

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## BACKGROUND NOTE FOR REVIEW OF IMPLEMENTATION OF PART IV AND OPERATION OF THE ENABLING CLAUSE

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-ninth session in November 1979. 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 meeting of the Committee in November 1979 relevant to the implementation of Part IV. The first Section contains information on commercial policy measures other than those referred to in COM.TD/SCPM/W/1 - Protective Actions by Developed Countries Against Imports from Developing Countries - prepared as background for the Sub-Committee on Protective Measures. In Section II the secretariat has summarized available information on developments with regard to the Enabling Clause since the adoption of the Decision by the CONTRACTING PARTIES in November 1979, in accordance with the agreement at the last session of the Committee that the secretariat should provide for reviews of the Enabling Clause such information as would be useful and supplementary to that notified by governments. The Committee has also noted that reviews of the implementation of Part IV and the operation of the Enabling Clause should be co-ordinated. The description of changes to GSP schemes has been included in this Section.
3. Section III - Developments in Other GATT Bodies of Interest in Relation to Part IV - is intended to respond to the general agreement in the Committee at its thirty-ninth session that the work on the review of the implementation of Part IV should be reinforced generally in accordance with the suggestions in paragraph 12 of COM.TD/102 (L/4876, paragraph 35). These included, inter alia, an overall review of developments in different GATT bodies and of the implementation of MTN results with respect to the interests of developing countries. The technical

co-operation activities of the secretariat are also referred to. Activities in other international organizations relevant to Part IV are summarized in the Annex.

## SECTION I

### COMMERCIAL POLICY MEASURES

#### Tariff and other charges on imports

4. Tariff concessions granted in the Multilateral Trade Negotiations (Geneva (1979) Protocol to the General Agreement on Tariffs and Trade and the Supplementary Protocol thereto) are being implemented in accordance with the time-tables indicated by the countries concerned.

5. The Australian Government reduced the rate of duty on baby carriages and parts thereof from 28 per cent to 25 per cent with effect from 16 January 1980. The duty is to phase down to 20 per cent after two years. Duties have also been reduced, with effect from 7 March 1980, on certain rubber semi-manufactures and manufactures falling under CCCN Headings 40.06, 40.07, 40.08, 40.09, 40.12 and 40.14. Primage duty on products falling under 87 tariff classifications was removed as from 26 March 1980; for a further 28 tariff classifications it has been incorporated into the relevant customs duty. With effect from 1 January 1980, imports of certain specialized footwear falling under tariff items 64.01.910, 64.02.910 and 64.04.910, while remaining subject to licensing, are no longer subject to the 12.5 per cent special additional customs duty introduced in August 1978 on certain goods subject to tariff quotas or import licensing. The temporary additional duties and tariff quota arrangements applying to grape brandies were discontinued on 9 November 1979 (L/4569/Add.12).

6. Finland abolished, with effect from 1 January 1980, the surcharge on imports of women's panty hose (tights) falling under CCCN heading ex 60.04a (L/4461/Add.2).

7. Customs duties on imports into the European Communities on certain industrial products are to be totally suspended from 1 July 1980 until 31 October 1980, 31 December 1980 or 30 June 1981 depending on the product. Among the products concerned are some chemical and paper items, certain leather, some textile yarns, fibres and fabrics, certain sacks and bags, and certain electronic items

8. In February 1980, the United States Government reduced tariff rates applicable to certain sugars, syrups and molasses.

#### Import restrictions

9. The Australian Government has increased the import quota allocations for thong sandals for the period 1 January 1980 to 30 June 1980. The allocation for thong sandals having a value for duty of less than \$0.35 per

pair has been increased to 1.6 million pairs compared to 1.55 million in the preceding six months and the allocation for thong sandals having a value for duty from \$A 0.35 per pair to less than \$A 2.00 per pair has been increased from 1.868 million to 2.242 million pairs.

10. The Australian Government terminated on 30 April 1980 the import licensing restrictions imposed under Article XIX, on uncoated hot rolled steel sheets and plates not exceeding 3.2 mm in thickness and uncoated cold rolled steel and plates, of a kind falling within tariff 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 (L/4696/Add.1).

11. Canada terminated its Article XIX action providing for a global quota on double-knit fabrics, with effect from 9 October 1979. (L/4450/Add.5).

12. As of 1 January 1980, Finland lifted licensing requirements on imports of certain goods falling under the following CCCN tariff headings: 07.01, 08.04, 08.07, 12.01, 12.10, 20.01, 84.06, 84.18, 84.40, 84.41, 85.06, 85.07, 85.12, 85.14, 87.09, 88.02, 89.01 and 92.11.

13. The Japanese Government set the general beef import quota (beef destined for distribution to the general public) for the second half of fiscal year 1979 (April 1979-March 1980) at 51,000 tons, bringing the total such quota for fiscal year 1979 to 114,000 tons compared to 95,000 tons in the preceding year. The total beef import quota for the first half of fiscal year 1980 has been set at 72,000 tons, slightly less than 72,200 tons applicable during the corresponding part of the previous fiscal year. The new quota consists of a general quota of 64,000 tons (63,000 tons in the corresponding part of fiscal year 1979/80), and a special quota of 8,000 tons (9,200 tons).

14. With effect from 1 January 1980, New Zealand exempted from import licensing a number of items, including prepared or preserved turkey (tariff item 16.02.011), beer (22.03.003, 007 and 008), champagne (22.05.001), rennet (35.07.001), and certain equine leather (41.02.001). As a result of the Multilateral Trade Negotiations, the New Zealand Government announced on 1 February 1980 additional import licence allocations for a wide range of goods, including rice and vegetable oils in retail packs, soya bean meal and flour, certain canned or preserved meat, chewing gum and certain other sugar confectionery, cocoa powder, chocolate etc., fruit and vegetables preserved by vinegar, tomato purée and concentrates, preserved tomatoes, roasted nuts, fruit and vegetable juices not in bulk containers, fish fillets, coffee and chicory essences, frozen fruit, biscuits and certain other food preparations, electrical heating apparatus, non-electric water heaters, certain handtools, taps, cocks valves etc., chassis and radio frequency units for radio and TV, base metal fittings and mountings, and certain woodworking machinery.

15. Under the New Zealand Import Licensing Schedule 1980/81, which sets out the import policy and allocations for that part of New Zealand's imports subject to licensing for a twelve-month period from 1 July 1980, the basic allocation for both consumer and non-consumer goods will be 125 per cent of the 1979/80 licences. Applications for the provision of licences above basic entitlements will be considered on their merits. Provision for consumer goods will, however, be limited to basic licences, except where anomalies need to be corrected or other special circumstances and schemes prevail. It was also announced that, once appropriate legislative provision had been made, there would be an additional availability of licences for garments through an import licence tendering scheme. For those licences issued in quantity terms, including footwear under Chapter 64 and certain kinds of leather under Chapter 41, allocations will be issued for the same volumes as in 1979 licences. The 1980/81 Schedule includes a number of new exemptions from import licensing controls. Most are goods required by producers and arise from a restructuring of CCCN Chapters 50 to 99 of the New Zealand Schedule, where the new item code structure has made it possible for more goods not made in New Zealand to be separated out. These include spray guns, mechanical clippers, moulding boxes, and certain refractories. A second group of exemptions relate to substantial items of capital equipment of which there is no New Zealand manufacture. A further group of exemptions stem from the New Zealand Government's decision to eliminate anomalies or other unsatisfactory licensing situations. The New Zealand Government has estimated that, taken together, the exemptions would cover more than \$NZ 100 million worth of imports. The more significant of the new exemptions fall under CCCN Chapters 44, 46, 49, 69, 74, 76, 77, 84, 85, 87, 89, 90, 92, 94, 97 and 99. A few items are being recontrolled under the 1980/81 Schedule. The New Zealand Government stated that the purpose of this was to avoid the fragmentation of tariff items among item codes as far as possible, and that the trade involved was small and liberal import licensing policies would be adopted. Some changes in allocation have been made in the 1980/81 Schedule. These include item code 20.015 (pineapple) and item code 44.040 (other articles of wood) which revert to the full basic allocation of 125 per cent of 1979 licences from having been subject to individual consideration of licence applications ("C" items) with a basic allocation of 50 per cent of 1978 licences. Hairdressing appliances, other than of the pedestal type, which formerly had an allocation of 75 per cent of 1978 imports, have also been given a full basic allocation in the 1980/81 Schedule.

16. Switzerland has decided to open a special import quota of 15,000 hectolitres for recognized quality white wine. Importers can choose freely from all origins and buy wine bottled or in bulk.

17. On 24 January 1980, the United States International Trade Commission reported to the United States President that it had determined that coats and jackets of leather (items 791.7620 and 791.7640) 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 that increased tariffs be imposed on such articles (if not valued over US\$150 each) for a period of three years (L/4939). At the 26 March meeting of the GATT Council, the representative of the United States informed the Council that on 24 March 1980 the President had decided to deny import relief to producers of leather wearing apparel (C/M/139).

18. The United States Meat Import Act of 1979 amending the 1964 Meat Import Act was signed into law on 31 December 1979. The meats now covered by the Meat Import Law are those fresh, chilled, or frozen from cattle, sheep (except lamb) and goat (TSUSA numbers 106.10, 106.22, and 106.25, respectively). Also included are those beef and veal, prepared or preserved items (except sausages and except beef or veal, cured or pickled, and beef in airtight containers) (TSUSA numbers 107.55, 107.61, and 107.62). The level of imports permitted under the Law is now determined by a "countercyclical" formula, which tends to increase imports when United States domestic cow beef supplies are lower, and to decrease imports when United States cow beef supplies are higher. Under the revised formula, the trigger level for the imposition of import quotas in 1980 is 1,668 million pounds. Other changes in the Law modify the President's authority to suspend quotas by proclamation, and place a floor under imports by specifying that imports under the Law may not be restricted to less than 1,250 million pounds in any calendar year.

#### Other developments of interest in relation to Part IV

19. Canada has introduced, with effect from 22 October 1979, a global import quota for "chicken, chicken capons, live or eviscerated, parts and products manufactured wholly thereof" (CCCN ex 01.05, ex 02.02 and ex 16.02). The Canadian Government has notified that this measure was being taken under paragraph 2(c) of Article XI of the GATT to support the Canadian supply management programme operated by the Canadian Chicken Marketing Agency. For calendar years 1980 and 1981, the quota has been set at 48,500,000 lbs. and 52,000,000 lbs., eviscerated weight equivalent respectively. Thereafter, the quotas will be set at a level equivalent to 6.3 per cent of the previous year's production. This reflects the proportion of the annual average of import volumes to production in the 1975-78 period (L/4868).

SECTION II

DEVELOPMENTS WITH RESPECT TO DIFFERENTIAL AND  
MORE FAVOURABLE TREATMENT UNDER THE ENABLING CLAUSE

20. In the paragraphs that follow, an attempt has been made to describe on the basis of readily available information, some recent actions which appear to be relevant to the provision of differential and more favourable treatment to developing countries taken since the Decision on Differential and More Favourable Treatment, Reciprocity and Further Participation of Developing Countries (L/4903) was adopted by the CONTRACTING PARTIES on 28 November 1979. The information provided below is intended to facilitate the Committee's review of the operation of the Enabling Clause, and is without prejudice to the legal or other position of any contracting party in relation to the provisions of the General Agreement.

(a) Generalised System of Preferences

21. Information on special treatment accorded to the least-developed countries in the context of GSP schemes is contained in sub-section (d).

22. Australia has announced modified procedures under its Generalized System of Preferences designed to allow greater flexibility in cases where imports of a particular product are causing or threatening injury to Australian industry. Whereas in the past, such cases have resulted in either the withdrawal of preference from the product or exclusion of particular beneficiaries from the preference, under the revised procedures the Industries Assistance Commission will be asked to determine, in the case of emerging competitive developing countries, whether any change to the preference is necessary and, if so, whether a reduced margin of preference would be appropriate instead of a complete withdrawal of the preference. With effect from 26 October 1979, the Australian Government decided to introduce a preferential quota arrangement for imports from developing countries of three categories of furniture; this decision was taken in response to a suggestion from the Industries Assistance Commission that developing country preference on certain items of furniture be removed. On 12 November 1979, the Australian Government introduced new or increased margins of preference on 66 products. Quota levels on 20 product quota groups were increased for the 1979/80 quota period (1 July 1979-30 June 1980), in most cases by 50 per cent of the previous quota level. The following countries have been excluded from preference for the products indicated: Republic of Korea and Hong Kong for stationery products, with effect from 27 September 1979; Hong Kong for certain nuts, bolts and screws, from 11 April 1979; and Yugoslavia for certain electric motors from 15 June 1979. The Australian Handicraft Concession was amended to allow a tolerance of up to 5 per cent of man-made fibre in textile fabrics and

articles made up from textile fabrics, with effect from 20 December 1978. This replaced the previous requirement of 100 per cent natural fibres for all textile fabrics and articles made up from textile fabrics, other than those printed or dyed according to the traditional Batik method (L/3982/Add.14). With effect from 17 April 1980, Australia has placed Zimbabwe on the list of beneficiaries of its GSP scheme.

23. With effect from 1 January 1980, the People's Republic of China has been included in the list of beneficiary countries of the Austrian GSP scheme (L/4108/Add.6). Certain amendments to the rules of origin applicable in connexion with the Austrian GSP scheme have been introduced with effect from 22 March 1980 (L/4108/Add.7). As from 23 May 1980, Zimbabwe has been added to the list of beneficiary countries (L/4108/Add.8).<sup>1</sup>

24. With effect from 6 December 1979, the People's Republic of China has been included in the list of beneficiary countries of the Canadian GSP scheme. Since the Canadian GSP rates on a number of industrial tariff items correspond to m.f.n. rates less one third, GSP rates on such items will decrease in line with decreases in m.f.n. rates resulting from the Tokyo Round of Multilateral Trade Negotiations. GSP reductions on the basis of this formula are now also operable for forty-five tariff items for which applied m.f.n. rates were reduced, on a temporary basis, in the 1973 budget, as the temporary m.f.n. reductions have been made permanent in the context of implementing the Tokyo Round tariff agreements. The GSP rate on rubber footwear, tariff item 61700-1, which was initially withdrawn on 28 August 1975, has been withdrawn for a further period ending 31 December 1982. The GSP rate on colour television sets having a picture tube of sixteen inches or more, tariff item 44533-1, which was initially withdrawn on 5 February 1977, has been withdrawn for a further period ending 31 December 1981. Effective 9 August 1979 to 31 December 1981, the GSP rate has been withdrawn on all other colour television sets classified under tariff item 44533-1 (L/4027/Addenda 9 and 10).

25. The People's Republic of China has been added to the list of beneficiaries of the GSP scheme of the European Communities for 1980. With respect to textile items, the European Communities has introduced a new system of administration and control designed to bring it into line with the provisions of its bilateral agreements concluded under the Multi-Fibre Arrangement. The permissible volume of preferential imports has been increased by some 30 per cent to 115,000 tons. For each category of MFA products, preferential quotas are assigned to the individual countries with whom the European Communities have concluded agreements on quantitative export limitations to the Community under the MFA or similar commitments vis-à-vis the Community, by applying to the total imports from beneficiaries into the Community in 1977 a percentage calculated on the basis of a formula combining: the degree of world-wide competitiveness of the beneficiary (its world-wide exports as a percentage of total exports of beneficiaries); its degree of competitiveness

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<sup>1</sup>In a communication dated 26 June 1980, the Austrian delegation has provided additional information on changes to the Austrian GSP scheme and requested that these be brought to the attention of the Committee on Trade and Development. This communication is being circulated as document L/4108/Add.9.

at the Community level (Community imports from it as a percentage of the total volume of imports from all beneficiaries); and its per capita GNP. The reference year for the calculation of the annual ceilings for preferential imports of other industrial products under the scheme has been changed from 1974 for the "basic amount" and 1976 for the "additional amount" to 1977 for both. Since this change results in a considerable rise in ceiling levels, the increase has been limited for some products; - for those sensitive products subject to tariff quotas, to 5 per cent, in general; and for certain other products, to 10 per cent or 15 per cent. Glutamic acid and its salts (CCCN 29.23DIII) have been removed from the list of products subject to tariff quotas and placed on the list of products subject to specific tariff ceilings. (L/4804/Add.1).

26. As of 1 January 1980, the People's Republic of China has been included on the list of beneficiary countries of the Finnish GSP scheme. With effect from 1 April 1980, the following countries have been included in the list of beneficiary countries of the GSP scheme: Bahamas, Djibouti, Dominica, Kiribati, St. Lucia, St. Vincent and the Grenadines, Solomon Islands, Tonga and Tuvalu (L/3694/Add.10).

27. The People's Republic of China has been placed on the list of beneficiaries of the Japanese GSP scheme with effect from 1 April 1980. The preferential duty rate applicable to black tea, put up for sale by retail, (CCCN 09.02-1(1)) has been reduced from 17.5 per cent to 14 per cent, for fresh bananas imported from 1 April to 30 September (08.01-1(1)) from 40 per cent to 35 per cent, and for bulk wine (22.05-2) from ¥80/litre to ¥60/litre. Certain changes have been made to the administration of the ceilings and maximum country amounts for preferential imports of industrial products under the 190 product groups employed for this purpose. The following product groups have been transferred from the monthly control to the daily control list: product group No. 5, - silicon (CCCN 28.04-2); No. 6-2, - zinc chloride, barium chloride and mercury chloride (CCCN 28.30-1(2)), barium sulphate (CCCN 28.32-2) and potassium carbonate and barium carbonate (CCCN 28.42-4); No. 87, - carpets, carpeting and rugs, knotted (CCCN 58.01); No. 141, - ferro-alloys other than ferro-manganese and ferro-nickel (ex 73.02); and No. 159-2, - unwrought, powders and flakes of antimony (CCCN 81.04-2(3)). The following product groups have been transferred from the daily control to the quota allotment list: No. 70, - yarn of polyester fibre (CCCN 51.01-1(2)); and No. 83, - discontinuous man-made fibres and yarn thereof (CCCN 56.01-56.06). Flexible application of the maximum country amount (50 per cent of the ceiling) has been extended to these two product groups. However, it has been withdrawn from the following product groups: No. 49, - Kiri (wood, genus Paulownia), in the rough (CCCN 44.03-2); No. 89, - carpets, rugs, mats etc., not knotted, other than those of coir (CCCN 58.02-2); No. 122, - hat shapes, plaited or made from plaited material (CCCN 65.02); and No. 157, - unwrought zinc (CCCN 79.01).



Flexible application of ceilings has also been removed from product group No. 157 as well as from product group No. 100, - knitted gloves and mittens (CCCN 60.02). However, flexible application of ceilings has been extended to product groups Nos. 87 and 141 which were moved from the monthly to the daily control list (see above) and also to product group No. 170, - integrated circuits (CCCN 85.21-2).

28. The New Zealand Government has approved a recommendation regarding the exemption from sales tax of imported handicrafts which qualify for the Reference 35 tariff concessions as hand-made products from developing countries, with effect from 1 November 1979 (L/4366/Add.7).

29. With effect from 15 March 1980, Norway has included coconutmilk, reduced to powder (ex 20.07), in its GSP scheme (L/4242/Add.14).

30. Sweden has extended its Generalized System of Preferences to include: anthurium (ex 06.03); and water melons, fresh, from 16 June to 30 September (ex 08.09). These new preferences apply to all countries and territories benefiting from the GSP scheme. In addition, some of the products, which had been excluded from GSP treatment when imported from Bulgaria and Romania have now been included in the scheme also for these countries. Furthermore, the benefit of the Swedish Generalized System of Preferences has been extended to the People's Republic of China with the same product coverage as is applicable to Romania and Bulgaria. These modifications became effective from 1 February 1980. In connexion with the Multilateral Trade Negotiations, Sweden has declared itself prepared to extend, from 1 January 1981, duty-free treatment within its Generalized System of Preferences to customs tariff No. 57.10, woven fabrics of jute or other textile bast fibres of heading No. 57.03 (L/4472/Add.3).

31. With effect from 1 January 1980, Switzerland has extended the list of products admitted for import at preferential rates under its GSP scheme by 23 items. This extension takes into account certain requests made by developing countries during the Multilateral Trade Negotiations and which had not been covered in the extension of the Swiss GSP scheme of 1 January 1977. The new extension mainly concerns the following products: honey, beans and peas (imported from 1 November to 31 March), papaws, dried apricots, processed rice, vegetable oils for technical uses, preserved asparagus and pineapple juice. The relevant rules of origin have been supplemented to take account of the new products covered by the Swiss scheme of preferences (L/4020/Add.4). The GSP treatment applicable to bananas introduced in 1977 for a period of three years in the context of the Multilateral Trade Negotiations has been allowed to lapse. Its continuation was conditional on it having a positive impact on consumption, which according to the Swiss authorities has not been the case.

32. The United States has made a number of changes to its GSP scheme as a result of its annual GSP product review and of changes in country eligibility stemming from the operation of the "competitive need" provisions of its scheme. Fifty new items accounting for about \$485 million in imports from beneficiary developing countries became eligible for GSP duty-free treatment as of 30 March 1980. Products affected include certain leather, jicamas, yams, frozen yucca, fresh mangoes (entered 1 November to 30 April), prepared or preserved papaya, certain spirituous beverages, coconut oil, olive oil in containers weighing under 40 lb., certain fresh cut flowers, cordage of vegetable fibres, certain fabrics and textile products, certain pesticides, acid-grade fluorspar, certain tiles, tempered glass, certain locks, certain knives and shears, latch needles, certain pulleys, seamless rubber or plastic surgical and medical gloves, certain pianos, furniture of unspun vegetable fibres (excluding rattan), certain slide fasteners, and felt-tip and similar marking pens. Fishing reels, valued over \$2.70 but not over \$8.45 were withdrawn from GSP treatment with effect from 30 March 1980, because of import sensitivity determined through the annual review process. Exclusions of exports of individual countries from GSP treatment because the competitive need ceilings were exceeded affected 182 products from specified countries involving United States imports totalling \$4.6 billion (1979 trade statistics). Under the provisions by which individual countries previously excluded from receiving GSP treatment for particular products due to the competitive need provisions may be redesignated for GSP treatment if their 1979 shipments in individual items fell below the competitive need limits, specified developing countries have been redesignated for GSP treatment in 42 products valued at \$650.5 million. In addition, as a result of the de minimis provision of the Trade Agreements Act 1979 allowing the United States President to waive the 50 per cent competitive need limit in cases where United States imports of an item in 1979 did not exceed \$1 million, \$32.4 million of United States imports from individual beneficiaries have been exempted from the 50 per cent competitive need rule. With effect from 30 March 1980, Ecuador, Indonesia, Uganda, Venezuela and Zimbabwe were added to the list of beneficiaries under the GSP. Ethiopia was removed from the list with effect from the same date, and Afghanistan with effect from 2 May 1980.

33. The United States Government has recently concluded a major five-year review of its GSP scheme. As a result, it has announced that it would make four changes to its scheme. Two procedural changes, the establishment of a GSP information centre for use by beneficiaries and domestic interests and a modification of the annual review schedule, are aimed at assisting governments and other interested parties to make fuller use of the GSP product review procedures. Third, a special effort is to be made to include on the GSP list products of special interest to low income beneficiaries, including handicraft items. Lastly, it has been announced that the United States President's authority to withdraw, suspend or limit duty-free treatment will be used to limit benefits for the more developed beneficiaries in products where they have demonstrated competitiveness and to provide

increased opportunities for less-developed, less competitive countries. This authority will also be exercised when products are added to the GSP eligible list. In exercising this authority, the President will take into account the development level of individual beneficiaries, their competitive position in the product concerned and the overall economic interests of the United States.

(b) Differential and more favourable treatment under GATT multilaterally negotiated instruments concerning non-tariff measures

34. A summary of developments regarding the implementation of the MTN Agreements on various non-tariff measures is contained in Section III of this note.

(c) Preferential arrangements among developing countries

35. The ASEAN Committee on Trade and Tourism agreed to the exchange of preferences under the Agreement on ASEAN Preferential Trading Arrangements on a further 1,001 items, to be implemented as from 10 December 1979. Subsequently, in April 1980, agreement was reached on a 20 per cent reduction in import tariffs on intra-ASEAN trade in items with an annual trade value of less than US\$50,000 per item, to take effect in July 1980. In addition, they agreed on an exchange of preferences on a further list of items, bringing the total subject to ASEAN preferences to 4,325.

36. Under the Mano River Union, established in 1972 between Sierra Leone and Liberia, intra-union free-trade is scheduled to begin between the two countries on 1 July 1980, in respect of some one hundred items from both member States made up of agricultural products and livestock, natural resource products and products of hunting or fishing. Guinea has recently joined the Union as an observer. Its adherence to full membership is presently being considered.

(d) Special treatment to the least-developed countries

37. Under the 1980 GSP scheme of the European Communities, clover seeds (CCCN 12.03 CII) have been added to the list of agricultural products for the benefit of the least-developed countries, subject to the condition that Community provisions on seed are complied with. Under the 1980 scheme, these countries have been exempted from the application of maximum country amounts and ceilings in respect of certain textile products, in addition to the exemptions from such limitations previously in force for these countries. (L/4804/Add.1<sub>r</sub>),

38. As of 1 January 1980, the following products became eligible for preferential treatment when imported from the least-developed countries under the provisions of the Finnish Generalized System of Preferences: leguminous vegetables suitable for human consumption excluding peas and

beans (ex 07.05); fresh grapes (ex 08.04); unroasted coffee (ex 09.01); fruit mixtures otherwise prepared or preserved, roasted Brazil nuts, and roasted cashew nuts (ex 20.06); handkerchiefs (61.05); dolls (97.02); and carnival articles, entertainment articles (ex 97.05) (L/3694/Add.9 and Corr.1).

39. With effect from 1 April 1980, least-developed countries have been accorded duty-free treatment for all products covered by the Japanese GSP scheme, with exception of those products falling under CCCN 15.15-2, 57.10 and 57.06, and exemption of ceiling limitations for all products covered by the scheme other than those falling under CCCN 57.06, 57.10, 59.04-(1 to 4), and 62.03.

40. The United States has introduced a separate column in its tariff containing rates applicable to imports originating in least-developed countries. This resulted from the decision of the United States President to use with respect to nearly all items in the United States MTN Schedule, the authority granted under the Trade Agreements Act of 1979 to exceed the maximum staging authority for tariff concessions under the Trade Act of 1974 to the extent necessary to implement those concessions vis-à-vis imports originating in least-developed countries. It might also be noted that, as stated in sub-section (a) of this note above, the United States Government has announced that it would be making a special effort to include in its GSP scheme products of special interest to low income beneficiaries, including handicraft items.

### SECTION III

#### DEVELOPMENTS IN OTHER GATT BODIES OF INTEREST IN RELATION TO PART IV

##### Council

41. The Council has held three regular meetings since the beginning of 1980, on 29 January, 26 March and 18 June. In addition to certain matters mentioned elsewhere in this Section, the Council has taken up, inter alia, matters relating to certain customs unions, free-trade areas or regional agreements, the recourse by a number of contracting parties to the dispute settlement provisions of Article XXIII, including the establishment of panels in a number of cases, and a communication concerning a stocktaking in relation to the GATT Work Programme. At its meeting of 26 March 1980, the Council agreed on a procedure for updating the Inventories of Non-Tariff Measures. On the basis of this procedure (C/110, paragraph 4), contracting parties have been invited by GATT/AIR/1624, to confirm in writing by 31 July 1980 which of the notifications to the Inventories that they had earlier made they would wish to maintain, either in their original or in an amended form. Contracting Parties are also free to submit new notifications for inclusion in the Inventories. At the same meeting, the Council also adopted a proposal on Notification and Surveillance contained in

document C/111, having in mind the statements made on its experimental nature. In so doing, the Council took action with regard to paragraphs 2, 3 and 24 of the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance adopted by the CONTRACTING PARTIES on 28 November 1979. It determined, *inter alia*, that the regular and systematic reviews of developments in the trading systems referred to in paragraph 24 of the Understanding should be conducted by the Council twice a year at special sessions, the first taking place in autumn 1980. Details of the Council's deliberations can be found in documents C/M/138, C/M/139 and C/M/141.

Multilateral Agreements and Arrangements resulting from the Multilateral Trade Negotiations

42. On 1 January 1980, the following multilateral instruments negotiated in the Tokyo Round came into force:

The Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade;

The Agreement on Technical Barriers to Trade;

The Agreement on Import Licensing Procedures;

The revised Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade;

The Agreement on Trade in Civil Aircraft;

The Arrangement Regarding Bovine Meat;

The International Dairy Arrangement.

43. The status of acceptances as of mid-June 1980 of these Agreements or Arrangements, together with that of the Agreements on Government Procurement and on the Implementation of Article VII of the General Agreement, which are due to take effect on 1 January 1981, is shown in document L/4914/Rev.1 and Addenda.

44. The Councils established under the Arrangements on Bovine Meat and Dairy Products adopted, at their first meetings, in February 1980, rules of procedure, including procedures for the participation of observers. At its second session, in June 1980, the International Dairy Products Council reviewed the functioning of the arrangement, on the basis, *inter alia*, of reports of the first sessions of the Committees of the Protocols Regarding Milk Fat, Certain Milk Powders and Certain Cheeses, and undertook an evaluation of the situation in, and outlook for, the world market for dairy products. The Council took note of the replies that had been received to

certain questionnaires and had an exchange of views on information concerning domestic policies and trade measures (L/4997). The International Meat Council, at its second meeting, in June 1980, considered replies to the agreed questionnaire concerning statistics and information on domestic policies and trade measures and on bilateral or plurilateral agreements. It also undertook an evaluation of the world market situation and outlook and examined the functioning of the Arrangement.

45. The Committee on Trade in Civil Aircraft at its first meeting, in February 1980, adopted procedures for the participation of observers. The Committee decided to apply the GATT Procedure for Modification and Rectification of Schedules (BISD, Sixteenth Supplement, page 16) in respect of the Annexes to the Agreement. The Committee heard status reports under different Articles of the Agreement. It also established the Technical Sub-Committee under Article 8:4. The Chairman stated that the Committee's conduct of business would be guided by existing GATT rules and practice (L/4944).

46. The Committees established under the four Agreements on Non-Tariff Measures that have come into force have held their first meetings. They have adopted procedures for the participation of observers (L/4965, Annex I, for example) and discussed procedures for the accession of non-contracting parties. They have also accepted procedures for the circulation and also for derestriction of documents. In addition, they have considered the preparation of lists of persons available for serving on panels. Further information is provided below.

47. The Committee on Anti-Dumping Practices met in January and May 1980 (L/4945, L/4980), and the Committee on Subsidies and Countervailing Measures in January, March and May 1980 (L/4946, L/4965, L/4983). They have taken up questions relating to the conformity of laws, regulations and administrative procedures with the provisions of the Agreements and the notification of national legislation and implementing regulations to the respective Committees, and have decided that they would proceed with a systematic examination of national legislation at their next meetings, scheduled for October 1980. At their May meetings, the two Committees decided to set up a joint group of experts with the task of identifying, at technical level, problems involved in the definition of the word "related" (footnote 7 to Article 4 of the Agreement on Anti-Dumping and footnote 21 to Article 6:5 of the Agreement on Subsidies and Countervailing Measures). Other matters considered by the two Committees have included notifications under the relevant Articles of the Agreements and arrangements for the annual reviews of the operation of the Agreements at their autumn sessions.

48. At its March meeting, the Committee on Subsidies and Countervailing Measures adopted a procedure in regard to Article 14:5 of the Agreement whereby a developing country signatory should endeavour to enter into a commitment to reduce or eliminate export subsidies when the use of such export subsidies is inconsistent with its competitive and development needs. At its May meeting, this Committee decided to establish a group of experts with the task of identifying, at technical level, problems involved in the calculation of the amount of subsidy (footnote 15 to Article 4:2).

49. At its May meeting, the Committee on Anti-Dumping Practices, having regard to the special situation of developing countries, adopted decisions concerning the application and interpretation of the Agreement in relation to such countries when considering the application of anti-dumping measures. It also agreed on procedures for facilitating application of the relevant provisions of the Anti-Dumping Code by developing countries.

50. The Committee on Technical Barriers to Trade met in January (L/4951), April (L/4979) and June 1980. In addition to taking up the issues referred to in paragraph 46 above, the Committee has heard general policy statements from a number of delegations as well as statements on steps taken by signatories to implement and administer the Agreement, and discussed procedures for notification under the relevant Articles of the Agreement. It has also taken up the question of the avoidance of duplication with the work of international standardizing bodies and considered preparations for the annual review of the Agreement. At its June meeting, the Committee agreed on an approach for dealing with the accession to the Agreement of countries not contracting parties to the GATT. The Committee also discussed at that meeting, preparations for the annual review of the operation of the Agreement and agreed on appropriate arrangements for this purpose. A number of signatories raised potential or actual trade problems for consideration by the Committee.

51. The Committee on Import Licensing, at its meetings in January and April 1980 (L/4950, L/4984), discussed, in addition to the matters referred to in paragraph 46 above, procedures for the supply of information and notifications under the relevant Articles of the Agreement on the basis of a secretariat proposal, and generally agreed to adopt these procedures on the understanding that they would be reviewed again at a later stage in the light of experience. It also heard general policy statements from a number of delegations.

#### Committee on Tariff Concessions

52. At its meeting of 29 January 1980, the Council agreed (C/M/138) to establish a Committee on Tariff Concessions, as provided for in the GATT Work Programme adopted by the CONTRACTING PARTIES at their thirty-fifth session. At its first meeting, held in February 1980, the Committee on Tariff Concessions considered the proposal of the Director-General for the

establishment of a loose-leaf system for the schedules of tariff concessions (C/107). As a result of these discussions, the Committee revised certain sections of the proposal, the revised version of which was considered by the Council on 26 March 1980. The Council adopted (C/M/139) the proposal on the Introduction of a Loose-leaf System for Schedules of Tariff Concessions (C/107/Rev.1) as well as the Decision on Procedures for Modification and Rectification of Schedules of Tariff Concessions annexed to it. A number of delegations indicated the basis on which they would be prepared to participate in the loose-leaf system.

53. Other matters taken up by the Committee on Tariff Concessions at its February meeting included the status of acceptances of the Geneva (1979) Protocol and the Supplementary Protocol and the implementation of the reduced rates provided for under the schedules of tariff concessions. The Council decided on 18 June 1980 to extend the time-limit for the acceptance of these Protocols, until 31 December 1980 (L/4995). At the Committee on Tariff Concessions February meeting, a number of suggestions were also made relating to the Committee's rôle of providing a forum for discussion of questions relating to tariffs; these related to Article XXVIII renegotiations, the Guidelines for Decisions under Article II:6(a) on adjustment of specific duties adopted by the Council on 29 January 1980 (L/4938), and the rôle of the Committee in seeking solutions to residual problems in the tariff field, in particular those concerning developing countries (TAR/M/1).

#### Committee on Safeguards

54. In accordance with the mandate given to it by the CONTRACTING PARTIES (L/4898) the Committee met in June 1980. Members of the Committee affirmed their determination to work towards agreement on an improved safeguard system. Some delegations recalled the views expressed by them earlier on the subject. The Committee noted that intensive, informal consultations were underway. However, it felt that it was premature to draw any conclusions at this stage. The Committee believed that the process of consultations should be continued, intensified, enlarged and speeded-up. The Committee remains on call for further meetings and should be expected to submit a further report to the CONTRACTING PARTIES at the thirty-sixth session in November 1980.

#### Committee on Balance-of-Payments Restrictions

55. The Committee on Balance-of-Payments Restrictions held consultations, in accordance with the relevant provisions of the General Agreement and the Declaration on Trade Measures taken for Balance-of-Payments Purposes adopted by the CONTRACTING PARTIES on 28 November 1979, with Portugal, Greece and Israel in May 1980. In addition, in May 1980, the Committee consulted with India and Pakistan in accordance with the simplified procedures for regular balance-of-payments restrictions consultations with developing



countries and the Declaration of 28 November 1979. The Reports of these consultations were adopted by the Council at its meeting of 18 June 1980 (BOP/R/111-114).

#### The Consultative Group of Eighteen

56. The Consultative Group of Eighteen held its eleventh meeting in March 1980. A major subject considered by the Group was the trade policy aspects of the North-South dialogue. The Group discussed in particular the contribution that GATT could make to the global negotiations to be launched by the special session of the UN General Assembly later this year. It also took up the subject of structural adjustment and trade policy in accordance with the decision of the CONTRACTING PARTIES at their thirty-fifth session on the Work Programme of GATT.

#### Arrangement Regarding International Trade in Textiles

57. In the course of 1980, the Textiles Surveillance Body has examined the agreements, and unilateral measures under the Arrangement notified to it, and has had initial discussions on the report it is to make to the Textiles Committee on the operation of the Arrangement as background for the major review to be held later in 1980, the third year of operation of the Arrangement as extended. In accordance with the decision of the Textiles Committee at its meeting of 11 December 1979, it has also worked on the preparation of a catalogue of all cases where the provisions of agreements entered into involve variations from the provisions of Annex B of the Textiles Arrangement, for submission to the meeting of the Textiles Committee scheduled for 8-9 July 1980.

58. The Working Group established by the Textiles Committee to carry out a detailed examination of adjustment measures with reference to the objectives set out in paragraph 4 of Article 1 of the Textiles Arrangement held its first meeting in February 1980. It decided to proceed further with its work by setting up a small Technical Sub-Group. Participating countries were invited to provide the necessary information on measures taken and policies adopted relevant to Article 1.4. At its second meeting, in June 1980, the Working Group adopted the report on adjustment measures prepared by the Technical Sub-Group and forwarded it to the Textiles Committee for consideration at its meeting due to be held on 8-9 July 1980.

#### Accessions to GATT

59. The Republic of Philippines acceded to the General Agreement with effect from 1 January 1980.

60. The Colombian Government signed the Protocol of Accession of Colombia to the General Agreement on Tariffs and Trade on 17 April 1980, subject to ratification in conformity with constitutional procedures (L/4970).

Training courses

61. A special commercial policy training course, aimed primarily at assisting government officials from least-developed countries to assess the benefits resulting from the Multilateral Trade Negotiations, was held from 14 January to 1 February 1980. There were thirty participants, drawn from twenty-one least-developed countries. The course was one of two proposed and financially sponsored by Finland, Norway and Sweden. The second course is to take place in July-August 1980.

62. The forty-ninth Commercial Policy Course organized by GATT took place in the period 18 February-11 June 1980. Twenty-one English speaking officials from as many countries participated in the course. A course for French speaking officials from developing countries commences in August.

International Trade Centre UNCTAD/GATT

63. The Joint Advisory Group (JAG) of the International Trade Centre UNCTAD/GATT held its thirteenth session in March 1980. The JAG had before it, inter alia, the Annual Report of the International Trade Centre UNCTAD/GATT (ITC/AG(xiii)/65 and corrigenda 1, 2 and 3) and the Report of the Technical Committee of the Joint Advisory Group, which had met in January 1980 and whose Report (ITC/AG(xiii)/68, Annex I) the JAG decided to include as an integral part of its own Report (ITC/AG(xiii)/68). The Technical Committee noted with satisfaction the significant expansion of UNDP financing available to ITC in 1979, and the consequent broadening of its resource base, and the progress made in obtaining funds-in-trust and in making sub-contracting arrangements. At the meeting of the JAG, the representatives of Belgium, Canada, Denmark, Finland, the Federal Republic of Germany, India, Ireland, Japan, the Netherlands, Norway, Sweden and Switzerland made statements pledging the trust funds that their respective governments would, in some cases subject to legislative approval, contribute to the Centre in 1980.

64. In the course of the meetings of the JAG and the Technical Committee, strong interest was expressed in assistance to the least-developed countries, particularly in the progress achieved in the implementation of the Special Programme of Technical Co-operation with these countries. Also subject of much attention were activities aimed at facilitating the promotion of trade among developing countries. Other matters taken up included export market development activities, specialized trade promotion services, multinational trade promotion, manpower development, technical co-operation to import operations and techniques, trade promotion oriented to rural development, technical co-operation with national chambers of commerce, and trade of developing countries with the socialist countries of Eastern Europe.

65. The Technical Committee also considered the programme of follow-up action on the Multilateral Trade Negotiations that was expected to be initiated in 1980. The ITC Secretariat stated that the two main aspects of the MTN, bearing on tariff reductions and on the alleviation of non-tariff barriers to trade, had provided guidance for the structuring of the programme. Some components of the programme would be designed to provide assistance to developing countries (mainly through market research and market development activities) in taking advantage of tariff reductions on selected products. It was also noted that following clarification of the situation on non-tariff measures resulting from the MTN and through the various missions to developing countries being undertaken by the GATT secretariat, the ITC should be in a better position to assess the needs of developing countries and thereby, in consultation with the GATT secretariat, to formulate specific proposals for this part of the programme.

#### Technical assistance to developing countries

66. The GATT secretariat has continued to provide technical assistance to developing countries after the conclusion of the MTN. This has taken the form, inter alia, of supply of information and data asked for by individual developing countries in their assessment of the results of the MTN. Information and explanations relating to the provisions of the codes and other MTN agreements were also provided upon the request of developing countries.

67. A major activity in the field of assistance in recent months has been the participation of secretariat officials in regional, sub-regional or single-country seminars related to the Multilateral Trade Negotiations and meeting the requests of developing countries for visits by secretariat officials to discuss various aspects of the results of the MTN with the authorities or officials in capitals. A more detailed report on secretariat activities concerned with developing country trade interests will be provided for the autumn session of the Committee.

ANNEX

ACTIVITIES IN OTHER INTERNATIONAL ORGANIZATIONS  
RELEVANT TO PART IV

United Nations

1. The General Assembly, at its thirty-fourth session, adopted on the basis of a proposal put forward by the Group of Seventy-Seven in the Committee of the Whole, a resolution (34/138) deciding to launch at its special session in 1980 a round of global and sustained negotiations on international economic co-operation for development, such negotiations being action oriented and proceeding in a simultaneous manner in order to ensure a coherent and integrated approach to the issues under negotiations. The General Assembly agreed that such negotiations should take place within the United Nations system with the participation, in accordance with the procedures of relevant bodies, of all States and within a specified time-frame without prejudice to the central rôle of the General Assembly. It also agreed that the negotiations should include major issues in the field of raw materials, energy, trade, development, money and finance.
2. The Committee of the Whole, which was designated by Resolution 34/138 as the Preparatory Committee for the global negotiations has met several times with a view to drawing up a report to the General Assembly special session in August/September 1980, containing its recommendations on the procedures, the time-frame and detailed agenda for the global negotiations. In addition, the Committee of the Whole has been given the responsibility for considering other matters relating to adequate preparations for the special session.
3. The Preparatory Committee for the New International Development Strategy continued its work at meetings in February and June 1980; with a view to submitting to the General Assembly, through the Economic and Social Council, a draft of the International Development Strategy for the Third United Nations Development Decade, for adoption and proclamation at the special session.

UNCTAD

4. The High-Level Intergovernmental Group on the Contribution of UNCTAD to the Preparation of the New International Development Strategy decided at meetings this year to transmit three papers submitted by Group B, Group D and the Group of 77 to a special session of the Trade and Development Board. At its eleventh special session held in March 1980, the Trade and Development Board forwarded the three papers to the Preparatory Committee for the New International Development Strategy in New York.

5. The twentieth session of the UNCTAD Trade and Development Board was held in March 1980. On the question of protectionism and structural adjustment, the Board decided, in accordance with Conference Resolution 131(V), to carry out annually a review of the patterns of production and trade in the world economy and to review, at the sessions of the Board and appropriate subsidiary bodies, developments involving restrictions on trade, with a view to examining and formulating appropriate recommendations concerning the general problem of protectionism. The Board also decided to undertake and complete the evaluation of the MTN results at its session in September and requested the competent UNCTAD Committees to examine developments in international trade arising from the implementation of the results of the MTN, in particular its impact on the trade of developing countries. The Board also took decisions on other issues, including the interdependence of problems of trade, development finance and the international monetary system, and the implementation of the earlier Board resolution concerning debt and development problems of developing countries.
6. The Committee on Tungsten meeting in February 1980 concluded that it was not yet possible for the Committee to reach agreement on measures to stabilize the tungsten market, and recommended that provision be made for it to pursue its discussion at a further session to be convened in late 1980 or in 1981.
7. At its meeting in February 1980, the Intergovernmental Group on Least-Developed Countries reviewed the recommendations formulated by the Group of High-Level Experts on Special Measures for the Least-Developed Countries which met in November 1979 to consider the Comprehensive New Programme of Action for the Least-Developed Countries. The Intergovernmental Group adopted resolutions concerning the review of progress and implementation under the Immediate Action Programme (1979-1981) and on studies and preparations relating to the Substantial New Programme of Action for the 1980's, recommendations on the least-developed countries for inclusion in the International Development Strategy for the Third United Nations Development Decade, and Preparations for the United Nations Conference on the Least-Developed Countries.
8. The ninth session of the Special Committee on Preferences, held in May/June 1980, adopted a resolution agreeing that the objectives of the generalized system of preferences would not be fully met by 1980 and that the duration of the system should be continued beyond the initial period. A comprehensive review of the generalized system of preferences should be held in 1990. In this context, the Committee noted that the GATT agreements relating to the Framework for the Conduct of International Trade provide a standing legal basis for granting preferential tariff treatment to developing countries within the generalized system of preferences.

Integrated Programme for Commodities

9. Following further meetings in October/November 1979, December 1979, February/March 1980 and April 1980 of the Interim Committee of the United Nations Negotiating Conference on a Common Fund, the full conference established, at its session held on 5-28 June 1980, the text of the Agreement on a Common Fund for Commodities. The Agreement will enter into force on 31 March 1982, or such later date as may be determined, after instruments of ratification, acceptance or approval from at least ninety States have been received, provided their total subscriptions to the First Account and their voluntary contributions to the Second Account attain the stipulated levels. The Conference established a Preparatory Commission for bringing the Common Fund into operation.
10. At its ninth session in December last year, the Ad Hoc Intergovernmental Committee for the Integrated Programme of Commodities (IPC) decided to undertake a comprehensive review of progress within the IPC at its tenth and final session. As from the end of 1980, in line with a decision by the UNCTAD Trade and Development Board, further work under the IPC will be entrusted to the UNCTAD Committee on Commodities.
11. The Fifth Preparatory Meeting on Tropical Timber, held in October 1979, examined the four elements identified by the Fourth Preparatory Meeting as a basis for an international arrangement (or arrangements) on tropical timber, namely: research and development; increased and further processing in the producing countries; reforestation and forest management; and market fluctuations. The Fifth Meeting is scheduled to continue its work in July 1980.
12. The Third Preparatory Meeting on Vegetable Oils and Oilseeds, held in October 1979, decided to proceed with the development of overall programmes of research and development for vegetable oils and oilseeds. The Meeting agreed on criteria and broad guidelines for the selection of research and development projects. The Meeting decided that, in a first stage and as a pilot undertaking, studies aimed at developing programmes should be undertaken on two product groups of particular interest to the developing countries: groundnuts and their products, and coconuts and their products. At a later stage the programme will be expanded to cover other important oilseeds and their products.
13. At a Seminar of Tea Exporting Countries held in Malawi in November 1979, the exporters set as an objective the holding of the price of tea at a minimum of 94 pence per kilo in 1980, and decided that intensive negotiations should be initiated under the Integrated Programme for Commodities to conclude an International Tea Agreement based on export quotas and a small buffer stock. Preceded by a meeting of the Intergovernmental Group of Experts on Tea, the Second Preparatory Meeting on Tea took place in December 1979. Tea producers were asked to draft a framework for the recommendations emanating from their seminar in Malawi and to draft a paper setting out, inter alia, administrative, financial and technical ramifications, to be considered by an intergovernmental group of experts.

14. A Seventh Preparatory Meeting on Copper, held in February 1980, agreed to invite the Ad Hoc Intergovernmental Committee to consider at its next meeting, the question of further preparatory work on copper, including the possibility of a reconvening of the Preparatory Meeting.

15. The Fourth Preparatory Meeting on Hard Fibres, held in February/March 1980, endorsed, in the context of its consideration of technical improvement programmes, lists of project groups as an adequate basis for initial programmes to be implemented by international bodies on abaca and coir to be negotiated. For sisal and henequen, the Meeting agreed to postpone further consideration of a list of projects until its fifth session. The Meeting agreed to request the UNCTAD Secretariat to undertake, in co-operation with the FAO Secretariat, a study of the modalities of a system of buffer stocking for sisal and henequen, although several consumer countries expressed doubts on the usefulness of such a study. The Meeting considered it desirable that measures for improved access to markets for sisal and henequen and their products and for abaca and its products be discussed in the appropriate fora. Institutional issues were discussed and, in this connexion, the European Communities made a detailed proposal for three autonomous bodies for the individual hard fibres, linked by a joint hard fibres council and a common secretariat. Other matters discussed at the Meeting were synthetics and substitutes, freight rates and transportation, improved statistical and other information and marketing and distribution.

16. The Fifth Preparatory Meeting on Cotton, held in March 1980, addressed itself to the nature and scope of an eventual international cotton agreement. Four informal proposals have been tabled by the United States, the USSR, eighteen developing countries and a group of Nordic countries. The Meeting agreed that consideration of these proposals would be the principal task at the Sixth Preparatory Meeting.

17. At its meeting in April/May 1980, the Pre-Negotiating Meeting on Jute and Jute Products decided to request the UNCTAD Secretary-General to convene a negotiating conference, probably towards the end of 1980. The conclusions adopted by the pre-negotiating meeting invite governments to submit draft Articles of Agreement to the UNCTAD Secretary-General as early as possible.

18. The First Preparatory Meeting on Bananas, held in April 1980, agreed that an overall programme of research and development should be prepared and that studies should be undertaken covering other areas of possible international action. Consumers and producers adopted a plan that could lead to the possibility of jointly sponsored activity on a number of elements in addition to research and development, including market promotion, joint procurement of inputs required by banana producing countries and measures to boost consumption. Price stabilization is under consideration by the FAO Intergovernmental Group on Bananas.

19. In May 1980, the Second Preparatory Meeting on Meat agreed to defer a decision as to whether an international action programme of developmental measures in the meat sector was necessary pending a review of what was already being done in this field by international organizations. In the meantime, it called for the submission by 30 November 1980 of proposals for projects in such fields as research and development and market promotion for consideration at the Third Preparatory Meeting to be held in the first half of 1981. As regards the Multilateral Trade Negotiations, the countries participating in the meeting recognized the significance both of the Arrangement Regarding Bovine Meat which had resulted from the MTN and of the establishment of the International Meat Council within GATT.

#### United Nations Cocoa Conference

20. The third session of the United Nations Cocoa Conference was held in November 1979. The Conference adjourned after two weeks of negotiations without succeeding in finding a price range which would be acceptable to both producers and consumers as the basis for a new Cocoa Agreement. The resolution adopted at the final plenary requested the International Cocoa Council to make arrangements for intensive consultations with a view to reconvening the Conference before the end of 1980. At its Fourteenth Session, in March 1980, the International Cocoa Council made arrangements for these consultations and heard an oral report from the chairman of the United Nations Cocoa Conference on them. The International Cocoa Agreement, 1975, terminated on 31 March 1980. The Fifteenth Session of the International Cocoa Council, held in June 1980 to consider matters relating to the liquidation of the Organization and the buffer-stock fund, decided to postpone the liquidation of the buffer-stock fund. It is understood further consultations are being held to consider the possibility of a resumption of the negotiations.

#### United Nations Conference on Restrictive Business Practices

21. The United Nations Conference on Restrictive Business Practices which met in November/December 1979 and April 1980, adopted a set of Multilaterally Agreed Equitable Principles and Rules for Control of Restrictive Business Practices. Among the stated objectives of the Rules and Principles are the ensuring that restrictive business practices do not impede or negate the realization of benefits that should arise from the liberalization of tariff and non-tariff barriers affecting world trade, particularly the trade and development of developing countries, and the attainment of greater efficiency in international trade and development, particularly that of developing countries, in accordance with national aims of economic and social development and existing economic structures.

#### United Nations Tin Conference

22. The United Nations Tin Conference met in April/May 1980, to negotiate a Sixth International Tin Agreement to succeed the Fifth International Tin Agreement which is due to expire on 30 June 1981. Before its adjournment,



the Conference adopted a resolution requesting the chairman of the Conference to undertake consultations on outstanding issues and, when appropriate, and if possible before the end of 1980, to invite the Secretary-General of UNCTAD to reconvene the Conference for a period of three weeks.

23. At a meeting immediately after the adjournment of the Conference, the International Tin Council agreed that in the event that it did not prove possible to reconvene the negotiating Conference before the end of 1980 - or if the Conference did reconvene before then but was not able to adopt a Sixth Agreement by consensus - the Council would meet in January 1981 in order to extend as appropriate the Fifth International Tin Agreement which is scheduled to expire on 30 June 1981.

Economic co-operation among developing countries

24. Preparatory meetings of governmental experts of developing countries on co-operation among State-trading organizations of developing countries, on the establishment of multinational marketing enterprises among developing countries, and on the establishment of a global system of preferences among developing countries were held in March/April 1980. A meeting of experts of the industrialized market-economy countries, in preparation for the first special session of the Committee on Economic Cooperation Among Developing Countries, was held in June 1980. The Special Session of the Committee which was held on 23 June-2 July considered the proposals of the developing countries with respect to the three ECDC priority areas and adopted a report which will be submitted to the Trade and Development Board.

FAO

25. The twentieth session of FAO Conference 1979, held in November 1979, considered the major trends and policies in food and agriculture and the activities of the organization. In relation to commodity and trade problems, the Conference adopted a resolution on commodity trade, protectionism and agricultural adjustment. The resolution recommends that all countries, particularly developed countries, display the necessary political will by refraining, to the maximum extent possible, from imposing any new tariff or non-tariff barriers to the imports of agricultural products, particularly from developing countries, and by progressively improving access to their markets for agricultural commodities. The resolution urges developed countries to adhere strictly to and implement fully the standstill provisions they have accepted, in particular concerning imports from developing countries. It further urges governments to give further and more urgent consideration to taking appropriate action in competent fora on the commodity trade issues of critical importance especially of developing countries, towards the elimination of non-tariff barriers as well as the removal of tariffs on tropical

products and other commodities of export interest particularly of developing countries. The resolution requests the Committee on Commodity Problems, with the assistance of its intergovernmental commodity groups, and in co-operation as appropriate with GATT and UNCTAD, to assess the impact of the results of the Multilateral Trade Negotiations on the trade prospects of the main commodities, with special regard to the exports of developing countries, to review systematically developments in protectionism and its effects on trade in agricultural products, especially from developing countries, and to examine the scope for and ways of promoting trade between developing countries in the commodities concerned. The Committee on Commodity Problems is requested to undertake this work so that it complements, and does not duplicate the work in other international organizations, and particularly in GATT and UNCTAD. A number of countries made interpretative statements regarding this resolution.

26. The Intergovernmental Group on Jute, Kenaf and Allied Fibres held its fifteenth session in October 1979. Following its review of the 1978/79 season and the outlook for 1979/80, the Group decided to recommend that the indicative price level for Bangladesh jute be maintained at £210 ± £20 per long ton for BWD f.o.b. Chittagong/Chalna on ninety days sight terms. As regards kenaf, the Group recommended an increase in the indicative price by US\$40 to US\$320 per long ton for "A" grade f.o.b. Bangkok sight. The Group also reviewed the longer term outlook for supply and demand, matters relating to the Integrated Programme for Commodities and research and promotion activities.

27. The Intergovernmental Group on Grains held its twentieth session in February 1980. The Group discussed the current market situation and the short-term outlook for 1980-1981, made an evaluation of the situation for grain stocks, reviewed the medium-term outlook for production, demand and trade for grains and its future work programme. While reviewing the projections for grain production, demand and trade up to 1985, the Group noted with concern that consumption requirements were growing faster than production in a number of importing developing countries. In view of the technical and financial problems involved in covering increased demand, the Group found that the estimate of 17 to 18.5 million tons of cereals provided a useful indication of food aid requirements by 1985. The FAO Secretariat was requested to analyze national grain policies, particularly those of developing countries, with special emphasis on world food security.

28. The fifteenth session of the Intergovernmental Group on Hard Fibres was held in February 1980. It reviewed the current situation for sisal and henequen, abaca and coir, including the impact of synthetics and considered the short-term outlook. It agreed to raise the mid-point of the indicative price range for sisal and henequen from US\$575 per metric ton (East African U G fibre c.i.f. Europe) to US\$700. In relation to abaca, the FAO Secretariat was requested to undertake a study on how prices could be maintained within

such indicative prices as may be agreed upon, in consultation with abaca producing and consuming countries. The Group endorsed the Report of the Third Session of the Ad Hoc Working Party on the Establishment of Coir International and welcomed the progress made by it.

29. The twenty-third session of the Intergovernmental Group on Rice was held in March 1980. It reviewed the rice situation and outlook, as well as rice policies in general and those of a number of individual countries. In connexion with international action to stabilize rice supplies and prices, the Group considered its own consultation arrangements. The Group adopted an informal and voluntary Framework for International Consultations on Rice, consolidating the consultative arrangements developed by the Group in past years. The Framework has the objectives of promoting international co-operation on all economic aspects of the world rice economy with a view to achieving a balanced situation and of ensuring orderly trade at reasonably remunerative prices. The Group further reviewed the follow-up to the recommended Guidelines for National and International Action on Rice.

30. At its fourteenth session held in April 1980, the Intergovernmental Group on Oilseeds, Oils and Fats, made an evaluation of the existing market situation for oilseeds, oils and fats and reviewed the short-term outlook for these products. The Group adopted Guidelines for International Co-operation in the Oilseeds, Oils and Oilmeals Sector. It conducted a preliminary examination of the results achieved in the Multilateral Trade Negotiations in the sector. In examining the question of the promotion of trade among developing countries, the Group considered that, in view of the large possibilities for expanding such trade in this sector, particular and priority attention should be paid to it in the context of future negotiations among developing countries.

31. The Intergovernmental Group on Bananas held its seventh session in May 1980. The Group addressed itself to the current market situation and outlook for 1980, the medium-term outlook for 1984-1985, cost and price developments and the implications of the review of these matters for the world banana economy and the future programme of work. The Group also considered a progress report from the Working Party on Elements of an International Banana Agreement. The Group reaffirmed its willingness to continue to work towards the preparation of elements which might be included in a draft international agreement, but noted that it would take considerable time before a consensus could be reached among exporting countries to enter into negotiations on stabilization mechanisms. It decided that the Group should continue to seek to develop appropriate international measures to ensure the balanced expansion of world banana production, consumption and trade, and that, when sufficient progress had been reached in the Group and/or upon the request of exporting and/or importing countries, the Director-General may, when he considers it appropriate, reconvene the Working Party. A number of

delegates from exporting and importing countries emphasized that rationalization measures would not achieve their objective to maintain a dynamic equilibrium unless the present high level of tariff and non-tariff barriers to trade in bananas adopted by some countries was removed. In this connexion it was noted that the FAO Conference had requested the Committee on Commodity Problems, with the assistance of its Intergovernmental Groups, to review systematically developments in protectionism and its effects on agricultural trade, especially of developing countries. The secretariat was requested to carry out such a study for bananas and report to the next session of the Intergovernmental Group on Bananas. It was unanimously agreed that any measure to develop trade liberalization should continue to safeguard the interests of traditional preferential suppliers in accordance with the Canary Islands Consensus of 1967 and the position of the Sub-Group of Exporters taken in Abidjan in 1975.

#### Olive Oil Agreement

32. The 1979 Olive Oil Agreement entered into force provisionally on 1 January 1980 after the requirement contained in the instrument had been fulfilled that six countries representing at least 60 per cent of world production should have signed and ratified the Agreement, or notified that they would apply it provisionally.

#### International Sugar Organization

33. The International Sugar Council decided, at its special session in March/April 1980, to increase the range of prices under the International Sugar Agreement by one US cent to 12.00 c to 22.00 c per lb., with effect from 1 April 1980. Following the signature by the United States President of legislation enabling the United States to implement all its obligations under the International Sugar Agreement, the International Sugar Council decided in May 1979 to introduce payments of the Special Stock Fund fee at the rate of \$0.50 per metric ton from 1 July 1980 on transactions involving member countries. This provision would not apply to the least developed countries.

#### International Wheat Council

34. At its eighty-ninth session, held in November 1979, the International Wheat Council reviewed the current and prospective world wheat situation. The Council also examined the report of the first meeting of the Special Committee which had been established to address the issues outstanding from the UN Negotiating Conference, which had been adjourned in February 1979 and such other matters impeding the negotiation of a new Wheat Trade Convention. The Council recognized that there was little prospect of successfully negotiating in the foreseeable future a new Convention on the bases evolved until the adjournment of the Conference. It was, therefore, necessary to search for alternative solutions to fulfil the twin objectives of market stability and world food security. The Special Committee is to report on its consideration of alternative proposals to the Council at its ninetieth session late in June 1980.

35. The Food Aid Committee held its Thirty-fifth (special) Session in March 1980, the only item on the agenda being the completion of negotiations for a new Food Aid Convention. The Committee completed its task, and an agreed text has been forwarded to governments which participated in the final meeting and which have made pledges for food aid in grains, inviting them to deposit instruments of ratification, acceptance or approval not later than 30 June 1980, so that the Food Aid Convention, 1980 could come into effect on 1 July 1980.

#### UNIDO

36. The Third General Conference of UNIDO was held in New Delhi in January/February 1980. It considered a draft Declaration and Plan of Action, presented by the Group of Seventy-Seven, calling for, inter alia, the establishment of a Global Fund for the Promotion of Industrialization of Developing Countries, the disaggregation of the targets contained in the Lima Declaration and Plan of Action into mid-term, sectoral and regional targets, the development of UNIDO's system of industrial consultations, targets concerning the coverage of developing countries manufactures imports from industrial countries by their manufactures' exports to the industrial countries, technology transfers, and the strengthening of the collective self-reliance of developing countries in the field of industrial development. Agreement could not be reached between the negotiating groups on the Declaration and Plan of Action, which was, however, adopted by 83 votes to 22. At the closure of the Conference, all Groups declared themselves ready to continue negotiations at the special session of the UN General Assembly to be held in August/September 1980.

#### IMF

37. At its April 1980 meeting in Hamburg, the Interim Committee discussed the world economic outlook and the policies appropriate in the current situation. Expressing great concern at the dramatic and wide-spread rise in rates of inflation, the Committee agreed that the top priority being given in many countries to the fight against inflation must not be relaxed. With respect to the international payments situation, the Committee found most disturbing the sharp increase in the current account deficit of the non-oil developing countries. It was feared that this adverse swing would generate external financial difficulties for many of these countries and that a number of low-income countries in the group would face severe problems in maintaining an adequate flow of imports. To avert hardships for these countries the Committee urged provision of sufficiently large amounts of aid and concessional loans. With respect to those developing countries with relatively good access to international financial markets, the Committee was concerned about the medium-term implications of heavier borrowing,

especially for debt servicing. To minimize these burdens, the Committee urged that developing countries seek a judicious blend of adjustment and financing to meet the payments problems immediately ahead. Recognizing that the ability of non-oil developing countries to achieve the desired objectives would depend importantly on their access to foreign markets, the Committee urged the industrial countries to keep their markets open to exports from developing countries. Avoidance of protectionist trading policies was considered of vital importance at a time of sluggish growth in world economic activity. In view of the outlook for the world economy and, in particular, the prospect of large and widespread payments imbalances, the Committee agreed that the Fund should stand ready to play a growing rôle in the adjustment and financing of these imbalances. The Committee further considered a number of matters relating to the work of the Fund.

#### World Food Council

38. The World Food Council met in Arusha, Tanzania in June 1980. It reviewed progress in achieving its mandate from the UN General Assembly to eradicate hunger. The Council expressed its concern with the unsatisfactory progress made by the international community towards achieving the general objectives and implementing the recommendations of the World Food Conference. It noted certain positive developments, including the conclusion of a more adequate Food Aid Convention at almost double the level earlier achieved, although still short of the 10 million ton target. The Council encouraged the efforts towards a new International Wheat Agreement in the International Wheat Council and called on all concerned to bring them to an early and successful conclusion. Among the considerations that the Council put forward in relation to the priority importance that should be attached to problems of food in the new international development strategy were that food security should best be achieved by an internationally co-ordinated system of nationally-held reserve stocks, preferably, if early action proves possible, within the framework of an International Wheat Agreement, with related economic provisions, and that all countries should consider a major long-term expansion and shift in trade, which would be related to adjustments in production, so as to provide developing countries with greater trade opportunities and eliminate constraints to an expanding world economy.

#### OECD

39. The OECD Council, meeting at Ministerial level in June 1980, adopted on 4 June 1980 a Declaration on Trade Policy. In it, Governments of OECD member countries declare their determination with regard to trade in both industrial and agricultural products:

-- to maintain and improve the open and multilateral trading system, and to this end to strengthen in particular the rôle of the GATT;

-- to implement fully and effectively the commitments made in the multilateral trade negotiations, both in their letter and spirit; to avoid measures which might erode the achievement of these negotiations and to continue their efforts towards further improvements in such areas which were not covered by the negotiations or where adequate results have not yet been achieved;

-- to strengthen trade relations with developing countries having in mind their special needs, in particular those of the poorer among them, the crucial importance of export earnings for developing countries and the favourable effect of high growth in those countries for the world economy; and to pursue policies which contribute to their economic development and facilitate their progressive integration into the open and multilateral trading system;

-- to avoid restrictive measures in the trade field and on other current account transactions which might create snowballing effects, have an adverse impact on inflation, productivity and growth potential, or inhibit the dynamic development of world trade and its financing, in particular as regards trade of developing countries;

-- to avoid policies and measures which distort export competition, including in the export financing field;

-- to pursue policies in line with the general orientations agreed in 1978 which facilitate positive adjustment to structural changes in demand and production in the world economy and which therefore further the objective of securing an open trading system, and to avoid internal measures which have protectionist effects.

40. In their final communiqué, in which priority is given to containing inflation, the Ministers stressed their willingness to pursue constructive co-operation with the developing countries in international negotiations aimed at restructuring international economic relations. They stated that the special interests of developing countries should be recognized in international co-operation in the field of commodities, and that maintaining open markets for exports of developing countries, stepping up productive investment and contributing to the international aid effort were other ways that OECD nations could minimize the effects on developing countries of the slowdown in the OECD countries.

#### Venice economic summit

41. At the summit meeting of major economic powers in Venice in June 1980, the leaders declared that their immediate priority was to reduce inflation. They also declared their commitment to encourage investment and innovation, so as to increase productivity, to fostering the movement of resources from

declining into expanding sectors, and to promoting the most effective use of resources within and among countries. They resolved to strengthen the open international trading system and to resist pressure for protectionist action. They endorsed the positive conclusion of the Multilateral Trade Negotiations, and committed themselves to an early and effective implementation. They welcomed the participation of some developing countries in the new non-tariff codes and called upon others to participate. They also called for the full participation of as many countries as possible in strengthening the GATT system. They expressed their deep concern about the impact of the oil price increases on oil-importing developing countries. They stated that the primary rôle that the international capital market should continue to play in recycling balance-of-payments surpluses should be complemented by an expanded rôle for the IMF. They expressed support for the IMF's examination of ways to reduce charges on credits to low income developing countries, and welcomed the World Bank's innovative lending scheme for structural adjustment. They declared that they were approaching in a positive spirit the prospect of global negotiations in the framework of the United Nations and the formulation of a new international development strategy.

#### Brandt Report

42. The Independent Commission on International Development Issues, established in September 1977 under the Chairmanship of Mr. Willy Brandt, adopted the text of its Report in December 1979 and forwarded it to the United Nations Secretary-General. The Report, entitled North-South: A Programme for Survival, contains a list of recommendations concerning North-South economic relations, including in the areas of food, population, commodity trade and development, energy, industrialization and world trade, transnational corporations, investment and technology, the international monetary system and development finance. It also contains suggestions on how the international community might set about negotiating and putting into practice such recommendations. The Report emphasizes the interdependence of North and South, and especially their mutual interest in those changes that would facilitate the development of the South.