

GENERAL AGREEMENT ON TARIFFS AND TRADE

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FUTURE WORK OF THE COMMITTEE

The following statement, made at the meeting of the Committee on Trade and Development on 20 April 1979 by the United States delegation, is being circulated at the request of the delegation concerned.

The conclusion of the Tokyo Round marks a new era in the GATT. The Committee on Trade and Development can play an important rôle in the post-MTN period and it is important that we channel the Committee's energy in a constructive and realistic way to ensure that our post-MTN goals are met. In order to stimulate consideration of these goals, I would like to summarize the views of the United States on the Committee's future work programme.

Trade concerns of developing countries are not theirs alone. In an increasingly interdependent world these problems are felt multilaterally and need to be addressed multilaterally in the GATT. The work programme that we outline for the GATT, and especially the Committee, should ensure that these issues are dealt with in an organized and co-operative multilateral forum.

In considering a work programme of the Committee, we should keep in mind that trade plays an enormously important rôle in increasing the level of international welfare. An open world trading system allows each nation to produce and export those goods in which it has a comparative advantage. Increased trade leads to an increase in production, employment and development. Measures which distort the free flow of goods and services stifle this process and need to be discouraged in both developed and developing countries.

The United States recognizes, however, that countries in the process of development may need to take special measures to protect and encourage new industries. Likewise, the United States recognizes that preferential treatment, including schemes such as the GSP, can increase the export market opportunities for developing countries. The important point is that the special measures are temporary. Efficiency and competitiveness will not increase behind a wall of protection. Special benefits should reflect development needs and be phased out as these needs decrease. Those countries whose economies have progressed should contribute progressively more to the world trading system, continuing the process of integration into the GATT rules and obligations.

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Finally, although trade encourages development, it has its limits and is no substitute for sound domestic policies. This is true both for developed economies and for developing economies. We cannot always look to others for the solutions of our internal problems.

Taking these principles and factors into account, the United States believes the Committee should adopt a work programme designed to encourage trade policies and practices in both developing and developed countries which will promote the former's economic development. However, the Committee will not be and should not be the only place in the GATT system where development problems are taken into account. We believe that issues of general interest broader than development belong in GATT bodies with a wider focus although the Committee should retain responsibility for overall review of development issues.

There are several tasks which the United States hopes that the Committee will undertake in the post-MTN period. This work can best proceed on the basis of sound economic analysis of the issues involved. First, we agree with the secretariat that the Committee should monitor implementation of the enabling clause. This would include review of GSP, special and differential treatment ("S and D") in the new codes on a general basis, preferential trading arrangements among developing countries, and measures for the least-developed. Graduation from special and differential treatment as countries advance should also be discussed.

Another framework issue appropriate for the Committee's work is implementation and monitoring of trade measures for economic development purposes. In the MTN, we negotiated increased flexibility for the use of Article XVIII:A and C. Several developing countries in the negotiations stated their need and intent to invoke the infant industry provisions. The Committee should examine proposed measures as needed and periodically review continuing actions.

There are no doubt other topics to be explored. We have already commented on the need for more effective review of implementation of Part IV and our willingness to participate in making this possible through more detailed notifications. Other periodic reviews of trade relations between developing and developed countries may be useful. We expect that such studies will examine both the developing countries' policies as well as the developed countries' policies in assessing ways that problems can be addressed.

In conclusion, the United States hopes that on the basis of our discussions today and through informal consultations among interested delegations in the coming weeks that the Committee at its next meeting can develop a work programme that will lead to concrete, positive results.