

GENERAL AGREEMENT ON TARIFFS AND TRADE

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WORK PROGRAMME OF THE COMMITTEE ON TRADE AND DEVELOPMENT

Note by the Secretariat

1. The CONTRACTING PARTIES at their thirty-fifth session, in November 1979, adopted a programme containing the main elements of GATT's work in the post-MTN period¹, it being understood that these were not exhaustive and may be reviewed. Paragraph 5.1. of the work programme, which deals with the work of the Committee on Trade and Development, states that the rôle of the Committee should be strengthened and should cover, inter alia:

1. Work on trade policy and development policies including trade liberalization in areas of special interest to developing countries;
2. Primary responsibility for supervision of the implementation of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (L/4903);
3. Examination of protective action by developed countries against imports from developing countries, in accordance with the Decision on this subject taken by the CONTRACTING PARTIES at the same session (L/4899);
4. Work on structural adjustment and trade of developing countries;
5. Special attention to the special problems of the least-developed countries.

Section 5 of the programme also acknowledges the importance of a new round of trade negotiations among developing countries and notes that the Committee should follow developments in this important area. In addition, it recognizes the need to continue and re-adapt the technical assistance activities of the GATT secretariat to meet the requirements of developing countries in the context of the Work Programme.²

¹The text of the work programme can be found in document L/4884/Add.1, Annex VI.

²At its last meeting, the Committee agreed that it would continue to keep under review activities in this respect (L/4876, paragraph 37).

2. This note attempts to list a number of points that the Committee might wish to examine in considering how its work might proceed with respect to 5.1.1., 5.1.2., 5.1.4. and 5.1.5. listed above. A separate note is being circulated in respect of item 5.1.3. (COM.TD/W/306). Some suggestions are also made on how the Committee might take account of the various work areas in its reviews of the implementation of Part IV so as to provide a co-ordinated and systematic approach to the review of trade issues of interest to developing countries.

3. Members of the Committee may, of course, wish to raise for consideration other points related to the future work of the Committee with respect to the items listed in paragraph 1.

Section I: Future Work on Trade Liberalization (point 5.1.1. of the GATT Work Programme)

4. Point 5.1.1. of the GATT post-MTN work programme states that the rôle of the Committee on Trade and Development should cover work on trade policy and development policies including trade liberalization in areas of special interest to developing countries.¹

5. The question raised here is whether members of the Committee are in a position to identify specific areas of work relating to trade liberalization which could be taken up in the Committee as of special interest to developing countries. In this connexion, the Committee may wish also to consider whether detailed and updated documentation would, as a first step, be desirable and helpful for further work in these areas.

6. In discussions, both on the results of the multilateral trade negotiations and on the future work of GATT, delegations of developing countries have referred to tariff escalation, quantitative restrictions and tropical products as being areas of special importance to developing countries which, in their view, had not been adequately dealt with in the MTN and should be taken up on a priority basis in the future. At recent meetings of the Committee, the question of advance implementation of tariff concessions on products of interest to developing countries has also been raised.

7. As regards tariff escalation, the Committee might wish to consider whether it would be useful for the secretariat to undertake studies providing more detailed information on tariff escalation faced by developing country products in individual developed country markets taking into account the concessions made as a result of the MTN and developments with respect to the GSP.

¹It might also be noted that section 3 of the work programme of the CONTRACTING PARTIES states that the continuation of the process of trade liberalization should be referred to the Council with the request that appropriate procedures be elaborated, including the updating of relevant information by the secretariat. Section 5 of the programme of work states that the Council and the Committee on Trade and Development should co-ordinate their activities on issues of common concern.

8. The final assessment of the results of the tariff negotiations, published in a supplement to the Director-General's Report on the Tokyo Round, confirms that the incidence of tariff escalation in the industrial tariffs as a whole of nine developed participants in the MTN analyzed will decline as a result of the implementation of MTN concessions, in large part due to the effect of the harmonization tariff-cutting formulae employed. Analysis on a sectoral basis shows that tariff escalation in some sectors, such as wood, metals and minerals, will diminish considerably, while in others, such as textiles and clothing, the decline will be less substantial. In the broad sector including leather, footwear and travel goods, the situation varies according to the specific product considered.

9. The Committee might also wish to consider whether it would be useful to assemble up-to-date information on quantitative restrictions applying to products of export interest to developing countries. The information currently available in the secretariat on the changes made in recent years, including as a result of the MTN, is in need of revision and updating. It is to be expected that as part of the overall work programme of the CONTRACTING PARTIES on trade liberalization the documentation produced for the Joint Working Group on Import Restrictions will be subject to close attention. The Committee might also wish to have regard to any intentions that the CONTRACTING PARTIES may have with respect to updating the Inventory of Non-Tariff Measures, which constituted part of the documentation prepared for the MTN.

10. It might be noted that past work on import restrictions in the Committee and in its Group on Residual Restrictions was based on a list of products notified initially by developing countries to GATT Committee III in the early 1960's and later updated and amended in the light of the relaxation or removal of certain restrictions and further notifications of restrictive measures made by developing countries to the Joint Working Group. Document COM.TD/W/203/Rev.2 dated March 1977 and Corr.1 contains the most recent listing of import restrictions prepared for the Committee on Trade and Development in the context of developing country participation in the Tokyo Round and was compiled on the basis of material contained in the Joint Working Group documentation as well as elsewhere. As an initial step in taking up its own documentation needs on quantitative restrictions, the Committee might wish to consider whether it would be desirable to proceed with an updating of this list, having regard to the products that were the subject of requests by developing countries in the multilateral trade negotiations or whether it would wish to await the updating of the general documentation on quantitative restrictions.

11. As regards tropical products, a preliminary summary of the results achieved in the MTN is provided in the Report of the Director-General on the Tokyo Round (Geneva, April 1979, pages 156-163). This summary indicates that while progress had been made in the Tokyo Round on the removal and reduction of trade barriers affecting tropical products, the scope and level of results achieved differ between different product groups.

12. The secretariat is currently updating a document prepared during the course of the MTN tropical products negotiations which will record the outcome of negotiations resulting from the submission of requests by developing countries to eleven developed participants in the MTN. It is the secretariat's intention to circulate this document, following verification of the data with the delegations concerned. The tabulations will show against each tariff item subject to requests: (i) pre-Tokyo Round m.f.n. and GSP rates; (ii) non-tariff measures subject to requests; (iii) m.f.n. tariff concessions and GSP contributions; (iv) concessions in the area of non-tariff measures as well as information and clarifications provided in response to requests on non-tariff measures; (v) an indication of concessions and contributions subject to advance implementation.

13. It is to be expected that this document will facilitate an appreciation of the post-Tokyo Round tariff and non-tariff measure situation affecting items taken up in the tropical products negotiations and could constitute a basis for discussion in the Committee on what further might be required to help the Committee in its work in this area.

14. Delegations may have other points they would wish to suggest for consideration in connexion with the Committee's work programme on trade policy and development policies including trade liberalization of special interest to developing countries.

Section II: Supervision of Implementation of the Decision of the CONTRACTING PARTIES on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (point 5.1.2. of the GATT Work Programme)

15. Under point 5.1.2. of the GATT Work Programme, the Committee on Trade and Development is given primary responsibility for supervision of the implementation of the Decision of the CONTRACTING PARTIES on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (L/4903), also referred to as the Enabling Clause. The Committee may wish to give consideration to a number of questions relating to its supervisory rôle including the following:

Notification

- whether any specific procedures for notification under the provisions of paragraph 4(a) of the Decision need to be elaborated, or whether it would suffice at this stage for the Committee to invite contracting parties to notify actions to introduce differential and more favourable treatment or to modify or withdraw such treatment?

Consultation

- whether it would be useful to draw up procedures for consultations by the CONTRACTING PARTIES under the second part of paragraph 4(b) at this stage?

Review

- with respect to the review provisions contained in paragraph 9 of the Decision, should such reviews be undertaken by the Committee on an annual basis, possibly in conjunction with its end of year reviews of the implementation of Part IV?
- if, in order to facilitate such reviews, it is to be expected that contracting parties would provide in advance of meetings of the Committee information relevant to the application of the various provisions of the Decision, delegations might wish to consider whether the secretariat airgram inviting notifications regarding the implementation of Part IV could also include an invitation to provide information relevant to the Decision;
- should information notified be supplemented by a note from the secretariat in the same way as for the review of the implementation of Part IV?

16. In the light of the above and any other questions connected with the supervision of the implementation of the Decision, the Committee might wish to consider whether the need for the elaboration of any detailed procedures regarding notification, consultation and review provisions should be taken up at this time or whether the question could be most appropriately examined during the first review of the Decision, on the basis of experience with its initial period of operation.

Section III: Future Work on Structural Adjustment and the Trade of Developing Countries (point 5.1.4. of the GATT Work Programme)

17. The Decision taken by the CONTRACTING PARTIES on the GATT Work Programme states that the rôle of the Committee on Trade and Development should cover, inter alia, work on structural adjustment and trade of developing countries. The terms of the Work Programme require that such work in the Committee be co-ordinated with the general activities in GATT concerning structural adjustment and trade policy. In this respect, it will be recalled that the Consultative Group of Eighteen has been requested to examine the matter further and to advise the Council, and also, through it, the Committee on Trade and Development, on the modalities for carrying out further work in this area, taking into account the continuing rôle of the Committee on Trade and Development.

18. Structural adjustment is not, of course, a new field of activity for the Committee on Trade and Development, which, following its establishment, gave detailed attention to how adjustment assistance could be used to facilitate the dismantling of existing trade barriers and the avoidance of new barriers to the exports of developing countries. Annex I contains a brief summary of the Committee's past work in this respect.

19. The question that now arises is how the Committee might wish to proceed in taking up its work on structural adjustment and the trade of developing countries, having regard to the terms of the GATT post-MTN Work Programme referred to above. The Consultative Group of Eighteen, in response to the request of the CONTRACTING PARTIES in the work programme, can be expected to examine further the question of structural adjustment and trade policy at its next meeting, with a view to seeing what issues need to be examined and what rôle GATT could play. The Committee may wish at this stage to take note of any points that members may wish to make on its future rôle in respect of structural adjustment, and revert to the question of the action that it should take on this matter in the light of the recommendations of the Consultative Group of Eighteen on the modalities for work in this area, to be communicated to the Council and, through it, to the Committee on Trade and Development.

Section IV: Future Work in Relation to the Special Problems of Least-Developed Countries (point 5.1.5 of the GATT Work Programme)

20. The GATT Work Programme states that one of the areas in which the Committee on Trade and Development should have a rôle is in giving special attention to the special problems of least-developed countries. In previous discussions on this matter, it has been suggested that certain aspects of the Committee's future work would be relevant in this respect, for example in connexion with further work on trade liberalization and the Committee's primary responsibility for supervision of the implementation of the Decision on the Enabling Clause which makes special reference to the least-developed countries. The question of a separate body for the least-developed countries has also been raised in the Committee.

21. To facilitate consideration of how special attention might be paid to the problems of the least-developed countries having regard to activities elsewhere in GATT, Annex II summarizes the various special provisions relating to the least-developed countries contained in the agreements and other legal instruments which have emerged from the multilateral trade negotiations.

Section V: Procedures for Review of the Implementation of Part IV

22. Delegations will recall that at recent meetings of the Committee, members have given consideration to improvements in the procedures relating to the implementation of Part IV, particularly as regards restrictive actions affecting the trade of developing countries. In the future, the aspect of the review of the implementation of Part IV relating to restrictive measures taken by developed countries can be expected to be dealt with mainly by the new Sub-Committee, on which a separate note is being circulated (COM.TD/W/306). Likewise, the Committee's responsibilities in connexion with the Enabling Clause may be expected to entail a review of aspects covered by that Decision. There remains, however, the question of the Committee's review functions not concerned with the new Sub-Committee or with the Enabling Clause, for example in respect of measures of trade liberalization of interest to developing countries, various forms of assistance, such as in the fields of trade promotion, training programmes, etc., and developments in other international bodies and also within the framework of GATT of relevance to Part IV.

23. In co-ordinating these related review activities, the Committee might wish to consider whether, as mentioned in Section II above, information requirements for reviews of the implementation of Part IV and of the Enabling Clause might be sought at the same time by means of a single secretariat airgram. With regard to the Sub-Committee dealing with protective measures which would have its own procedures for notifications and the collection of information, presumably data relating to the protective measures examined by the Sub-Committee would be covered by its reports to the Committee on Trade and Development, which reports might be also taken up in the context of the Committee's overall functions relating to the review of the implementation of Part IV.

ANNEX I

Past Activities of the Committee on Trade and Development
in the Area of Structural Adjustment

1. The Committee on Trade and Development, following its establishment in 1964, decided to continue the work initiated in Committee III and the Action Committee on the rôle of adjustment assistance in promoting changes in patterns of trade and production aimed at providing larger openings for imports from developing countries, having regard to the provisions of Article XXXVII:3(b) and the interpretative note thereto. For this purpose, it set up a Group of Experts on Adjustment Assistance Measures with the following terms of reference:

- to study the material set out in document COM.TD/W/6 and addenda (data on domestic policies and legislation relating to adjustment assistance supplied by contracting parties), and, as appropriate, to gather additional material;
- to report on the measures being applied, or proposed to be applied, by industrialized countries for assisting adjustments in the changing structure and pattern of production, so as to permit an expansion of international trade in products of interest to less-developed countries and to provide larger opportunities for imports from these countries.

2. The Expert Group met on a number of occasions in the years 1965 to 1972. It was shortly thereafter put into abeyance since related issues were being taken up for negotiation in the MTN.

3. In its examination of adjustment measures, the Expert Group kept in view the way such measures were being used, or might be used, to provide greater scope for imports from developing countries. It found that while most developed countries had adjustment assistance measures of various types in force, generally adjustment assistance had not been used specifically for the purpose of dealing with difficulties caused by increased imports from developing countries, but had been conceived in most cases with a view to improving the overall domestic situation or to directing a re-allocation of resources without specific reference to competition from imports. In noting this conclusion, the Committee on Trade and Development, in its report to the twenty-third session of the CONTRACTING PARTIES in 1966, agreed that adjustment assistance could make some contribution to the solution of the problem of creating greater access for the exports of developing countries. The Committee suggested that contracting parties participating in GATT bodies,

such as the Group on Residual Restrictions and the Cotton Textiles Committee, should be invited to consider to what extent adjustment assistance could be employed in dealing with the issues with which those bodies were concerned. With regard to the later work of the Expert Group, the Committee was able to note in its report to the twenty-sixth session of the CONTRACTING PARTIES held in 1970 that there was a tendency towards an increasing use of adjustment assistance policies sometimes specifically to deal with the problems of trade liberalization in particular sectors and for adjusting to technological developments.

4. The Expert Group, taking the view that its initial phase of work on the collection, examination and organization of relevant information was sufficiently advanced, gave consideration to what further work the Group might be in a position to undertake to promote the use of adjustment measures for the purpose spelt out in its terms of reference. The Committee on Trade and Development at its twenty-first session in July 1972, in considering the various areas of work that had been suggested for the Expert Group, agreed that the secretariat should continue to update information on adjustment assistance and analyze the existing data provided by governments in more detail and that the proposal for a study in greater depth of certain technical aspects¹ of adjustment assistance be pursued. Suggested areas of work on which agreement had not been reached and which were on the table when the Expert Group was put into abeyance, included the consideration of the possible usefulness of an "early warning" system, the use of a procedure in the appropriate bodies, of notification and examination of detailed information on the use of adjustment assistance measures in relation to individual residual restrictions on products of export interest to developing countries, exploration of the use of adjustment assistance to avoid or minimize the need for resort to escape clause or other emergency action as well as to permit the relaxation of such restraints, the identification of sectors and areas where more positive efforts to use adjustment assistance with a view to further trade liberalization were desirable, and examination of the possibilities for undertaking a study on the effectiveness of adjustment assistance techniques in the process towards removal of trade barriers imposed in different countries in a particular sector.

5. While the Expert Group has not met since 1972, the question of structural adjustment has on occasion been further discussed in the course of the work of the Committee, particularly with regard to the examination of protectionist pressures as they affected the trade of developing countries.

¹These concerned problems relating to training, early placement of labour; job location etc., in the hope that the experience of different countries could be useful to others in improving the practical application of adjustment assistance measures.

ANNEX II

Special Treatment of the Least-Developed Countries
in the Non-Tariff Measure Agreements
and Other MTN Legal Instruments

1. The general framework for the provision of special treatment to least-developed countries in different areas has been established by the Decision on Differential and More Favourable Treatment, Reciprocity, and Fuller Participation of Developing Countries. This enables contracting parties to extend special treatment to the least-developed countries in the context of any general or specific measures in favour of developing countries, including with respect to the GSP, non-tariff measures governed by the provisions of the new GATT Agreements and regional or global preferential arrangements entered into by and among developing countries. In addition, the CONTRACTING PARTIES have agreed that in any future negotiations, developed countries shall exercise the utmost restraint in seeking any concessions or contributions from least-developed countries; the serious difficulties least-developed countries have in making concessions and contributions were also fully recognized.
2. It should be recalled that the wide-ranging provisions for special and differential treatment in favour of the developing countries as a whole contained in the multilateral Agreements and Arrangements emerging from the MTN as well as in the various "framework" decisions will benefit the least-developed countries, as they will other developing countries, and, in terms of the provisions of the Enabling Clause Decision referred to above, open up the way for further specific measures of special treatment to be worked out in due course, as found feasible and appropriate.
3. In certain Agreements, the interests of least-developed countries are the subject of special provisions. The Agreement on Government Procurement provides for special treatment to least-developed country parties to the Agreement and their suppliers and products, in the context of any general or specific measures in favour of developing countries, including in the field of technical assistance. Other least-developed countries, which are not parties to the Agreement, may be granted the benefits of the Agreement on a unilateral basis, with respect to products originating in those countries. The Agreement also provides for developed countries, on request, to give assistance to potential tenderers in least-developed countries in submitting their tenders and selecting products which are likely to be of interest to entities of developed countries as well as suppliers in least-developed countries. They shall also assist potential tenderers of least-developed countries to comply with technical regulations and standards relating to products which are the subject of proposed purchases.

4. Under the Agreement on Technical Barriers to Trade, parties to the Agreement, in determining the terms and conditions of technical assistance, are to take particularly into account the stage of development of the least-developed countries. Moreover, in the provision dealing with the granting to developing countries of exceptions from obligations under the Agreement, the Committee of Signatories is called upon to take into account in particular the special problems of the least-developed countries.

5. The Agreement on Import Licensing Procedures provides, inter alia, for consideration to be given to ensuring a reasonable distribution of licences to new importers and for special consideration to be given to those importers importing products from developing countries and, in particular, the least-developed countries.