

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

Note by the Secretariat

1. In accordance with its terms of reference, the Committee on Trade and Development is required to keep under continuous review progress made in the implementation of Part IV of the General Agreement. The Committee also undertakes, on a regular basis, reviews of the operation of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (also known as the Enabling Clause), in accordance with the Committee's primary responsibility for supervision of the implementation of that Decision. The last review of the implementation of Part IV and of the operation of the Enabling Clause was undertaken by the Committee at its forty-fifth session in November 1981.

2. The secretariat has made an effort to bring together in this note information on certain actions which have been taken by contracting parties since the meeting of the Committee in November 1981 relevant to the implementation of Part IV and the operation of the Enabling Clause. Section I provides information on commercial policy measures; delegations will have a further opportunity to examine those measures that fall within the competence of the Sub-Committee on Protective Measures at the next meeting of that body. In Section II, the secretariat has summarized available information on developments in regard to the operation of the Enabling Clause since the November 1981 meeting of the Committee, in accordance with the agreement at the March 1980 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. Section III - Developments in Other GATT Bodies of Interest in Relation to Part IV - is intended to respond to the general understanding 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. Activities in other international organizations relevant to Part IV are summarized in the Annex.

SECTION ICOMMERCIAL POLICY MEASURES

3. With effect from 2 December 1981, imports into Australia of primary cells and batteries became dutiable at 30 per cent for a period of three years, this rate being the approximate equivalent of the previous rate of duty (15 per cent and \$A 0.02 each) applied to these goods. After the three-year period, the duty is to be reduced to a long-term rate of 25 per cent. The temporary duties applicable to certain bags, cases and similar containers (tariff item 42.02.5), introduced on 4 February 1981, ceased to be operative on and from 4 February 1982. Import duty rates applicable to polyunsaturated margarine falling within tariff item 15.13 were reduced from 20 per cent to 10 per cent with effect from 18 February 1982. Australia terminated quantitative restrictions on imports of double-edged safety razor blades with effect from 18 February 1982 (L/4666/Add.1) and on works trucks and stackers with effect from 1 April 1982 (L/5026/Add.20).
4. On 2 February 1982, import duties in Iceland on certain domestic electrical appliances and parts therefor were reduced from 80 per cent to 40 per cent.
5. The Italian deposit requirement for purchases of foreign currency, that was introduced in May 1981, was terminated on 7 February 1982, some three weeks ahead of the previously announced schedule (L/5162/Add.3).
6. Japan implemented, with effect from 1 April 1982, tariff reductions on 1,653 items two years ahead of the scheduled staging for Tokyo Round tariff concessions. Japan also made tariff reductions on certain other products including tobacco, tungsten ore and concentrates and aluminium ingots, and has revised certain import arrangements for petroleum (see COM.TD/109 for further details). In January 1982, the Japanese Government announced that it would introduce some sixty-seven changes to import procedures in regard to such matters as testing, standards and customs clearance etc., with a view to responding to difficulties experienced by trading partners. At the same time, the Japanese Government established a "Headquarters for Promotion of Settlements of Grievances related to the Openness of the Japanese Market" (Office of Trade Ombudsman), with a view to seeking the prompt settlement of complaints. In May 1982, the Japanese Government announced a further set of measures designed to improve conditions of access to the Japanese market. These included the elimination of tariffs on some 96 mineral or industrial items, and the reduction of tariffs on 17 agricultural items and 102 other items. In regard to items to which import restrictions still apply, the Japanese Government said that it would increase import quotas on herring, prepared and preserved pork, and canned pineapples, and establish a minimum amount (30,000 tons per annum) for the import quota on hi-test molasses in 1983 and 1984.
7. The major change in the New Zealand 1982-1983 Import Licensing Schedule, which specifies licensing arrangements for the year beginning 1 July 1982 for that part of New Zealand imports that is subject to import licensing, is the provision for the tendering of part of the basic allocations for some items, introduced with a view to alleviating some

undesirable rigidities in the allocation of licences and increasing flexibility. The 1982-83 Schedule provides a basic allocation for manufacturers' inputs and componentry of 115 per cent of 1981-82 licences. This level of basic allocation for manufacturers takes into account expected import price increases in 1982-83. The allocation for most consumer goods is 100 per cent of 1981-82 licences with an additional 15 per cent to be made available under tendering procedures. For those few item codes for consumer goods where allocations are set in volume terms, the allocation is 85 per cent plus 15 per cent subject to tendering. Some further exemptions from import licensing control are provided for in the 1982-83 Schedule, including bitters and microwave ovens. Special licence allocations under the Developing Countries Handicraft Scheme, which is designed to assist developing countries to obtain access for their handicrafts to the New Zealand market, are being increased by 20 per cent overall, subject to item code and country limits. On 8 December 1981, model railway equipment and accessories (excluding control units), radio remote control apparatus and internal combustion engines for toys were placed on licence on demand. Portable radios were made licence on demand items with effect from 1 March 1982.

8. With effect from 1 March 1982, the United States Government terminated the additional duties on some of the types of prepared or preserved mushrooms on which such duties had been imposed on 1 November 1980. Additional duties continue to apply to certain other types of prepared or preserved mushrooms (L/5088/Add.5).

9. Other commercial policy developments of possible interest in relation to-the provisions of Part IV are listed below.

10. With effect from 19 March 1982, the duty on imports into Australia of hand and machine scales, and certain drawing and mathematical calculating instruments was increased from 2 per cent to 25 per cent. The duty will be phased down to 20 per cent after two years. The new seven-year programme of assistance for the textiles, clothing and footwear industries that was announced in August 1980 came into effect on 1 January 1982 (the programme is outlined in paragraph 7 of COM.TD/W/322).

11. Canada imposed restrictions on imports of non-leather footwear for a three-year period beginning 1 December 1981. A global quota of 35.6 million pairs has been established for the period 1 December 1981 to 30 November 1982, to be increased to 36.7 million and 37.8 million pairs for the subsequent twelve-month periods. Rubber footwear, waterproof plastic footwear, downhill ski boots and certain speciality non-leather footwear products are excluded from the restrictions. To encourage the necessary structural adjustment, the Canadian Government is providing adjustment assistance to manufacturers as well as to small and medium-sized communities affected by the adjustment programme (L/5263).

12. The European Economic Community has adopted arrangements restricting the issue of import licences and the collection of levy (to a maximum of 10 per cent ad valorem) in respect of live sheep and goats and meat of sheep

and goats imported from non-member countries which have not concluded voluntary restraint agreements with the Community. Under these arrangements, imports in 1982 from Chile are limited to 1,490 tons (of frozen meat of sheep or goats), and from Spain to 500 tons (of fresh or chilled meat of sheep or goats). The Community has extended for a further year to the end of 1982 arrangements governing trade in certain iron and steel products with fourteen supplying countries, including Brazil, the Republic of Korea and Romania. "Basic prices" applicable in the Community to certain iron and steel products covered by the surveillance arrangements for protection against dumping or the granting of subsidies by countries not members of the European Coal and Steel Community were increased on 1 January 1982. In April 1982, the Commission of the European Communities and Thailand reached agreement on arrangements restricting Thai exports of tapioca to the Community market until 1986.

13. France has restricted imports of quartz watches from Hong Kong to 5.5 million units for the period 1 October 1981 to 31 December 1982. Unilateral restraints on imports into Greece of certain woven jute fabrics from Bangladesh and India have been prolonged for a further year, to the end of 1982. These restrictions have been imposed pending the outcome of negotiations between the EEC, on the one hand, and Bangladesh and India, on the other, on the adaptation of their respective export restraint agreements on certain jute products, to take account of the accession of Greece to the EEC.

14. Iceland reintroduced the import deposit scheme for furniture and fittings, doors and cupboards on 1 January 1982, for a period of one year. Under a law of 27 February 1982, the Icelandic authorities placed a customs service charge of 1 per cent on all imports, other than: goods in Chapters 1 to 24 of the tariff intended for human consumption; goods exempt from duty under EFTA and EEC agreements; goods exempt from duty and required by local industry; aircraft fuels, gas oil and fuel oil; and ships and aircraft and spare parts therefor.

15. The Government of Norway has notified the CONTRACTING PARTIES that the system of global import quotas on various textile items would be prolonged by half a year, to 31 December 1982. The global quotas will correspond to the quotas established for the first half of 1982, with the exception of the quota for outer garments of woven material for infants which has been increased from 420,000 to 500,000 pieces (L/4692/Add.10).

16. Sweden subjected imports of fresh, chilled and frozen mushrooms (CCCN ex 07.01 and ex 07.02) to licensing with effect from 9 June 1981.

17. Switzerland extended, with effect from 1 January 1982, the regime of compulsory reserves pursuant to the Swiss Federal Act of 30 September 1955 on the Preparation of the National Economic Defence to tea and solid mineral fuels. Imports of these items (tariff headings 09.02.10/12, ex 21.02.12, 27.01.10/20, 27.02.10/20, 27.04.10/20 and 27.14.10) are now subject to the import permit regime in accordance with the general licensing procedures. The licensing regime is that of "automatic import licensing", licences being freely granted (LIC/1/Add. 27 and 29).

18. The import duty on sugar in the United States was increased on 24 December 1981, from 0.625 US cents per lb. to 2.8125 US cents per lb. (for raw sugar at 96 degrees polarization). An import fee mechanism similar to that previously in force also applies. With effect from 11 May 1982, the United States reintroduced import quotas on sugar. The allocation of the quotas among supplying countries will be based on the average United States imports of sugar from each country between 1975 and 1981, excluding the highest and lowest years. The United States Government has decided to continue for a further period of two years, to 22 February 1984, global quotas on imports of wood and plastic clothes-pins (L/4759/Add.2). These quotas had been imposed on 23 February 1979 for a three-year period. The United States Government has continued the additional duty on imports of certain high-carbon ferro-chromium for a further year (L/4702/Add.6). The additional duty had been imposed for a three-year period from 17 November 1978. The trigger-price mechanism in respect of steel imports was suspended on 11 January 1982 following the filing of a large number of anti-dumping and anti-subsidy petitions by the United States industry. The United States Government announced in April 1982 that it would resume monitoring imports of stainless steel round wire under the trigger-price mechanism.

SECTION II

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

19. Notifications made to the CONTRACTING PARTIES of relevance to the Enabling Clause since the last meeting of the Committee are as follows:

- (i) Changes to GSP schemes: Australia - L/3982/Add.17;
Austria - L/4108/Add.12 and 13; Canada - L/4027/Add.16;
European Communities - L/5116/Add.1; Hungary - L/5141/Add.1;
Poland - L/5231; Switzerland - L/4020/Add.6; United States -
L/5153/Add.1.
- (ii) Matters relating to paragraph 2(c) of the Enabling Clause:
Bangkok Agreement: Report by the Standing Committee - L/5243.

20. In the paragraphs that follow, the secretariat has attempted to summarize, for the convenience of the Committee, the main features of the above notifications and to provide certain other information that may be relevant to a review of the operation of the Enabling Clause. The information below is intended to facilitate the Committee's review and is provided without prejudice to the legal or other position of any contracting party on the matters referred to, in relation to the provisions of the Enabling Clause or of the General Agreement.

(a) Generalized System of Preferences (GSP)

21. Australia has improved the GSP treatment on rock drill bits, integral steel for rock drills etc. (CCCN 82.05); spoons, forks, ladles etc. (82.14); surge diverters (85.19); battery operated forklifts and mechanically propelled pallet trucks (87.07); pen and pencil sets for

school use (93.03); and certain typewriter ribbons (98.03). The developing country preference quota on fruit, fruit peel etc., preserved by sugar (20.04.9) has been removed. Hong Kong has been reinstated as a beneficiary of GSP treatment on electric warning devices (85.09). Brazil has been excluded from GSP treatment on pencils (98.05) and has had its preferential margin in respect of vibratory road rollers (84.09) reduced from 20 to 10 percentage points. A new m.f.n. tariff structure in respect of textiles, clothing and footwear products came into effect on 1 January 1982; GSP arrangements (preferential margins and country exclusions) were carried forward and applied to the new tariff structure (L/3982/Add.17).

22. Austria reduced, from 9 per cent to 4 per cent, the GSP rate applying to crushed nutmeg (mixtures of whole nutmeg and crushed nutmeg but not of ground nutmeg) and crushed nutmeg flower (crushed but not ground), in single packings containing 25 kg. or more, as from 4 July 1981 (L/4108/Add.12). With effect from 1 January 1982, Austria included three new agricultural products in its GSP (walnuts, certain resins and truffles), and improved the GSP treatment accorded to four other agricultural products (dates, badian seeds, certain castor oil, and purified glycerol) (L/4108/Add.13).

23. On 11 December 1981, Canada withdrew for a period of three years the GSP on Red Lake C Organic Pigment. This action was based on findings by the Canadian Tariff Board to the effect that imports of Red Lake C from GSP beneficiary countries had injured Canadian production of this pigment and that significant relief would be provided by withdrawal of the GSP margin of preference from imports. The matter will again be reviewed by the Tariff Board prior to the expiry of the three-year withdrawal period (L/4027/Add.16).

24. With respect to agricultural products, changes to the GSP scheme of the European Communities as of 1 January 1982 include the following:

- improvement of the preferential margin in respect of 36 products already covered by the system: this involves duty reductions of between one and four percentage points, resulting in certain cases (e.g. meat extracts) in complete exemption from duties;
- inclusion of 14 new products under the system, including certain plants, processed cut flowers, papaws, pineapple juice and two spirituous beverages (Pisco and Singani).

With respect to industrial products, the basic structure of the scheme remains unchanged. Eight items have been deleted from, and 11 items have been added to, the list of sensitive products, which now contains 6 ECSC items and 125 other industrial items. The amounts of individual country quotas and ceilings have in most cases been increased by 5-15 per cent; however, in certain sectors, notably steel, footwear, leather and leather products, 1981 levels have been maintained. With regard to non-sensitive products, the reference base has been raised across the board from 102 per cent of the 1980 'butoir' to 120 per cent, i.e. an increase of 17.65 per cent. For textile products, the 1981 GSP scheme has been renewed unaltered (preferential limits for textiles are expressed in unitary - i.e. weights, etc. - terms) (L/5116/Add.1).

25. In 1981, Hungary extended its GSP scheme to cover six additional products, and included Guinea-Bissau, Grenada, Mozambique and Zimbabwe in the list of beneficiary countries (L/5141/Add.1).

26. Changes made to the GSP scheme of Japan as of 1 April 1982 include: (i) the reduction of GSP rates with respect to 19 items including bananas, some garments, dolls and certain toys; (ii) an increase of 6.7 per cent in the ceiling quotas for industrial products; and (iii) the flexible administration of ceilings for six additional product groups.

27. A revised GSP scheme of Poland entered into force on 1 January 1981 for a period of five years. 120 countries including thirty least-developed countries have been designated beneficiaries of the scheme. The Polish scheme covers more than 1,000 items including a number of agricultural products (L/5231).

28. The GSP scheme of Switzerland has been extended for ten years, from 1 March 1982 to 29 February 1992. The new scheme includes the following provision:

"The Federal Council shall review periodically whether and, where appropriate, to what extent the tariff preferences granted for products imported from specified preference-receiving countries continue to be justified having regard to the level of development and the financial and commercial situation of those countries."

Switzerland has also made certain changes to the rules of origin under its GSP scheme (L/4020/Add.6).

29. The main changes made to the United States GSP scheme as of 31 March 1982 are as follows (L/5153/Add.1):

- (i) Forty-eight new products¹ have been added; eligible imports of these products from beneficiary countries amount to approximately \$76 million (based on 1981 trade).
- (ii) Competitive need exclusions total approximately \$6.8 billion in beneficiary country imports (1981 trade) compared to \$5.6 billion the previous year.

¹Including the following that have been the subject of consultations in the Committee's work on tropical products: 13789 sweet potatoes; 14187 sweet ginger, prepared or preserved; 14803 (previously 14800) fresh mangoes; 15278 (previously 15276.40) fruit pastes and fruit pulps, other; 15303 (previously 15304.20) jellies, jams, marmalades, etc.; 16184 pepper, capsicum or cayenne or red; 16188 ground pimento.

- (iii) Under the de minimis provision of the Trade Agreements Act of 1979, the United States President has waived the 50 per cent competitive need limit in respect of 194 products. The waiver was not used with respect to three qualifying products because of the import sensitivity of the domestic industry.
- (iv) Of the \$810 million in beneficiary country imports which were ineligible for GSP treatment in 1981 but eligible for redesignation because 1981 shipments fell below competitive need limits, \$213 million, involving 35 products has been redesignated. The remaining \$597 million has not be redesignated: such trade is considered "graduated" from GSP eligibility. In addition, \$53 million in beneficiary country imports was "graduated" from GSP eligibility as a result of specific petitions filed in the annual product review. The beneficiary countries affected by these "graduation" actions include: Brazil, Hong Kong, Israel, the Republic of Korea, Mexico and Singapore.
- (v) The Caribbean Common Market (CARICOM) has been designated as eligible to receive cumulative treatment under the rules of origin.

30. For purposes of their GSP schemes, Bulgaria, Czechoslovakia, Hungary, Poland and the USSR adopted uniform rules of origin in 1981. At its meeting held in April 1982 the UNCTAD Working Group on Rules of Origin agreed on a revised version of the notes appearing on the reverse of the certificate of origin Form A. The revision will enable the use of Form A for all existing GSP schemes.

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

31. 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

32. The Agreement establishing the Gulf Co-operation Council was signed in November 1981 by Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. The Agreement provides a comprehensive multilateral framework for mutual economic relations between the countries members of the Council. Among other things, the Agreement emphasises the need for a common customs tariff, unified trade legislation and the liberalization of mutual trade in industrial products originating in the member countries.

33. The seventeenth summit meeting of UDEAC (Central African Customs and Economic Union), held in December 1981, reached an agreement in principle to establish a new economic community in the region. In addition to the four member States of UDEAC (Cameroon, Central African Republic, Congo and Gabon), seven other African nations (Angola, Burundi, Chad, Equatorial

Guinea, Rwanda, Sao Tome and Principe and Zaire) were also represented. In March 1982, a ministerial meeting of the eleven States was held to examine practical ways to set up an economic community of Central African States.

34. In December 1981, nine nations (the Comoro Islands, Djibouti, Ethiopia, Kenya, Malawi, Mauritius, Somalia, Uganda and Zambia) signed a treaty establishing a Preferential Trade Area in Eastern and Southern Africa. The treaty provides for a broad range of measures aimed at freer regional trade and co-operation in such areas as transport, communications, industry and agriculture. Subsequently, the treaty was also signed by Lesotho and Swaziland.

35. In January 1982 the conference of ASEAN Ministers of Economics decided to include a further 1,948 tariff items in the preferential arrangement on trade among the five ASEAN member countries. The total number of items included in the Agreement on ASEAN Preferential Trading Arrangements (PTA) has thus risen to 8,529. Furthermore, it was decided that all products whose imports in 1978 had amounted to not more than \$1 million be included in the PTA. Previously, the limit was \$0.5 million.

(d) Special treatment for least-developed countries

36. A summary of recent developments is contained in document COM.TD/W/LLDC/6.

(e) Other developments related to differential and more favourable treatment of developing countries

37. At the Council's meeting on 31 March 1982, the representative of the United States informed the Council that on 17 March 1982 the United States President had submitted to the Congress the Caribbean Basin Economic Recovery Act. He said that the proposed legislation was part of a new programme for economic co-operation with the countries in the Caribbean Basin Region, containing a series of measures in the fields of trade, financial assistance, and investment to promote economic recovery. The principal feature of the trade portion of the proposed programme would be authority during twelve years for the President to grant duty-free entry for all products from designated beneficiary countries, except textile and apparel items subject to textile agreements. As long as a domestic agricultural sugar price support programme was in effect, sugar imports would be eligible for duty-free treatment up to certain limits. The origin requirements would be similar to those in the United States GSP scheme. He said that the bill also contained tax measures to encourage investment by United States persons in qualifying beneficiary countries, and provided authority to extend emergency economic assistance to countries in the region (C/M/156).

SECTION IIIDEVELOPMENTS IN OTHER GATT BODIES OF INTEREST
IN RELATION TO PART IVThe Council

38. The Council met in December 1981, and in February, March and May 1982. At its December 1981 meeting, the Council, inter alia, took note of statements concerning the liquidation of strategic stocks by the United States, and on quantitative restrictions maintained by France on imports of a number of products from Hong Kong. At its March meeting, the Council adopted the Report of the Working Party set up to conduct a review of the situation regarding sugar. The Chairman expressed regret that no satisfactory solution had been reached on this matter. The Council decided that the two cases concerning EEC refunds on exports of sugar should be closed. At its March meeting, the Council also agreed to establish panels, at the request of the United States, in respect of certain aspects of the Canadian Foreign Investment Review Act and in respect of EEC subsidies on certain preserved fruits. Other matters considered by the Council at its various meetings (in addition to those mentioned elsewhere in this Section) included: United States imports of certain automotive spring assemblies; tax legislation and practices of certain contracting parties; the fifth triennial review of the application of the provisions of paragraph 4 of the Protocol of Accession of Switzerland; United States prohibition on imports of tuna and tuna products from Canada; reports on the operation of certain regional agreements (including the Caribbean Common Market and the Central American Common Market); the proposed United States Caribbean Basin Initiative (see paragraph 37 above); the Indian auxiliary duty of customs; and trade restrictions affecting Argentina applied for non-economic reasons. It might also be noted that ten contracting parties have made a joint representation to the European Communities under Article XXIII:1 in respect of the EEC sugar regime.

The Preparatory Committee

39. At their thirty-seventh session, in November 1981, the CONTRACTING PARTIES decided that their 1982 session would be convened at the Ministerial level. The purpose of the Ministerial meeting would be "to examine the functioning of the multilateral trading system, and to reinforce the common efforts of the contracting parties to support and improve the system for the benefit of all nations". Overall responsibility for preparation of the Ministerial meeting was entrusted to the Council. The Council, at its December 1981 session, decided to establish a Preparatory Committee to assist the Council in the preparation of the agenda and documentation and in regard to all other necessary arrangements for the Ministerial meeting. The Preparatory Committee had held five meetings, up to May 1982, to deal with questions in regard to the management and administration of the Ministerial meeting, the agenda for the meeting, and the structure and substance of the "final product" of the Ministerial meeting. Other GATT bodies are also expected to contribute to

the process of preparations for the Ministerial meeting. In this connexion, the Preparatory Committee has taken note of the Proceedings of the Forty-Sixth (April 1982) Session of the Committee on Trade and Development (COM.TD/110).

Consultative Group of Eighteen

40. The Consultative Group of Eighteen held its seventeenth and eighteenth meetings in February and May 1982. The meetings were devoted to the discussion of the current economic situation and trade policies, co-operation on agriculture in the GATT, and the question of a contribution by the Group to the preparation of the Ministerial meeting. Views exchanged in the Group on the Ministerial meeting were transmitted to the Preparatory Committee (Spec(82)12 and Spec(82)50). The Group also transmitted to the Preparatory Committee two secretariat notes, prepared at the Group's request, on the subject of co-operation on agriculture in the GATT (CG.18/W/59/Rev.1 and CG.18/W/68), as a possible basis for further work on this issue in preparation for the Ministerial meeting.

Textiles Committee

41. The Textiles Committee held its last meeting under the Arrangement as extended in 1977, between 18 November and 22 December 1981, to continue discussion of proposals regarding the extension, modification or discontinuation of The Arrangement Regarding International Trade in Textiles (MFA). After prolonged and intensive discussions, the Committee decided to extend the Arrangement for a further period of four years and seven months, from 1 January 1982 to 31 July 1986, subject to certain understandings set forth in the "Conclusions of the Textiles Committee" adopted on 22 December 1981. The "Conclusions", *inter alia*, reaffirmed the commitment of the participating countries to the objectives of the expansion of trade, reduction of barriers to such trade and the progressive liberalization of world trade in textile products, as well as "the need to monitor adjustment policies and measures and the process of autonomous adjustment" in terms of the provisions of the Arrangement. At its meeting in May 1982, the Textiles Committee appointed Ambassador Marcelo Raffaelli (Brazil) the Chairman of the Textiles Surveillance Body, with effect from 1 July 1982.

Committee on Balance-of-Payments Restrictions

42. The Committee on Balance-of-Payments Restrictions consulted with Tunisia, in November 1981, in accordance with the simplified procedures for regular consultations on balance-of-payments restrictions with developing countries. "Full" consultations were held in the same month with Yugoslavia, and in December 1981 with Brazil and Greece. The reports in regard to these consultations were subsequently adopted by the Council.

Committee on Tariff Concessions

43. The Committee on Tariff Concessions met in April 1982. The Committee had a preliminary discussion of the Harmonized System for Commodity Description and its implications for GATT Schedules. It was generally agreed that the adoption of the Harmonized System would facilitate trade and the analysis of trade statistics. It would ensure greater uniformity in customs classification and thus greater ability for countries to monitor and protect the value of tariff concessions. It was suggested that the Ministers, at their meeting in November 1982, might endorse the major guiding principles for the negotiations that would have to be undertaken consequent upon the adoption of the Harmonized System, such as the maintenance of the benefits provided by the concessions exchanged under the Tokyo Round (TAR/57). The Committee also noted the widespread belief among its members that tariff escalation was a factor inhibiting international trade. The Committee noted that the secretariat had completed its "pilot study" on tariff escalation in the copper sector (TAR/W/26), which would need to be discussed in detail in due course. It felt that the Ministers might express appreciation of the problem and endorse further work in this area, including the examination of possible means for reducing such escalation.

Committee on Safeguards

44. The Committee on Safeguards met in April 1982, having before it a document, prepared by the secretariat on its own responsibility, containing a list of measures adopted since 1 January 1978, which were taken and notified under Article XIX as well as other measures which appeared to serve the same purpose. In concluding the meeting, the Chairman noted that the interventions had shown a renewed interest in finding a solution to the safeguard problem. Most delegations had expressed the view that better information was needed for an analysis of the so-called "grey area" measures, but at the same time it was important to avoid a legitimization of these measures. The Chairman suggested that work should continue on two levels, i.e. improvement of the information and documentation, and analysis and discussion of the various proposals made. At its next meeting, the Safeguards Committee is expected to try to arrive at more concrete ideas concerning possible action on safeguards in the context of the Ministerial meeting (L/5310).

Working Party on Structural Adjustment and Trade Policy

45. At its meetings in February, March and April 1982, the Working Party on Structural Adjustment and Trade Policy discussed the secretariat note "Changes in the Structure of Production, Employment and Trade since 1963" (Spec(82)5), and information provided by contracting parties concerning their respective experiences with regard to structural adjustment (Spec(82)6 and Addenda). The secretariat note attempted to collate relevant statistics on production and trade since 1963, with a view to obtaining a picture of the structural changes that had occurred over this period, and tried to provide an analysis of factors that could have played a role in the changes of structures of production, employment and trade. Information provided by members showed a wide diversity of experience with

and approach to structural adjustment. It was suggested that this information could provide the basis of an overall analysis and synthesis of experiences, particularly focussing on the trade-related aspects. At the April 1982 meeting, the Chairman concluded that the secretariat, with the help of the members of the Working Party, should attempt to undertake such a synthesis, which should contain conclusions, to be agreed upon by the Working Party, that could constitute an input not only of an analytical nature but also of substance to the Ministerial meeting (L/5305, L/5323).

Agreements on Non-Tariff Measures

46. The Committee on Subsidies and Countervailing Duties held a number of meetings, in December 1981, and in March and April 1982. The Committee adopted a revised decision relating to the acceptance of the Agreement by Australia and a decision on the reservation made by Spain on its acceptance of the Agreement. The Committee examined the national legislations of New Zealand and Chile. The Committee discussed the question of notifications of subsidies under Article XVI:1 of the General Agreement. The Committee also discussed a notification of subsidies made under Article 7:3 of the Agreement. The Committee examined semi-annual reports of countervailing duty actions taken within the period 1 July 1981 - 31 December 1981. The Committee discussed a matter referred to it under Article 17:1 of the Agreement by India relating to certain domestic procedures of the United States. The Committee had an exchange of views on a possible contribution to the preparations for the GATT Ministerial meeting; the Committee will revert to this matter in the light of written submissions from Signatories. The Committee also considered certain matters in relation to its conciliation and dispute settlement responsibilities, including in respect of matters raised by the United States concerning EEC exports of wheat flour and sugar (L/5288 and L/5326).

47. The Committee on Anti-Dumping Practices met in April 1982. The Committee examined semi-annual reports under Article 14:4 of the Agreement on anti-dumping actions taken during the period 1 July 1981-31 December 1981. The Committee also had an exchange of views on whether to make a contribution to the preparations for the GATT Ministerial meeting (L/5322).

48. The Committee on Government Procurement met in February 1982. The Committee noted that further consultations would be held concerning the possible accession to the Agreement of one observer. The Committee continued its detailed examination of national implementing legislation. The Committee continued its discussion of problems related to the scope of the Agreement and agreed to revert to the matter at its next meeting with a view to reaching a consensus on practices which might be considered as falling within the Agreement. The Committee reverted to the question of the identification of contracts falling under the Agreement; it noted that steps had been taken to permit such identification in the countries concerned. The Committee noted that the position of delegations had not changed with regard to the treatment of taxes and duties for the purpose of determining whether a contract falls over or below the threshold of the Agreement; the matter remains on the Committee's agenda. The Committee pursued the discussion of procedures for consultations under the Agreement, in particular whether third Parties should or might be informed by way of notification about such consultations (L/5289).

49. The Committee on Customs Valuation met in May 1982. The Committee continued its detailed examination of national implementing legislation on the basis of the texts of national legislation and information members had submitted in written replies to the points contained in a revised checklist of issues. The Chairman of the Technical Committee on Valuation submitted a detailed oral report on the third meeting of that Committee held in March 1982. The Committee had an exchange of views on the use of valuation methods applied for all customs entries during a certain period of time. The Committee took note of statements concerning technical assistance given by members on a national or regional basis. The Committee had a first exchange of views on possible amendments to the Agreement concerning the valuation of computer software and the treatment of interest charges in the customs value of imported goods. The Committee decided that the Chairman should submit a note concerning the activities and the outlook for the future of the work of the Committee to the Preparatory Committee (L/5320).

50. The Committee on Import Licensing met in May 1982. The members took note of the information on licensing procedures available to the Committee. Several members explained the measures they had taken to comply with the publication requirements of the Agreement. The Committee noted that further clarification was needed on this point from one member. The Committee also heard statements from a number of members giving details on the administration of automatic and non-automatic licensing procedures applied in their countries. The Committee discussed its contribution to the Ministerial meeting and agreed that it should take the form of a note on the implementation and operation of the Agreement to be prepared by the Chairman on his own responsibility (L/5327).

51. The Committee on Technical Barriers to Trade met in March and May 1982. The Committee considered information provided by Signatories on the implementation and administration of the Agreement. The Committee discussed regional standards-writing activities and individual standards-writing and certifying bodies in signatories, and took note of information collected by the secretariat on these matters; it agreed to keep these items on the agenda of future meetings. The Committee took note of information provided by the secretariat on the on-going activities of other organizations in the field of testing and inspection and decided to revert to this matter at a future meeting in the light of further information that may be available. Signatories had a first exchange of views on international standardization activities and the use of existing international standards. The Committee agreed that this was a matter of interest which it would keep under review in the light of developments and of the specific concerns of signatories. The Committee recommended a set of common elements for use in information booklets which signatories might issue on the operation of their enquiry points. The Committee agreed to arrangements for the third annual review and for the first three-year review of the implementation and operation of the Agreement under Article 15.8 and Article 15.9 respectively (L/5299 and L/5329).

Agreement on Trade in Civil Aircraft

52. The Committee on Trade in Civil Aircraft met in March 1982. The Committee pursued the matter of new notifications on entities operating military aircraft, which was not yet resolved. It continued discussion of texts concerning the binding of duties and other charges on repairs. The Committee welcomed the satisfactory resolution of the difficulties it had previously discussed under Article 5 of the Agreement (trade restrictions) and decided to remove this item from its agenda. With respect to matters under Article 6, the Committee heard further comments concerning two statements previously made on subsidies and the relationship between the Aircraft Agreement and the Agreement on Subsidies and Countervailing Duties. The Committee had a brief exchange of views on a possible contribution to the Ministerial Meeting, and decided it would revert to this matter. The Committee noted with satisfaction the successful outcome of an informal discussion held with non-signatory countries, manufacturing aircraft, on general and specific issues of mutual interest. Finally, the Committee invited the Technical Sub-Committee to report at an early date on its work, in particular on product coverage (L/5307).

International Dairy Arrangement

53. The International Dairy Products Council met in April 1982. The Council reviewed the functioning of the Arrangement. It took note of reports on the implementation of the Protocol Regarding Certain Milk Powders, the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses, and of the concern expressed, in particular, with regard to the situation of dairy-product stocks in the United States. For its evaluation of the situation in and outlook for the world market for dairy products, the Council had before it two documents prepared by the secretariat, namely a status report on the world market for dairy products and a note on food aid operations. During that evaluation, the Council gave particular consideration to dairy policies and food aid. It noted that the overall situation and outlook in the dairy sector gave rise to considerable concern and that the situation needed to be monitored closely. The Council also discussed its contribution to the Ministerial Meeting (L/5312).

Arrangement Regarding Bovine Meat

54. The International Meat Council met in December 1981. The Council undertook an evaluation of the world market situation and outlook on the basis of a secretariat report on the world market for bovine meat and, in this connexion, heard a report by the Chairman of the Meat Market Analysis Group. It requested the secretariat to prepare studies on five aspects of the world meat market. The Council also heard a report from the Chairman of the Meat Market Analysis Group on the guidelines for its work and considered the replies to the questionnaire.

Working Party on the Second ACP-EEC Convention of Lome

55. The Working Party met in February 1982. In the conclusions of its Report (L/5292), the Working Party noted that, having regard to the information and explanations provided by the parties to the Second ACP-EEC Convention of Lome, there was wide sympathy in the Working Party for the view that the purposes and objectives of the Convention were in line with those embodied in the General Agreement, including Part IV, inasmuch as the Convention aimed at improving the standard of living and economic development of the developing country participants including the least-developed among them. While the parties to the Convention stated that the trade commitments it contained were compatible with the relevant provisions of the General Agreement as a whole and with its objectives, some members of the Working Party considered it doubtful that the Convention could be fully justified in terms of the legal requirements of the General Agreement. The Working Party noted that the parties to the Convention were prepared to supply information on a periodic basis concerning its operation and to notify any changes which might be made to the Convention for review by the Council. It was understood in the Working Party that the Second Lome Convention would in no way be considered as affecting the legal rights of contracting parties under the General Agreement. The Report of the Working Party was adopted by the Council at the Council's March 1982 meeting.

Working Party on the Accession of Tunisia

56. At their thirty-seventh session, in November 1981, the CONTRACTING PARTIES agreed to establish a working party to examine the application of the Government of Tunisia to accede to the General Agreement and to submit to the Council recommendations which may include a draft protocol of accession (SR.37/2).

Working Party on the Accession of Thailand

57. The Working Party on the Accession of Thailand, appointed by the Council in February 1982, met in April 1982. The Working Party carried out an examination of the foreign trade regime of Thailand. In the light of the explanations and assurances given by the Thai representatives, the Working Party reached the conclusion that, subject to the satisfactory conclusion of the relevant tariff negotiations, Thailand should be invited to accede to the General Agreement under the provisions of Article XXXIII. For this purpose, the Working Party prepared a draft Decision and Protocol of Accession (L/5314).

Accession of Zambia

58. Zambia has acceded to the GATT under the provisions of Article XXVI:5(c) of the General Agreement. Zambia has also declared its acceptance of the Protocol amending the General Agreement on Tariffs and Trade to introduce a Part IV on Trade and Development.

Commercial policy training courses

59. A special commercial policy training course for officials from Spanish-speaking developing countries was held from 18 January to 19 February 1982. The course, which was sponsored by the Swiss Government, was attended by twenty-six officials, from seventeen Latin American countries, one African country and two regional organizations.

60. The fifty-third Commercial Policy Course organized by the GATT for officials from developing countries started on 1 March 1982 and will conclude on 23 June 1982. It is attended by twenty-three English-speaking participants from as many countries.

ANNEXACTIVITIES IN OTHER INTERNATIONAL ORGANIZATIONS
RELEVANT TO PART IVUnited Nations

1. Following the agreement at the Cancun Summit in October 1981 on the desirability of supporting at the United Nations, with a sense of urgency, a consensus to launch global negotiations on a basis to be mutually agreed and in circumstances offering the prospect of meaningful progress, discussions and consultations have been held both during the thirty-sixth session of the United Nations and subsequently with a view to arriving at such a consensus.

2. Among the resolutions adopted at the thirty-sixth session was one on the United Nations Conference on the Least Developed Countries; the resolution endorsed the Substantial New Programme of Action for the 1980s for the Least Developed Countries adopted by the UN Conference on the Least Developed Countries held in Paris in September 1981 and, inter alia, invited other governing bodies of appropriate organs, organizations and bodies of the UN system to take the necessary and appropriate measures for effective implementation and follow-up of the Substantial New Programme of Action within their respective spheres of competence and mandates.

UNCTAD

3. Working Party II of the Preparatory Commission for the Common Fund continued its work on operational and financial questions at meetings in December 1981 and January and March 1982. At the December session, the Working Party had a preliminary exchange of views on draft rules and regulations for the operations of the first window of the Common Fund. The January session focussed on the elaboration of the rules and regulations for second account operations with special emphasis on lending policies and criteria for the second account, and general conditions applicable to loan and guarantee agreements relating to the second account. The March session of the Working Party was mainly devoted to hearing the views of four international commodity organizations on Regulations for the First Account and on a draft Model Association Agreement drafted by the UNCTAD Secretariat.

4. The Third Preparatory Meeting on Meat, held in November - December 1981, adopted conclusions recognizing the need for a co-ordinated international programme covering research and development, market promotion and other developmental measures. It agreed that project profiles for such programmes for Latin America and Africa should be expanded into full projects by the UNCTAD and FAO Secretariats with a view to their being sponsored by the FAO Intergovernmental Group on Meat for financing by appropriate financing institutions, including the second account of the Common Fund for Commodities. To this end, the Meeting expressed the hope

that the FAO body would be designated by the Common Fund as an eligible international commodity body. The Meeting also recommended that the next session of the UNCTAD Committee on Commodities should consider whether hides and skins should be given a special status in international commodity programmes.

5. Proposals for an international tea agreement that had been finalized at a meeting of seventeen tea exporting nations in New Delhi in February 1982 were considered by the Intergovernmental Group of Experts on Tea in May 1982. Under the proposals, export quotas would be the central price control mechanism in the agreement; other measures contained in the proposals provide for implementation of export standards, promotion of consumption, and research and development aimed at raising productivity, improving quality and reducing costs throughout the industry. The Group of Experts generally agreed that an international tea agreement based primarily on export quotas offered reasonable prospects for an orderly expansion of the world tea economy. The report of the Intergovernmental Expert Group and the proposals of the producing countries were considered by the Third Preparatory Meeting on Tea, also held in May 1982. The Preparatory Meeting agreed, subject to a reservation by one country, to advance towards an international tea agreement based on export quotas. The Meeting also agreed that the agreement should provide for study of the feasibility of supporting its objectives by an international tea buffer stock. It decided that an intergovernmental group of experts should meet later this year to consider: the results of further deliberations among exporters on quota allocations; draft articles for an agreement expected to be submitted by certain countries; and the progress of work in drawing up minimum export standards.

6. At its meeting in December 1981, the Committee on Tungsten considered whether to proceed to the negotiating phase for a stabilization agreement on tungsten. The Committee discussed market developments in various countries and on the tungsten market as a whole, and examined a number of concrete proposals for the improvement of the statistics available to it. The Committee recommended that discussions on these matters should be continued at a further session in 1982, when it would also have before it UNCTAD Secretariat studies relating to tungsten market price indicators and the range, specification and grades of tungsten products on the international market.

7. The Committee on Commodities, at its first special session, held in February 1982, considered the problems faced by developing countries as a result of the declining trends in the prices of many commodity exports and reviewed progress under the Integrated Programme for Commodities. It called on governments to intensify efforts to negotiate effective international commodity agreements and to speed up ratification of the Agreement establishing the Common Fund for Commodities. The Committee examined UNCTAD Secretariat studies on a compensatory financing facility for commodity-related shortfalls in export earnings and requested the Secretary-General of UNCTAD to undertake further work in this regard, taking into account the views expressed during the session and subsequent written comments submitted by governments. It also requested the UNCTAD Secretary-General to hold ad hoc consultations with producers and consumers

of hides and skins with a view to promoting the dialogue between them. The meeting of the Committee had been immediately preceded by that of the Permanent Sub-Committee on Commodities which examined the obstacles to greater participation by developing countries in the processing and marketing of their export commodities. The Sub-Committee agreed on guidelines for the continuation of UNCTAD's work in this area.

8. The first and second parts of the twenty-fourth session of the Trade and Development Board were held in March and May 1982 respectively. The Board undertook its first annual review of protectionism and structural adjustment in a sessional committee established for this purpose. The Board agreed on a number of points to which particular attention should be paid at the second review, including steps for securing transparency at an international level as regards trade policies and practices, and suggestions and recommendations directed towards seeking appropriate solutions in the area of protectionism and structural adjustment within the framework of a work programme to be considered at UNCTAD VI. The Board discussed preparations for UNCTAD VI and agreed to reconvene in June with the aim of agreeing on an agenda for UNCTAD VI. The Board agreed to recommend to the General Assembly that UNCTAD VI should be convened in Belgrade, Yugoslavia, in May-June 1983. In regard to the multilateral trade negotiations, the Board considered a draft resolution that had been submitted to its previous session, and decided to discuss this matter further at its twenty-fifth session.

9. The eleventh session of the Special Committee on Preferences, held in May 1982, reviewed the implementation, maintenance, improvement and utilization of GSP schemes. The Committee had before it a draft resolution submitted by the Group of 77 dealing with, inter alia, the legal basis for GSP treatment, the place of the GSP in the world trading system, the question of the differential application of GSP treatment among developing countries, and safeguard action in the context of GSP schemes.

FAO

10. The Intergovernmental Group on Jute, Kenaf and Allied Fibres held its seventeenth session in December 1981. The Group reviewed the 1980/81 season and the outlook for 1981/82, discussed the current situation and prospects of jute industries outside the major producing countries, considered barriers to trade in jute, kenaf and allied fibres and their products and took up matters related to research, development and promotion. The Group reviewed the indicative price arrangements, and agreed to recommend that the indicative price for the 1981/82 season for Bangladesh jute remain unchanged and that for Thai kenaf be increased from US\$330 + \$20 to US\$350 + \$20 per metric ton for "A" grade f.o.b. Bangkok sight. In regard to barriers to trade, the Group concluded that its consideration of this matter was useful and agreed to keep the matter under constant review.

11. The sixteenth session of the Intergovernmental Group on Oilseeds, Oils and Fats, held in March 1982, discussed the current situation and short-term outlook for fats and oils, oilcakes and meals. Other matters considered by the Group included the possibility of the EEC imposing a tax on domestic and imported vegetable oils, a review of national policies

affecting the oilseeds, oil and oilmeals sector (in this meeting Brazil and India), the main factors affecting long-term prospects, and the first review of the follow-up to the Guidelines for International Co-operation in the Oilseeds, Oil and Oilmeals Sector.

12. The seventh session of the Committee on World Food Security held in March - April 1982 was devoted mainly to an assessment of the world food situation and its related problems. The Committee agreed that adequate growth in food production, particularly in low-income food-deficit countries, was the only permanent solution to the problem of food security and stressed that remunerative prices had an important role to play in stimulating production. A number of delegates from developing countries informed the Committee of their policies and programmes to encourage food production. Developing countries stressed the need for additional financial and technical assistance. The Committee reviewed nine specific projects carried out under the Food Security Assistance Scheme. This scheme which has been in operation for five years is primarily involved with the development of food reserve stocks in developing countries.

13. At its eighth session, held in May 1982, the Intergovernmental Group on Bananas reviewed the current market situation and the short-term outlook for banana production and trade. The Group also considered the question of barriers to trade in bananas, on the basis of a FAO secretariat paper, and reviewed developments in international action on bananas.

International Coffee Organization

14. Much of the work of the International Coffee Organization in recent months has been related to negotiations on the future of the International Coffee Agreement which is to be extended to 30 September 1983 provided that any proposals received from Members for modifications to the Agreement to be applied under any extension of the Agreement beyond 1 October 1983 shall have been decided upon by the Council prior to 1 July 1982. Among other things, the Executive Committee has also considered the question of obstacles to coffee consumption, in particular the tax imposed on coffee by Belgium with effect from 1 September 1981. At the request of the exporting Members, consultations are expected to take place with Belgium in this connexion under Article 57 of the Agreement.

International Cocoa Council

15. The International Cocoa Council has held a number of special and regular sessions during which the focal issue has been attempts to strengthen the operation of the buffer stock and halt the downward slide in prices. At its seventh special session, held in January 1982, the Council decided that the buffer stock contribution levy be raised from 1 US cent to 2 US cents per lb. as from 1 October 1982. At its twenty-second session, in March 1982, the Council authorized the conclusion of a \$US 75 million loan to help finance further buffer stock purchases. At that session the Council also announced that the minimum intervention price would be reduced from 110 US cents to 106 US cents per pound in accordance with the provisions of Article 27(3)a of the 1980 Agreement.

The International Natural Rubber Agreement

16. The International Natural Rubber Agreement entered into force definitively on 15 April 1982, the deadline that had been specified for the acceptance and ratification requirements of the Agreement being met. In May 1982, the International Natural Rubber Organization Council agreed to revise the buffer stock price range downwards by one per cent, rather than the "automatic" 5 per cent price cut that would otherwise have taken place in the light of market price developments.

International Sugar Organization

17. At its meeting in November 1981, the Council of the International Sugar Organization agreed in principle to extend the current International Sugar Agreement for a period of up to two years, to the end of 1984. The Council also agreed to pursue further the exploratory talks on closer collaboration between the European Communities and the International Sugar Council, in the light of developments in the Community's position in regard to the International Sugar Agreement. At its meeting in May 1982, the Council confirmed the decision to extend the Agreement for a further two years and agreed that basic export tonnages for 1983 and 1984 be frozen at their 1982 levels. It also agreed that special stocks, which are to amount to at least one million tons by the end of June 1982, be increased to the full 2.5 million tons specified in the Agreement by the end of 1983. In addition, the Council discussed the establishment of import quotas by the United States; the Executive-Director was requested to convene a meeting of interested parties at an early date.

International Tin Council

18. Special sessions of the International Tin Council under the Fifth International Tin Agreement were held in London in March 1982, to consider, inter alia, the call-up of contributions to the buffer stock from member countries in view of the market situation. The Council also authorized the negotiation and implementation of appropriate stand-by credit, or overdraft facilities, should these be necessary. At its twenty-sixth session, held in April 1982, the Council decided to declare the period 27 April to 30 June 1982 an export control period and to limit the total permissible export tonnage in that period to 25,400 tonnes, a cut of some 10 per cent. A special session of the Council, held in May 1982, considered, among other issues, the outlook for the coming into force of the Sixth International Tin Agreement on the scheduled date of 1 July 1982.

The International Wheat Council

19. At its ninety-fifth session, held in London in December 1981, the International Wheat Council received a report by the Executive Secretary on his consultations, since the previous Council session in July 1981, on the proposals embodied in the "Alternative Approach" for a new Wheat Trade Convention. After reviewing the Executive Secretary's report, and in the absence of a consensus, the Council recognized that these proposals were not negotiable. The Council decided that it was imperative to continue the search for an agreed basis for a new agreement to replace the current one

due to expire on 30 June 1983, keeping in view the paramount objectives of market stability and food security. In the meantime, the Council agreed on immediate steps to strengthen the operation of the current Convention. These included the further development of the monitoring of market conditions in order to add to the transparency of the market; the strengthening of existing consultative procedures; more work on the medium-term outlook for wheat; and a comprehensive evaluation of members' grain stockholding policies and practices and their effects on stock levels in times of both abundant and scarce supplies. The Council also reviewed the current and prospective world wheat situation.

OECD

20. The Council of the Organization for Economic Co-operation and Development met at Ministerial level in May 1982. The detailed communique issued at the end of the meeting touched on a wide range of subjects in the fields of trade, investment, money and finance, employment and international economic relations. In regard to current trade problems, the Ministers reiterated their full commitment, as expressed in the OECD Declaration on trade policy of June 1980, to the open and multilateral trading system. In reviewing developments in the trade policy field over the previous year, the Ministers noted with concern that, although the international trading system had held up reasonably well, despite present economic difficulties, there had been a further extension of protectionist pressures and trade measures, many of which were not governed by multilateral rules and disciplines, as well as an increase in bilateral tensions and disputes which affect the climate of trade relations. The Ministers therefore agreed on the need for further joint efforts to resist protectionist pressures, and to resolve urgent short-term problems within the framework of the open and multilateral trading system. They expressed their determination to maintain the credibility of this system at the present difficult juncture, and to work together with their trading partners on the longer-term issues which need to be tackled over the coming decade. In regard to the question of safeguards, the Ministers underlined the need for full application of international rules and disciplines. They also agreed on the importance of finding an early solution to the safeguard issue in the GATT framework. The Ministers discussed the international co-operation that might be required by trade issues that could assume particular significance in the 1980's, including the growing interdependence and increasing importance of capital movements, the emergence of important new trading partners, rapid technological change, services and agriculture. In this context, they expressed the determination of their governments to participate fully and constructively in the GATT Ministerial meeting and in its preparation. Ministers welcomed the Final Report of the Special Group of the Economic Policy Committee on Positive Adjustment Policies. Underlining the importance they attach to this subject, they adopted a "Statement on Positive Adjustment Policies", which, inter alia, reaffirms the "General Orientations for a Progressive Shift to Positive Adjustment Policies" approved by the OECD Ministers in 1978.

21. The Ministers reviewed economic relations with developing countries. They noted the recent proposals on launching the global negotiations which were under consideration in the United Nations and agreed upon the importance of vigorous efforts to reach a consensus, including the basis for a mutually satisfactory definition of the central role of the Conference and respect for the competence of the specialized fora. Without prejudice to these efforts, Ministers also declared their determination to carry forward policy-oriented consultations as well as negotiations and co-operation on particular issues with developing countries both in the appropriate international fora and bilaterally in order to achieve new progress and positive results. In this connexion, they noted in particular the forthcoming meetings of the GATT at Ministerial level and UNCTAD VI. Noting the growing role of developing countries in international trade and investment, they agreed that it would be important to facilitate the fuller participation of these countries in the open and multilateral trading system, with its shared rights and responsibilities, in order to provide a sound basis for their progressive integration into the world market economy. They foresaw a need for the improvement of arrangements for the discussion and resolution of international economic problems of special relevance to developing countries. They expressed their readiness to discuss with developing countries how this process can be advanced in the appropriate international fora.

IMF

22. At its eighteenth session, held in May 1982, the Interim Committee discussed the world economic outlook and the policies needed to deal with the difficult problems now confronting most countries. Attention was focussed on the continuation of high inflation in many countries, the slow pace of economic activity, high and rising unemployment, increasing protectionism, high interest rates and widely fluctuating exchange rates in the major industrial countries, and the prevalence of large external payments imbalances in many countries. The Committee expressed deep concern about the current plight of non-oil developing countries. The problems of these countries, and particularly the size of their external deficit on current account, stemmed in part from factors beyond their control, including the impact of the international recession upon export markets, the sharp deterioration of the terms of trade for countries exporting mainly primary commodities, and the increase in the burden of interest charges on external debt. In stressing the heightened need for international economic co-operation on many fronts in the prevailing conditions in the world economy, the Committee said that an area of special concern was that relating to international trade policies. The Committee emphasized its conviction that current pressures for protectionist approaches to problems generated by international competition must be firmly resisted by all countries, and stressed the need to eliminate these practices where they already exist. The Committee also discussed a number of aspects of the work of the Fund, including its role in the promotion of balance-of-payments adjustment, its surveillance function in connexion with the balance-of-payments and exchange rate policies of members, quota increases under the Eighth General Review and the allocations of SDRs in the fourth basic period which began on 1 January 1982.