

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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BACKGROUND NOTE FOR REVIEW OF IMPLEMENTATION OF PART IV

Prepared by the Secretariat

1. The Committee on Trade and Development, in accordance with its terms of reference, is required to keep under continuous review progress made in the implementation of Part IV of the General Agreement. In the light of this requirement, the Committee undertakes, at least once a year, a full review on the basis of notifications submitted by contracting parties (COM.TD/24, paragraph 10). The last major review was undertaken by the Committee at its thirty-fourth session in November 1977 and a mid-term review of the implementation of Part IV was carried out at the June 1978 session of the Committee on the basis of background information provided in secretariat document COM.TD/W/270 and Corrigenda. Further information provided by delegations during the latter meeting is set out in paragraphs 6-9 of the note on the Committee's proceedings (COM.TD/100).
2. Notifications received from contracting parties in response to GATT/AIR/1480 for the review to be undertaken at the forthcoming meeting have been reproduced in COM.TD/W/279. The available paragraphs contain a summary, on the basis of information available to the secretariat, of certain other commercial policy actions taken by governments in recent months as well as developments in other international bodies that may have a bearing on the provisions of Part IV. The details provided below may not be exhaustive of all the relevant actions or activities undertaken since the documentation was prepared for the last meeting of the Committee and delegations are invited to provide any supplementary information that they feel may be useful. It will be noted that in a number of instances the secretariat has had to rely on information from published sources with respect to measures including, for example, an increase in a consumption tax which appears to touch clearly on obligations in Part IV and for which the reporting requirements under Part IV appear to be quite specific. It may be noted that, in general terms, only measures actually implemented and not those which continue to be under consideration have been summarized.

3. In addition to the information provided below, certain other GATT activities have a bearing on the implementation of Part IV. Thus, delegations may wish to refer to summaries of discussions in the GATT Council on various measures, including restrictive actions and other trade measures etc. covered by the relevant documentation, to developments in connexion with the Textiles Agreement and to the work of the UNCTAD/GATT International Trade Centre. Also of relevance to Part IV are developments in the multilateral trade negotiations where the main thrust of GATT activities are presently taking place. A separate note is being circulated on this subject.

4. As the information contained in this note is supplementary to that in COM.TD/W/279 - "Action by Governments Relevant to the Provisions of Part IV", the two papers should be read in conjunction in order to have a more complete picture of the situation in relation to the implementation of Part IV.

COMMERCIAL POLICY MEASURES

Tariffs and other charges on imports

5. The Australian Government has decided that metal-working machine tools (tariff No. 84.45), previously subject to a general tariff rate of 26 per cent and eligible for bounty, would become free of duty over a three-year period. Other power-operated metal-working machine tools and parts for use as original equipment in the assembly or manufacture of power-operated metal-working machine tools became free of duty from 25 May 1978. The Australian Government also decided that from 25 May 1978, bounty would be paid on certain power-operated metal-working machine tools produced and used in Australia and that a bounty on local design content would be introduced.

6. While the salt monopoly remains in force and all imports controlled by the monopoly are still subject to authorization, no salt monopoly levy is being charged on goods falling under the following tariff positions entering Austria from 1 May 1978: CCCN Nos. 21.04, 25.01, 33.06, and 38.19.

7. The European Economic Community has opened, for the period 1 July 1978 to 30 June 1979, a Community tariff quota of 6,100 tonnes for eels fresh (live or dead), chilled or frozen, intended for curing or skinning or for use in the industrial manufacture of products falling within heading No. 16.04. Within the limits of this tariff quota, the Common Customs Tariff duty is totally suspended. Also, the Community has increased the volume of the Community tariff quota for 1978 for unwrought magnesium from 5,500 to 8,900 tonnes.

8. Under certain amendments effective 15 March 1978 to position CCCN 51.04 BII of the Finnish customs tariff, raw materials for the manufacture of dyed or otherwise worked fabric, and continuous synthetic textile material for use as carpet backing in the Finnish carpet industry have been exempted from duty until the end of 1984.

9. On 1 July 1978 New Zealand implemented a revised customs tariff, following a review aimed at its updating and simplification taking into account the phasing out of preferential duties and the needs of New Zealand industry. Major amendments have been made to the format of the tariff, including a reduction in the number of tariff items from 4,700 to 2,500, account being taken of amendments to the tariff nomenclature agreed in the Customs Co-operation Council. While most tariff rates have been maintained at earlier levels, a number have been subject to either reductions or increases. Since some of the increases affect rates contained in New Zealand's Schedule XIII under GATT, the Council of the CONTRACTING PARTIES agreed in June 1978 to New Zealand's request to renegotiate the concessions affected under Article XXVIII:4.

Generalized System of Preferences (GSP)

10. Austria has implemented a system of cumulative origin under its GSP as from 1 July 1978. A preference-receiving country exporting to Austria is permitted, for the purpose of the origin rules, to regard materials used in production which have originated in another preference-receiving country with which the exporting country co-operates in a regional economic grouping, as having originated in the exporting country. Additional rules have been incorporated in Lists A and B, which contain exceptions to the basic processing criterion of the rules of origin, concerning several items including certain photographic plates, magnesium oxide, tannins, essential oils, rubber slabs, sheep skins, precious and semi-precious stones, copper and other metals. As of 1 July 1978 meat and offals of sheep and goats (CCCN ex 02.01 B2 and 16.02 A) were withdrawn from the Austrian GSP scheme. (L/4108/Add.4 and L/4108/Add.5)

11. Under its GSP scheme for the 1978 fiscal year beginning 1 April 1978, Japan has placed under prior allotment articles of furskin (tariff No. 43.03) and unalloyed, unwrought aluminium (76.01-1(1)) and withdrawn flexible application of ceiling control from a number of other products. Rules of cumulative origin for the ASEAN countries were introduced and a number of changes consequent on the revision of the CCC Nomenclature made. (L/4531/Add.1)

12. With effect from 1 September 1978, "face cloths and toilet gloves of cotton falling within CCCN No. ex 62.02" have been added to the GSP scheme of Norway. In addition to introducing the possibility of cumulative treatment, an amendment to the rules of origin was made in line with amendments to the CCC Nomenclature of Norway introduced on 1 January 1978 regarding goods put up into sets. (L/4242/Add.11)

13. Switzerland has amended, with effect from 1 July 1978, the rules of origin regulating tariff preferences accorded to developing countries. This amendment mainly concerns the introduction of the principle of regional cumulation for origin purposes. It also raises the value limit of originating products sent by post or in passenger traffic or for small consignments. Simplified procedures have been adopted with respect to the importation of goods falling under Chapters 84 and 85, dismantled or non-assembled, and for accessories, spare parts and tools delivered with any piece of equipment, machine, apparatus or vehicle. A new rule of origin has been introduced for goods put up in sets, namely that a set as a whole shall be considered as originating in a beneficiary country when the value of the non-originating articles does not exceed 15 per cent of the total value of the set. The provisional certificate of origin has been eliminated. (L/4020/Add.2)

Import restrictions

14. In June 1978, the Canadian Government announced that the global quotas on textiles and clothing would end on 31 December 1978. A series of bilateral export restraint arrangements with Canada's major foreign suppliers of clothing will come into effect as from 1 January 1979. Shipments from all sources will continue to require import permits, for monitoring purposes.

15. The European Communities terminated, with effect from 29 April 1978, the temporary emergency measures for certain squid imported into Italy. Imports of certain frozen squid into Italy, with the exception of imports from third countries observing a minimum import price corresponding to the Community reference price for squid, had been suspended as from 29 November 1977. (L/4618/Add.1)

16. The United States has acted to permit the import of an additional 200 million pounds of fresh and frozen beef, veal and mutton in 1978 above the originally estimated import level of 1.3 billion pounds based upon a programme of voluntary export restraints negotiated with supplying countries.

Other developments of interest in relation to Part IV

17. Australia increased as from 7 July 1978 the general rates of tariff applicable to certain domestic electrical appliances, including refrigerators, freezers, washing machines, clothes dryers and room air-conditioners. From the same date, tariff quota measures previously applicable to refrigerators with a capacity of 200 litres and over, washing machines and clothes dryers, ceased to be operative. Effective 16 August 1978, Australia imposed a special additional duty of 12.5 per cent on imports of certain finished goods (including textile apparel and footwear items, files and rasps, vices (industrial), certain razor blades, certain chest freezers and endless hand operated chain pulley tackle and hoists) other than goods of New Zealand origin, covered by tariff quota arrangements and import licensing restrictions.

18. The Australian Government decided to continue after 30 June 1978 the temporary assistance afforded industrial vices. Tariff quotas on industrial vices will be maintained initially for a six-month period from 1 July 1978. The allocation will be \$A 200,000, value for duty, in lieu of the ceiling of \$A 150,000 per annum previously applying. Imports of industrial vices cleared for home consumption outside quota entitlement will continue to be subject to an additional duty of \$A 12 per vice. The tariff quotas on handyman vices, also applied during the period 1 July 1977 and 30 June 1978, ceased to have effect from 1 July 1978. The Australian Government announced on 8 August 1978 that it had decided to introduce tariff quotas on imports of certain insulators falling within tariff item 85.25.9 and porcelain pin type insulators rated at up to 88,000 volts falling within tariff item 85.25.1. These insulators would be subject to a total duty of 75 per cent under the preferential and general tariffs. However, preference for developing countries on insulators falling within tariff item 85.25.9 would be maintained. For every three insulators of the above types purchased or irrevocably committed for delivery from Australian production on or after 1 July 1978, one unit can be imported duty free. The Australian Government decided to continue temporary assistance in respect of certain thick plywood (exceeding 5.5 mm. but not exceeding 23 mm. in thickness) falling within tariff item 44.15.11 by applying a tariff quota of 10,000 cubic metres to imports entered for home consumption between 1 July 1978 and 30 June 1979.

19. Following consideration of a report by the Temporary Assistance Authority (TAA), the Australian Government announced on 7 July 1978 its decision to restrain temporarily by global quota, the importation of uncoated hot rolled steel sheets and plates not exceeding 3.2 mm. in thickness and uncoated cold rolled steel sheets and plates, of a kind falling within item 73.13.100 and galvanized steel sheets, plates, strips and hoops of a kind falling within tariff item 73.12.190 or 73.13.300. The restrictions are intended to limit imports of these items to 162,500 tonnes in the twelve months from 1 July 1978 (L/4696). In relation to terne alloy coated steel sheet, the Government accepted the Authority's recommendation that no quotas be imposed.

20. Effective during the period 1 April 1978-31 December 1978, and in accordance with a decree by the Austrian Minister of Trade, Commerce and Industry of 14 March 1978 "legal transactions which are concerned with the import of" pig iron (CCCN No. 73.01) and hot-rolled wide strip (CCCN No. 73.08) are subject to licensing.

21. The Canadian quota for cheese for the period 1 April 1978-31 March 1979 has been set at 45 million pounds (20,412 tons), i.e. 10 per cent less than in the previous period. This import quota is allocated among traditional importers according to their 1977/1978 shares. However, provisions have been established in order to allow new importers to obtain quota shares for 1978/1979.

22. As from 26 May 1978 the European Communities suspended the issue of import licences for preserved mushrooms (CCT ex 20.02A) from third countries. This measure is not being applied to countries which ensure that their exports do not exceed quantities considered by the EEC to be consistent with the avoidance of disturbance of the Community market (L/4678). On 22 June 1978, the EEC Commission decided that imports of footwear and parts of footwear should be subject to a system of "retrospective control" on a Community basis for the period 1 November 1978 to 31 December 1979. The system entails the communication by each member State to the Commission of detailed information concerning imports effected during each month within thirty days of the end of the month concerned. In line with the programme to alleviate the difficulties in the EEC iron and steel industry initiated at the beginning of 1978, the EEC has concluded agreements with a number of countries concerning volumes and prices of their steel exports to the EEC during 1978. In addition as from 4 August 1978, the EEC extended the range of iron and steel products subject to surveillance licensing; amended the information required from traders submitting applications for the import of products from third-country steel suppliers with whom the Commission has concluded agreements on the volume and price of their exports to the Community in 1978; and amended or introduced basic prices which are applicable to products covered by the surveillance arrangements for protection against dumping or the granting of subsidies by countries which are not members of the European Coal and Steel Community. The iron and steel products subject to surveillance import licensing fall under tariff headings ex 73.01, 73.02, 73.07, 73.08, 73.10, 73.11, 73.12, 73.13, 73.15 and include: pig iron, cast iron, blooms, billets, slabs and sheet bars, iron or steel coils for re-rolling, wire rod, angles, shapes and sections, hoop and strip, "electrical" sheets and plates of iron or steel.

23. The European Communities have established a system of production aids for prunes derived from dried plums, tomato concentrates, peeled tomatoes, peaches in syrup, and tomato juice. The amounts of the aids are fixed so as to make up the difference between the prices established for Community products and the prices of products from third countries. The implementing regulation, which entered into force on 1 June 1978, also abolished the pre-existing minimum import price system for tomato concentrates.

24. The Finnish Government has announced that the minimum import price (MIP) order on women's tights (ex CCCN 60.04) has been extended until the end of 1978. The MIP remains at Fmk 1.60 per pair. If the import price is lower than the minimum, the importer is liable to pay the difference as a surcharge.

25. By a decree of 27 May 1978, the Italian Government has increased the consumption tax on bananas from Lit 110 per kg. to Lit 250 per kg. Italy's Ministry of Foreign Trade circular 38 of 7 April 1978 refers to the imposition of surveillance measures on the import of all products under CCCN 53.05 (sheep or lamb's wool or other animal hair (fine or coarse), carded or combed,) imported from any country including other EEC member States.

26. Japan's import quota for beef for the first half of fiscal year 1978 was set at 40,000 tons, 5,000 tons less than in the second half of fiscal year 1977 but 5,000 tons more than in the first half of fiscal year 1977.

27. Under the New Zealand import licensing arrangements for the twelve months commencing 1 July 1978, basic import licence allocations for 1978-79 were established at 107.5 per cent of 1977-78 qualifying licences for consumer goods, and 112.5 per cent for other goods with a basic entitlement. The following goods are exempted from import licensing: tea in packages of 2 kgs. weight or over; flour of certain fruits, roots and tubers; mineral fuels and oils in containers of 5 litres or more; musical instrument containers; fish netting; oil impregnated textile fabrics; articles of certain basic metals; body worn hearing aids; and private postal importation of goods for domestic use, which do not exceed \$NZ 50 in value. Most types of machinery have been given a 'C' category, under which licences are granted on a case-by-case basis. Having regard to the levels of domestic production, a 'C' plus 50 per cent of licences granted under the 1977/78 allocation has been given for various tools for hand or machine use, screwdrivers and assorted articles of base metal and a 'C' plus 75 per cent allocation for wood veneers and grinding wheels. Ophthalmic frames have been granted 75 per cent of 1977/78 licences with a later review. Leather used in footwear manufacture has been converted from basic import licence treatment to 'C' category, while made-up footwear has been granted an allocation equal to 90 per cent of 1977/78 licences. To enable domestic manufacturers to supply 70 per cent of the market for ceramic tableware, the allocation for 1978/79 is the same as that for 1977/78. Under the Customs Import Prohibition (Sugar) Order 1978, effective 1 July 1978, sugar in any of its recognized commercial forms derived from sugar cane or sugar beet may only be imported into New Zealand with the consent of the Minister of Customs and subject to such conditions as he thinks fit to impose.

28. In July 1978, the Norwegian Government notified GATT that it had decided to invoke Article XIX and was preparing the introduction of global quotas on various textile items (L/4692). The Norwegian authorities have increased the additional duty applied to imports of cake containing egg or egg products (CCCN 19.08) from Nkr 1.35 to Nkr 1.65. Imports into Norway of syrup not containing more than 25 per cent of added starch syrup are subject to licensing. This measure does not apply to grape syrup or starch syrup although the latter is subject to global quota.

29. On 5 May 1978, the United States Treasury Department revised upward its trigger prices for imported steel in the light of higher production costs in Japan and the appreciation of the yen. The trigger prices were increased 5.5 per cent for integrated steel mill products such as sheet and plate and for fabricating mill items such as wire, cold finished bars and light rails. They were increased 13.9 per cent for angles, 14.5 per cent for flat bars and 14 per cent for reinforcing bars. These revisions were effective for steel exported to the United States on or after 1 July 1978. In mid-May 1978, common steel wire nails and heavy-carbon steel rails were added to the list of goods subject to trigger prices. On 20 July 1978, the Treasury Department announced an additional increase of 4.9 per cent on its trigger prices, effective 1 October 1978, due to the rising value of the Japanese yen and to new calculations about Japanese production yields as well as capacity utilization. In addition, some further products were added to the list of goods subject to trigger prices, such as electric resistance welded pipe and tube, certain structural shapes and hot-rolled steel bands, while certain other products were excluded (stainless steel pipe and tube).

30. On 23 August 1978 the United States International Trade Commission (ITC) reported to the President that it had determined that refined unwrought copper, other than alloyed, provided in item 612.06 of the Tariff Schedules of the United States was being imported in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry. The ITC recommended the imposition of quantitative restrictions on imports of refined unwrought copper, other than alloyed, provided in item 612.06, amounting to 300,000 short tons per year for the five-year period beginning 1 January 1978, with no more than 25 per cent of such amount to be entered, or withdrawn from warehouse, for consumption within any calendar quarter (L/4699). In further reports to the President, dated 1 September 1978 and 5 September 1978, concerning imports of bicycle tyres and tubes and high-carbon ferro-chromium respectively, the ITC determined injury to the domestic industries concerned and recommended the imposition of increased duties (L/4702 and L/4703). The President is to take decisions on the disposition of the recommendations contained in these reports within sixty days of their receipt.

ACP/EEC Convention of Lomé

31. At a meeting of the Council of Ministers of the Lomé Convention in July 1978, the renegotiations of the Lomé Convention were formally opened. The current Convention is to expire on 1 March 1980.

ACTIONS IN OTHER INTERNATIONAL ORGANIZATIONS
RELEVANT TO PART IV

United Nations Conference on Trade and Development

32. The Trade and Development Board at its eighteenth session, in August/September 1978, adopted a provisional agenda for the UNCTAD V Conference, to be held in Manila in May/June 1979, and dealt with a range of issues relating to the work of UNCTAD and adopted a number of resolutions. On the integrated programme for commodities, the Board adopted resolutions which, among other things, concerned the reconvening of the Negotiating Conference on a Common Fund in November 1978, and confirmed the recommendations of the Ad Hoc Intergovernmental Committee for the Integrated Programme for Commodities concerning the extension of its negotiating timetable until the end of 1979. In relation to tungsten, the Secretary-General was asked to proceed to appropriate consultations with a view to facilitating a decision on the convening of a negotiating conference on tungsten, if possible within the fourth quarter of 1979.

33. At the July 1978 session of the Intergovernmental Group on the Least-Developed Countries, established by the UNCTAD Board at its fourteenth session and reconvened by a decision of its fifteenth session, progress in the implementation of special measures in favour of the least-developed countries and proposals for new initiatives were reviewed. It adopted a resolution dealing with financial and technical assistance, commercial policy, and co-operation among developing countries in favour of the least-developed countries. The Group urged the developed countries to take further steps to include in their GSP schemes products of interest to the least-developed countries and recommended the international community to consider liberalizing particular barriers to market access for such products. The Group urged that the provisions of paragraph 6 of the Tokyo Declaration be effectively implemented in the multilateral trade negotiations and reflected in the various international codes under negotiation. It further urged that these provisions be reflected in the legal framework of the GATT which would guide future world trade. In the context of co-operation among developing countries, the Resolution adopted by the Group states that one promising area for providing support for the least-developed countries lies in preferential arrangements among developing countries, providing for special non-reciprocal benefits to the least-developed countries bearing in mind the rules of international trade.

34. At its meeting in October 1978, the Committee on Economic Co-operation Among Developing Countries reviewed financial and technical assistance in support of economic co-operation among developing countries as well as the co-ordination of measures of support of the United Nations system. It also considered measures of support by the UNCTAD Secretariat and steps to be taken to facilitate the carrying out of UNCTAD's programme of work on economic co-operation among developing countries.

35. The Intergovernmental Group of Experts on Debt and Development Problems of Developing Countries met in October 1978 to recommend to the tenth special session of the Trade and Development Board detailed features for future operations relating to the debt problems of interested developing countries, taking into account certain basic concepts common to the approaches of both developed and developing countries identified at the ministerial session of the Trade and Development Board in March 1978. Agreement was reached on four objectives for international action in this field and on the type of actions that would be suitable. Full agreement was not reached on elements to be taken into account for initiating action or on the question of institutional arrangements.

36. The Preparatory Working Group on Tungsten, established by the Trade and Development Board in April 1978 to examine and assess proposals for stabilization of the world tungsten market, met in June 1978. It agreed to meet again to continue its work, if possible before the end of 1978.

Integrated Programme for Commodities

37. The Ad Hoc Intergovernmental Committee for the Integrated Programme for Commodities held its sixth session in July 1978. It reviewed progress under UNCTAD Conference resolution 93(IV), hearing statements from the Chairmen of the various Preparatory Meetings, and determined a schedule of meetings under the integrated programme for the remainder of 1978. The Committee also heard an oral report by the UNCTAD Secretary-General on his consultations in regard to the resumption of the Negotiating Conference on a Common Fund and invited him, in the light of his past and future consultations, to decide on a date on which to reconvene it. The Committee agreed to recommend to the Trade and Development Board an extension of the time-table for the completion of the work of preparatory meetings and of negotiating conferences under resolution 93(IV) until the end of 1979.

38. The second Preparatory Meeting on Phosphates, held in June 1978, decided to recommend to the Ad Hoc Intergovernmental Committee for the Integrated Programme for Commodities that it consider the scheduling of a further preparatory meeting on phosphates taking fully into account the prospects for adequate participation in such a further meeting.

39. The fifth Preparatory Meeting on Jute and Jute Products, held in July 1978, considered a progress report on an initial programme for research, development, market promotion and cost reduction in jute agricultural and industrial products, and agreed on the need to further elaborate and clearly define the priorities which should be attached to this programme of work by requesting the Secretariats of FAO, UNCTAD, UNIDO and ITC, within their areas of competence, to formulate, by February 1979 at the latest, specific proposals for action. The Meeting

discussed a proposal on possible approaches for improved stabilization of the international raw jute market within the existing informal FAO arrangement. The Meeting invited governments and the secretariat to give further consideration to the issue of stabilization and to put before the Committee any new ideas or approaches. The Meeting expressed the hope that at the sixth Preparatory Meeting sufficient agreement between producers and consumers would be reached to form the basis which would justify the convening of a negotiating conference.

40. The fourth Preparatory Meeting on Copper, at its meeting in July 1978, considered the report of the Working Group on Copper containing draft statutes for a standing intergovernmental body on copper and examined a number of other proposals in this connexion. The fifth Preparatory Meeting, held in October 1978, continued consideration of the various proposals and agreed to recommend to the Ad Hoc Committee for the Integrated Programme for Commodities that it make provision for a sixth preparatory meeting to be held as early as possible in 1979.

41. The fourth Preparatory Meeting on Tropical Timber, held in July/August 1978, agreed on a number of elements that could be considered as a basis for a possible international arrangement (or arrangements) on tropical timber. Those elements related to action in respect of reforestation and forest management; increased and further processing in the producing countries, including the monitoring of developments in appropriate fora related to market access; research and development; and the avoidance of excessive fluctuations in the tropical timber market, by improved market intelligence and including the establishment of an early warning system. The Meeting suggested that the Secretariats of UNCTAD and FAO, with the assistance of governments, competent international organizations and private and other relevant bodies, prepare a document to be submitted to the fifth Preparatory Meeting showing how a scheme covering these elements could be organized and operated, and what would be the financial, institutional and other requirements and implications.

42. The Preparatory Group for the United Nations Conference on Natural Rubber, held in August/September 1978, produced a single working draft for the negotiation of an international natural rubber agreement, setting out various options presented by producers and consumers on possible elements of a final agreement. The United Nations Conference on Natural Rubber is scheduled for November 1978.

43. The Intergovernmental Group of Experts on Tea, established by the first Preparatory Meeting on Tea, held its initial session in September 1978. The Group considered a study by the UNCTAD and FAO Secretariats on the feasibility of an international stocking arrangement for tea. It agreed on a programme of studies to be undertaken by the FAO and UNCTAD Secretariats to provide the basis for further discussions in the effort of working towards an international agreement on tea.

United Nations Conference on Technical Cooperation Among Developing Countries

44. The United Nations Conference on Technical Cooperation among Developing Countries, held in Buenos Aires in August/September 1978, agreed on a detailed plan of action for promoting and implementing technical co-operation among developing countries (TCDC). The plan provides for action at the national, sub-regional and regional, inter-regional and global levels and includes ways in which the developed countries can give their support. Recognizing that the UNDP, as the principal funding source of technical co-operation within the United Nations development system, has particular responsibility for promotion and support of TCDC, the Conference recommended that, in close collaboration with the specialized agencies, programmes and organizations of the United Nations development system, overall intergovernmental review of TCDC within the United Nations system should be entrusted by the General Assembly to a high-level meeting of representatives of all States participating in UNDP.

Food and Agriculture Organization

45. The FAO Working Party on Elements of an International Banana Agreement held its third session in October 1978. The Working Party agreed that concerted international action could cover a number of areas where there was agreement among exporting countries and between exporting and importing countries, including in respect of regular consultations on the market outlook, promotion campaigns, research and development, quality improvement, diversification, crop insurance and compensatory financing arrangements to stabilize export earnings from bananas. The Working Party recommended that bilateral and regional consultations among banana exporting countries with the aim of defining and selecting the most appropriate systems for market organization should take place, and that, when sufficient progress had been made in these consultations, the Sub-Group of Exporters should be convened to develop an agreed set of proposals on the elements and principles of an agreement to be submitted to the Intergovernmental Group on Bananas. The Working Party also recommended that the Intergovernmental Group should be convened in 1979 to consider all aspects of the world banana economy and not confine itself solely to elements of an international banana agreement. In the course of the discussions, some delegates stressed that attention should be given to the gradual elimination of trade barriers, particularly those of a non-discriminatory nature. The Working Party confirmed that the interests of preferential suppliers needed to be safeguarded in accordance with the Canary Island Consensus adopted by the Intergovernmental Group on Bananas in 1967.

International Cocoa Agreement

46. The second meeting of the Advisory Group on the World Cocoa Economy, held in October 1978, reviewed recent developments in the world cocoa economy, and considered obstacles to the production and consumption of cocoa and certain problems in international trade in cocoa, in particular in relation to quality standards and transportation. It also considered a number of proposals for the establishment of bodies to further the international co-ordination of research and extension activities. The Group decided not to recommend to the Council the adoption of provisions on the conversion of part of the buffer stock provided for under the International Cocoa Agreement into cocoa products, in the absence of a consensus in the Group in favour of such a step.

International Coffee Agreement

47. The International Coffee Council held a negotiating session in September 1978 to consider the activating of the economic clauses of the International Coffee Agreement. Although agreement was not reached between consumer and producer countries on an increased trigger price for the coming into force of export quotas under the Agreement, the Council concluded that there was general agreement on the principle of an increase, and that the situation should be re-examined by the Executive Board if the market price moved by 15 per cent above or below its average level in a forty-day reference period in September and October 1978.

International Sugar Organization

48. At special sessions in June 1978, and again in September 1978, the International Sugar Council delayed the start of contributions to the Special Stock Fund under the International Sugar Agreement for three months. These decisions were taken because it had not been possible for the United States to ratify the Agreement and implement the necessary legislation by 1 July 1978.

International Tin Agreement

49. The International Tin Council, at its tenth session under the fifth Agreement held in July 1978, agreed on increases of M\$150 per picul in the buffer stock floor price and M\$200 per picul in the ceiling price, equivalent to rises of 12.5 per cent and 11.8 per cent respectively. In the Council, Japan announced its decision to make an additional contribution to the buffer stock of a maximum of ¥ 7 billion, and paid over an initial instalment of ¥ 2,625 million. About two thirds, by voting strength, of the consumer members of the Agreement have now either contributed to the buffer stock or pledged contributions. The Government of Norway notified the Council of its intention to accede to the Fifth International Tin Agreement.

International Wheat Council

50. The International Wheat Council, at its meetings in June 1978, formally confirmed the extension of the International Wheat Agreement until 30 June 1979, the requirements for the entry into force on 1 July 1978 of the extension Protocols having been met. The Council also heard a progress report on the work of the Interim Committee, established to prepare a draft text of a new international arrangement. When it met in July 1978, the Interim Committee decided to meet again in October to continue its work, and to recommend the reconvening of the negotiating Conference in November 1978, unless it decided otherwise at its October meeting.

International Monetary Fund/World Bank

51. At the thirty-third Annual Meetings of the Boards of Governors of the International Monetary Fund and the World Bank, held in September 1978, agreement was reached on a 50 per cent general increase in quotas that would raise the total of IMF quotas to SDR 58.6 billion, and on new allocations of SDR's, of SDR 4 billion in each of the next three years, 1979-81.

52. The Interim Committee of the IMF, which met immediately before the Boards of Governors, discussed the world economic outlook and working of the adjustment process. While considering that a welcome change in international trade flows was emerging, reflecting the effects of changes in exchange rates for major currencies, the Committee reiterated its concern about the risk of increasing resort to protectionism and stressed the importance of an early and successful completion of the multilateral trade negotiations. The Committee expressed the view that the successful implementation of a co-ordinated strategy for non-inflationary growth of the world economy would lead to a marked improvement in the global environment for trade and development, with substantial benefits for developing countries and other primary producing countries. The Committee believed that an improved world trading environment would help arrest the recent tendency towards the use of protectionist measures. In addition, the Committee emphasized the desirability of measures on the part of the developed countries to open their markets more widely to the products of the developing countries.

Bonn Economic Summit Meeting

53. At the summit meeting in Bonn of major economic powers in July 1978, a programme of different actions by participating countries was formulated aimed at assuring steady non-inflationary growth. In that part of their communiqué dealing with trade questions, the leaders expressed appreciation and support for the progress in the multilateral trade negotiations as set

forth in the Framework of Understanding, while noting that some difficult and important issues remained unresolved. They stated that the successful conclusion of the negotiations would bring GATT rules more closely into line with the requirements of the 1980's. In all areas of the negotiations, the summit countries looked forward to working even more closely with the developing countries. They stated that they sought to ensure for all participants a sound and balanced result, which adequately took into account the needs of developing countries, for example, through special and differential treatment, and which brought about their greater participation in the benefits and obligations of the world trading system. They charged their negotiators, in co-operation with other participants, with resolving the outstanding issues and concluding successfully the detailed negotiations by 15 December 1978.

54. The leaders noted with satisfaction the renewal of the pledge to maintain an open market orientated economic system and the statement on positive adjustment policy made by the OECD Council of Ministers in June 1978. They stated that there must be a readiness over time, to accept and facilitate structural change. Measures to prevent such change perpetuated economic inefficiency, placed the burden of structural change on trading partners and inhibited the integration of developing countries in the world economy.

55. In the context of expanding world economic activity, they recognized the requirement for better access to their countries' markets for the products of developing countries. At the same time, they looked to increasing readiness on the part of the more advanced developing countries to open their markets to imports.