

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development  
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## BACKGROUND NOTE FOR REVIEW OF IMPLEMENTATION OF PART IV

Prepared by the Secretariat

1. In accordance with its terms of reference, the Committee on Trade and Development is required to keep under continuous review progress made in the implementation of Part IV of the General Agreement. Pursuant to this requirement the Committee carries out, at least once a year, a full review having as background notifications submitted by contracting parties (COM.TD/24, paragraph 10). The last full review was undertaken by the Committee at its thirty-fourth session in November 1977. In between annual sessions, the Committee reviews developments concerning the implementation of Part IV on the basis of a note provided by the secretariat and such additional points as may be raised by delegations in the course of its meetings.
2. In this note, the secretariat has endeavoured to bring together information on certain actions which have been taken by governments since the last meeting of the Committee in relation to the implementation of Part IV, including relevant developments in other international organizations. Some of the information on commercial policy measures summarized below, which appear to be of more direct interest to developing countries, have been extracted from the GATT secretariat publication "Survey of Developments in Commercial Policy" the most recent edition of which covers the period January/April 1978. The details provided below, in particular under the heading "Other developments of interest in relation to Part IV", may not be exhaustive. In this connexion, a summary of discussions in the Council on various restrictive measures, etc. may be referred to in the relevant documentation, since some of the measures discussed may also have a bearing on a review of the implementation of Part IV.

COMMERCIAL POLICY MEASURES

Tariffs

3. As of October 1977, Australia reduced duties on a number of products including stranded wire, cables etc. (74.10); insulated electric wire etc. (85.23.91); magnet winding wire (85.23.92); and other (85.23.99).

4. In December 1977, the Government of Canada announced temporary duty reductions on a number of products which, among others, include mica, pencil leads, glass tubing etc., aluminium alloy lithographic sheet or strip, metal alloy rods, galvanized iron or steel wire, internal combustion engines, carpeting, yarns and certain chemicals.

5. Finland has temporarily exempted imports of unroasted coffee (tariff heading 09.01.A) from import duty. This exemption will remain in force until 31 August 1978.

6. Japan reduced import tariffs on 318 sub-positions of its tariff, by an average of 23 per cent, with effect from 4 March 1978. The items concerned cover a wide range of products including: roasted and instant coffee; black tea; shrimps, prawns and lobsters; certain fruit and vegetable juices; certain other processed foodstuffs; certain wines and spirits; certain toiletries; photographic and X-ray plates and film; tyres; paper, and paper-board; certain iron and steel products; machine tools; certain other electrical machinery; and wires and cables.

7. Effective 1 February 1978, Norway has reduced the additional import duty applied to cakes containing eggs or egg products (ex CCCN 19.08) from NKr 1.40 per kilogram to NKr 1.35 per kilogram.

Generalized System of Preferences (GSP)

8. Australia has notified a number of changes in its Generalized System of Preferences. Pursuant to devaluation of the Australian dollar in November 1976, many m.f.n. rates of duty were reduced on 29 January 1977. As indicated in document L/3982/Add.12, certain items previously included in the GSP are now accorded dutiable m.f.n. rates and some items previously excluded from the GSP are now duty free at m.f.n. rates.

9. In February 1978, Austria amended its rules of origin relating to the GSP. These amendments take into account changes in Lists A and B of the rules of origin; deletion of some items from, and addition of certain items to these Lists; adoption of a new general rule concerning determination of origin in the sense of general rule 3 of the CCCN; and a

transitional rule concerning recognition of certificates of origin (Form A) as well as of declarations of origin (Form APR) issued still on the basis of the former Nomenclature. As of 1 January 1978, unwrought lead (CCCN 78.01 A) has been included in the Austrian Generalized System of Preferences (L/4108/Add.2 and 3).

10. The European Economic Community has introduced a number of improvements in its GSP scheme for 1978, which include, inter alia, certain new processed agricultural products and the extension of preferential treatment to Romania for a number of additional products. The application of ceilings to products originating in the least-advanced developing countries has been suspended for 1978 for all semi-sensitive and non-sensitive industrial products other than textiles.

11. As of 1 January 1978, Hungary has broadened the scope of its GSP. Preferential tariff rates have been further reduced for sixty-four products and product coverage has been enlarged to include 705 new products, including textiles, machines and tropical products. The Hungarian GSP scheme now covers 1,457 items, of which 165 are agricultural products and foodstuffs, and 1,292 are semi-finished and finished manufactures. All products originating in and imported directly from twenty-six least-developed countries have been exempted from import duty (L/4106/Add.1).

12. As of 1 January 1978, the time-limits prescribed in Norway's GSP for the presentation of Certificates of Origin Form A after the importation of goods have been abolished; products of sea fishing and other products taken from the sea in a beneficiary country by its vessels are considered as wholly obtained; the new note 4 on the Certificate of Origin Form A is accepted by Norway; and the old certificate Form A will be accepted by Norway as documentary evidence for a transitional period. With effect from 15 October 1977, terry towels (ex 62.02) are no longer included in the list of exceptions (L/4242/Add.9 and 10).

13. From 10 February 1978, Sweden has introduced cumulative treatment under its GSP. Preference-receiving countries forming regional economic groupings and desirous of taking advantage of the cumulation system are required to apply in advance to the Swedish authorities. The Swedish GSP has been extended to the Republic of Turkey as from 1 January 1978 (L/4472/Add.1 and 2).

14. As of 1 January 1978, the United States added three products to its GSP scheme following the review undertaken in the second half of 1977, and in spite of requests for the removal of a number of items from the list, none were removed. The 1978 annual review resulted in the addition of eleven items to the GSP list and the deletion of a portion of one item with negligible trade. Total trade in the eleven items during 1977 was \$48.5 million, with beneficiary developing countries accounting for approximately \$36.2 million of the total. Certain amendments have also been introduced as a result of the application of the competitive need limitation provisions of the 1974 Trade Act (L/4299/Add.8).

Import measures

15. The temporary emergency measures introduced by the European Economic Community on 29 November 1977 for certain squid imported into Italy have been terminated with effect from 29 April 1978 (L/4618/Add.1).

16. According to a decree of 5 January 1978 issued by Iceland, rye flour (CCCN 11.01) and cube and granulated sugar (CCCN 17.01) are no longer subject to import licensing.

17. Japan has liberalized imports of the following products with effect from 1 April 1978 (L/4667): smoked nishin, part of genus clupea (CCCN 0302-2(2)); monga ika cuttle fish (ex 0303-2(1) and (2)); ham and bacon, packed and sterilized in air-tight containers (ex 1602-2-(2)); malt sugar, not containing added sugar etc. (1702-2-(2)); rock candy, cube sugar, loaf sugar and similar sugar etc. (1702-4-(1)-3); maple syrup (ex 1702-5); sorbose (ex 1702-8-(2)-B); nuts, in pulp form (ex 2006-1-(2)); apricots, in pulp form (ex 2006-2-(2)); lime juice, not containing added sugar (ex 2007-1-(2)); mixed seasonings, chiefly consisting of sodium glutamate (ex 2104-2-(2)); anthracite coal (ex 2701-1). In addition to this liberalization measure and the tariff action referred to in paragraph 6, the Japanese Government announced in January 1978, a number of actions designed to increase imports, including a four-fold increase to 4,000 tons in the global quota for citrus juice; a three-fold increase to 45,000 tons in the global quota for oranges in the fiscal year 1978; a sweeping review of its foreign exchange control system; a Japanese cabinet decision to secure for foreign suppliers substantially increased opportunities under government procurement; and an expansion of credit for imports into Japan.

18. To offset expected shortfalls in supplies of fresh bananas to the United Kingdom from preferential sources, a further supplementary quota of 10,000 tons was established for imports from countries designated as falling in the "dollar area".

19. In December 1977, the United States International Trade Commission reported to the President its finding that imports of high-carbon ferrochromium were a substantial cause of the threat of serious injury to domestic producers. The Commission recommended increases in the rate of import duty. In another finding, with respect to lag screws or bolts, the Commission also recommended duty increases. Following consultations between United States officials and interested GATT contracting parties under Article XIX, and a review of other pertinent factors, the President of the United States determined that it would not be in the national economic interest to provide import relief to domestic producers of high-carbon ferrochromium and lag screws or bolts as recommended by the Commission (L/4617 and Add.1 and L/4621 and Add.1).

Import deposit scheme

20. New Zealand has, with effect from 3 February 1978, withdrawn the import deposit scheme which had been applied to a limited range of goods since February 1976 (L/4627).

Other developments of interest in relation to Part IV

21. Austria has increased the rate of import duty from S 2,000 per 100 kgs. to S 3,000 per 100 kgs. for products falling under CCCN 22.09 D, containing eggs, egg yolk or sugar. In order to deal with balance-of-payments difficulties, the Austrian Government has introduced more stringent import controls. As from 1 November 1977, tariff cuts made autonomously in the 1960's on imports worth about S 2 billion were discontinued. Goods affected include certain textiles, clothing, electrical appliances, cameras, tyres, fruit and vegetables. About one third of the value of these imports consist of farm products. Further measures being introduced include a system of import licences for steel, stricter supervision of imported foods, and certificates of origin for textile imports.

22. Acting under Article XIX of the General Agreement, Australia has introduced a number of temporary measures affecting imports. Effective 10 November 1977, import licensing controls have been introduced on fixed resistors falling within item 85.19.6 of the Australian customs tariff. For the six-month period from 10 November 1977, the base for determining importers' entitlements shall be one unit of import quota for each unit purchased or irrevocably committed for delivery from domestic production prior to the close of that period; for the period from six months to eighteen months after implementation of the measures, the proportions shall be one to two respectively. Subsequent to the introduction of these import restrictions, the Industries Assistance Commission has been asked to enquire into, and report on, the long-term protective needs of the domestic industry engaged in manufacturing fixed resistors (L/4603). The temporary quantitative import restrictions in respect of certain footwear introduced in October 1974 and which were subsequently modified in May 1976 to include sand boots and sand shoes have been further modified to: (i) include thongs having value for duty less than \$A 2.00 per pair falling within Australian customs tariff items 64.01 to 64.04 and parts for thongs falling within tariff item 64.05; (ii) implement import licensing procedures for certain specialist sporting footwear and gumboots; and (iii) exempt high-priced footwear from import licensing. These measures came into effect from 22 November 1977 to run until mid-1980 and include provision for a review committee to advise on adjustments to quota levels that may be required to avoid disruption and any consequential major contractions in employment in the footwear manufacturing industry (L/4099 and Add.3 and 4). From 21 April 1978, temporary quantitative restrictions have been introduced on imports of double-edged safety razor blades for a period of two years.

For the first year imports of double-edged blades will be restricted to 16 million and individual importers' quota allocations will be based on the twelve-month period ended 31 December 1977. Quota allocations for the second year will be announced before the start of that year (L/4666).

23. Australia has raised tariffs on dextrose to 10 per cent, and on glucose and glucose syrups to 5 per cent. In addition, temporary additional tariff duties have been applied to imports of dextrose monohydrate. The rate of duty is 20 per cent for two years and 10 per cent thereafter. The general tariff rates for tableware have been increased from 22.5 per cent to 25 per cent with effect from 10 November 1977 and up to 9 November 1979. As from 10 November 1979, the tariff rates will be reduced to 20 per cent. The import duty on most types of luggage (tariff item 40.02.900) has been increased from 34 per cent to 55 per cent for a period of eighteen months. Imports from New Zealand and Papua New Guinea will continue to be duty free; the margin of preference applicable to imports from developing countries under the GSP has been maintained. The duty on files and rasps, falling under CCCN 82.03.300, has been raised to 30 per cent applicable to both the general and preferential tariffs. In addition, licensing restrictions are being maintained until 31 December 1978. The import licensing ceiling for files and rasps for 1978 has been set at 75,000 dozen, including round blunt chainsaw files which have now also been brought under licensing control. Following a report from the Temporary Assistance Authority, Australia has increased the general rate of import duty on wood screws falling under tariff items 73.32.910 (steel) and 74.15 (copper) to 40 per cent. In addition, eligibility for preferential duties on these items was withdrawn from certain developing countries. Imports from New Zealand and Papua New Guinea are not affected by the new duties.

24. Australia has introduced tariff quotas on imports of polyamide and polyester tyre cord fabrics (tariff items 51.04.2; 55.09.2; 95.11.2; and 70.20.1). The quota is to apply from 1 July 1977 until 30 June 1978 or until 4,500 tons have been delivered or irrevocably committed for delivery from domestic production. Importers' tariff quota entitlement is to be one ton of quota for each three tons delivered or committed for delivery from Australian production during the same period. Annual tariff quotas have been imposed on handyman vices and industrial vices (tariff heading 82.04.900). The quota on handyman vices has been set at \$A 600,000 value for duty and on industrial vices at \$A 150,000, applicable on imports cleared between 1 July 1977 and 30 June 1978, allocated on the basis of imports during the year ended 30 June 1976. A tariff quota of 750 machines for certain types of belt-driven pulley-operated bench or pedestal drilling machines was introduced for the year 1977. Imports in excess of the quota were made subject to a temporary additional duty of \$A 200 per machine. Subsequently, it was announced that as from 1 January 1978, the tariff quota arrangements would be replaced by bounty assistance, pending the report of the Industries Assistance Commission on long-term assistance needs. Australia has reintroduced tariff quotas on knitted and crocheted curtains and knitted or crocheted net fabrics, and introduced tariff quotas on certain sleeping bags and certain yarns and woven fabrics containing wool. Bounty

payments of \$A 1.15 per kg. up to \$A 600,000 are to be made in the period 1 October 1977 to 30 September 1978 on Australian production of certain polyester/cotton yarns. It was announced in November 1977 that the Australian Government, after consideration of a report of the Industries Assistance Commission, had decided to introduce a three-year programme of assistance to the Australian textiles, clothing and footwear industries involving changes in tariff quotas, rates of duty, bounty payments, import licensing etc. on specific products. Among the measures provided for are the extension of tariff quota arrangements to men's and boys' overalls, woven curtains, and certain knitted fabrics, the adjustment of certain duties and above quota charges and the introduction of import surveillance on certain products. Effective 1 March 1978, Australia introduced tariff quotas on imports of wool worsted yarns and wool blend yarns (tariff items 53.07.910(31) and 56.05.310). The annual quota level for these yarns has been set at 1.1 million kgs. with an additional duty of \$A 2.50 per kg. for above quota imports.

25. On 1 December 1977, Canada introduced global import restraints on footwear other than footwear of rubber or canvas, for a three-year period at levels corresponding to the average annual level of imports during the period 1974-1975-1976. The measure has been taken under GATT Article XIX (L/4611).

26. EEC Commission Regulation No. 716/78 introduced Community Surveillance from 1 May 1978 to 31 October 1978 of footwear imports under CCT headings 64.01/2/3/4 from the following countries: Brazil, China, Czechoslovakia, Hong Kong, Malaysia, Pakistan, Poland, Romania, South Korea and Spain. The Regulation stipulates that the above items may be put into free circulation in the Community only on production of import documents issued by member States in accordance with Article 8(1) of Regulation (EEC) No. 1439/74 and Article 6 of Regulation (EEC) No. 109/70, valid for three months.

27. The Finnish Government have announced that the minimum import price of Fmk 18.00 per unit imposed on imported shirts of cotton and man-made fibres has been extended until 26 September 1978. A minimum import price of Fmk 1.05 per pair of ladies' knee-length stockings was implemented as of 19 January 1978. The Finnish authorities also decided to apply from 1 April 1978 a minimum import price of Fmk 1.20 per pair on ladies' semi-manufactured tights. A levy amounting to the difference between the actual import prices and minimum import prices is charged on imports at below the declared minimum import prices. The minimum import prices established in February 1977 for rubber boots have been increased as of 9 February 1978: men's from Fmk 30 to Fmk 37, ladies' from Fmk 20 to Fmk 27, and children's from Fmk 16 to Fmk 18. This measure will remain in force until 9 February 1979 unless otherwise amended or extended. On 13 January 1978, the following minimum prices were revised on gloves (CCCN 42.03) until 18 January 1979: Fmk 30 per pair on pigskin gloves with or without lining and on nappa gloves with lining, and Fmk 25 per pair on nappa gloves without

lining. On 28 February 1978, thirty-nine iron and steel products (CCCN 73.01, 73.08, 73.10, 73.11, 73.12, 73.13 and 73.15) became subject to surveillance licensing. According to the Finnish authorities, the purpose of this measure is to monitor the growth of imports in certain product areas. Under a decree of 23 December 1977, a legal basis was created to apply an automatic import licensing system. The system is intended to enable the authorities to follow imports closely and take appropriate steps if serious difficulties develop in national production and employment.

28. Effective 22 May 1978, France has banned the importation of bees (01.06 c), natural honey (04.06), bees wax (ex 15.15 b) and materials such as hives, frames etc. which are used in bee-keeping (ex 44.28 c). France is also monitoring at the frontier all imports of paper and board products.

29. Effective 1 February 1978, Norway has increased the additional duty on semi-manufactures of mashed potato and/or potato starch used for producing snacks (ex CCCN 19.02). Semi-finished products for the foodstuffs industry, based on mixtures of potato starch and powdered milk, have been made subject to import control.

30. As from 15 February 1978, Sweden has introduced a system to keep under surveillance imports of certain steel items falling within BTW headings 73.08 - 73.10; 73.11a; 73.12; 73.13b; 73.15. (L/4632)

31. Switzerland has issued an order on import arrangements for iron and steel reinforcing rods (chapter headings CCCN 73.10.24, ex.52 and ex.80 and CCCN 73.10.34, .52 and .80 of the Swiss customs tariff). The order includes regulations concerning the supervision of imports and payment of additional import duties. The order entered into force on 10 March 1978 and will remain in effect until 31 December 1978. In early 1978, the Swiss Federal Council renewed a measure introduced in 1975 and extended in 1976 and 1977, in order to limit imports of bottled quality white wines recognized as specialities (tariff heading ex 22.05.30). Import licences will be granted for a total of 65,000 quintals gross plus an additional 20,000 quintals to cover hardship cases (L/4181 and Add. 1-3). Additional levies will be imposed on imports of grains and other feeds in order to limit imports and encourage domestic production. Effective 21 December 1977, the compensatory taxes applied to certain egg products were modified.

32. As from 10 April 1978, the United Kingdom introduced a surveillance system covering cutlery imports. Thus, goods falling under CCT headings 82.09, 82.12, 82.14, 82.15 may only be imported from non-EEC countries under individual import licences valid for three months.

33. The United States International Trade Commission reported to the President in February 1978 that it had determined that citizens band radio transceivers were being imported into the United States in such increased quantities as to be a substantial cause of serious injury or the threat of serious injury to the domestic industry. The Commissioners recommended the imposition of ad valorem import duties in addition to the present rates of



duty. Presidential Proclamation No. 4561 issued in April provided for a tariff increase with respect to such transceivers (except hand-held), (United States tariff item 685.25) to 21 per cent ad valorem in the first year ending 10 April 1979, to be phased down in three percentage point intervals for the following two years. The duty would then revert to its current rate of 6 per cent ad valorem. This action has been taken under GATT Article XIX. The proclamation also removed the item from GSP eligibility. The United States has, with effect from 11 November 1977, imposed import fees on sugar, syrups and molasses and raised duties on certain of these items (L/4634 and Add.1 and 2; L/4612).

ACTIONS IN OTHER INTERNATIONAL  
ORGANIZATIONS RELEVANT TO PART IV

United Nations General Assembly

34. The United Nations General Assembly at its thirty-second session established, by resolution 32/174 of 19 December 1977, a committee of the whole, which would meet as and when required during the inter-sessional periods until the special session of the General Assembly to be convened in 1980 to assess progress made in the various forums of the United Nations system in the establishment of the new international economic order.

UNCTAD

35. The Committee on Tungsten met in special session in February 1978 to examine the conclusions and recommendations of the Ad Hoc Intergovernmental Group of Experts on Tungsten, which had had the task of assessing proposals for the stabilization of the world tungsten market, with a view to facilitating the taking of a decision by the Trade and Development Board on whether a negotiating conference on tungsten should be convened. At the second part of its seventeenth session, in April 1978, the Trade and Development Board decided, having regard to the findings and recommendations of the Expert Group, that a Preparatory Working Group should further examine and assess proposals for the stabilization of the world tungsten market.

36. The third (ministerial) part of the ninth special session of the Trade and Development Board in March 1978 agreed on a resolution concerning the debt problems of developing countries. The first section of the resolution concerns measures to adjust the terms of past bilateral official development assistance to poorer developing countries for whom the burden of debt servicing seriously affects their development prospects. The second section deals with the question of guidelines for future operations relating to the debt problem of developing countries and provides for the convening of an Intergovernmental Group of Experts to develop detailed provisions for future debt operations taking into account certain concepts common to the different groups of countries involved.

Integrated programme for commodities

37. The resumed session of the Negotiating Conference on a Common Fund, which began its work on 7 November 1977, was adjourned on 1 December 1977. At the fourth session of the Ad Hoc Intergovernmental Committee, held in December 1977, the Secretary-General of UNCTAD was requested to undertake consultations with a view to assessing the prospects of agreement on the fundamental aspects of a common fund as a basis for meaningful resumption of the Negotiating Conference. As regards the preparatory work on individual

commodities, the Committee agreed on a revised schedule of meetings for 1978. At its fifth session the Committee adopted a decision to undertake, at its sixth session, a comprehensive review of progress in the implementation of conference resolution 93(IV).

38. The first session of the Preparatory Meeting on Iron Ore, in October 1977, decided to recommend that an Ad Hoc Intergovernmental Group of Experts be convened with the task of collecting information on the world iron ore industry, studying a number of aspects of it and, in the light of this work, considering appropriate measures and techniques which might be required to solve identified problems and to achieve the objectives of resolution 93(IV). At its first meeting, in April 1978, the Ad Hoc Group initiated studies on a number of aspects of the iron ore industry, including the further processing of iron ore in producing countries, particularly developing countries, and the question of iron ore stocks.

39. The third Preparatory Meeting on Copper, in January/February 1978, agreed that a standing intergovernmental copper body should be established as part of the continuing programme of work on the integrated programme for commodities and also agreed that, to this end, a working group should be convened for the purpose of elaborating terms of reference and draft proposals on rules of procedure, organizational structure and financial requirements of such a body. The Working Group pursued its work on these matters at its meetings in April and in May 1978.

40. The first Preparatory Meeting on Phosphates, in December 1977, agreed to continue its work at expert level with a view to further analyzing the situation and problems of the world phosphate market, and, on the basis of this examination, recommending appropriate measures and techniques for obtaining the objectives of resolution 93(IV) in respect of phosphates.

41. When it met in February/March 1978, the third Preparatory Meeting on Rubber endorsed the recommendation made by the Intergovernmental Task Force on Rubber at its December 1977 meeting that a negotiating conference on natural rubber should be convened in the latter part of 1978 and that an international buffer stock system should be the central element of a price stabilization agreement. Before the negotiating conference, scheduled for 13 November-8 December 1978, meetings will take place to enable articles of a draft stabilization agreement to be drawn up by producers and consumers and a single working draft to be prepared.

42. The Intergovernmental Working Group on Jute and Jute Products, which met in January and in April 1978, reached agreement on certain possible elements that could be considered as a basis for an international agreement or arrangement on jute and jute products. These elements related to:

measures for stabilization; research, development and market promotion; and cost reduction. The Meeting, after considering certain proposals put forward on the question of market stabilization, requested a study on a possible scheme on the lines set out in the proposals, providing inter alia for international financial support for that part of national stocks related to improved stability in international trade in jute fibre. The Meeting also adopted a proposal requesting relevant secretariats to establish, preferably by the end of 1978, an initial programme intended for immediate follow-up action in the fields of research, development, market promotion and cost reduction.

43. The third Preparatory Meeting on Tropical Timber, held in January 1978, adopted a work programme aimed at providing the factual basis for further discussions on a possible integrated arrangement for tropical timber.

44. The first Preparatory Meeting on Tea, held in January 1978, decided to work towards an international agreement on tea. To that end, it decided that work should continue at the level of an Intergovernmental Group of Experts.

45. While the major emphasis of the discussion at the third Preparatory Meeting on Hard Fibres, in January/February 1978, was on the further development of programmes for increasing the competitiveness and expanding the consumption of these commodities, questions relating to stabilization measures for sisal and henequen, coir and abaca were also considered.

46. The second Preparatory Meeting on Vegetable Oils and Oilseeds, held in February 1978, considered: stocking and storage practices and policies; supplies to net importing developing countries; the rôle of research and development; promotion of consumption, access to markets and production planning; and prices and trends. The general view on stocking and storage practices and policies was that their scope as a stabilization measure was limited, and that such policies would need essentially to be carried out at the national level. The Meeting took note of the continuing concern of producing countries with the need to expand and improve market access as an element of market stabilization and that specific questions of market access would have to be dealt with in the appropriate fora.

47. In March 1978, at the first Preparatory Meeting on Meat, it was recognized that issues such as access to markets and security of supplies and prices, health and sanitary regulations, subsidies and safeguard action, and improvements in information, consultation and co-ordination, were currently being taken up in the multilateral trade negotiations. It therefore urged participants in those negotiations to take note of the points raised during the course of the Preparatory Meeting on Meat and hoped that the multilateral trade negotiations on meat would come to a speedy and mutually satisfactory conclusion.

48. The second Preparatory Meeting on Cotton, held at expert level in March 1978, considered that further analytical work was still essential in order to make recommendations on appropriate measures and techniques required to achieve the objectives of resolution 93(IV) in respect of cotton. The Meeting decided to continue its work at expert level as soon as the necessary additional documentation was ready.

United Nations Conference to Negotiate an International Arrangement to replace the International Wheat Agreement, 1971, as extended

49. The Conference, held in February/March 1978, was unable to complete the preparation of an international agreement to replace the International Wheat Agreement, 1971, as extended. It decided that an Interim Committee should be convened to prepare a draft text of an international arrangement not later than the end of July 1978. The Conference should be reconvened by September 1978, to consider the draft text. The Interim Committee held its first meeting in Geneva in May 1978 and is due to pursue its work at a further meeting in London in June.

United Nations Conference on Olive Oil

50. The Conference established the text of a protocol extending the present Olive Oil Agreement of 1963, as extended, for one year as from 31 December 1978.

International Cocoa Agreement

51. At its tenth session, in March 1978, members of the International Cocoa Council decided that they had no objection to the principle of renegotiating the 1975 Agreement in accordance with its Article 75(2). Consequently, the Council established an Ad Hoc Committee on the Agreement to prepare proposals for submission to the Council at its eleventh session. The Council also considered the question of obstacles to the expansion of cocoa consumption and noted with regret certain recent developments relating to m.f.n. duty rates and internal taxes. It recommended that member governments take further steps to remove obstacles to consumption in accordance with the objectives of Article 51 of the Agreement.

International Sugar Agreement

52. The International Sugar Agreement 1977, provisionally entered into force on 1 January 1978 following the deposit of appropriate instruments by governments holding at least 55 per cent of exporting countries' votes and 65 per cent of importing countries' votes. The first session of the International Sugar Council under the new Agreement, held in January 1978, established a global quota for 1978 of 10.715 million tonnes. The Organization, in April, announced a reduction in the general level of individual export quotas from 85 to 81.5 per cent of basic export tonnages.

International Coffee Agreement

53. When it met in November 1977, the Executive Board considered, at the request of a group of producing countries, matters related to fluctuations in the price of coffee and to the provisions concerning prices in the International Coffee Agreement 1976. The Board decided to request the Executive Director to prepare the necessary material to enable it to undertake the review of prices referred to in Article 33(3) of the Agreement.

FAO

54. The Intergovernmental Group on Meat, at its seventh session in December 1977, considered, amongst other matters, the current world meat situation and short-term outlook, the preliminary results of the FAO demand and supply projections for meat to 1985 and follow-up action to the Guidelines for International Co-operation in the Livestock and Meat Sector.

55. At its twelfth session in February 1978, the Intergovernmental Group on Oilseeds, Oils and Fats, stressed the need, in view of the current situation of plentiful supplies and the need to improve market stability, to promote consumption of oilseeds, oils and fats by the adoption of appropriate policies and by reviewing measures that unduly restrict consumption. Countries should, where feasible and necessary, adopt appropriate policies to encourage the building up of reserves. The imposition of new tariff and non-tariff barriers on vegetable oils and meals, particularly those exported by developing countries, should be avoided and all measures should be taken to reduce and eliminate such barriers and to extend and improve the GSP.

56. The thirteenth session of the Intergovernmental Group on Hard Fibres in March 1978, considered the current situation for the various hard fibres. In relation to sisal fibre, it reaffirmed the current indicative price range under the informal arrangements, but decided that the operation of the system of global and national quotas should be temporarily suspended. The quota arrangements are to be reviewed and possibly, if market conditions so warrant, reactivated at realistic levels at the fourteenth session of the Intergovernmental Group. The Group agreed on new informal indicative price arrangements for abaca, including provisions for consultations when actual prices moved close to either limit of the ranges established for the different grades and for monitoring the arrangement. The Group also endorsed the report of the Ad Hoc Working Party on the Establishment of Coir International and expressed the hope that further progress would be made at its next meeting on examining the possibilities for establishing such an organization.

57. The Intergovernmental Group on Rice met in March 1978. In the light of the generally tight market situation, the Group recommended, inter alia, that countries holding rice stocks in excess of those required for meeting their

domestic needs, emergencies and other commitments, make all efforts to increase availabilities for export to meet immediate requirements for human consumption in developing countries, taking care to avoid disruption of normal commercial trade and incentives to produce in developing countries. In addition, the Group recommended that, in view of the balance-of-payments constraints of many deficit countries, all countries in a position to do so should increase the rice component of food aid to the maximum extent possible.

58. At its third session held in April 1978, the Committee on World Food Security, recommended that all countries in a position to do so should urgently provide aid to developing countries facing severe food shortages and that, in formulating their production policies, major grain producing countries should consider the effects on world food security of the production adjustments already made in 1977/78 and the need to maintain adequate world supplies and stocks of basic foodstuffs. Recommendations were also made in connexion with increasing food production in developing countries as the firm foundation for establishing long-term food security. The Committee reviewed developments in connexion with the United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement 1971.

#### International Monetary Fund

59. At its meeting in April 1978, the Interim Committee of the IMF discussed the world economic outlook and the working of the international adjustment process. While recognizing certain favourable developments, the Committee expressed concern about a number of world economic developments, including, in respect of trade matters, the unsatisfactory rate of growth of world trade and the risks involved in the increasing resort to protectionist actions of all kinds in the wake of slow economic growth, low capacity utilization and high unemployment. It agreed that determined and broadly conceived national and international efforts, directed at the underlying causes as well as at specific protectionist measures, were urgently needed to arrest this drift towards protectionism and to reduce trade barriers. It was felt that the successful completion of the multilateral trade negotiations would do much to stop this development. In giving attention to the special problems of developing countries, the vulnerability of their economies to slow growth of markets in the industrial world or to reduced access to such markets was a source of widespread concern. In the course of the Committee's discussions, a consensus was reached on the general outlines of a co-ordinated strategy, containing mutually supportive and reinforcing elements, designed to promote non-inflationary growth of the world economy, leading to higher employment, a reduction of imbalances in international payments, and the conservation of energy.

OECD

60. At its meeting at ministerial level in February 1978, the Committee for Agriculture focussed on the outlook for international agricultural markets and ways of reducing the uncertainties which characterize them, on the implications of recent developments in the food sector, and on trends in relations with developing countries in the field of food and agriculture. During their discussion on agricultural markets, the Ministers reaffirmed their determination to carry through the various current negotiations, in particular the multilateral trade negotiations and those relating to cereals, in order to achieve an orderly expansion of trade and market stabilization. With respect to the developing countries, the Ministers confirmed the intentions of their governments to continue efforts undertaken in relation to assistance for increasing food production, food aid, food security and trade policy measures.

