

GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Trade and Development
Thirty-Seventh Session
30 March 1979

BACKGROUND NOTE FOR REVIEW OF IMPLEMENTATION OF PART IV

Prepared by the Secretariat

1. The Committee on Trade and Development, according to 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 full review was carried out by the Committee at its thirty-sixth session in November 1978. In between full reviews, the Committee examines developments relating to the implementation of Part IV on the basis of a secretariat note and such additional information as may be provided by delegations in the course of its meeting.

2. In this note, the secretariat has made an effort to bring together information on certain actions which have been taken by contracting parties since the last meeting of the Committee in November 1978 relevant to the implementation of Part IV, including certain developments in other international organizations. The details provided below, in particular under the heading "Other developments of interest in relation to Part IV", may not be all embracing. In this connexion, summaries of discussions in the GATT Council on various trade measures, developments in relation to the Textiles Agreement and the work of the UNCTAD/GATT International Trade Centre 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. The Australian Government has approved new provisions relating to the duty-free admission of handicrafts made from textile fabrics. The by-law has been extended to allow for textile fabrics and articles made up from textile fabrics, containing not less than 95 per cent by weight of natural fibres, to be eligible for duty-free admission under the handicraft concession. Australia has, from

1 January 1979, removed the special additional customs duty of 12.5 per cent on certain files and rasps falling under tariff heading 82.03.3. The duty is now 30 per cent. These goods no longer require an import licence. Following consideration of the Industries Assistance Commission's report, the Australian Government has decided to reduce the duty on transfers (tariff item 49.08) and calendars of paper and paperboard (tariff item 49.10) from 35 per cent to 25 per cent.

4. The European Economic Community has announced that from 1 January to 30 June 1979, the autonomous Common Customs Tariff duties for a number of agricultural and fishery products are suspended at the indicated levels - salmon, herring, sprats, 0 per cent; horseradish 7 per cent; shrimps and prawns 10 per cent; and those on certain types of fish, including cod, haddock and hake at 9 per cent. From 1 January to 31 December 1979, the autonomous Common Customs Tariff duties for a number of tropical products are being suspended at varying rates - cashew nuts, fresh or dried, shelled or not, 0 per cent; coffee, unroasted, not freed of caffeine, 5 per cent; cocoa beans, whole or broken, raw or roasted, 3 per cent; and cocoa shells, husks, skins and waste, 3 per cent.

5. The United States administration announced, on 21 September 1978, reductions in the rate of duty for a number of products for 1978, 1979, 1980 and 1981. The items benefiting from these reductions are: frogmeat; mangoes, prepared or preserved; yarns and rovings of jute; woven fabrics of jute; webbing of jute; textile floor coverings; bags and sacks of vegetable fibre; pile matting and pile mats; opium; mica; and articles of mica. Escape clause tariffs on ceramic tableware (TSUS 923.01; 923.07; 923.13 and 923.15) were removed from 5 October 1978 by presidential proclamation. Tariff rates on products previously covered by the escape clause provisions have therefore reverted to those associated with their basic TSUS provisions under items 533.28; 533.38; 533.73 and 533.75 respectively.

Generalized System of Preferences (GSP)

6. Beneficiary status under the Australian GSP scheme has been extended to the People's Republic of China effective 17 October 1978 with the exclusion of a limited number of items from preferential treatment. With effect from 4 April 1978, Australia has excluded Hong Kong from developing country preference in respect of screws for wood (73.32.910 and 74.15.900). As of 23 August 1978, preferential treatment has been withdrawn from India and the Republic of Korea in respect of certain welded steel pipe (ex 73.18.900) (L/3982/Add.13).

7. Effective 1 January 1979, Canada has implemented the following measures: (i) extension of most-favoured-nation treatment to Jordan and to the Mariana Islands; (ii) extension of the list of beneficiaries of the

General Preferential Tariff to include Niue, Tokelau Islands, Jordan as well as the Mariana, Marshall and Caroline Islands; and (iii) withdrawal of the St. Pierre and Miquelon Islands from the list of beneficiaries of the General Preferential Tariff. (L/4027/Add.11)

8. The European Communities have made a number of changes to their GSP scheme for 1979. Two new products, concentrated grapefruit juice and hilsafish, have been included in the scheme's coverage of agricultural products. Preferential duties have been reduced on various products including honey, certain crustaceans, squid and cigars. The least-developed countries have been exempted altogether from duties on agricultural products covered by the scheme. In the industrial sector, ceilings on certain products, including certain leather and shoes, have been maintained at the 1978 level, while for most other sensitive, semi-sensitive and special ceiling products an increase of 5 per cent in quotas and ceilings is applicable. The European unit of account has been adopted in the 1979 GSP scheme in place of the unit of account. To deal with the situation that would have resulted from substantial increases or reductions in ceiling levels expressed in national currency terms, weaker currency EEC member States are to increase ceiling levels in respect of thirteen sensitive products by 5 per cent in 1979 and a further 5 per cent in 1980, while stronger currency member States are not to reduce tariff quota levels for these products. The least-developed countries have been exempted from the ceiling and butoir limitations on industrial products.

9. Finland has introduced a number of changes in its GSP scheme in relation to beneficiary countries and products subject to preferential treatment based on Decree No. 974/71. Certain countries have been added to the list of beneficiaries. New lists of products falling within CCCN Chapters 1-24 eligible for preferential tariff treatment and of products falling within CCCN Chapters 25-99 not eligible for preferential tariff treatment, taking into account the improvements made to the Finnish GSP scheme with effect from 1 January 1977 as a result of the negotiations within the framework of the Group 'Tropical Products' have been drawn up. These lists also reflect the changes made in the CCC Nomenclature on 1 January 1978. (L/3694/Add.8)

10. The list of beneficiaries under the New Zealand GSP scheme has been extended by the inclusion of the People's Republic of China on 1 July 1978. In July 1978, New Zealand introduced a new customs tariff based on the Customs Co-operation Council Nomenclature. As a result of this, a number of changes have been made to the New Zealand GSP scheme. The new tariff includes details of the goods included in the GSP scheme with the duty rate applicable and the margin of preference accorded on the 1,639 tariff lines covered. For 533 tariff lines the developing country rate has been set at "Free". In addition, in 669 tariff lines or over 25 per cent of the

New Zealand customs tariff, m.f.n. duty levels have been set at 'Free'. Items excluded from the scheme represent some 8 per cent of the tariff lines in the new customs tariff. (L/4366/Add.3 and 4)

Import restrictions

11. On 3 November 1978, the Australian Government announced additional import quota allocations for footwear and foundation garments for the period 1 January 1979 to 30 June 1979. As a result, total quota allocations for this period have been set at 50 per cent of the notional base quota level for all categories. The Government also decided that footwear importers be authorized to use up to 5 per cent of their quota for footwear with leather uppers to import footwear with non-leather uppers.

12. The Bank of Finland has abolished the so-called cash payments system for imports introduced originally for balance-of-payments reasons with effect from 1 March 1979.

13. The Japanese total import quota for beef in fiscal year 1978 was set at 107,000 tons, i.e. 12,000 tons more than in fiscal year 1977. Of this, the "general quota" (beef destined for distribution to the general public) was 90,000 tons (40,000 tons in the first half and the remainder in the second half of the year), compared to 80,000 tons in fiscal year 1977. The "special quota" (meat for special purposes) was 17,000 tons in fiscal year 1978, 2,000 tons more than in the previous year. The Ministry of Agriculture, Forestry and Fisheries later announced its intention to permit the import of an additional 5,000 tons of beef in the last half of the current fiscal year. Thus total beef import quota for the entire fiscal year 1978 becomes 95,000 tons for the "general quota", with the overall quota reaching 112,000 tons.

14. At the end of December 1978, the United States Agriculture Department announced an increase of meat imports by 5.2 per cent in 1979, having regard to a predicted sharp rise in domestic beef prices. The new quota will provide for the import of 1.57 billion pounds of fresh, chilled and frozen beef, veal, mutton and goat meat. In September 1978, the United States International Trade Commission (ITC) reported to the President its findings that pneumatic bicycle tyres, provided in item 772.48 of the Tariff Schedule of the United States and tubes for bicycle tyres, provided in item 772.57, were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry. The Commission recommended the imposition of increased tariffs on imports. On 30 October 1978, the President determined that the provision of import relief for the United States bicycle tyre and tube industry would not be in the national economic interest (L/4703 and Add.1). In another finding, with respect to refined unwrought copper, the

ITC also recommended the imposition of quantitative restrictions on imports. In the report on the copper industry, transmitted with his message of 20 October 1978 to the Congress, the President advised that he had determined that the provision of import relief would not be in the national economic interest of the United States. (L/4699 and Add.1)

Other developments of interest in relation to Part IV

15. Following consideration of the Industries Assistance Commission's report, the Australian Government decided to introduce tariff quotas on a range of hosiery and knitted underwear and sleepwear as from 29 September 1978. Allocations under the new tariff quota arrangements were initially for the period ending 28 February 1979 and would subsequently be for six-monthly periods. The goods to which the new tariff quota arrangements apply, together with notional annual quota levels and additional duties applying to above quota imports, are as follows: 60.04.6 - Men's and boys' knitted undergarments and women's, girls' and infants' knitted panties, gussies, scanties and the like, 8.5 million garments, \$A1.00 per garment; 60.04.6 - Other women's, girls' and infants' knitted undergarments, 1.2 million garments, \$A4.00 per garment; 60.04.2 - Knitted sleepwear, 4.9 million units, \$A4.00 each; 60.03 - Knitted socks and hose other than stockings and tights, 6.9 million pairs, \$A0.75 per pair; 60.04.4 - Knitted tights, less than 40 denier (4.4 tex) and less than \$A1.80 vfd, 6.0 million pairs, \$A0.20 each; 60.04.4 - Other knitted tights less than \$A1.80 vfd, volume of 100 per cent of 1977 imports, \$A0.75 each. These products coming under tariff quota are subject to the special additional customs duty of 12.5 per cent introduced in August 1978 on certain goods subject to tariff quota arrangements.

16. Following consideration of reports from the Temporary Assistance Authority, the Australian Government has introduced measures with respect to a number of products. The rate of duty on security cameras (90.08.1) has been increased to 15 per cent with effect from 29 September 1978. The customs tariffs on gearboxes, gears and shaft couplings have been temporarily increased as of 13 October 1978. The new rate of duty has been set at 35 per cent which applies to all goods falling within tariff items 84.63.5 and 84.63.99. Australia imposed with effect from 13 October 1978 a temporary duty on imports of polyester, polypropylene or cellulose acetate coated copying film falling within tariff items 39.01, 39.02, 39.03 and 39.07, bringing the rate on these items to 25 per cent. A 30 per cent general rate of duty has been put into effect from 5 October 1978, on the import of (i) tufted carpet in rolls and carpet tiles, other than tiles of coir, (58.02.5); (ii) Axminster carpet in rolls (58.02.9); and needle-punched carpet tiles (59.02). The import duty for umbrellas, sunshades and parts thereof (other than covers, cases and trimmings - tariff heading 66.01) was raised to 30 per cent from 16 February 1979. The Australian Government has

decided to maintain the 65 per cent general and preferential tariff rates on imports of orange juice until 28 February 1979. In addition it was decided that the same rate of duty should apply to imports of juices of tangerines (including mandarins) and hybrids thereof.

17. The Finnish Ministry of Finance has extended the minimum import prices on tights (ex 64.04) and ladies knee-length stockings (ex 60.03) until 31 December 1979. The minimum import prices remain unchanged at Fmk 1.60 per pair on tights and Fmk 1.05 per pair on knee-length stockings. A new order setting a minimum import price of Fmk 1.20 on semi-manufactured tights has been introduced on 1 January to run until 31 December 1979. On 6 November 1978, the Finnish Government imposed a minimum import price of Fmk 23 per kg. on imported printed cotton fabrics and Fmk 20 per kg. on terry towels. The decision is valid for one year. Imports priced below the MIP are liable to a surcharge covering the difference. A minimum import price of Fmk 8 has also been imposed on metal watch straps falling under CCCN classification 71.12.402; 71.16.011 and 71.16.019. The decision came into effect on 25 September 1978 and will continue for one year. If the import price is lower than the minimum, the importer is liable to pay the difference as a surcharge.

18. Acting under the provisions of Article XIX of the General Agreement, the Icelandic Government has introduced as from 8 January until 31 December 1979 an import deposit scheme in respect of the import of certain items. Under this scheme, importers are required to deposit 35 per cent of the amount of the invoice value at the time of purchase of exchange or acquisition of import documentation for purchases of foreign furniture, cupboards and cabinets, windows and doors falling under tariff numbers: 44.23.02; 44.23.03; 94.01.13; 94.01.14; 94.01.19; 94.03.12 to 94.03.15; 94.03.19; 94.03.21 to 94.03.24; 94.03.29; 94.03.31 and 94.03.32. A deposit will not be required in case of imports valued at less than IKr 20,000 for each transaction (L/4771).

19. Acting under the provisions of Article XIX, the Government of Norway has introduced global import quotas on various textile items for the year 1979. These include knitted shirts, blouses and T-shirts (1,030,000 pieces), knitted undergarments (3,250,000 pieces), knitted jackets, jumpers, sweaters, cardigans and pullovers (3,000,000 pieces); jackets of woven material, including parts of suits and sets (640,000 pieces); trousers of woven material, including parts of suits and sets (1,140,000 pieces); outer-garments of woven material for infants (830,000 pieces); shirts of woven material (560,000 pieces); blouses of woven material (600,000 pieces); and bed-linen (140,000 kgs.). The quotas do not include imports from six countries which have bilateral textile agreements with Norway, nor imports from EFTA and EC countries with which Norway has free-trade arrangements. The size of the global quotas has been calculated on the basis of average

imports 1974-1976 from the countries included in the quotas. The global quotas will be allocated on a non-discriminatory basis among importers according to their share of imports in 1976-1977. The Norwegian Government has stated its intention to terminate this temporary measure as soon as possible (L/4692/Add.1).

20. Taking into account the domestic market situation, Switzerland has extended for 1979 the measures that were in effect in 1978 limiting imports of bottled white wines. Accordingly, these imports remain limited to 65,000 quintals gross plus an additional 20,000 quintals to cover hardship cases. (L/4181/Add.4)

21. In its reports to the President, concerning high-carbon ferro-chromium and lag screws or bolts, the United States International Trade Commission determined injury to domestic industries and recommended the imposition of increased duties. Following consultations under Article XIX and review of the relevant factors as provided by United States law, the President proclaimed on 2 November 1978, his decision to grant modified import relief to the high-carbon ferro-chromium industry. The Proclamation provides that for a period of three years from 17 November 1978, an additional duty of 4 cents per pound be applied on imports of high-carbon ferro-chromium (TSUS 607.31) with a customs value of less than 38 cents per pound. Once prices have risen to the level of 38 cents per pound, no additional duty would be applied (L/4702 and Add.1). In the case of lag screws or bolts, the President determined that import relief was warranted and, on 4 January 1979, issued a proclamation granting relief in the form of an increase in the duties on imported nuts, bolts and screws effective 6 January 1979. The President decided to provide a modified form of relief by imposing, for a three-year period, an ad valorem tariff of 15 per cent (a) in lieu of the existing rates of duty applicable to lag screws or bolts and screws provided in items 646.49 and 646.63 of the TSUS and (b) in addition to existing rates applicable to bolts (except mine-roof bolts) and bolts and their nuts imported in the same shipment and nuts, of iron or steel, provided in items 646.54 and 646.56 of the TSUS (L/4742 and Add.1). In a further report to the President, dated 12 December 1978, concerning clothes pins (TSUS 790.05), the ITC determined injury to the domestic industry and recommended the establishment of a global quota of 3,200,000 gross. The President announced on 8 February 1979, his decision to grant modified import relief to the United States clothes-pin industry. This Proclamation, provisions of which became effective on 23 February 1979, limits the importation of clothes-pins valued at no more than US\$1.70 a gross to 2 million gross annually for three years. The quota will be administered quarterly. The relief measure has been designed to allow flexible allocations to be shifted from unfilled to filled categories during the year. (L/4759 and Add.1)

22. Following consideration of the report of the United States International Trade Commission, the President determined that imports of sugar, classified under TSUS items 155.20 and 155.30, were materially interfering with the United States price support programmes for cane sugar and sugar beet and that adjustment of the existing Section 22 fees was necessary to mitigate the effect of imports. On 28 December, the President issued a proclamation replacing the existing system of fixed fees with one providing for quarterly fee adjustments to offset fluctuations in world sugar prices. The new system of flexible fees is oriented towards maintaining a United States market price of fifteen cents per pound. (L/4772 and Add.1).

ACTIONS IN OTHER INTERNATIONAL ORGANIZATIONS RELEVANT TO PART IV

UNCTAD

23. The tenth special session of the Trade and Development Board which began on 19 March 1979 is scheduled to last until 27 March. The main item on its agenda is the consideration of proposals for action by the United Nations Conference on Trade and Development at its fifth session to be held in Manila, the Philippines, in May 1979.

Integrated programme for commodities

24. The United Nations Negotiating Conference on a Common Fund, held in the week of 12 March 1979, agreed on a resolution setting out in an annex the fundamental elements of the Common Fund. The Common Fund, through its first window would contribute to the financing of international buffer stocks and, under modalities to be determined, internationally co-ordinated national stocks, within the framework of international commodity agreements and arrangements (ICAs) representing producers and consumers covering the bulk of world trade in the commodities concerned. Through its second window, the Common Fund would finance commodity development measures, other than stocking, aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities. The financial resources of the Fund would consist of: direct government contributions (US\$400 million to the first window plus US\$70 million to the second window); cash deposits from ICAs (one third of maximum financial requirements) and callable capital/guarantees from ICAs for borrowings by the Fund; borrowings; voluntary contributions (target of US\$280 million for second window); and net earnings. As regards voting, no group would have a simple majority of the total votes. Votes would be distributed among member countries of the Fund on the basis of the equality principle, direct contributions, and contributions of callable capital to the Fund by country members of ICAs associated with the Fund, with the objective of securing the following outcome: Group of Seventy-Seven 47 per cent; Group B 42 per cent; Group D 8 per cent and China 3 per cent. Most important decisions would be taken by a

majority of three quarters of the total votes cast. Some delegations made interpretative statements regarding certain aspects of the text on fundamental elements, particularly those relating to the distribution of votes and contributions. The resolution agreed by the Conference provides for the establishment of an interim committee charged with considering the elements requiring further elaboration and the drafting of the articles of agreement of the Common Fund. The Negotiating Conference is to reconvene before the end of 1979 with a view to adopting the articles of agreement.

25. The Ad Hoc Intergovernmental Committee for the Integrated Programme for Commodities held its seventh session in December 1978. The Committee reviewed progress under UNCTAD conference resolution 93(IV) and approved a schedule of meetings under the integrated programme for commodities for the first half of 1979.

26. The Third Preparatory Meeting on Cotton, held in November 1978, considered the question of the extent, nature, causes and consequences of cotton price fluctuations, as well as measures appropriate to achieve the objectives of UNCTAD resolution 93(IV) in respect of cotton. The Meeting requested the Ad Hoc Intergovernmental Committee to schedule a Fourth Preparatory Meeting as soon as possible in 1979, to continue the discussion on possible options for international measures to reduce the instability of cotton prices. The Meeting agreed that a consistent overall programme of action should also include a number of other measures complementary to market stabilization, possibly including measures to improve the information available on cotton, and work connected with research, development and market promotion.

27. At its session in December 1978, the Second Preparatory Meeting on Iron Ore agreed on the desirability of the establishment of an annual statistical programme as recommended by the Ad Hoc Intergovernmental Group of Experts on Iron Ore. The Preparatory Meeting also agreed with the Expert Group that the problems of the iron ore industry and market should be studied from a long-term perspective taking into account the ongoing market situation. These problems should be identified as rapidly as possible so as to enable consideration of appropriate measures and techniques.

28. At its meeting in February/March 1979, the Sixth Preparatory Meeting on Copper agreed to recommend that an intergovernmental group of experts should examine, no later than July 1979, the effectiveness of an international arrangement on copper based on a number of possible elements, used either singly or in combination, such as an international buffer stocking scheme, internationally co-ordinated national stocks, export and production controls, international consultation, supply and purchase commitments and other measures. The Meeting further recommended that a Seventh Preparatory

Meeting be scheduled, not later than September 1979, to appraise the conclusions of the Intergovernmental Group of Experts and make appropriate recommendations for further action within the calendar of the Integrated Programme for Commodities.

United Nations Cocoa Conference

29. A United Nations Cocoa Conference was held in January/February 1979 with the objective of negotiating a new international cocoa agreement to replace the International Cocoa Agreement, 1975, which is to expire on 30 September 1979. When it adjourned, the Conference, in noting that a considerable measure of agreement had been achieved, requested the Chairman, with the assistance of the Executive Director of the International Cocoa Organization, to hold consultations with representatives of exporters and importers with a view to fixing a date for the reconvening of the Conference.

United Nations Conference on Natural Rubber

30. The first session of the United Nations Conference on Natural Rubber was held in November/December 1978. The Conference agreed to suspend its work and is to resume in late March 1979.

United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as Extended

31. The Conference, the second and third parts of which were held in November 1978 and January/February 1979 respectively, adjourned without agreement on a new arrangement to replace the International Wheat Agreement. It recommended the further extension of the Wheat Trade Convention, 1971 and the Food Aid Convention, 1971. The Conference also requested the International Wheat Council, once it was satisfied that the necessary conditions existed for a resumption of the negotiations, to request the Secretary-General of UNCTAD to fix a date for the reconvening of the Conference.

Group of Seventy-Seven

32. The Group of Seventy-Seven met at Ministerial level in Arusha, Tanzania in February 1979 to prepare their position for the fifth session of the United Nations Conference on Trade and Development to be held in Manila, Philippines in May 1979. The Ministers adopted the Arusha Programme for Collective Self-Reliance and Framework for Negotiations.

FAO

33. At its meeting in October 1978, the Intergovernmental Group on Jute, Kenaf and Allied Fibres noted that the prospect for 1978/79 was for an excess of supplies over demand. The Group reviewed the indicative prices for jute

and kenaf; it recommended indicative prices of £210 ± £20 per long ton for BWD f.o.b. Chittagong/Chalna on 90 day sight terms for Bangladesh jute, and US\$280 ± \$20 per metric ton for "A" Grade f.o.b. Bangkok sight for Thai kenaf. In reviewing the longer-term outlook for supply and demand the Group noted, inter alia, that the main area of growth in demand was expected to come from developing areas. Other matters considered by the Group were relevant developments under the UNCTAD integrated programme for commodities and research and promotion activities.

34. In accordance with the request of the Committee on Commodity Problems, an Ad Hoc Consultation on Hides and Skins was held in October 1978. The Consultation recommended the establishment of an Ad Hoc Working Party of Experts on Statistical Intelligence for Hides and Skins to assist the FAO Secretariat to resolve some of the statistical problems identified. In reviewing the current situation and short and longer-term outlook for hides and skins, the Consultation noted that the restrictive trade policies following in the wake of structural changes in production, trade and processing as well as other serious problems governing the market formed a formidable complex of inter-related issues meriting attention by governments at the national and international levels. During the discussion, there was an exchange of views on, inter alia, the desirability of improved conditions of access and the nature of import and export restrictions applying to raw hides, skins and derived products.

35. The thirteenth session of the Intergovernmental Group on Oilseeds, Oils and Fats was held in February 1979. The Group took note of the evaluation made by the Statistical Sub-Group on the short-term market outlook, examined the long-term outlook on the basis of projections for 1985 made by the FAO Secretariat and considered a set of draft Guidelines for International Co-operation in the Oilseeds, Oils and Oilmeals Sector.

OECD

36. The OECD Council decided in October 1978 to establish a Steel Committee within the framework of OECD. Participation in the Committee is open to OECD member countries, and non-member countries with substantial steel interests invited to participate in the Committee. The objectives of the Committee are to: ensure that trade in steel will remain as unrestricted and free of distortion as possible; encourage reduction of barriers to trade; enable governments to act promptly to cope with crisis situations in close consultation with interested trading partners and in conformity with agreed principles; facilitate needed structural adaptations that will diminish pressures for trade actions and promote rational allocation of productive resources with the aim of achieving fully competitive enterprises; ensure that measures affecting the steel industry are consistent to the extent possible with general economic policies and take into account

implications for related industries, including steel-consuming industries; avoid encouraging economically unjustified investments while recognizing legitimate development needs; facilitate multilateral co-operation consistent with the need to maintain competition, to anticipate and, to the extent possible, prevent problems. Participants in the Steel Committee agreed, as initial commitments, to multilateral guidelines relating to export credit, adjustment policies, worker re-adaptation and actions to restrict trade. With respect to steel crisis trade actions, they agreed, inter alia, that no actions should be inconsistent with GATT provisions and that when actions are necessary, they should be as limited and temporary as practicable and appropriate to the causes which led to their introduction.

IMF

37. At its meeting in March 1979, the Interim Committee of the International Monetary Fund discussed the world economic outlook and the working of the international adjustment process. One source of special concern to the Committee was the fact that many non-industrial, or primary producing, countries were continuing to suffer from sub-normal growth rates and high inflation rates. The Committee noted with concern the renewed rise in the balance-of-payments deficits on current account of most developing countries. Among the points emphasized by the Committee was the importance of the economic policies of the industrial countries taking into account the economic needs of the developing countries. Apart from the major contribution on this score that could be made through successful implementation of a co-ordinated medium-term strategy for growth and balance-of-payments adjustment, the Committee urged the industrial countries to make every effort to improve market access for the exports of developing countries and to expand the flow of official development assistance.