efforts recently undertaken by the Consultative Group of Eighteen to guide the work of the CONTRACTING PARTIES into new areas and to develop an expanded and realistic work programme. He said that the question of textiles would be of major importance in 1981 and one to which all contracting parties would have to pay particular attention.

He stressed that trade was not just a North/South issue, with protective measures in the North and none in the South. All countries, regardless of their development status, had problems of rising protectionism, since the problems of trade were universal and were not limited by boundaries.

Mr. HARON (Malaysia) recalled that protectionism in agriculture had featured rather prominently during recent years, and expressed appreciation that the area of agriculture would be given more attention. Stating that protective measures had been applied to insulate national economies from the inevitable continuing structural changes on the international scene, he cited, as an example, the anti-dumping proceedings instituted against Malaysia by the EEC on wooden louvers, expressing the hope that this problem would be solved amicably.

He said that in the longer-term, no one really benefited from protectionism and that the consumers were the losers in terms of welfare, citing in this connexion the problems of trade in textiles as a sign of lack of political will, which was the single most important factor rendering international co-operation workable. His delegation therefore suggested that the Working Party on Structural Adjustment and Trade Policy and the Sub-Committee on Protective Measures address themselves to these immediate problems, working very closely in order to derive a maximum result.

He regretted that progress in the work on safeguards had been rather slow, but hoped that this was due to thoroughness.

In conclusion his delegation registered its gratitude and appreciation to the secretariat for the technical assistance that would soon be undertaken in Malaysia.

Mr. DONOVAN (Australia) referred to the Report of the Director-General on the question of further co-operation in agriculture in GATT, stating that while something more ambitious would have been preferable, his delegation was ready to support the proposal as it appeared that the major contracting parties were at present not prepared to make commitments towards a substantive multilateral agricultural framework. He hoped and assumed that the Consultative Group of Eighteen would discuss any issue related to trade in agricultural products and that its members, who as far as possible should continue to be senior officials from capitals, would be prepared and competent to engage frankly and openly in substantive discussion on the policy implications of any of the agricultural issues raised. He agreed that this work should not impinge on the responsibilities of other GATT bodies and should be without prejudice to existing GATT rights and obligations, including the normal GATT dispute settlement procedures. Furthermore, he hoped and assumed that the Chairman of the Consultative Group would report to the CONTRACTING PARTIES on the discussions in the same way as had been done in the case of its regular meetings.

Mr. ELIASHIV (Israel) said that the current world economic situation was a source of great concern to many countries, and in particular to developing countries, many of whom also faced serious difficulties as a result of sharp increases in oil prices. He quoted from a statement by the Executive Director of the World Bank on the climate of apprehension in which the temptation would be strong for both the developed and the developing countries to react unwisely. He said that developed and developing countries alike had an interest in expanding world trade, maintaining an open trading system and increasing the rôle of GATT.

He stated that the post-MTN period bore witness to the importance of full transparency with regard to the activities under the various MTN Agreements, so as to enable those developing countries which had not yet acceded to them to evaluate these Agreements in order to take the right decision.

His delegation associated itself with the views expressed by various delegates who had emphasized the importance of furthering and reaching an early solution on safeguards, as well as advancing the work in the agriculture sector. As a developing country, Israel welcomed the work of the Committee on Trade and Development which focussed attention on questions such as quantitative restrictions and other non-tariff measures, tariff escalation and tropical products as well as the establishment of the Sub-Committee on Trade of Least Developed Countries. No less important was the expansion of trade among the developing countries, for which his delegation believed more could be achieved within the framework of GATT.

In conclusion, he expressed appreciation for the technical assistance which Israel had received from the secretariat.

Mr. SEOW (Singapore) recalled his delegation's having pointed out at the thirty-fifth session that in the implementation of individual MTN Agreements, the rights of contracting parties should not be impaired, and that these Agreements should not be implemented so as to modify or withdraw special and differential treatment for developing countries.

In respect of safeguards, he had indicated at the last meeting of the Committee on Safeguards that the ASEAN Geneva Committee operated within the parameters of its mandate, the substance of which would be gone into at the appropriate time.

He said that for a majority of the MTN Agreements, the entrance fee was rather prohibitive for a small developing country like Singapore.

He shared the view that protectionist measures appeared to be on the increase and hoped that GATT could play an increasingly effective rôle in overcoming such international trade problems and help in achieving greater trade liberalization.

In conclusion, he expressed appreciation for the technical assistance which Singapore had received during the past year.

The CONTRACTING PARTIES took note of the statements made.

The CONTRACTING PARTIES adopted the Report of the Committee on Trade and Development (L/5074) and took note of the Reports relating to the Agreements resulting from the Multilateral Trade Negotiations (L/5050, L/5052, L/5055, L/5057, L/5068, L/5070 and L/5075).

The CONTRACTING PARTIES also agreed to the proposal of the Director-General contained in his Report on consultations relating to trade in agricultural products (L/5077).

The CHAIRMAN, in closing the discussion on Activities of GATT, referred to some of the main themes of the statements made by delegations.

He said that in their interventions many delegations had referred to the present international economic recession, to the severe economic difficulties being faced by most countries, especially developing countries, and to the threat this could pose to the open international trading system, particularly by creating pressures for protectionism. He said that there was a general view that in this situation the rôle of GATT in providing the mechanisms for the maintenance and further strengthening of the open trading system was more than ever important. In this context, the responsibility of contracting parties to respect their contractual obligations under GATT, to ensure the effective implementation of the results of the Tokyo Round and to pursue the agreed GATT Work Programme so as to consolidate and complete the trading system had been stressed. Particular emphasis had been placed on the importance of contracting parties faithfully abiding by the dispute settlement procedures resulting from the Multilateral Trade Negotiations as an essential instrument in maintaining the integrity of the GATT system.

He stated that many delegations had noted with satisfaction the progress made in the implementation of the MTN results, including in particular the coming into force of the various MTN Agreements. This had been the primary focus of the work in GATT over the preceding twelve months. However, it had been emphasized that much remained to be done and that the Agreements and mechanisms established under them still had to prove themselves. It had also been noted that two important Agreements, on Customs Valuation and on Government Procurement, would come into effect on 1 January 1981.

Many delegations had emphasized the importance of the widest possible participation by contracting parties in the MTN Agreements. In this connexion, the need for the fullest efforts towards wider participation by developing countries had been stressed. It had been pointed out that greater transparency in the operation of these Agreements would be helpful to this end. A number of delegations had drawn attention to the continuing responsibility of the CONTRACTING PARTIES for overseeing the functioning of the arrangements resulting from the Multilateral Trade Negotiations and for ensuring the unity of the GATT system.

He said that many representatives had also emphasized that in order to cope adequately with the problems that currently affected the international trading system, it was necessary for contracting parties to co-operate actively in implementing the GATT Work Programme adopted by the CONTRACTING PARTIES at their last session (BISD 26S/219). In this connexion, attention had been drawn to a number of elements in the programme:

First, with regard to safeguards, delegations had reaffirmed the importance they attached to the work on an improved multilateral safeguard system and had urged that this be pursued as rapidly as possible in the Committee on Safeguards, so that a satisfactory solution could be found.

Second, many delegations had reaffirmed GATT's rôle in the relationship between structural adjustment and trade policy, especially as a means of containing protectionist pressures and facilitating trade liberalization. The establishment by the Council of a Working Party to elaborate specific proposals for the future work of GATT in this area had been welcomed.

Third, some delegations had referred to problems affecting conditions of trade in agricultural products and had welcomed the increasing attention given to the consideration of these problems in the GATT over the previous year. In this respect, the session had heard a Report from the Director-General on the results of his consultations regarding the further development of active co-operation in the agricultural sector, and a proposal had been approved by the CONTRACTING PARTIES that the Consultative Group of Eighteen should serve as an effective forum for this purpose.

He mentioned that a number of delegations had emphasized the importance of maintaining the momentum towards trade liberalization and of continuing efforts towards improvement of access to markets.

He said that in this connexion, delegations had underlined the importance of GATT's work on the trade problems of developing countries. They had welcomed the progress made by the Committee on Trade and Development in undertaking its strengthened rôle and in particular the establishment of its Sub-Committees on Protective Measures and on the Trade of Least-Developed Countries. The need to pursue actively GATT's work on trade liberalization, both in the Committee on Trade and Development and more generally, had been stressed by many delegations. Particular emphasis had also been laid on further progress in dealing with barriers to trade in tropical products.

He recalled that delegations had also made references to the negotiations that were due to commence shortly on the future of the Textiles Arrangement, and of the importance of these negotiations for future trade relations and for the GATT system.

He said that many points had been raised with regard to the strengthening of GATT's rôle and its mechanisms or the need to keep these under review, and that references had been made by some delegations to such matters as further work on export restrictions, the desirability of GATT playing a more active rôle in the expansion of trade among developing countries and the need for harmony in meeting the objectives of trade policy and monetary policy to

improve further internal and external stability. He said that representatives of many developing countries had also expressed their appreciation for the technical assistance activities of the secretariat and had urged that these be strengthened further.

2. Dates of the thirty-seventh session

The CHAIRMAN proposed that the thirty-seventh session of the CONTRACTING PARTIES be held at about the same time as the present session, bearing in mind the possibility for the Council to fix the dates and the duration of the next session with greater precision in the course of the year, and even to modify the dates, if circumstances made this desirable.

The CONTRACTING PARTIES agreed that the thirty-seventh session be held in the week beginning on 23 November 1981 and that the Council be authorized to fix the opening date and the duration of the session in the course of next year.

3. Election of Officers

The following nominations were made:

Chairman of the CONTRACTING PARTIES: Mr. Gabriel O. Martínez (Argentina)

Vice-Chairmen of the CONTRACTING PARTIES:

Mr. Bhagirath L. Das (India)  
Mr. Seán Gaynor (Ireland)  
Mr. Richard Hlavatý (Czechoslovakia)

Chairman of the Council of Representatives:

Mr. Donald S. McPhail (Canada)

Chairman of the Committee on Trade and Development:

Mr. Oluyemi Adeniji (Nigeria)

The CONTRACTING PARTIES agreed to elect the officers nominated.

4. Closure of the session

Mr. McPHAIL (Canada) paid tribute to the Chairman on behalf of his delegation and the contracting parties assembled and expressed appreciation for the efforts devoted by Mr. Nettel to the work of the GATT during the past year and thus to the preservation and promotion of the principles and objectives of the General Agreement in the interest of the contracting parties.

The CHAIRMAN, in his concluding remarks, thanked the delegations for the co-operation and sense of discipline shown during the session and during the whole year. He said that difficult decisions had to be taken during that year and that solutions had to be found in a climate which was businesslike, friendly and without undue difficulties. He also said that his experience had given rise to the hope and certainty that the GATT would be led by the new Director-General during the coming years in the best tradition of the CONTRACTING PARTIES.

The session closed at 12 noon.