

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development

PROCEEDINGS OF THE FORTIETH SESSION

Prepared by the Secretariat

INTRODUCTION

1. The Committee on Trade and Development held its fortieth session on 6 and 7 March 1980, under the Chairmanship of H.E. Mr. Atmono Suryo (Indonesia).
2. The Chairman stated that since the last session of the Committee in November 1979 there had been a number of important developments in GATT. The thirty-fifth session of the CONTRACTING PARTIES in November 1979 had not only marked the formal conclusion of the multilateral trade negotiations as well as the adoption of the results and their incorporation into the GATT system, but had also established the main elements of GATT's Work Programme¹ in the post-MTN period, it being understood that these were not exhaustive and may be reviewed. The decisions taken at that session of the CONTRACTING PARTIES were of considerable importance for the Committee on Trade and Development, since under the GATT Work Programme the CONTRACTING PARTIES had determined that the rôle of the Committee on Trade and Development should be strengthened and should cover, inter alia, the following five points:

1. Work on trade policy and development policies including trade liberalization in areas of special interest to developing countries.
2. Primary responsibility for supervision of the implementation of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (L/4903).
3. Examination of protective action by developed countries against imports from developing countries, in accordance with the Decision on this subject taken by the CONTRACTING PARTIES at the same session (L/4899).

¹The text of the Work Programme is contained in document L/4884/Add.1, Annex VI.

4. Work on structural adjustment and trade of developing countries.
 5. Special attention to the special problems of the least-developed countries.
3. The Committee adopted the agenda outlined in the convening notice (GATT/AIR/1610) which suggested that the Committee address itself to the question of how the various elements in its work programme as indicated in paragraph 2 above could best be taken up. Following a proposal by a number of delegations, the question of the availability of the Committee's documentation in the Spanish language was included in the agenda under "Other Business".
4. For the consideration of the main elements in the future work of the Committee, the Committee had before it two basic documents: COM.TD/W/306 in connexion with the implementation by the Committee on Trade and Development of the Decision of the CONTRACTING PARTIES on the examination of protective measures affecting imports from developing countries (point 3) and COM.TD/W/305, which was concerned with those matters listed as points 1, 2, 4 and 5 in paragraph 2. A check-list of relevant documentation for the meeting was issued as COM.TD/W/307.
5. The Committee commenced its work with point 3 dealing with the establishment of a Sub-Committee on protective measures taken by developed countries against imports from developing countries.

SUB-COMMITTEE ON PROTECTIVE MEASURES

6. The Committee addressed the question of the action that it should take to give effect to the Decision of the CONTRACTING PARTIES at their thirty-fifth session contained in document L/4899 concerning the establishment of a Sub-Committee of the Committee on Trade and Development to examine any case of future protective action by developed countries against imports from developing countries in the light of the relevant provisions of GATT, particularly Part IV thereof. In this respect, secretariat note, COM.TD/W/306, listed a number of points for consideration with respect to the possible

frequency of the Sub-Committee's meetings, the notifications and information that it would need for its work, its reporting and procedures for examination, and its chairmanship.

7. There was broad agreement among delegations who spoke on this item with the suggestions contained in the secretariat note.

8. With respect to the suggestions relating to frequency of meetings in point (a) of COM.TD/W/306, delegations of developing countries were generally in favour of the Sub-Committee meeting twice yearly, shortly before sessions of the Committee on Trade and Development itself, with the proviso that there should be flexibility so that the Sub-Committee could be convened whenever the circumstances so required, for example if a protective measure needing immediate examination had been taken. Delegations from some developed countries considered that it was not necessary to specify at the present time the periodicity of meetings of the Sub-Committee for future years; this could most appropriately be determined in the light of the Sub-Committee's work-load and experience. However, they were of the view that it would be useful to fix the scheduling of the Sub-Committee's regular meetings in advance, so as, for example, to facilitate the bringing of experts from capitals if this was desirable. In this connexion, they supported holding two regular meetings during the course of 1980. Some of these delegations expected that the first meeting would be devoted primarily to developing procedures for the work of the Sub-Committee.

9. Many delegations stressed the importance of the provision of adequate and prompt notifications and other information for the effective working of the Sub-Committee. There was general agreement with the suggestion contained in point (b) of the secretariat note that the Sub-Committee should rely on three sources of information: notifications by developed countries applying protective measures; "reverse" notifications by developing countries, with assistance from the secretariat if required; and supplementary information provided by the secretariat. A number of delegations stated that the secretariat should play a positive and leading rôle in providing information for the work of the Sub-Committee.

10. With regard to points (c) and (d) of the secretariat note concerning frequency of notifications and information to be provided, the general view was that protective measures affecting imports from developing countries should be notified promptly and to the fullest extent possible, in advance of their implementation. Information provided should be sufficiently detailed to permit the Sub-Committee to pursue its examinations and should be supplemented, where necessary, by information from the secretariat for this purpose. Some delegations suggested that the secretariat should base the information it provided to the Sub-Committee on that available from official sources and where necessary verify details with the delegations concerned. A number of delegations also suggested that official sources should be used as the basis for "reverse" notifications and that, where such sources were not available to a developing country, details of a measure could be checked with the delegation of the developed country concerned or through the secretariat technical co-operation services. In the view of some delegations of developing countries, one of the main tasks of the Sub-Committee would be to find ways of avoiding the imposition of protective measures and in this respect the advance notification of measures even at the stage of their consideration by the national authorities contemplating the measure would be desirable.

11. Delegations from some developed countries stressed the need to avoid unnecessary duplication of notifications made elsewhere. Reference was made to the various notification procedures already existing in GATT, including those that had recently come into existence under the new multilateral Agreements and Arrangements and under the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance, and to the fact that information on many of the protective measures falling under the Sub-Committee's terms of reference would be made available under these procedures. They considered that full use should be made of these notifications in the work of the Sub-Committee. It was suggested that the secretariat could refer to such notifications in its background documentation and that the Committee could revert at a later date to the question of

special procedures for the Sub-Committee if notifications presented elsewhere and information from the secretariat proved insufficient. Some of these delegations stated that there was need for the secretariat to co-ordinate the flow of information in GATT so as to avoid the proliferation of notification procedures, and that in this connexion the Committee might wish to re-examine its general notification procedures for its reviews of the implementation of Part IV. Some delegations from developing countries stressed the need for notifications to be made to the Sub-Committee by countries taking protective actions and suggested that the procedures already existing under the Committee on Trade and Development for such notifications could be adapted for this purpose. Expressing the view that notifications elsewhere in GATT should not be regarded as a replacement for those to the Committee on Trade and Development and its new Sub-Committee in view of the specific focus of their work, they suggested that, in cases where details of a measure had been notified already elsewhere in GATT, the contracting party concerned could refer in its notification to the Sub-Committee to the notification made elsewhere and provide such other information as was relevant to the Sub-Committee's examination and the relation of the measure to the provisions of Part IV.

12. Delegations of a number of developed countries emphasized the need to ensure that examinations were without prejudice to the rights of contracting parties under the GATT or the competence of other GATT bodies, as stated in the Decision of the CONTRACTING PARTIES. If a measure was already under examination elsewhere in GATT, for example, this should be regarded as strong grounds for the Sub-Committee deciding not to examine it. For this reason and in order to limit the work of the Sub-Committee to manageable proportions, the examination of measures listed in the documentation should not be automatic but should be linked to the interest shown by individual countries represented on the Sub-Committee. Furthermore, it would be for consideration whether measures taken in accordance with GATT provisions would be a proper subject of examination. These delegations stated that the purpose of the Sub-Committee's examinations should be to lead to greater transparency and understanding of the different interests affected by a measure. In this respect, the conciliation function of GATT should be kept to the fore.

13. Some delegations of developing countries stated that there may be times when it would be necessary for the Sub-Committee to examine a measure already being taken up elsewhere in GATT having regard to the particular focus of Part IV if the Sub-Committee was to perform effectively its task, although unnecessary duplication of work should be avoided. In this respect, measures notified under GATT provisions were not necessarily examined unless subjected to the dispute machinery of GATT. Even then, the examination was not necessarily aimed at determining the effect of the measure concerned on developing countries in general, which might not be parties to the dispute. There might also well be cases where developing countries affected by a measure did not have access to procedures being followed elsewhere in the GATT system, for example developing countries not qualifying as having a substantial interest as exporters in terms of the consultation provision of Article XIX, developing countries not signatory to a code in connexion with which a measure was being examined, or developing countries not contracting parties in respect of which countries the Decision of the CONTRACTING PARTIES on the Sub-Committee makes specific provision. For these reasons also, a certain degree of automaticity in the examination to be undertaken of measures before the Sub-Committee should be envisaged, although there might be cases where the Sub-Committee would decide against examination. These delegations believed that a pragmatic approach should therefore be adopted in this respect.

14. With regard to reporting procedures (point (e) of COM.TD/W/306) these delegations were of the view that while the Sub-Committee was not a body for adjudication, and it was to be expected that contracting parties which considered that there had been an impairment of their GATT rights would address themselves to the appropriate procedures, this should not preclude the reports of the Sub-Committee from containing recommendations aimed at forestalling or alleviating the effect of protective measures on the trade of developing countries. Since the reports would be considered by the Committee on Trade and Development and the Council, there would be no danger of the Sub-Committee encroaching on the competence of other GATT bodies. It was to be expected that any steps that the Council or the Committee on Trade and Development might take on the basis of the reports would be in accordance

with GATT provisions, including those in Part IV. With this in mind, the Sub-Committee's examinations and reports should focus on the impact of measures on the trade of developing countries, cover the details of the measures in question, the "compelling reasons" underlying them, the intentions regarding their elimination or phasing-out and why alternative remedies had not proved possible, and might include suggestions for mitigating the effects of the measures or for alternative action that could be taken in their place.

15. Delegations of some developed countries doubted that it would be appropriate for the Sub-Committee to include recommendations in its reports.

16. The delegation of a developed country suggested that it might be useful to expand the range of tasks that the Sub-Committee might address, so that it could, for example, deal with complaints arising from protective actions taken by any country. Representatives of some developing countries stated that in their view the terms of the Decision of the CONTRACTING PARTIES were clear on this point.

17. In connexion with the question of chairmanship, the Committee agreed that Ambassador Hill (Jamaica) should be Chairman of the Sub-Committee for this year.

18. As concerns procedures for examination (point (g) of COM.TD/W/306), delegations generally agreed that it could be left for the Sub-Committee to develop such detailed procedures for carrying out its tasks as it might consider appropriate.

19. The representative of a developing country expressed the concern of his government at a communication which had been circulated recently and which indicated that a developed country was considering taking Article XIX action in respect of certain leather wearing apparel. He stated that any such action would seriously damage an important export industry of his country and adversely affect its development plans. In this connexion, he expressed the wish of his government to see established, without prejudice to any bilateral contacts, the necessary mechanisms to allow a detailed examination of this matter pursuant to the Decision on protective measures taken by the CONTRACTING PARTIES.

Chairman's summing-up

20. The Chairman summed-up the discussion on the establishment of a Sub-Committee as follows:

The discussion that we have had on the establishment of a Sub-Committee to examine any case of future protective action by developed countries against imports from developing countries in accordance with the Decision of the CONTRACTING PARTIES, indicates to me that there is broad agreement in the Committee on the way the work of the Sub-Committee should proceed, it being understood that any further requirements in this regard could be examined at an appropriate time in the light of actual experience.

With regard to the frequency of meetings, the view was generally held that the Sub-Committee should meet in the normal course at least for the first year twice during the year to examine the list of measures before it shortly in advance of meetings of the Committee on Trade and Development itself. It would be understood that the Sub-Committee could also be convened at the request of a delegation or delegations to take up as appropriate any matter of a pressing nature, the exact date of any such meetings being the subject of consultation between the Chairman, delegations and the secretariat.

It was noted that there were three possible sources of information for the work of the Sub-Committee namely, notifications by contracting parties applying new protective measures affecting imports from developing countries; "reverse" notifications by developing countries with technical assistance from the secretariat if required; and information on other relevant protective measures to be provided by the secretariat on the basis of data available from official sources and as necessary checked with the delegations concerned to ensure accuracy. The importance of notifications being made promptly and, to the maximum extent possible, in advance of implementation, was emphasized by many delegations. It was expected that notifications would be submitted having full regard to the provisions of Part IV and without prejudice to other GATT provisions and that unnecessary duplication would be avoided. It was suggested that information on new restrictive measures notified elsewhere in GATT could simply be drawn to the attention of the Sub-Committee by means of a cross-reference to the original notification together with any additional observations having regard to the provisions of Part IV that might be found helpful to the work of the Sub-Committee. For its part, the secretariat could be expected to make arrangements to facilitate the timely availability of notifications and other information in advance of meetings. Reference was made by several delegations to the expectation that the secretariat would play a positive and leading rôle in compiling information to assist the Sub-Committee in its work.

It was noted that the Sub-Committee would focus on specific matters of concern to developing countries in accordance with its terms of reference. There was a general feeling that in drawing up its reports, the Sub-Committee should include a factual description of the measures examined, a summary of the main points made during the course of the examination and any views, suggestions, or observations that might facilitate the work of the Committee and of the Council when considering these reports, without prejudice to the rights of contracting parties under other provisions of the GATT.

I note that the Committee has agreed that Ambassador Hill should be Chairman of the Sub-Committee for this year.

As to the first meeting of the Sub-Committee, it was suggested that this be held in late May or early June, the exact date to be fixed in consultation between the Chairman, interested delegations and the secretariat. It was understood that at this meeting, the Sub-Committee could give such further attention to working out more detailed procedures as may be considered necessary and also examine any notifications or information that might have been presented to it by that time.

TRADE LIBERALIZATION

21. The Committee considered how it could best proceed with its work relating to trade liberalization in areas of special interest to developing countries having as background a secretariat note (COM.TD/W/305, paragraphs 4-14) which drew attention to a number of relevant points in this connexion.

22. Delegations of many developing countries stated that in the light of insufficient progress in the MTN, quantitative restrictions and other non-tariff measures and tropical products were areas of particular importance to them that the Committee should tackle on a priority basis. They also referred to the need for work on tariff escalation as it affected their trade and on the advance implementation of tariff concessions, though in these areas it would be desirable to take into account any activities on these matters taking place in the Committee on Tariff Concessions.

23. Many delegations stated that the first step in the Committee's further work on trade liberalization should be to prepare background documentation showing conditions of access for developing country exports in the areas identified as being of special interest to the trade of developing countries. In this respect, some delegations expressed their support for the general approach outlined in COM.TD/W/305. Delegations

of some developed countries stated that the updating of background documentation should be carried out by the secretariat in consultation with interested delegations having regard to work being carried out elsewhere in GATT, such as in respect of the Joint Working Group documentation, the Inventory of Non-Tariff Measures and the work of the Committee on Tariff Concessions in respect of the Tariff Study.

24. Some delegations of developing countries urged that the document recording the results of the MTN negotiations with respect to requests submitted in the Group "Tropical Products" (paragraph 12 of COM.TD/W/305) be made available as soon as possible. In noting that these negotiations took place without prejudice to the definition of tropical products, delegations of some developed countries referred to the need to identify more precisely a list of tropical products on which future work on trade liberalization could be based.

25. A number of delegations of developed countries referred to the action their governments were taking to implement in advance MTN concessions on products of interest to developing countries. In this respect, some of these delegations stated that they were prepared to consider further requests for advance implementation. However, for this purpose it would be necessary to identify the specific product interests of developing countries having regard to the situation with respect to the GSP so that possibilities in this connexion could be examined. The representative of a developing country suggested that this might be followed up through consultation with interested supplying developing countries. Some delegations of developing countries also suggested that in the preparation of any documentation relating to this matter, the secretariat might identify products of significant export interest to developing countries, the main suppliers and the GSP and post-MTN m.f.n. rates of duty in the markets concerned. The representative of a developing country stated that products on which there was no conflict of interest in relation to advance implementation could then be pursued by interested countries and subsequently the Committee could study problems arising in respect of other products of export interest to developing countries.

26. Some delegations suggested that possible modalities for the Committee's further work on trade liberalization could be discussed at its next meeting taking into account updated documentation and for this purpose the secretariat might be asked to produce a note on possible modalities having regard to experience with respect to work in GATT on trade liberalization. Some delegations of developing countries considered that the GATT would have an important rôle to play in connexion with access to markets for developing country products in the overall framework of the North-South dialogue and particularly in connexion with the global negotiations to be launched in the United Nations on a series of issues. A number of developing country delegations proposed the reactivation of the past work on tropical products in the Committee. This would be with reference to both tariff and non-tariff barriers and particularly in the fields of semi-processed and processed tropical products.

Chairman's summing-up

27. The Chairman summed-up the discussion of the Committee's future work on trade liberalization as follows:

The discussions we have had on future work in respect of trade liberalization in areas of special interest to developing countries have shown that there is a wide measure of agreement on certain points that would enable the Committee to set about taking up this important aspect of its work programme. There was a general view that the areas of special interest to developing countries to which the Committee should initially give attention were quantitative restrictions and other non-tariff measures, tariff escalation, tropical products and the question of advance implementation of MTN tariff concessions on products of interest to developing countries, taking into account the GSP situation.

The view was generally expressed that as an initial step in the work of the Committee, an adequate data base showing the post-MTN situation regarding conditions of access for exports of developing countries in developed country markets with respect to the areas of work indicated would need to be put together. In this connexion, a number of suggestions were made by delegations.

There was a general feeling that the secretariat, basing itself on the suggestions made and in consultation with interested delegations, should set about the process of providing updated documentation as background for future work on trade liberalization and report on the results of its efforts, together with any documentation it has produced, to the next meeting.

It was suggested that due account would need to be taken of the work proceeding in connexion with the updating of documentation for the Joint Working Group on Import Restrictions and for the Tariff Study and that there should be a co-ordinated approach having regard also to work in GATT with respect to the Inventory of Non-Tariff Measures. Recognizing the special interest of developing countries in further work on tropical products, it was noted that the information with regard to tropical products would be updated along the lines indicated in paragraph 12 of COM.TD/W/305 without prejudice to the definition of tropical products, this being among the matters in this area to be examined more closely at a later stage of the Committee's work. The secretariat would consult with delegations in connexion with its technical work on this matter. With respect to the question of advance implementation of MTN tariff concessions on products of interest to developing countries, a number of developed countries indicated their readiness to consider requests which might be put forward by interested developing countries. It was noted that relevant information would be required to enable delegations to examine possibilities and approaches in this connexion.

The Committee would come back to this item of its work programme at its next meeting when it would also have a discussion on the modalities of its work having regard to activities taking place elsewhere in GATT. It was noted that the secretariat could be requested to put up suggestions in this connexion.

DECISION ON THE ENABLING CLAUSE

28. The Committee considered the action that it might need to take in respect of the rôle given to it by the CONTRACTING PARTIES of having primary responsibility for the supervision of the implementation of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries, also referred to as the Enabling Clause (L/4903). Secretariat note COM.TD/W/305 raised a number of points in this respect, in particular as regards the notification, consultation and review provisions of the Decision.

29. Many delegations stated that it was not necessary to determine detailed procedures at the present time and that any need for such procedures could be examined in the light of experience with the operation of the Decision. They

expressed the view that for the notification requirement of paragraph 4(a), contracting parties could be invited to notify promptly any action taken to introduce, modify or withdraw measures of differential and more favourable treatment. In this respect, the representative of a developed country recalled that this obligation applied to all contracting parties and stated that his Government was interested in being kept fully informed by developing country contracting parties of any action taken, for example under paragraph 2(c) of the Decision dealing with preferential arrangements among developing countries, in particular in respect of the criteria and conditions for any mutual reduction or elimination of non-tariff measures. As for the consultation provisions of paragraph 4(b), some delegations suggested that procedures should be left flexible for the present and be determined on an ad hoc basis as the need arose.

30. Some delegations also suggested that the review of the operation of the provisions of the Enabling Clause provided for in its paragraph 9 could be taken up in conjunction with the Committee's end-of-year reviews of the implementation of Part IV. Some delegations of developed countries emphasized that these reviews should cover all the provisions of the Enabling Clause. The representative of a developing country recalled the position of his country with respect to paragraph 7 of the Enabling Clause, namely that this provision related to the expectations of developing countries and that any action to be taken in this respect would be autonomous and according to the judgement of individual developing countries. Some delegations indicated that information provided by the secretariat to supplement notifications by governments could be helpful in connexion with reviews of the operation of the Enabling Clause.

Chairman's summing-up

31. Following the discussions, the Chairman summed-up as follows:

In connexion with its primary responsibility for supervision of the implementation of the Decision on the Enabling Clause, the Committee addressed itself to questions relating to notification, consultation and review procedures. As a general observation, delegations felt it was premature at present to try and elaborate any precise procedures, this

question being more appropriately taken up as necessary at a later stage in the light of experience with the implementation of the Decision. In the meantime, it was expected that contracting parties would promptly notify actions taken by their authorities in terms of paragraph 4(e) of the Decision and that any consultations under paragraph 4(b) could be dealt with on an ad hoc basis. Many delegations stressed that the reviews should cover all paragraphs of the Decision. Some other delegations reserved their position on this question. It was noted that the reviews of the operation of the Enabling Clause contained in paragraph 9 of the Decision could be co-ordinated with the Committee's end-of-year reviews of the implementation of Part IV and invitations to contracting parties to provide information for this purpose could be circulated by the secretariat in good time. The secretariat could also be expected to provide such supplementary information as would be useful for the reviews.

STRUCTURAL ADJUSTMENT

32. In introducing this item the Chairman referred to paragraphs 17-19 of secretariat document COM.TD/W/305 which recalled that the GATT Work Programme provided that the Committee's activities should cover, inter alia, work on structural adjustment and the trade of developing countries. The document also noted that the Work Programme stated that the general question of structural adjustment and trade policy should be examined further by the Consultative Group of Eighteen (CG.18), which was to advise the Council, and also, through it, the Committee on Trade and Development on the modalities for carrying out further work in this area, taking into account the continuing rôle of the Committee on Trade and Development. To facilitate the consideration of this matter by the Committee, the secretariat had provided in Annex I of COM.TD/W/305 a summary of the Committee's previous activities in the field of structural adjustment. As further background, Ambassador Hill (Jamaica) made available as document COM.TD/103 a note he had circulated at the recent Consultative Group of Eighteen meeting proposing the establishment of a Committee on Structural Adjustment. Also in connexion with that meeting, the representative of the secretariat reported orally on the discussion on structural adjustment and trade policy.

33. The representative of the secretariat stated that the CG.18 had focussed mainly on the conceptual questions which arose in this area. Many representatives had expressed the view that structural adjustment was an ongoing process related to a number of factors. In this connexion, participants had noted the great complexity of the issues involved. It had also been noted that the GATT was concerned primarily with the trade aspects of the problem particularly in the context of its responsibility for maintaining and expanding trade liberalization. Among the points raised in the CG.18 discussion had been the relationship of adjustment policies to the framework of laws and regulations in each country, the capacity of governments to direct adjustment, the extent to which adjustment could be pursued as a deliberate goal of policy, etc., the rôle of information, the need for a global approach to the problem of adjustment and the desirability of structural adjustment extending to both industry and agriculture. The CG.18 had agreed that it would continue its examination of the matter in the light of the task conferred upon it by the GATT Work Programme, at its next meeting to be held on 15-16 July 1980.

34. Introducing his proposal (COM.TD/103) which remained before the CG.18, the representative of Jamaica stated that it had been circulated to the CG.18 in an attempt to focus attention on some of the practical issues with which GATT would have to come to grips if progress was to be made in dealing with trade aspects of the problem of structural adjustment. The operative paragraphs of the paper drew particular attention to the special responsibility of the developed countries to facilitate adjustment since they had the necessary resources and capability, and also, in doing so, to take special account of the needs and problems of the developing countries. The proposal provided for the establishment of a Committee on Structural Adjustment to examine the situation regarding products being identified as being, or likely to become, sensitive to changes in the pattern of world trade as well as to examine the structural adjustment measures affecting such products, and to make recommendations as appropriate. Referring to Annex I of COM.TD/W/305 summarizing the

work of the Expert Group on Adjustment Assistance Measures under the Committee on Trade and Development, he stated that the points listed in paragraph 4 were important ones that needed to be addressed. He stressed the need for work on structural adjustment in all fields, and referred to the attachment to his proposal containing certain points that needed to be considered in respect of agriculture, without prejudice to the consultations provided for in the GATT Work Programme aimed at developing active co-operation in the agricultural sector. In urging that his paper be approached in a spirit of co-operation, he expressed the hope that it would be found a useful contribution to identifying, through a process of consultation, the way forward in this area.

35. Some delegations of developing countries stated that, within the context of the GATT Work Programme, the Committee should deal with those aspects of structural adjustment that were relevant to facilitating increased imports from developing countries and avoiding the imposition of new obstacles to their trade. While welcoming the paper put forward by the delegation of Jamaica and urging that work be pursued with a view to reaching a decision on the basis of the proposal it contained, they suggested that in the meantime the Committee, having regard to its continuing rôle, should reactivate the Expert Group on Adjustment Assistance Measures which had been put in abeyance during the MTN. It was their view that the Expert Group should analyze developments in the field of adjustment and study problems on an industry-by-industry and country-by-country basis, focussing on steps that could be taken to facilitate exports of developing countries to developed country markets. These delegations also expressed the view that the deliberations of the CG.18 on structural adjustment should not impede a decision by the Committee to begin substantive work in this area, especially having regard to the consultative nature of the CG.18.

36. Delegations of developed countries stated that the general recognition of the importance of the issue of structural adjustment now existing in GATT was a positive development. They stressed that, in view of the complex

nature of the problems in connexion with structural adjustment touching on a wide variety of interests and affecting all sectors and all countries, it was necessary to adopt a prudent approach to work in this area. Discussion of procedures or mechanisms could, in their view, be better taken up when conceptual issues and certain other basic considerations had been further clarified. They believed that the Committee could benefit from the work that was being undertaken in the CG.18 and suggested that the Committee revert to the question of its rôle on structural adjustment in the light of the advice provided by that Group. Some of these delegations welcomed the availability of the proposal reproduced in COM.TD/103 as a useful contribution to work in this area.

37. A number of delegations expressed doubts about the wisdom of reactivating the Expert Group on Adjustment Assistance Measures, since in their view neither the nature of such a Group nor its terms of reference could adequately respond to the wide-ranging social and political issues that would have to be dealt with. However, they were prepared to give the suggestion further consideration and revert to the matter at the next meeting of the Committee.

Chairman's summing-up

38. Following the discussions, the Chairman summed up as follows:

The discussion on structural adjustment has brought out the importance members of the Committee attach to this subject and to the rôle that GATT, including its Committee on Trade and Development, could play. As background to recent developments, we had the benefit of an oral report by the representative of the secretariat on the recent work of the Consultative Group of Eighteen with respect to structural adjustment. There was also available in document COM.TD/103 a proposal put forward by Ambassador Hill of Jamaica in the CG.18. Many delegations urged that the Committee should take up work expeditiously on those aspects of structural adjustment of relevance to trading opportunities for developing countries that would be complementary to the more general consideration of this subject being given in the CG.18. Having regard to the continuing rôle of the Committee in this respect a large number of delegations suggested that the Expert Group on Adjustment Assistance Measures should be reactivated as an immediate measure. Some delegations recalled that the Committee on Trade and Development had a work programme in this area and should be able to pursue it independently of consideration being given to structural adjustment elsewhere, at least pending

agreement on any more broadly-based approach. In this connexion, suggestions were made that information on structural adjustment measures currently being applied should be collected and analyzed in the context of a sector-by-sector and country-by-country approach. A number of delegations were of the view that the complex and extremely important nature of the problems of structural adjustment as well as the social and political aspects involved pointed to the desirability of a prudent approach if effective progress was to be made and they therefore reserved their position on the proposal for the reactivation of the Expert Group at the present time. They believed it would be more appropriate for the Committee to revert to this matter in the light of the advice that the CG.18 was expected to provide on concepts and modalities for work in this area.

It would be my suggestion that consultations on these matters continue among delegations with a view to deciding at the next session of the Committee how best to proceed with this question having regard to the points made and the proposals before it including the proposal for the reactivation of the Expert Group.

SPECIAL PROBLEMS OF THE LEAST-DEVELOPED COUNTRIES

39. The Committee discussed that part of its future work programme requiring it to pay special attention to the special problems of the least-developed countries. As background, the Committee had available document COM.TD/W/305 (paragraphs 20 and 21) and Annex II to that document which summarized a number of special provisions relating to the least-developed countries in the agreements and other legal instruments that had emerged from the MTN.

40. Delegations of developing countries, including the least-developed among them, proposed the establishment under the Committee on Trade and Development of a Sub-Committee on Trade of the Least-Developed Countries to focus on the particular trade problems of these countries. Terms of reference suggested by some delegations are reproduced in the Annex attached hereto. In broad terms, it was put forward that the terms of reference of the Sub-Committee should be based on the provisions of paragraph 2(d) of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (L/4903) and of paragraph 6 of the Tokyo Declaration. It was further suggested that the membership of the Sub-Committee should be open to all contracting parties and all countries

that had participated in the multilateral trade negotiations, as well as to all least-developed among developing countries and the chairman should be the Director-General of GATT; the Sub-Committee could meet twice a year and more frequently if required.

41. Representatives of developed countries stressed the importance they attached to international action to assist the least-developed countries deal with their problems. In this connexion, GATT should provide a forum for giving urgent consideration to the trade problems identified. Some of these representatives said that they could give their support to the establishment of a Sub-Committee, the mandate and membership of which could be determined in the light of further discussions. Representatives of a number of other developed countries doubted that the establishment of a Sub-Committee was the most appropriate way of paying special attention to the special problems of the least-developed countries. They considered that the needs of these countries might better be pursued through giving special attention to their problems in the context of the different aspects of the Committee's work, particularly in respect of the Enabling Clause and trade liberalization. They were also of the view that an overall examination of what was being done in favour of the least-developed countries could be undertaken in the course of the Committee's regular reviews of the operation of the Enabling Clause. The need to avoid an excessive proliferation of new bodies in GATT and unnecessary duplication of work, as well as the need to have a clearer idea of the precise work that any Sub-Committee on the least-developed countries would undertake were also mentioned. Some of these delegations stated that despite their doubts, they would not stand in the way of the establishment of such a Sub-Committee if there was a consensus on this. Some other of these delegations felt that they also saw merits in the proposal and were on balance prepared to support it. However, certain other of these delegations stated that they were unable to agree at this time but were prepared to continue discussions on the basis of the proposals and comments made. They proposed that the Committee revert to this matter at its next meeting.

42. Representatives of some least-developed countries stated that little had been done in their favour in the context of the MFN and that there was a pressing need to study ways of alleviating their trade problems. They feared that, in the absence of specific machinery to focus on their problems, their interests once more might not get the attention required. In addition, those least-developed countries not members of GATT might be handicapped in participating in the various aspects of GATT work pertinent to their trade problems. They did not share the view that the establishment of a Sub-Committee might lead to fragmentation of work in GATT since it would work under the direction of the Committee on Trade and Development and they pointed out that a number of bodies had already been established to deal with different aspects emerging from the MFN.

43. A number of delegations suggested that pending a decision on the setting-up of a Sub-Committee on the Trade of Least-Developed Countries, the Director-General should be requested to hold consultations with interested delegations on the proposal for the setting-up of such a Sub-Committee and in the meantime bring to the attention of relevant GATT bodies any pressing problems that might be faced by the least-developed countries as well as any proposals made in this connexion for consideration and possible action.

Chairman's summing-up

44. The Chairman summed up the discussion on this agenda item as follows:

All delegations expressed understanding for the urgent problems of the least-developed countries and noted the importance of co-operative efforts to find solutions for these problems. Many delegations supported the proposal for the establishment of a Sub-Committee in GATT which would permit greater attention being given to the trade problems of the least-developed countries on a comprehensive basis and which could put forward suggestions as to how the interests of these countries might best be pursued in the GATT framework. Some draft terms of reference for the Sub-Committee were suggested (see Annex). It was also proposed that the Sub-Committee should be open to all least-developed countries and that to facilitate co-ordination with work going on elsewhere in GATT and to provide the necessary impetus, the Director-General of GATT might be requested to serve as Chairman of the Sub-Committee.

Some delegations expressed doubts as to whether the interests of these countries would be better served through the establishment of a Sub-Committee. They were, however, not opposed to the setting-up of a Sub-Committee if it were felt by the countries concerned that this would be helpful for consideration of their problems. Some other delegations remained of the view that the consideration of the trade problems of the least-developed countries could best be pursued in the context of the overall work of the GATT including in connexion with the implementation of the Enabling Clause. While agreeing that the problems of the least-developed countries should be given special focus, they suggested that further reflection should be given to the question of the precise modalities to be adopted for the purpose and that the Committee should come back to the question of setting up a Sub-Committee at its next meeting.

It was proposed that pending the process of further reflection, the Director-General be asked to bring any particular problem affecting the interests of the least-developed countries to the attention of the relevant bodies of GATT.

I note that there was almost unanimous support by members of the Committee for a proposal submitted by the developing countries for the establishment of a Sub-Committee on the Least-Developed Countries. In this connexion, the Committee also took note of the specific proposal contained in the Annex suggesting, inter alia, that the Committee be presided over by the Director-General of GATT. It requested the Director-General to hold consultations with interested parties on the above-mentioned proposal for the establishment of the Sub-Committee on the Least-Developed Countries including the terms of reference as soon as possible to facilitate a decision being taken at the next meeting of the Committee on Trade and Development.

Pending a decision on the establishment of the Sub-Committee, the Director-General was requested to bring to the attention of other Committees established under MTN instruments any proposal requiring special treatment for least-developed countries for consideration and possible action by the Committees and to that end such proposals be drawn to the attention of the Committee on Trade and Development.

PROCEDURES FOR REVIEW OF THE IMPLEMENTATION OF PART IV

45. The Committee examined the procedures used for its regular reviews of the implementation of Part IV in the light of the establishment of the Sub-Committee on protective measures and also of its responsibilities in relation to the Enabling Clause. The secretariat had drawn attention to some points in this respect in paragraphs 22 and 23 of COM.TD/W/305.

46. There was general support for the suggestions made in paragraph 23 of that note. A number of delegations suggested that the secretariat might present to the next meeting of the Committee a list of points on which information would be sought with respect to the implementation of Part IV.

47. Some representatives of developing countries suggested that the review of the implementation of Part IV should provide for an overall consideration of the way developing country trade problems were being tackled in GATT and should in addition cover relevant activities in other international organizations. They also noted that the Enabling Clause reviews would ensure that developments with respect to the implementation of the provisions relating to special and differential treatment in the various Agreements negotiated in the MFN would be taken up in the Committee. Thus, developing countries which were not able to adhere to the Agreements at the present time would be able to have an overall view of the work done by the Committees administering those Agreements. Some of these delegations suggested that the Committee might wish to look at the possibility of using the provisions of Article XXXVIII to pursue problems identified in the course of reviews requiring joint action by contracting parties, and also to consider new types of differential and more favourable treatment.

Chairman's summing-up

48. The Chairman summed up the discussion as follows:

The Committee agreed that with a view to ensuring a co-ordinated approach and in order to avoid duplication of requests for information and submission of reports being made on a piecemeal basis, the secretariat would seek information under procedures relating to the implementation of Part IV and in terms of the requirements of the Enabling Clause at the same time. It was noted that information relating to these two aspects should be as specific and detailed as possible so that the Committee could review these matters on a comprehensive basis. It was suggested that, to this end, the secretariat might present to the next meeting of the Committee a detailed list of the points on which information would be sought with respect to the implementation of Part IV. It was also suggested by some delegations that in the course of the reviews consideration might be given to the possible use of Article XXXVIII of the General Agreement dealing with joint action in connexion with any problems identified.

The Committee also noted that it would have, in addition, to deal with the reports of the Sub-Committee on new restrictive measures, this also forming part of the totality of its review functions.

AVAILABILITY OF COMMITTEE DOCUMENTATION IN THE SPANISH LANGUAGE

49. The representatives of a number of Spanish-speaking countries supported by some other delegations stated that it would greatly facilitate the work of Spanish-speaking delegations in Geneva, and, importantly, of their technical services in capitals, if all documents of the Committee on Trade and Development could be made available in the Spanish language. This could also be expected to foster greater interest in the work of GATT on the part of Spanish-speaking countries including those that were not as yet contracting parties. In connexion with this matter, some of these delegations recalled the statement made by the Director-General at the Council in respect of the Report of the Committee on Budget, Finance and Administration with reference to the continuing use of the Spanish language in GATT (C/M/136, page 15).

50. The representative of the secretariat said that the concerns of the Spanish-speaking countries on this point were fully appreciated by the secretariat. Recalling that the secretariat was working under strict budgetary constraints, he stated that every effort would be made by the secretariat to comply with the request that had been made.

NEXT MEETING OF THE COMMITTEE

51. It was agreed that the next meeting of the Committee be held in July, the precise date to be fixed by the Chairman in consultation with delegations.

ANNEX

SUB-COMMITTEE ON TRADE OF LEAST-DEVELOPED COUNTRIES¹

Draft Decision Proposed by a Number of Delegations

A Committee on Least-Developed Countries is hereby established with the following terms of reference:

To pursue the objectives of paragraph 6 of the Tokyo Declaration which states:

"The Ministers recognize that the particular situation and problems of the least-developed among the developing countries shall be given special attention, and stress the need to ensure that these countries receive special treatment in the context of any general or specific measures taken in favour of the developing countries during the negotiations",

and paragraph 2(d) of the decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries.

In particular, the Committee shall:

- (a) conduct a detailed evaluation of the results of the MTN to determine the extent to which the commitments of paragraph 6 of the Tokyo Declaration were fulfilled, taking into account the proposals submitted by the least-developed countries during the multilateral trade negotiations;
- (b) to keep under continual review developments related to the implementation of the MTN Agreements - including the operation of the Committees set up under these Agreements and further negotiations held within the context of these instruments, with a view to ensuring that these are implemented (and improved) in a manner such as to provide special treatment for the least-developed countries;
- (c) to review other developments in world trade as to their effects on the trade interests of the least-developed countries;
- (d) taking into account the results of the evaluation conducted in (a) above, to explore all possible ways and means for providing special treatment to the least-developed countries;
- (e) to continue negotiations on the basis of specific proposals to be submitted and recommendations by the Committee.

Memberships of the Committee shall be open to all GATT Contracting Parties, all participants in the MTN and all least-developed countries. The Director-General of GATT shall act as the Chairman of the Committee who inter alia shall bring to the attention of other Committees established under MTN instruments the specific proposals and recommendations emanating from the Committee for their consideration and possible action; likewise he shall ensure that all relevant developments in other Committees are duly brought to the attention of his Committee. The Committee shall meet at least twice a year or more frequently as required.

¹For background, see paragraph 40 of the Note on Proceedings.