

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development

PROCEEDINGS OF THE THIRTY-EIGHTH SESSION

Prepared by the Secretariat

Introduction

1. The Committee on Trade and Development held its thirty-eighth session on 20 September 1979, under the chairmanship of Mr. Prem Kumar (India).
2. The agenda was concerned with a more detailed examination of proposals with respect to the Committee's future work so as to help delegations reach agreement on the lines of these activities at the Committee's annual session in November, having regard to the future work programme of the CONTRACTING PARTIES in the overall framework of GATT.
3. The Committee had before it a secretariat note, COM.TD/W/295, which brought together the main points and suggestions that had been made at recent meetings of the Committee in connexion with its activities in the post-MTN period as well as those which had emerged from recent discussions outside the Committee having a bearing on the matter. In addition, the secretariat had made available a note on the Committee's future work in connexion with technical assistance to developing countries (COM.TD/W/296).
4. In the paragraphs that follow, the general comments made by delegations in relation to the future rôle of the Committee are outlined, followed by a checklist of the main points made by one or more delegations in the discussion on each of the items listed in document COM.TD/W/295.

General remarks on the future rôle of the Committee

5. Many members stated that, in the context of the strengthening of GATT as a whole in the post-MTN period, the rôle of the Committee should be reinforced and that in this respect it should constitute the main body in GATT for dealing with trade aspects of relations between developed and developing countries. The need for the Committee to operate in an effective and vigorous manner was underlined, in the view of a number of delegations, by the continuing difficulties in the world economy which could be expected to affect trade relations between developed and

developing countries, by the contribution that trade could make to the development efforts of developing countries, by the current trading difficulties of many of these countries and by the desirability, in the light of the above, of ensuring that the system of international trade rules as embodied in the GATT fully took into account, in its operation, the interests of developing countries. There was a widespread view that the future work of the Committee should take place against the background not only of the provisions of Part IV, but also of the improvements in the trading framework between developed and developing countries negotiated in the MTN - improvements which should be seen as important extensions of the principles embodied in Part IV itself.

6. Some delegations of developed countries stressed the need for the Committee, in its future work, to avoid unnecessary duplication of efforts elsewhere in GATT, particularly in relation to matters such as structural adjustment and trade liberalization, which were of major interest to developed and developing countries alike. They expressed the view that, in taking up such matters, it would be necessary for the Committee to be careful to focus on those aspects of particular concern to developing countries. Furthermore, attention would have to be given to ensuring that the Committee did not infringe on matters properly the responsibility of other bodies, particularly in relation to the agreements negotiated in the MTN.

7. Representatives of some developing countries stated that in their view there was little danger of duplication since the Committee would be looking at each of the issues in question from its own specific angle, that of the trade and development needs of developing countries taking particularly into account the commitment provisions of Part IV and the provisions on special and differential treatment negotiated within the framework of the MTN. In this respect, it was suggested that if the Committee was to operate effectively, it had to follow matters of major concern to developing countries on a comprehensive basis.

8. Many members took the view that, at this stage in the discussion, attention should focus on the need to define the main orientations of the future work of the Committee. Certain suggestions concerning the use of subsidiary bodies were made, and many delegations who spoke accepted that such bodies should be used where necessary. It was felt, however, that the details of the way in which the Committee would operate could be settled once the main lines of its future work had been clarified.

9. A number of delegations stated that the Committee should decide on the priorities it attached to the different items that had been suggested for its future work programme. Some of these delegations indicated the points to which they attached particular importance, as well as other matters to which they felt the Committee should also give attention. The delegation of a developing country, supported by a number of other developing country

delegations, stated that in its view the future work of the Committee should centre on two basic functions: firstly, reviewing and monitoring the trade and development situation affecting developing countries - a function that would embrace dealing with protectionism and restrictive measures, the issue of adjustment and work on further trade liberalization; and secondly, the function of reviewing and monitoring implementation, not only of the provisions of Part IV but also in relation to the working of other GATT agreements, in particular how special and differential treatment was being applied and how the interests of developing countries were being taken into account. Other matters mentioned by delegations from developing countries in this respect, included the expansion of trade among developing countries, following up on matters not adequately dealt with in the MTN including the needs of least-developed countries, further improvements to the international trading framework and review of technical assistance.

10. The representative of a developed country stated that he envisaged that the Committee's future work might revolve around three principal activities: improved procedures for the review and monitoring of commercial policy measures, overseeing the operation of the enabling clause, and secretariat technical assistance to developing countries. Delegations from some other developed countries stated that they could not be specific about priorities at the present stage, in advance of a clearer idea of the GATT work programme as a whole and decisions by the CONTRACTING PARTIES on the implementation of certain MTN results. However, some of these delegations expressed the view that one of the principal new functions of the Committee would probably need to be the overview of the application of special and differential treatment in various areas including those resulting from the MTN and the consideration of any further proposals that may be made in this respect.

11. There was general agreement in the Committee that at its annual session later in 1979, in addition to taking up other matters, it should refer to the question of its future activities, with a view to identifying, in advance of the next session of the CONTRACTING PARTIES, the main elements of its future work programme. Once these elements had been identified, the Committee could pursue in greater detail an examination of the mechanics for undertaking such work. The checklist of points which follows thus lists the main suggestions made in the meeting by one or more delegations. It should be read in conjunction with earlier documentation relating to the items listed in document COM.TD/W/295.

12. Review of the implementation of Part IV

- consistently with its terms of reference the Committee should include in its work an overall review of developments in different GATT bodies with respect to the interests of developing countries;

- this aspect of the Committee's work would, inter alia, provide an opportunity for review of MTN results and their implementation in the light of the interests of developing countries;
- reviews should focus more on broad policies and measures than on technical details.

13. Monitoring of commercial policy measures

- need to respond adequately to paragraph B.5. of resolution 131(V) adopted at UNCTAD V without dissent;
- subsidiary body, to report to the Committee, should be established to examine in detail all cases of protective action by developed countries affecting the trade of developing countries;
- developing countries, not GATT contracting parties, should be invited to participate in this aspect of the Committee's work;
- improvements in existing notifications and also in the provision of relevant information desirable;
- information should be from three sources: notifications from countries taking protective actions; supplementary information from the secretariat; and "reverse" notifications from developing countries;
- secretariat should compile and keep up to date an inventory, on a country-by-country basis, of measures having a bearing on the provisions of Article XXXVII:1;
- secretariat might design, in consultation with delegations, improved notification procedures.

14. Review of developments in international trade and payments

- secretariat should be invited to produce annually a report on the situation of developing countries, parallel to, and having a status similar to, the existing annual report entitled International Trade;
- secretariat should be invited to present an outline of such a report to help the Committee in its consideration of this proposal.

15. Enabling Clause

- a major future function of the Committee should be overseeing the operation of the Enabling Clause; a subsidiary body may be required for this purpose;

- rôle that the Committee might have in relation to the specific notification, consultation and review procedures foreseen in Enabling Clause would be best considered after the relevant decisions have been taken by the CONTRACTING PARTIES giving legal form and status to, and on the implementation of, the various "Framework" agreements.

16. Least-developed countries

- important future activity of the Committee should be consideration of ways of improving the trade situation of least-developed countries;
- standing committee should be established to consider proposals made by the least-developed countries in the multilateral trade negotiations (MTN/W/37), to review implementation of MTN commitments in favour of least-developed countries, and make suggestions on other ways of dealing with the particular trading problems of least-developed countries;
- standing committee should be open to all least-developed countries;
- consideration of special measures in favour of the least-developed countries would fall logically to any subsidiary body which might be established to deal with the review of the implementation of the Enabling Clause;
- Committee should review possible action by developing as well as developed countries in favour of the least-developed countries;
- in this respect, action by developing countries best considered in the context of forthcoming negotiations among developing countries.

17. Expansion of trade among developing countries

- promotion of expansion of trade among developing countries should be an important future function of the Committee;
- Committee should consider ways of supporting a further round of trade negotiations among developing countries;
- in the light of the provisions of the Enabling Clause, Committee should monitor the various efforts being made by developing countries to further their mutual trade and should establish mechanisms for the review of preferential trading arrangements.

18. Trade measures for economic development under Articles XVIII:A and C

- need to take account of the often close relationships between such measures and balance-of-payments safeguard actions, and the expertise of the Committee on Balance-of-Payments Restrictions in relation to the latter matter;

- consideration of Committee's possible future rôle on this question might be taken up in the light of the decisions of the CONTRACTING PARTIES on the "Framework" agreements.

19. Further improvements in the international trading framework

- consideration of this matter best taken up at some future date in the light of experience of the new situation arising from the implementation of the results of the MTN.

20. Further liberalization of trade barriers faced by developing countries; adjustment policies and measures

- Committee should consider these matters on a priority basis and in parallel;
- special attention needs to be given to areas of importance to developing countries not adequately dealt with in MTN, e.g. quantitative restrictions, tropical products, tariff escalation, textiles, etc.;
- subsidiary bodies of the Committee desirable to pursue work effectively in these areas;
- need for arrangements for the provision of adequate data as basis for the Committee's work; up-to-date information on existing situation may need to be obtained and checked for this purpose;
- need to fit Committee's work on these issues in with that elsewhere in GATT taking into account the interests of all contracting parties;
- responsibility for work on trade liberalization could be looked at on basis of products or types of measures;
- need for further discussion on purpose of work in CTD on adjustment assistance.

21. Technical assistance

- secretariat technical assistance services should be strengthened;
- Committee should retain a rôle in reviewing secretariat technical assistance activities;
- areas listed in document COM.TD/W/296, outlining technical assistance requirements that would appear to have emerged from the MTN and other GATT activities, provide good basis for future technical assistance activities;

- technical assistance should be given to developing countries to help them take full advantage of opportunities opened up as a result of the MFN;
- technical assistance should be provided to developing countries to help them identify and assess protectionist measures adversely affecting their exports;
- technical assistance from secretariat required by developing countries for the new round of trade negotiations among developing countries envisaged to commence in the near future.

