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GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Trade and Development
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FUTURE WORK OF THE COMMITTEE

Note by the Secretariat

1. In anticipation of the conclusion of the Multilateral Trade Negotiations, the Committee, at its November 1978 session, had a preliminary exchange of views on the work of the Committee in the post-MTN period. For this purpose, it had before it a secretariat note (COM.TD/W/284) that reproduced the Committee's terms of reference, described the main lines of its past activities and indicated a number of factors in relation to which the future work of the Committee might need to be considered. Comments and suggestions made by a number of delegations, which were also of a preliminary nature, were summarized in the Committee's report (L/4721, paragraphs 25-30).
2. Taking into account the earlier discussions on this matter, an attempt has been made in the following paragraphs to focus attention on a number of areas which appear to be relevant to the future work of the Committee consistently with its terms of reference.
3. It will be recalled that the Committee provides a forum for consideration of developing countries' trading problems in the GATT context. In looking at how the Committee's rôle as one of the central mechanisms of GATT might be reinforced following completion of the MTN, delegations would need to take into account the working linkages between the Committee, the GATT Council, the various committees to be established for the implementation of Codes of Conduct and high level policy-orientated bodies such as the Consultative Group of Eighteen (CG.18). This seems to be particularly relevant, since increasingly the trade problems of developing countries are being or will be dealt with in bodies concerned with subject or product areas, such as the NTM codes, agriculture and textiles. This not only reflects the increasing participation of developing countries in the international trading framework, but also the growing difficulty of separating out the trade problems of developing countries from those of major interest to other countries, if indeed this is desirable.

4. Flowing from this, two factors need to be considered. Firstly, the nature of developing country trade issues for the 1980's within a contractual framework for liberal trading conditions, emphasizes the need for a general review of the situation in trade relations between developed and developing countries. Secondly, particularly in the area of work on further trade liberalization, it will be increasingly necessary to use the COM.TD as a forum in which trade problems of mutual interest to both developed and developing countries can be examined.

5. A number of functions of the Committee may be distinguished. In pursuing each of these functions in future, the work of the Committee may contain certain elements stemming from its traditional rôle, certain other elements which derive from the agreements concluded, e.g. in the MTNs, and a third group of elements which may derive from future discussions about trade policy questions relating to developing countries formulated, inter alia, in the CG.18.

6. Having regard to its terms of reference, the future principal activities of the Committee might include:

- (a) monitoring the implementation of the commitment provisions of Article XXXVII;
- (b) reviewing developments in international trade and payments affecting developing countries taking into account relevant activities in other GATT bodies and elsewhere;
- (c) examination of possibilities for further liberalization of trade barriers faced by developing countries;
- (d) collection of information, analysis of policies, and possibilities for action in the area of adjustment; and
- (e) continuing overview of the technical assistance provided to developing countries by the secretariat.

The question is also raised whether the Committee would have a rôle to play with respect to any new provisions concerning special and differential treatment that may emerge following the "Framework" negotiations.

The Committee's review function

7. The review function for the Committee after the MTN might include:

- (i) the review of developments in international trade and payments;
- (ii) the monitoring of specific commercial policy measures affecting developing countries;

- (iii) special and differential treatment for developing countries; and
- (iv) the review of developments in trade relations between contracting parties to GATT with particular reference to the interests of developing countries.

8. (i) Review of developments in international trade and payments. This agenda item provides an opportunity (a) for putting developments in trade relations between developed and developing countries into the perspective of changes in the international economy as a whole and bringing into focus main policy issues, but (b) also for covering developments in trade among developing countries, in the trade of the least-developed countries, and in trade between centrally-planned economy countries and developing countries.

9. (ii) The monitoring of commercial policy measures affecting developing countries. While this has been a continuing task of the Committee, the need for improved mechanisms for this purpose has been stressed. In the light of discussions which have taken place on the matter in the Committee, it has been suggested that future improved reviews of the implementation of Part IV could be made more effective by:

- (i) improved notification procedures;
- (ii) the establishment of a small working group or subsidiary body to examine in detail restrictive measures affecting the trade of developing countries where this proves necessary or useful;
- (iii) the provision of technical assistance to developing countries to enable them to identify the significance of particular measures for their trade; and
- (iv) the provision by the secretariat of more detailed tariff and trade information for the use of any working groups or subsidiary bodies that may be set up.

10. (iii) Review of special and differential treatment for developing countries. In the principles and objectives of Part IV (Article XXXVI), contracting parties have agreed that there was a need to provide more favourable and acceptable conditions of access to world markets for products of developing countries. Thus, as part of its reviews of the implementation of the commitment provisions of Part IV, the Committee has regularly taken up such matters as the application of the GSP and other points of more specific interest to the trade of developing countries. With the added recognition in the Tokyo Round of special and differential treatment for developing countries, and the possible adoption of new legal texts in this area, it is for consideration whether the Committee should undertake a more comprehensive review of the various aspects of special and differential treatment for developing countries including, for example, GSP, preferences among developing countries, special measures in favour of the least-developed countries, etc.

11. (iv) Review of developments in trading relations. As was mentioned in the introductory paragraphs of this note, there is an increasing tendency for developing countries trade concerns to be taken up alongside those of developed countries in GATT bodies dealing with specific subjects or products. While it is desirable to take an integrated view of trade flows and not to look at problems in isolation, it is also necessary to ensure that in the search for overall solutions the provisions of Part IV are being taken into account and that trade relations between developed and developing countries continue to be governed by rules and principles to which contracting parties are jointly committed. Thus, an important future function for the Committee may be to periodically review GATT activities as a whole as they affect developing countries with a view to ensuring that their trade interests are being adequately dealt with.

12. This review might take place against the background of the Committee's reviews on developments in international trade and the operation of the enabling clause, and the reports of any subsidiary body monitoring commercial policy measures. The Committee should, amongst its documentation, also have before it a brief description of all activities within the framework of GATT of particular interest to developing countries. This would seem desirable since some developing countries may not become parties to certain of the codes and arrangements resulting from the MTN at least at the outset. The Committee may have a rôle in providing a channel of communication between the bodies managing these instruments and non-participating developing countries, in such a way as to see how the interests of the latter are being taken into account. The Committee's review might, among other things, help developing countries consider the possibilities of joining the codes where they had not already done so.

13. Views expressed in the Committee on overall developments in trade relations could constitute an important input into the process of seeking the maximum possible concertation of trade relations at the policy level between developed and developing countries in e.g. a high-level body or bodies pursuing such matters.

Expansion of trade among developing countries

14. If a decision is taken to hold a further round of trade negotiations among interested developing countries within the framework of the Protocol, an autonomous instrument, the primary focus for work on the expansion of trade among developing countries would no doubt be in the forum established for such trade negotiations. However, the Committee might be able to support and comment on developments in further trade negotiations among developing countries. The Committee might also wish to keep in view developments in trade arrangements among developing countries, e.g. at the regional or sub-regional levels including notifications of new measures or changes in existing measures and any requests for consultation.

Balance-of-payments consultations

15. The Committee may have a rôle to play in connexion with developing countries' balance-of-payments problems. It might, for example, be appropriate for the Council after its examination of reports of the Balance-of-Payments Committee, to refer to COM.TD matters where joint action might help to alleviate identified developing country trade problems so that there can be a more detailed exploration of the possibilities for such action and the practical measures that may be feasible. This would seem to be, in many ways, a better approach to examining the trade constraints on the development of individual countries than that employed earlier of examining development plans, which relied upon projections about the ability of markets in the future to absorb supplies that might or might not emerge.

Further liberalization of trade barriers faced by developing countries

16. It is clear that after the MTN, developing countries will continue to experience problems of access and there is an apparent wide degree of support for a continuing process of action in the GATT framework with a view to the further liberalization of trade barriers, especially those affecting the trade interests of developing countries such as import restrictions, other non-tariff measures etc. The analysis that the Committee is to make of the results of the MTN should serve as a spring-board for further work on trade liberalization and enable the Committee to consider the best way of tackling the matter. Past experience has shown that such work could be attempted in sub-bodies focussing in detail on specific aspects, for example, trade barriers affecting particular groups of products, or types of trade barriers as they affect all products. Both such approaches have been used in the Committee in the past, the Special Group on Tropical Products and the Group on the Examination of Products of Export Interest to Developing Countries falling into the first category and the Group on Residual Restrictions into the second. A further approach, which would perhaps cut across the two types of approaches referred to above, would be to examine obstacles to the further processing of developing country primary and raw materials; this would entail the examination of trade barriers facing specific groups of products while at the same time preserving a specific orientation for the work.

17. The possible rôle that a body along the lines of the Group of Three could play should also be borne in mind. In the initial stages of assessing the post-MTN situation, such a body may not be needed. However, subsequently it may be that it would be able to prove its worth in seeking solutions to particular problems.

Adjustment

18. Arising from recent sessions of the CONTRACTING PARTIES and meetings of the CG.18 as well as the COM.TD itself, there seems to be widespread recognition that tackling problems of adjustment will be an important post-MTN function of GATT. In this connexion, proposals have been put forward in the CG.18 for new GATT machinery to monitor the adjustment process and for a form of code embodying new substantive commitments in this area. Both approaches are in need of further examination and discussion with a view to exploring the feasibility of any action which might be considered appropriate. Some consideration of the issues involved have already been undertaken in certain international bodies and referred to, for example, in GATT Special Studies No. 5 and No. 6, issued in the course of 1978.

19. While the problem of adjustment is one which is relevant for trade relations within, as well as between, groups of countries, it is increasingly being seen, it would seem, in relation to North-South issues. This together with the previous work on this issue in the COM.TD, would suggest that further multilateral consideration of government policies on adjustment could be appropriately pursued in the Committee on Trade and Development.

20. A starting point for consideration of adjustment issues might be to examine the rôle of various types of measures and policies typically directed towards adjustment and to see what may be done to make the process of adjustment more meaningful in the light of the mutual benefits to be obtained through the expansion of international trade having regard to such factors as specialization and comparative advantage. To this end, the Committee could commence where the Expert Group on Adjustment Assistance Measures left off in 1972 - to gather up-to-date information on adjustment policies and measures and for the secretariat to analyze this information with particular reference to the trade interests of developing countries. While the Committee agreed in 1972 on such an analysis, it was not subsequently carried forward because of the start of the Tokyo Round of trade negotiations.

21. It is to be expected that questions relating to adjustment would also be taken up in other GATT bodies, notably the Group of Eighteen when it reviews developments in trade and production and the structural problems that may need to be dealt with. Detailed technical analysis regarding the availability of different measures and their use and purposes carried out by the COM.TD could provide useful support for reviews of adjustment issues that came up for discussion in these other bodies.

Technical assistance

22. At an early meeting, the Committee is expected to review the shape and functions of GATT technical assistance after the end of the MTNs. The general review of future GATT technical assistance might basically focus on the needs of developing countries for such assistance in relation to their trade relations and trade policy objectives in the framework of the General Agreement in the post-MTN period.

23. Subsequently, reviewing technical assistance could presumably be an ongoing function of the Committee. In a substantial number of areas of the MTN, provision for technical assistance has been made and the Committee could perform a useful function in reviewing and identifying additional needs falling outside the area covered by the MTN codes or related to the particular trade situation or circumstances of individual countries.

