

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development

## PROCEEDINGS OF THE FORTY-THIRD SESSION

Prepared by the Secretariat

### Introduction

1. The Committee on Trade and Development held its forty-third session on 24 March 1981 under the Chairmanship of H.E. Mr. Oluyemi Adeniji (Nigeria).
2. The agenda (COM.TD/W/327), which was adopted by the Committee, contained the following five items: structural adjustment and trade policy, work on trade liberalization, review of developments in international trade, Sub-Committee on Trade of Least-Developed Countries, and review of implementation of Part IV and operation of the Enabling Clause. The Chairman said that under the agenda item "other matters", the question of the chairmanship of the Sub-Committee on Protective Measures for a further period would be raised for consideration.
3. The Committee agreed to address, in the first instance, agenda item 3 relating to the review of developments in international trade, since it had been felt by many delegations that the exchange of views on this item could serve as useful background for the Committee's other work at the session.

### REVIEW OF DEVELOPMENTS IN INTERNATIONAL TRADE

4. The Committee had before it a secretariat paper "International Trade in 1980 and Present Prospects" (Press Release GATT/1285), containing a first assessment of major developments in world trade in 1980 and, in a separate part, an examination of current policy issues.
5. Many members referred to the serious deterioration in the international economic situation in 1980 and the poor outlook for the immediate future. It was noted that four key measures of world economic activity - total output, manufacturing output, total trade and trade in manufactures - recorded in 1980 their third lowest growth rates in the last quarter century. Representatives of a number of developing countries stressed that the repercussions of this situation were affecting the oil-importing developing countries with particular severity. The terms of trade of these countries had worsened in 1980 and could be expected to fall further. Their collective current account deficit, estimated in 1980 at \$70 billion (excluding official transfers), was

forecast according to some projections to rise to \$90 billion in 1981, with a corresponding increase in their burden of external debt.

6. A number of delegations of developing countries referred to the continuing importance of export earnings from commodities for many developing countries and to the declining trend in real prices of many commodities. They expressed their concern at the lack of substantive progress in the negotiation of agreements to maintain and stabilize commodity prices. These delegations suggested that the secretariat, in future papers for the Committee on developments in international trade, might give greater attention to commodities of interest to developing countries. A representative of a developed country also shared the view that greater attention might be given to trade in commodities, especially agricultural products.

7. Some representatives of developing countries said that the present international economic situation was resulting in severe pressures being exerted on the oil-importing developing countries: on the one hand, higher petroleum and other import prices and increased debt servicing charges were increasing the level of their foreign payments; and on the other hand, depressed demand and protectionist tendencies in the industrial countries were impeding efforts to increase export earnings. In addition, there was a measure of uncertainty concerning the ability of developing countries to raise adequate official or private financing. In this situation, there was cause for serious concern about the possibility that many developing countries might be obliged to curtail their imports with consequential detrimental effects on their own economic development as well as on the export industries of the developed countries.

8. A number of representatives of developing countries noted that, despite the deterioration in the trading position of many oil-importing developing countries, trade with these countries remained the most dynamic element in the trade of the industrial countries in 1980. They referred to the continued increase in the share of the manufactured exports of industrial countries being taken by the developing countries, both oil-importing and oil-exporting, and to the large increase in the manufactures trade surplus of industrial countries in 1980. They expressed the view that the role that the developing countries had played in sustaining demand for the manufacturing industries of the developed countries underlined the interdependence of industrial and developing countries and their mutual interest in measures that would help increase the export earnings of developing countries. The suggestion was made that the secretariat might present a paper for a future meeting of the Committee analyzing, in greater detail, the increasing economic interdependence of developed and developing countries.

9. Some delegations of developing countries expressed the view that the current recession in the industrial countries was not a purely temporary cyclical phenomenon, but was the result of deep-rooted structural maladjustments. They welcomed the analysis in Part II of the secretariat paper, GATT/1285, and expressed the view that this had been presented at an opportune time having regard to work proceeding in GATT on structural adjustment and trade policy. The representative of a developed country said that many of the problems of protectionism and structural adjustment outlined in the paper with regard to trade in manufactures also obtained, with perhaps even greater impact, in trade in agricultural products.

10. The representative of a developing country welcomed the secretariat paper, especially in view of the suggestions his delegation had made in 1979 concerning the preparation of fuller reports on the trade position of developing countries. His delegation had found particularly useful the secretariat notes prepared for the Committee in 1980 (COM.TD/W/314 and Rev.1) and expected that further such studies would be presented to future meetings of the Committee.
  
11. The representative of a group of developed countries referred to the problems being faced by these countries in the present difficult international economic circumstances. Their collective current account deficit in 1980 was similar in magnitude to that experienced by the oil-importing developing countries taken as a group. In the context of the rapidly increasing levels of unemployment in this group of countries, which approached or, in some cases, exceeded the levels of the 1930's, he was not sure that the social and political limits to what action governments could take to promote rapid structural adjustment had been adequately appreciated in the secretariat paper. He expressed the view that countries had for the most part been broadly successful in resisting the pressures for protectionism; this was an important difference between the present crisis and previous ones of comparable magnitude. There were no easy solutions, but co-operative efforts on the part of all countries to reactivate world economic growth were important. Despite the difficulties being faced by the oil-importing developing countries, he noted that they had continued to increase their share in both the manufactures imports and exports of the industrial countries. In noting that the developing countries were now the most important markets and sources of supplies for the countries he represented, he welcomed the tendency for this interdependence to become more and more pronounced. This representative shared the concern of the developing countries about the continued instability of commodity prices and referred to the will shown by the countries on behalf of whom he spoke to participate positively in efforts to conclude commodity agreements.
  
12. The representative of a developed country referred to the efforts by his country to adapt to the changing economic circumstances since the crisis of 1973/74, through pursuing anti-inflationary policies, promoting economic growth, energy saving, increasing productivity and adjusting its industrial structures. As a result, there had been a steady reduction in energy consumption per unit of GNP and productivity had risen more rapidly than wage rates, so avoiding cost-push inflation. Economic growth in his country in fiscal year 1980 was estimated to be about 4.8 per cent. He believed that industrial adjustment pursued with long-term perspectives by all countries would contribute to future world economic growth, and expressed the view that GATT/1285 contained useful points in relation to the future management of the world economy.
  
13. In the light of the analysis of the present international trading situation reflected in GATT/1285 and the comments made in the course of the discussions in the Committee, representatives of a number of developing countries stressed the need for urgent action to ensure that there was no further deterioration in the trading position of developing countries. They suggested that exchanges of views of the sort undertaken in the Committee under this agenda item could in themselves have a beneficial impact, by helping inform policy makers of the realities of interdependence. Among other

suggestions put forward by these delegations were the need for developed countries to make every effort to continue to resist protectionist pressures, to permit unimpeded structural adjustment in their economies and to employ measures to facilitate such adjustment. There should be greater transparency in the taking of protective measures affecting imports from developing countries when these were considered unavoidable. In this respect efforts towards the establishment of an effective multilaterally agreed safeguard mechanism should be intensified so as to ensure, among other things, that protective actions were temporary and disrupted normal trading channels to the minimum extent possible. The full and effective implementation of the results of the Multilateral Trade Negotiations was also an important element. In the field of primary products, action was required in order to arrest the declining trend in real commodity prices as well as to improve conditions of access for tropical and other products. Furthermore, the Committee should support efforts to re-establish non-inflationary economic growth in the economies of the industrial countries and to encourage measures that would facilitate the increased investment necessary for this purpose. Parallel to efforts to improve trading conditions and opportunities for developing countries, there was a pressing need for steps to increase the transfer of resources to developing countries and to facilitate the recycling of surplus funds.

#### WORK ON TRADE LIBERALIZATION

##### Tropical products

14. At the Committee's meeting in November 1980, there was a broad consensus that work with regard to tropical products should proceed on a step-by-step basis (L/5074, paragraph 30). As a first step in this connexion, the secretariat was requested to provide detailed data on the commercial policy situation and the trade flows for products listed in the Annex to COM.TD/W/319. The hope was expressed that, in the light of the information provided, the Committee would be in a position to exchange views on the post-Tokyo Round situation for these products in each country and thus focus on particular issues and problems which continued to affect access to markets for the exports of developing countries. It was understood that information would be furnished without prejudice to the question of the definition of tropical products or to the position of any delegation with regard to the treatment of issues in this area. Accordingly, for the March 1981 session of the Committee, the secretariat had provided information on the commercial policy situation and trade flows for four groups of products from the list in the Annex to COM.TD/W/319 - coffee and coffee products (COM.TD/W/328), cocoa and cocoa products (COM.TD/W/329), tea and instant tea (COM.TD/W/330), and bananas and banana products (COM.TD/W/331). With respect to the other products identified in the Annex to COM.TD/W/319, the secretariat indicated that it would continue with the collection of background material so that further data would be made available for the mid-year meeting of the Committee.

15. The Committee also had available, in document COM.TD/106, a communication from the delegation of Sri Lanka containing a list of tropical products of export interest to Sri Lanka which that country believed did not receive sufficient attention in the Tokyo Round.

16. Many delegations who spoke noted that, since the documentation had been made available recently, it had not been possible for it to receive detailed study in capitals. They said that their remarks should therefore be regarded as preliminary and they reserved their right to comment in greater detail at the Committee's next session.

17. Representatives of a number of developing countries said that the documentation indicated that, despite the progress made in the Tokyo Round, there still existed important trade obstacles in the four product groups covered, especially on products in their more processed forms. There was thus need for further action to liberalize trade in these areas particularly with respect to import duties and internal taxes. By way of example in this connexion, a representative mentioned a 5 per cent customs duty applied to imports of unroasted coffee in some developed countries and certain selective internal taxes applied in some of those countries. He also referred to a 20 per cent import duty on tea in one developed country, and to various types of internal taxes levied on tea in a number of developed country markets.

18. Some representatives of developing countries recalled that it had been agreed that members of the Committee would wish to examine the post-Tokyo Round situation for tropical products in each country on the basis of the documentation provided by the secretariat, with a view to identifying specific trade problems and issues affecting access. They indicated that they looked forward to a fuller exchange of views with the developed countries maintaining commercial policy measures at the next session of the Committee. They also felt that, in view of the urgency of moving towards the stage of concrete action in this area, it would be appropriate for the Committee to start giving thought to what should be the next step in the Committee's work on tropical products following the process of examination and identification of trade problems. They suggested that informal consultations might be held among delegations before the next session of the Committee to consider this matter.

19. Representatives of some developed countries said that in their view the documentation indicated that considerable progress had been made in the Tokyo Round in dealing with problems affecting trade in tropical products. One of these representatives said that his country now gave duty-free treatment, either under the m.f.n. tariff or through the GSP, to imports from developing countries of the products covered by the secretariat documentation as well as to many other tropical products. The representative of a group of developed countries recalled the substantial offer made without requirement of reciprocity by those countries in the Tokyo Round on tropical products, consisting of m.f.n. concessions implemented without staging, GSP contributions implemented before the end of the Tokyo Round and certain undertakings on internal taxes. This offer had been arrived at with considerable difficulty. However, treatment of tropical products had subsequently been further liberalized, for example in the 1981 GSP. In particular, duty-free treatment was generally extended to all least-developed countries. By way of preliminary comment on the documentation, this representative noted that certain useful information had been provided on per capita consumption of tea and bananas in a range of importing countries, but that for coffee and cocoa this data had been limited to certain market economy countries. He said that the information presented on tea and bananas together with certain calculations his authorities had made for coffee and cocoa demonstrated that per capita consumption in the centrally-planned developed

countries was markedly lower than that in the countries he represented. He renewed his earlier request for the provision of per capita consumption figures in as many importing countries as possible.

20. A representative speaking on behalf of a number of developed countries expressed the view that the format of the secretariat documentation was appropriate for the Committee's purposes and could enable members to gain a clearer idea of the economic importance to exporting countries of possible new liberalization measures, as background for consideration of ways of making further progress. He expected that any corrections required or comments delegations might wish to make on specific points could be communicated to the secretariat for subsequent circulation to delegations.

21. With regard to further action on tropical products, the representative of a developed country recalled that the existing principal legislative authority for his administration to negotiate trade concessions had expired on 1 January 1981 and the residual, more limited, authority would expire on 1 January 1982. Another representative of a developed country noted that entry into negotiations by his country would require Cabinet approval. The representative of a group of developed countries recalled that these countries were still preoccupied with putting into effect the MTN results and their new GSP scheme. He also referred to their need to take account of the interests of developing countries with which they had special preferential arrangements.

22. The representative of a developed country said that he had noted the comments and suggestions made by delegations of some developing countries, especially those concerning commercial policy applied by his country, and would communicate them to his authorities.

23. Representatives of some developed countries, commenting on the suggestions regarding further work in the Committee on tropical products, said that, before moving on to the next step, the Committee should gain an overall appreciation of the nature and extent of the problems facing developing country exports of tropical products. This would be obtained from the Committee's initial stage of exchange of information and discussion on the basis of the documentation that the secretariat was preparing. They were not, however, opposed to the suggestion that informal consultations could be held among delegations on how the Committee might proceed in its work in this area, although they felt that they would be in a better position to assess this matter if they had an idea of the likely timing of the distribution of the remaining secretariat studies on tropical products.

24. In response, the representative of the secretariat stated that the initial four papers covered those products that seemed of importance to a significant number of developing countries. The secretariat intended to produce studies on another ten products or product groups listed in the Annex to COM.TD/W/319 which, in the normal course, should be ready by about the end of July. In this light, the Committee might take into account two parallel processes over the coming months: the preparation of studies by the secretariat; and the analysis of problems identified on the basis of studies already available along with consideration of the possibilities for further progress towards trade liberalization.

25. In his concluding remarks, the Chairman said that the discussions had brought out the view that the step-by-step approach should entail an effort to make progress at all times. Continuing work on the background documentation by the secretariat might be seen as proceeding in parallel with efforts in the Committee aimed at identifying and analyzing trade problems and considering ways of making further progress in this important area of tropical products. He noted that there was a willingness among many delegations to enter into informal consultations before the next meeting of the Committee. While taking account of the views of all delegations, these consultations could be expected to focus on possibilities for making further progress towards trade liberalization.

#### Tariff escalation

26. The Committee had before it a secretariat note, prepared at the request of the Committee on Tariff Concessions, entitled "Measurement of Tariff Escalation" (TAR/W/18).

27. A number of delegations said that, since the note was of a highly technical nature, they and their authorities in capitals needed more time to examine it. These delegations recalled that the note would be considered at the next meeting of the Committee on Tariff Concessions. One representative expressed the view that, in these circumstances, it would be appropriate for the note to be first taken up and discussed in the Committee on Tariff Concessions. That discussion could provide a basis for further work in the Committee on Trade and Development.

28. Representatives of some developing countries referred to the suggestions made in paragraph 11 of TAR/W/18 concerning the way problems relating to tariff escalation might be examined having regard to the technical points raised in the paper. With regard to the reference in paragraph 11(iii) to the possibility of undertaking case studies of tariff escalation affecting particular products identified as problem areas in this respect, they recalled that at the last meeting of the Committee on Trade and Development it had been noted that it would be helpful if delegations of interested developing countries were to identify those product areas or chains of production where they felt that their exports might be impeded as a result of tariff escalation. These representatives expressed the view that in this connexion, developing countries might wish to supply individually lists of specific products for which they would be interested in having case studies made and in this respect they might seek technical assistance from the secretariat taking into account requests for tariff concessions made by developing countries during the Tokyo Round. One of these representatives indicated on a preliminary basis the following products for case study: cotton and jute, leather, coir, marine products and tropical fruits.

29. The representative of the UNCTAD Secretariat, speaking in an observer capacity, made a statement on the implications of the results of the Multilateral Trade Negotiations for tariff escalation affecting the export products of developing countries.

30. The Chairman noted that several delegations had referred to the need for further time to study, at the expert level, the secretariat paper on measurement of tariff escalation (TAR/W/18). In noting that the paper would

be considered at the next meeting of the Committee on Tariff Concessions, he expressed the hope that delegations would be in a position to have a fuller exchange of views on those aspects of relevance to the trade of developing countries at the Committee's next session. He also noted that, in connexion with the suggestions contained in paragraph 11 of the note, it had been recalled that the Committee had felt that it would be helpful if delegations of developing countries were to identify those product areas or chains of production where exports might be impeded as a result of the escalation of tariffs. It was encouraging to see that one delegation had made some preliminary suggestions in this regard, while some others felt that secretariat assistance would be useful in the identification process. Some members of the Committee had expressed the view that such identification would be a step towards the undertaking of case studies of the type referred to in paragraph 11(iii) of TAR/W/18, which could be carried forward in consultation with delegations.

Quantitative restrictions and other non-tariff measures affecting the trade of developing countries

31. The Committee had before it a secretariat note, COM.TD/W/326, reporting on progress with respect to the compilation of material on quantitative restrictions and other non-tariff measures affecting the trade of developing countries, having regard to developments in the updating of GATT's general data base on non-tariff measures. This note indicated how the secretariat expected to proceed in consultation with interested delegations, taking account of the material now available on import restrictions, so that detailed information could be made available for the mid-year meeting of the Committee.

32. With respect to the basic information, representatives of a number of developed countries said that their authorities were reviewing the material contained in the Joint Working Group document, L/5090, and expected to be communicating any revisions required in the near future.

33. The representative of a developing country, referring to certain difficulties his country had experienced with regard to the procedures for updating the Inventory of Non-Tariff Measures, appealed to delegations to expedite the process so that the revised information would be available as soon as possible.

34. The Chairman said that he took it from the discussion in the Committee in connexion with the progress report by the secretariat on its work on quantitative restrictions and other non-tariff measures, that the secretariat would proceed with this field of activity, keeping in touch with delegations as required, so that detailed information on restrictions affecting products of export interest to developing countries would be circulated in advance of the Committee's next meeting.

Advance implementation of tariff concessions

35. The representative of a developing country referred to the question of the advance implementation of MTN tariff concessions which had been discussed at the previous meeting of the Committee.

36. The representative of the secretariat recalled that at that meeting, it had been concluded that an approach to consultations on this matter among interested trading partners might be along the following lines (L/5074, paragraph 36):

- (i) any developing country having an interest in advance implementation of concessions on a particular product could make a request for consultations with the developed country concerned;
- (ii) arrangements could be made to enable the interests of other developing countries in that product to be also taken into account; and
- (iii) the Committee could keep progress in this matter under review.

37. The representative of a developed country said that, in considering requests for advance implementation, it was important to have a full picture of the interests of developing countries so as to assess the possibilities for advance implementation of a particular concession of interest to developing countries taking into account that in the Multilateral Trade Negotiations his delegation had also sometimes received requests for deferred implementation. He felt that there was need for some precision on how to go about this matter and suggested that informal consultations might be held in this connexion.

38. The Chairman noted that this was an area that could be the subject of informal consultations among delegations.

#### STRUCTURAL ADJUSTMENT AND TRADE POLICY

39. The Committee had before it, in document L/5120, the Report of the Working Party on Structural Adjustment and Trade Policy. The Working Party had been established by the Council on 10 November 1980, on the recommendation of the Consultative Group of Eighteen, to elaborate specific proposals for the future work of GATT relating to structural adjustment and trade policy, including the nature and objectives of such work, in the light of the Report of the Consultative Group of Eighteen and of the views expressed in the Committee on Trade and Development. The Council, in its consideration of the Working Party's Report, was expected to take account of the views expressed on the Report by the Committee on Trade and Development at its present session as well as by the Consultative Group of Eighteen which was to meet on 25-27 March 1981.

40. A representative, speaking on behalf of developing countries, recalled that it had been agreed that the Committee on Trade and Development should comment on the Report of the Working Party on Structural Adjustment and Trade Policy in view of the Committee's special responsibilities with respect to the trade interests of developing countries and the implementation of Part IV of the General Agreement. He said that, although the Working Party's proposals in the Annex to its Report did not fully match what the developing countries had sought, they did constitute, nevertheless, a good starting point for resuming work in GATT on structural adjustment, which had been suspended in 1972 because of the launching of the Multilateral Trade Negotiations. He expressed the view that the work of the Group of Experts on Adjustment Assistance Measures between 1965 and 1972 and the conclusions reached by it

were still relevant in the present circumstance and should be taken into account in GATT's future work in this field. He suggested that in such future work full account should also be taken of the information and analysis contained in the secretariat Press Release, GATT/1285, which had been taken up under the agenda item "Review of Developments in International Trade". This representative said that the developing countries were of the view that the work on structural adjustment would only be meaningful if it served to analyze specific problems and gave rise, where appropriate, to proposals entailing action in the field of structural adjustment that would facilitate the maintenance and furtherance of the open trading system. Developing countries hoped that work on structural adjustment would lead to the adoption of positive trade policy measures conducive to the expansion of the trade of developing countries, through the study of existing or contemplated policies, particularly those which affected adjustment required in response to the comparative advantage of developing countries.

41. A number of representatives of developing countries, in expressing support for this statement, stressed the importance they attached to work on structural adjustment moving ahead in GATT without delay, in view of the current difficult economic situation of developing countries and the linkage between structural adjustment, protectionism and the present global economic situation as indicated in GATT/1285. They emphasized that their support for the proposals contained in the Working Party Report was on the understanding that these proposals were but a first step in GATT's future work on structural adjustment. They said that the proposals did, however, contain a number of fruitful areas for further work, which would require substantial contributions from governments. They urged that this work be approached positively by all participants. Some of these representatives underlined the importance of the provisions of Part IV, in particular those in Article XXXVII:3(b) which referred specifically to structural adjustment, being fully taken into account in GATT's future work in this field.

42. One of these delegations recalled that the Group of Experts on Adjustment Assistance Measures had found that, while most developed countries had adjustment measures of various types in force, generally adjustment assistance had not been used specifically for the purpose of dealing with difficulties caused by increased imports from developing countries, but had been conceived in most cases with a view to improving their overall domestic situation or to directing a re-allocation of resources without specific reference to competition from imports. He also recalled that, in noting this conclusion, the Committee on Trade and Development had agreed that adjustment assistance could make some contribution to the solution of the problem of creating greater access for the exports of developing countries. He expressed the view that the further work in GATT should take advantage of, and build on, the work already undertaken in the Group of Experts.

43. The representative of a developed country noted that the proposals contained in the Working Party's Report would enable the consideration of further steps in GATT's work on structural adjustment. The representative of a group of developed countries stated that the proposals constituted a delicate compromise and provided the basis for work in GATT in this area. He recalled the limits of this exercise; when the studies contained in the Working Party's Report were completed, it was expected that the Working Party would present its conclusions, whether on an agreed basis or not, to the Council.

44. At the conclusion of the discussion, the Chairman said that the Committee had taken note of the Report of the Working Party on Structural Adjustment and Trade Policy (L/5120), including the proposals for the future work of GATT in this field contained in the annex to that report. He recalled that many members of developing countries had seen the proposals as a first step in GATT's future work on structural adjustment. Members had noted the views expressed by delegations of developed and developing countries on the Report. These views and observations would be recorded in the note on proceedings of the present session of the Committee. It was to be expected that the points raised in the discussions would be fully taken into account by the Council when it considered the Working Party's Report. Many delegations had referred to the information and analysis presented in the secretariat paper "International Trade in 1980 and Present Prospects" (GATT/1285) and had suggested that it be utilized as a working paper by the body entrusted by the Council to carry forward work in GATT on structural adjustment and trade policy.

#### SUB-COMMITTEE ON TRADE OF LEAST-DEVELOPED COUNTRIES

45. In his introductory remarks, the Chairman recalled that the first meeting of the Sub-Committee on Trade of Least-Developed Countries had been held on 18 November 1980 and that the report on its work was before the Committee in document COM.TD/LLDC/1. He said that the first session of the Sub-Committee had been largely concerned with the consideration of its future work programme. In this connexion, there had been broad agreement with the initial work programme suggested in paragraph 26 of a secretariat note, COM.TD/W/LLDC/1, which paragraph was reproduced as an Annex to the Sub-Committee's report. This first meeting of the Sub-Committee had also provided an opportunity for a general exchange of views on the overall problems of the least-developed countries and more particularly on the role GATT could play to help resolve problems in the field of trade. In his summing-up, the Chairman of the Sub-Committee had noted that the Sub-Committee had recognized that there was a need to identify practical, direct and realistic measures to deal with the trade problems facing least-developed countries while noting trade was but one element in the numerous problems confronting least-developed countries. As for the next meeting of the Sub-Committee, the Chairman of the Committee on Trade and Development said that this could be envisaged as taking place about the middle of this year, the exact date being determined in consultation with delegations. At that meeting, the Sub-Committee would be expected to address itself in detail to the specific points in its work programme.

46. The representative of a least-developed country thanked all those delegations which had contributed to the discussions at the Sub-Committee's meeting in November 1980 and had helped in reaching broad agreement on the future work programme of the Sub-Committee. He saw this work programme as consisting essentially of two parallel elements: first, work based on a secretariat study identifying tariffs and non-tariff measures continuing to apply to products of interest to least-developed countries; and secondly, consideration of further action in the commercial policy field with a view to providing unrestricted access for the exports of least-developed countries. In expressing the view that the socio-economic repercussions of the present world economic situation were hitting the least-developed countries with particular severity, he appealed to developed countries to take urgent action

in the trade field for the benefit of least-developed countries and to follow the example of Norway where all imports from least-developed countries were receiving duty-free treatment. He said that such action, or work towards this objective, would contribute to the success of the forthcoming United Nations Conference on Least Developed Countries. He expressed the hope that the secretariat studies would be available well in advance of the next meeting of the Sub-Committee and would highlight the trade barriers continuing to be faced by least-developed countries so as to permit the Sub-Committee to focus attention on their specific trade problems.

47. The Committee on Trade and Development adopted the Sub-Committee's report.

REVIEW OF IMPLEMENTATION OF PART IV AND  
OPERATION OF THE ENABLING CLAUSE

48. A number of delegations provided information on developments in commercial policy measures since the annual review of the implementation of Part IV of the General Agreement and of the operation of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries which had been carried out by the Committee at its November 1980 meeting on the basis of notifications by governments (COM.TD/W/321 and Addenda) and certain additional information provided by the secretariat in relation to these matters (COM.TD/W/322 and Addendum).

49. The representative of Hungary recalled that at the last session of the Committee, her delegation had indicated that the Hungarian Government had decided to improve the scope of its GSP scheme through the inclusion of some 112 additional CCCN headings and sub-headings. This improvement, covering agricultural products (7 items), chemicals (31 items), products of the wood industry (8 items), textiles (13 items), base metal products (30 items) and machines and vehicles (23 items), had now been introduced by Decree No. 5/1980/XI.11. Approximately one-third of the new preferential tariffs had been set at zero. The improved version of the scheme would be notified to GATT in due course.

50. The representative of Japan said that it was the intention of his Government to extend the validity of its Generalized System of Preferences for another ten years commencing from 1981. In so doing, it was intended to introduce certain improvements to the GSP, through the addition of some items and through changes in the method of calculating ceilings. Details of these measures would be notified to GATT as soon as they had been put into effect.

51. The representative of Australia said that his Government would be transmitting to GATT a notification of changes to its GSP scheme. The notification would relate to: (i) preferences on textile, clothing and footwear products; (ii) associated changes to handicraft concessions; (iii) changes arising out of the Government's decision on the report of the Industries Assistance Commission relating to tanned and finished leather and dressed furs; and (iv) the exclusion of Greece from the list of beneficiary countries.

52. The representative of the European Economic Communities said that the Communities GSP scheme for 1981 had already been notified to GATT (L/5116). The changes under the new scheme were based on two principles: the simplification of the scheme and modification designed to encourage its better utilization by those beneficiaries which needed it most.

53. The representative of the United States said that his Government had recently completed its annual review of the United States Generalized System of Preferences. It was expected that the resulting changes would be notified to GATT shortly.

Other matters

54. The Chairman recalled that at its meeting in March 1980, the Committee on Trade and Development had agreed that Ambassador Hill (Jamaica) should be the Chairman of the Sub-Committee on Protective Measures during 1980. The question of the Sub-Committee's chairmanship for a further period was, therefore, a matter which required the Committee's attention at the present session. He enquired whether delegations had any proposals to make in this respect.

55. On the basis of a proposal, the Committee agreed to reappoint Ambassador Hill Chairman of the Sub-Committee for 1981.

56. With regard to the next meeting of the Sub-Committee on Protective Measures, the Chairman said that it could be expected to take place towards the middle of this year, the exact date being determined by its Chairman in consultation with delegations and the secretariat.

Next meeting of the Committee

57. It was agreed that the date for the next meeting of the Committee would be fixed by the Chairman in consultation with delegations and the secretariat.