

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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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 in July 1982 at its forty-seventh session, on the basis of information contained in secretariat document COM.TD/W/367 and certain additional information provided by delegations during that meeting (document COM.TD/112, paragraphs 16-18). The main points arising from the discussions at that meeting are reflected in document COM.TD/112, paragraphs 19-34.
2. Notifications received from contracting parties, in response to GATT/AIR/1841, for the full review of the implementation of Part IV and of the operation of the Enabling Clause, to be undertaken at the forthcoming meeting of the Committee, are being reproduced in COM.TD/W/375 and Addenda.
3. In this note, the secretariat has made an effort to update the information contained in COM.TD/W/367 by bringing together more recent information on certain actions which have been taken by contracting parties relevant to the implementation of Part IV and the operation of the Enabling clause. Section I contains information on commercial policy measures other than those referred to in the background documentation prepared for the Sub-Committee on Protective Measures, which relates particularly to the standstill provisions of Part IV (COM.TD/SCPM/W/13-16). In Section II, the secretariat has summarized available information, other than that contained in COM.TD/W/375 and Addenda, on developments with regard to the Enabling Clause. Section III - Developments in Other GATT Bodies of Interest in Relation to Part IV - is intended to respond to the 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 include, 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 Annex I.

SECTION ICOMMERCIAL POLICY MEASURES

4. With effect from 17 June 1982, Australia revised import duties applicable to articles of stone, plaster, cement, asbestos, mica and similar materials (excluding certain refractory products) and to ceramics. In most cases where the import duty has been altered, the new rate is lower than the one earlier applicable. Under the new arrangements, certain friction materials falling under 68.14.9 become dutiable at 25 per cent; sanitary fixtures falling under 69.10 become dutiable at 20 per cent; certain goods of stone, slate, abrasive materials, plastering materials, asbestos cement goods, mica and certain ceramic goods falling under 68.01, 68.02, 68.03, 68.04, 68.06, 68.10, 68.12, 68.15, 68.16.9, 69.09.9, 69.13 or 69.14.9 become dutiable at 15 per cent; goods of cement falling under 68.11 and certain non-refractory construction products falling under 69.05 or 69.06 become dutiable at 10 per cent; and certain insulating materials falling under 68.07 and certain goods of asphalt, bitumen or pitch falling under 68.08 become dutiable at 25 per cent on implementation, phasing to 15 per cent over two years. Other goods covered by the decision become dutiable at minimum rates (i.e. free or two per cent).
5. Denmark increased domestic taxes applying to chocolate and sugar confectionery to DKr. 0.48 per kg. with effect from 1 July 1982.
6. France introduced, with effect from 1 July 1982, a super-reduced rate of value-added tax of 5.5 per cent to apply to certain basic foodstuffs, including cooking chocolate and drinking chocolate, coffee and tea.
7. The New Zealand Government has announced the adoption of a development plan for the New Zealand shipbuilding industry, under which, inter alia, tariffs applying to commercial vessels will be reduced and new commercial boats will be exempt from import licensing; in addition, the duty-free fishing vessel importation scheme will be continued in a revised form until 30 June 1983. Two long-term bounty schemes have been introduced, applying to the construction of approved commercial vessels of 18-90 metres and to modification work exceeding NZ\$100,000 in total cost; a short-term bounty on the construction of approved fishing vessels of 10-18 metres to continue until 1 November 1983 was also approved.
8. Argentina notified the CONTRACTING PARTIES, in documents L/5317 and L/5336, of certain measures taken by Australia, Canada and the European Communities to suspend imports from Argentina, and, in so doing, stated its view that these measures were inconsistent with, inter alia, Articles XXXVI, XXXVII, and XXXVIII of the General Agreement. At the last meeting of the Committee on Trade and Development, the Argentinian delegation expressed its concern about these measures and requested that they be taken into account in the secretariat's next background note dealing with commercial policy measures that appear to be relevant to Part IV (COM.TD/112, paragraph 22). The views of Australia, Canada and the European Communities on this matter have been presented to contracting parties in document L/5319/Rev.1. The matter was discussed at the Council meetings of 7 May, 29-30 June and 21 July 1982 (C/M/157, 159 and 160).

SECTION II

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

9. Section II of COM.TD/W/367 (paragraphs 19 to 37) prepared for the July 1982 meeting of the Committee contains a summary of developments with regard to differential and more favourable treatment for developing countries during the period up to June 1982 since the last full review of the operation of the Enabling Clause. In the paragraphs that follow, the secretariat has attempted to update that paper by bringing together available information on more recent developments that may be relevant. This information is being provided without prejudice to the legal or other position of any contracting party in relation to the provisions of the Enabling Clause and of the General Agreement, and is in addition to that notified by governments and reproduced in document COM.TD/W/375 and Addenda.

(a) Generalized System of Preferences (GSP)

10. Notifications made to the CONTRACTING PARTIES concerning the Generalized System of Preferences since the last meeting of the Committee are as follows:

- in document L/3982/Add.18, Australia has provided data on imports from developing countries and least-developed countries in the period 1977/78-1980/81 under the Australian System of Tariff Preferences for Developing Countries and the Australian Handicraft Concession;
- in document L/3694/Add.13, Finland has notified: (i) the confirmation by the Finnish Cabinet of the extension of the Finnish GSP scheme on an unchanged basis until 1992; (ii) the inclusion of Antigua, Belize and Vanuatu in the list of beneficiary countries, and the transfer of Guinea-Bissau to the list of least-developed countries eligible for special treatment; (iii) the addition of date syrup (ex 17.02), woven fabrics of jute (ex 57.10) and carpets and mats of coir (coconut fibres) (ex 58.02) to the lists of products eligible for GSP treatment; and (iv) the inclusion of coffee extracts (ex 21.02) in the list of products eligible for GSP treatment when originating in and imported from least-developed countries;
- in document L/4242/Add.20 and 21, Norway has advised of certain amendments to the rules of origin of the Norwegian GSP, and the inclusion in its GSP scheme of terry towelling and similar fabrics of cotton (CCCN 55.08) and engines for motor vehicles falling within sub-heading 87.01A and headings 87.02 and 87.03 (CCCN ex 84.06);
- in document L/4020/Add.7, Switzerland has notified the changes to the Swiss GSP that the Swiss delegation brought to the attention of the Committee on Trade and Development at its last meeting (COM.TD/112, paragraph 16).

11. With effect from 7 May 1982, Australia excluded one beneficiary from developing country preference in respect of ethylene, diethylene and triethylene glycols, and has increased the developing country tariff to 20 per cent for all other developing countries. With effect from 1 June 1982, Australia applied a developing country annual quota of 900 tonnes to canned ham; imports from developing countries within the quota are subject to an import duty of 5 per cent, above quota quantities paying the m.f.n. duty of 15 per cent. These developing country preferential tariff quota arrangements replace voluntary limitations that applied to canned ham in the previous twelve months.

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

12 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

13. Finance and Economy Ministers of the six countries members of the Gulf Co-operation Council (Bahrain, Kuwait, Oman, Saudi Arabia, Qatar and the United Arab Emirates) decided at a meeting in June 1982 to abolish tariffs on products originating in those countries with effect from 1 December 1982. The Ministers also agreed on the establishment of a sub-committee of customs officials to consider a possible common external tariff.

SECTION III

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

The Council

14. The Council met on 29-30 June and 21 July 1982. On 29 June 1982, in the morning, it had a special session on Notification, Consultation, Dispute Settlement and Surveillance. The Council conducted a review of developments in the trading system, on the basis of relevant background information and notifications compiled in a secretariat document (C/W/385), and a list of illustrative questions on notification and surveillance raised by the delegation of Canada (C/W/385/Add/1). Discussions at this session covered the question of improving the transparency and surveillance procedures of the GATT system, but were focussed primarily on ways to improve the dispute settlement procedures.

15. At its regular sessions on 29-30 June and 21 July 1982, the Council, inter alia, adopted the reports of the Joint Advisory Group of the International Trade Centre, the Committee on Balance-of-Payments Restrictions and the Textiles Committee. It continued consideration of questions in regard to trade restrictions affecting Argentina applied for non-economic reasons, United States tax legislation (DISC), United States prohibition of imports of tuna and tuna products from Canada, and the question of EEC imports of citrus fruit and products. In regard to the annual review of

action taken by the United States under the Decision of the CONTRACTING PARTIES of 5 March 1955 relating to the United States Agricultural Adjustment Act, the Council agreed to establish a Working Party. The Council adopted the report of the Working Party on the Accession of Thailand and approved the draft Protocol of Accession attached thereto. It took note of a report by the Director-General in regard to de facto application of the General Agreement to newly independent States. The Council also decided to accede to the request of the People's Republic of China to attend the next (Ministerial) session of the CONTRACTING PARTIES as an observer.

The Preparatory Committee

16. The Preparatory Committee met on 22 June, 27-28 July and 17 September 1982. It continued its consideration of proposals in regard to issues to be dealt with at the Ministerial meeting of the CONTRACTING PARTIES in November this year. Apart from consideration of proposals made by individual (or groups of) delegations, the Committee also took note of the progress of work in various GATT bodies on subjects with which they were concerned. In this connexion, the Committee, inter alia, noted the record of the proceedings of the forty-seventh (July 1982) session of the Committee on Trade and Development. At its meeting of 27-28 July 1982, the Committee had before it the "First Draft of a Ministerial Document" (PREP.COM/W/26/Rev.1). It noted that the document was a working paper, issued on the responsibility of the Chairman and the secretariat, and that no delegation was bound by it; that it would be taken into account in future work, as would other working papers and the statements made in the Committee; and that much further work was required on the text, particularly in some areas where the text remained descriptive or where several alternatives were presented, such as Safeguards; Notification, Consultation, Dispute Settlement and Surveillance; Agriculture; and Structural Adjustment. At its meeting of 17 September 1982, the Committee had a first detailed discussion of the "First Draft". The Committee agreed that it would consider itself in permanent session between 23 September and 20 October with a view to concluding its work by the latter date.

Consultative Group of Eighteen

17. The Consultative Group of Eighteen held its nineteenth session from 7 to 9 July 1982. The meeting was mainly devoted to a discussion of current commercial policy issues, including some leading issues in connexion with the forthcoming Ministerial meeting of the CONTRACTING PARTIES, and the question of possibilities for improving co-operation on agriculture in the GATT.

Committee on Balance-of-Payments Restrictions

18. The Committee on Balance-of-Payments Restrictions conducted consultations with India and Pakistan in June 1982, in accordance with the simplified procedures. The Committee also conducted a "full" consultation with Portugal during the same period. The Committee's reports in regard to these consultations were subsequently adopted by the Council.

Committee on Safeguards

19. The Committee on Safeguards met on 9 June and 13 July 1982. It had before it a document, compiled by the secretariat on its own responsibility after consultation with concerned delegations, containing a list of measures taken and notified under Article XIX as well as of other measures which appeared to serve the same purpose (Spec(82)18/Rev.1). The Committee continued consideration of possible action in the area of safeguards in the context of the Ministerial meeting. At the end of the June meeting, the Chairman noted that it appeared to be generally recognized that an equitable solution to the problem of safeguards should be found, and that the Ministerial meeting presented a good opportunity to make substantial progress. It appeared to be recognized further that while it might not be possible realistically to present to Ministers a complete safeguards solution for adoption, they should be in a position to adopt the main objectives and principles and set a time-limit for reaching a final agreement. It had also appeared from the discussion that there were points on which a consensus was clearly within reach - e.g. that recourse to safeguard measures should be exceptional and temporary, and that an injury criterion should be part of a future safeguard solution - while there were other areas where differences of opinion persisted and a strong negotiating effort was necessary. At the end of the July meeting, the Chairman urged each participating country to make known its interests as clearly as possible in order to proceed with the negotiations. He said that the secretariat would continue its efforts, together with delegations, to try to define the basic principles of a future safeguard solution. He expressed the view that from the discussions so far it would seem possible to establish a list comprising the main questions to be addressed in a decision by Ministers, and also that it seemed clear that Article XIX should remain the basis for further work.

Working Party on Structural Adjustment and Trade Policy

20. The Working Party on Structural Adjustment and Trade Policy met on 30 June and 19 July 1982. It initiated an examination, on a country-by-country basis, of contributions submitted by individual member countries concerning their respective approaches to and experiences with structural adjustment. At its meeting on 30 June 1982, the Working Party adopted a report for the Preparatory Committee (L/5347).

Committee on Tariff Concessions

21. The Committee on Tariff Concessions met on 13 July 1982. It continued its discussion of the implications of the adoption of the Harmonized System for GATT Schedules and of the question of procedures to be followed in renegotiations in this connexion, with the help of background documentation prepared by the secretariat (TAR/W/22 and TAR/W/25/Rev.1), and a proposal submitted by a member country (TAR/W/25/Add.1). The Committee also continued its discussion of the problem of tariff escalation on the basis of the secretariat "pilot study" on tariff escalation in the copper industry (TAR/W/26-COM.TD/W/361), and a note by the secretariat on problems encountered in the attempt to measure tariff escalation in that industry (TAR/W/29-COM.TD/W/369). The Committee also had a further discussion on the contribution that it could make to the preparatory work for the Ministerial meeting in regard to these two issues. Other matters taken up at the meeting

were the status of acceptances of the MTN Protocols and implementation of concessions, the submission of loose-leaf schedules, tariff reclassification, the tariff study and Article XXVIII renegotiations.

Agreements on Non-Tariff Measures

22. The Committee on Subsidies and Countervailing Measures met on 15 July 1982. It considered its possible contribution to the Ministerial meeting; in the light of this discussion, the Chairman of the Committee subsequently forwarded, on his own responsibility, a contribution to the Preparatory Committee (SCM/33). The Committee discussed a number of requests for notification of certain practices of several signatories that a member had made pursuant to Article 7:3 of the Agreement. The Committee continued its discussion of the matter referred to it by India under Article 17:1 relating to certain domestic procedures of the United States. It also discussed issues related to United States preliminary countervailing duty determinations concerning certain steel products exported by the European Communities.

23. The Committee on Anti-Dumping Practices met on 14 June 1982 to discuss its possible contribution to the Ministerial meeting. It agreed that the Chairman would forward a factual note, on his own responsibility, to the Preparatory Committee based on elements contained in a draft proposal by India as well as other points that had emerged in the discussion (ADP/12). It was understood that problems and concerns in regard to implementation of the Agreement raised by several delegations would be examined in the course of the annual review of the operation of the Agreement.

24. The Committee on Government Procurement met on 6 July 1982. The Committee discussed the question of the preparations that would be necessary for the negotiations foreseen in Article IX:6(b) of the Agreement on Government Procurement, with a view to broadening and improving the Agreement, and exploring the possibilities of expanding the coverage of the Agreement to include service contracts. The Committee considered its possible contribution to the preparations for the Ministerial Meeting and agreed that the Chairman should forward, on his own responsibility, a contribution in the light of the discussion that had been held (GPR/15). The Committee also took up the questions of the circulation of statistics and preparations for the 1982 annual review.

Agreement on Trade in Civil Aircraft

25. The Committee on Trade in Civil Aircraft met on 1 July 1982. The Committee noted that the matter of entities operating military aircraft was concluded, and that the outstanding new notifications would be made shortly. It pursued the question of customs treatment of repairs of civil aircraft; a number of replies to the questionnaire were received, as well as proposed texts regarding the binding of duties and other charges on repairs. The representative of the United States recalled his authorities' policy regarding subsidies. The Committee received the report of the Technical Sub-Committee (AIR/TSC/4) on proposals for extension of product coverage. The Committee also had a preliminary exchange of views on the scope of

further negotiations under Article 8.3. With respect to possible contributions to the Ministerial meeting, the Committee asked the Chairman to prepare a note containing a factual account of certain points the Signatories would like to see drawn to the attention of the Preparatory Committee.

Arrangement Regarding Bovine Meat

26. The International Meat Council met in June 1982. It examined the functioning of the Arrangement, and conducted an evaluation of the world market situation and outlook, with the help of a number of studies prepared by the secretariat.

Textiles Committee: Sub-Committee on Adjustment

27. The Sub-Committee on Adjustment established under paragraph 15 of the 1981 Protocol extending the Arrangement Regarding International Trade in Textiles held its first meeting on 6 July 1982. The Sub-Committee noted that the work of collection of factual information and analysis would be a continuing process leading in particular to as complete and comprehensive a report as possible to the Textiles Committee for the major review required by Article 10.4 of the MFA. The Sub-Committee took note of the report of the Working Group on Adjustment Measures (COM.TEX/22) and noted that the work to be done in the context of its mandate required it to carry out a detailed examination of adjustment measures with reference to the objectives of Article 1:4. The Sub-Committee decided to set up a Technical Sub-Group entrusted with the task of securing information relevant to the work, and the analysis of such information in the light of its mandate.

ANNEX

ACTIVITIES IN OTHER INTERNATIONAL ORGANIZATIONS
RELEVANT TO PART IV

United Nations

1. The first Inter-Agency Consultation on the Follow-Up of the Substantial New Programme of Action (SNPA) for the 1980's for the Least Developed Countries was held in Geneva in May 1982, in accordance with paragraph 13 of General Assembly resolution 36/194. The consultation was held with the aim of ascertaining the views of the lead agencies (UNDP and World Bank) on the results of country review meetings held since the Paris Conference, and of clarifying the position regarding future meetings, with particular reference to resources, logistics, documentation, and the co-ordination of inputs from various United Nations organizations. The principal goal of the review meetings was to secure an increase in the financial and technical assistance resources available to least-developed countries. The other main aim of the inter-agency consultation was to consider the broad outlines of the proposals made by UNCTAD for global monitoring of the objectives of the SNPA. The representatives of UNDP and a number of United Nations organizations and regional commissions outlined their activities and future programmes with regard to the country reviews and global monitoring and made general comments on them. Summing-up, the Chairman said that with respect to country review meetings, the next stage was for the lead agencies to organize and co-ordinate the preparations for such meetings, to be in touch with the organs, organizations and bodies of the UN system regarding the resources, logistics and documentation for the meetings, and to keep the UNCTAD Secretariat and the Office of the Director-General for Development and International Economic Co-operation informed of overall progress at appropriate intervals. With respect to global monitoring, it was understood that existing information would be utilized to the maximum extent possible, and that the UNCTAD would consult with individual organizations regarding the elaboration of the global monitoring process outlined in the background note, taking into account the views expressed at the meeting.

UNCTAD

2. At its resumed twenty-fourth session held in June-July 1982, the Trade and Development Board adopted, by vote, the provisional agenda for UNCTAD VI to be held in Belgrade in June 1983. The substantive agenda items relate to: the world economic situation with special emphasis on development; commodity issues; issues in the area of international trade in goods and services (protectionism and structural adjustment; examination of the impact of the principles, policies and practices in international trade relations taking into account recent developments including those in other international fora; policies to expand trade and promote development particularly that of the developing countries); financial and monetary issues; progress in the implementation of the Substantial New Programme of Action for the Least Developed Countries; and UNCTAD activities in a number of fields.

3. At its twenty-fifth session, held in September 1982, the Trade and Development Board reached agreement on organizational matters pertaining to UNCTAD VI. The main topic under discussion in the plenary session of the Board was the world economic situation, using as a basis the UNCTAD Secretariat's Trade and Development Report 1982. In regard to the question of economic co-operation among developing countries, the Board was unable to reach agreement on the modalities of UNCTAD's participation, and decided to reconvene in October 1982 in the hope of being able to resolve final difficulties on this matter. Under an agenda item relating to the Multilateral Trade Negotiations, consideration was given to a draft resolution submitted a year earlier by the Group of 77 calling on the Board to undertake an annual review of developments in the international trading system and to formulate suggestions and take decisions for improving the system. It was decided to continue negotiations on the draft resolution at the next regular session of the Board.

4. The Sixth Preparatory Meeting on Tropical Timber, held in June 1982, gave its approval to a package of four elements which should form an integral part of an international agreement on tropical timber. The elements concerned were: (a) research and development; (b) improvement of market intelligence; (c) further and increased processing in developing countries; and (d) reforestation and forest management. A further meeting is scheduled for later this year to consider institutional issues such as the structure and financing of an international tropical timber organization. The Secretary-General of UNCTAD has been requested to make provision for convening a negotiating conference in early 1983.

5. The Working Party on Trade Expansion and Regional Economic Integration among Developing Countries, at its second session, held in June/July 1982, examined possibilities for collaboration between the secretariats of integration and economic co-operation groupings. As a result of its deliberations, the Working Party agreed to establish a Programme for Co-operation among Economic Co-operation and Integration Groupings of Developing Countries. This Programme provides for closer technical co-operation between such groupings, as well as intensified co-operation in information and research and in specific economic sectors. The programme also sets out ways and means for increased participation of groupings in inter-regional programmes of economic co-operation among developing countries.

6. The third session of the Meeting of Governmental Experts of Developing Countries on Economic Co-operation among Developing Countries, held in July 1982, reached agreement on a set of recommendations for the start of negotiations for the establishment of a global system of trade preferences among developing countries (GSTP). The recommendations, drawn up in the form of a draft Declaration covering the approach, principles, components, targets and rules for the GSTP, have been submitted for approval to the Ministerial Meeting of the Group of 77 scheduled for September 1982. The Ministerial Meeting was requested to formally announce the launching of GSTP negotiations.

International Cocoa Organization

7. At its twenty-third session held in July 1982, the International Cocoa Council continued its discussions on how to strengthen the price control mechanism of the International Cocoa Agreement with a view to arresting the deterioration in prices and protecting the price range in the agreement. The Council considered how best to employ the \$75 million loan agreement with a consortium of Brazilian banks to restore some financial mobility to the ICCO buffer stock, including a proposal for a scheme to buy cocoa from producers on a deferred payment basis. Another item on the agenda was the proposal to raise the present levy of 2 US cents a pound by a further cent. No definite decisions could be reached and it was decided to further consider these matters at the next meeting of the Council. The question of obstacles to the expansion of cocoa consumption including tariff and non-tariff measures was taken up in the Executive Committee during the course of the Council meeting.

International Coffee Council

8. At its thirty-seventh session, held in June-July 1982, the International Coffee Council continued discussions on possible modifications to the International Coffee Agreement which is due to expire on 30 September 1982. It had earlier decided that the International Coffee Agreement should be extended to 30 September 1983 provided that any proposals received from members by 31 January 1982 for modifications to the Agreement to be applied under any extension of the Agreement beyond 1 October 1983, should have been decided upon by the Council prior to 1 July 1982. Although significant progress was made on some of the proposals, there were a number of important issues, including the mechanism for the distribution of export quotas, on which consensus could not be reached. The Council agreed to change the date for the final decision on modifications from 1 July 1982 to 17 September 1982. Export quotas for coffee under the International Coffee Agreement were reduced in July and August 1982 by one million bags on each occasion following falls in world market price levels below the trigger prices specified in the Agreement.

International Tin Agreement

9. Nineteen countries that had ratified the Sixth International Tin Agreement, or have notified the depositary that they would apply the Agreement provisionally, met in June 1982 and decided to put the Agreement into force provisionally among themselves in whole as of 1 July 1982, if by that date the required percentages for entry into force specified in Agreement were not met. At its first session under the Sixth International Tin Agreement, held in July 1982, the International Tin Council decided that the period 1 July to 30 September 1982, both days inclusive, should be declared an export control period with a total permissible export tonnage of 23,200 tonnes, apportioned among the producing countries. The Council also decided on the immediate call-up, under the Sixth Agreement, of the total of the normal buffer stock, amounting to 19,666 tonnes, and at the same time, authorized the negotiation of appropriate overdraft or standby facilities so that the total additional stock of 20,000 tonnes of tin metal could be purchased.

International Wheat Council

10. The International Wheat Council held its ninety-sixth session in June 1982. In accordance with its decision at the last session to strengthen the consultative mechanism under the Convention, the Council reviewed at some length the current and prospective supply and demand situation. It was noted that current world wheat production was outpacing consumption, giving rise to an imbalance in the global situation, and that the factors continuing to inhibit import demand in many countries included, in particular, financial constraints and the general economic recession. Several developing members made the point that the expansion of their wheat imports was often limited by foreign exchange difficulties. The Council discussed action required to maintain international co-operation in wheat matters after the Protocol extending the Wheat Trade Convention expires on 30 June 1983. Since it was unlikely that a new agreement could be negotiated in the near future, the Council agreed that another extension would be considered at its next session. The Council considered an interim report by the secretariat on grain stockholding policies and practices, and an evaluation of their effects on stock levels in times of abundant and scarce supplies. The report also covered border measures instituted by various countries, especially tariffs and export subsidies or taxes. This study, which is designed to enable members to consider the future role of the Council in the evaluation of technical assistance required by developing countries in holding stocks, will be the subject of a fuller discussion at the Council's next session.

World Food Council

11. At its eighth session, held in Acapulco, Mexico in June 1982, the World Food Council reviewed the international food situation, national food policies and strategies and discussed measures for the eradication of hunger and malnutrition with particular emphasis on the situation in Africa. In its discussion of world food security and trade issues, the Council agreed, inter alia, that efforts toward greater world food security should encompass more open and stable trade flows, and assurance of supplies. It stated that import barriers and adverse export trading practices were seriously affecting the export potential of countries, in particular developing countries, distorting their resource allocation and therefore reducing their capacity to resolve food and development problems with resulting increases in the numbers of hungry people. The Council regretted these practices and called upon all countries to work towards their elimination. It also called on the forthcoming November Ministerial meeting of GATT to examine the close inter-connexion between trade possibilities and the development capacity of countries. The World Food Council will review these issues at its next meeting.

IMF

12. At its meeting in September 1982, the Interim Committee expressed deep concern about the lack of growth in output and world trade, the high and rising rates of unemployment, and the increasing domestic pressures for protectionist trade measures. The Committee recognized the importance, for expansion of output and reduction of unemployment, of further progress towards price stability and suitable structural and fiscal policies. The

Committee deplored the unfortunate situation in which so many non-oil developing countries now find themselves, and voiced grave concern about the flow of aid and concessional loans to developing countries, especially the low income ones with limited access to international financial markets, as well as about the recent rates of increase in external debt, which has reached historically high levels in many countries. The Committee's discussions underlined the high degree of interdependence in the world economy and reaffirmed its conviction regarding the urgent need for closer international cooperation. At the time of unsettled conditions in financial markets arising from external payments imbalances and the continuing problems of adjustment, the Committee again urged all member countries to seek solutions of their difficulties by means that give due consideration to the interests of their trading partners and of the world economy as a whole. In this connexion, it warned that protectionist trade measures are short-sighted since they are inimical to productivity gains and progress against inflation, and also destructive of opportunities for expansion of world trade and increased participation of all countries in its benefits. The Committee further noted that non-discriminatory access to financial markets is essential and should be maintained. The Committee stressed the importance in the present circumstances of the Fund's role in the promotion of balance-of-payments adjustment, and also the need for effective and even-handed implementation by the Fund of its surveillance function. The Committee also considered issues relating to the Eighth General Review of Quotas and the allocation of SDR's in the fourth basic period beginning 1 January 1982.

Development Committee

13. At its meeting in September 1982, the Development Committee expressed its deep concern that the state of the world economy remained critical and that the development prospects for the international community had worsened over the past year. It noted that in the present unfavourable economic outlook, the developing countries are facing the serious challenge of reduced aid, continued weakness in commodity prices, deteriorating terms of trade, increasing protectionist tendencies, and concern over prospects for commercial borrowings in the context of the high interest rates and uncertainties in international financial markets. It also noted that the growth rates of non-oil developing countries in 1981 and 1982 are the lowest in several decades and will be only about half the average growth rate of the 1970's signifying an exceptional situation of decline in real per capita income for many developing countries. It was of the view that this disturbing situation called for intensified adjustment efforts on the part of both developed and developing countries in order to restore the health and vigour of the world economy. For the industrial countries, priorities would be the restoration of their own economic health and sustained growth, maintenance of a liberal environment for trade and capital flows and continuing, and hopefully increasing, the flow of aid to the poorest developing countries. For the developing countries the priorities would include increasing levels of domestic savings and investments, greater efficiency in the use of capital, strengthening of general economic management, greater emphasis on agriculture and special attention to the poverty alleviation programmes. Against this background, the Committee addressed itself to the issue of the transfer of real resources to the

developing countries, in particular the funding problems of the International Development Association (IDA), the co-financing operations of the World Bank, the Bank's borrowing practices and lending rate policy, lending for energy development, action by the Bank and the Fund in regard to the recommendations of the Brandt Commission Report and the Group of Twenty-Four's Programme of Immediate Action, and the problems of small island and land-locked states.

Versailles Summit Conference

14. At their meeting held at Versailles in July 1982, the leaders of the major economic powers re-affirmed their commitment to strengthening the open multilateral trading system as embodied in the GATT and to maintaining its effective operation. In order to promote stability and employment through trade and growth, the summit leaders undertook to resist protectionist pressures and trade distorting practices. They resolved to complete the work of the Tokyo round and to improve the capacity of the GATT to solve current and future trade problems. They also stated that they would work towards the further opening of their markets; and co-operate with the developing countries to strengthen and improve the multilateral system, and to expand trading opportunities in particular with the newly industrialized countries. They undertook to participate fully in the forthcoming GATT Ministerial meeting in order to take concrete steps towards the goals outlined above. In expressing the view that the growth of the developing countries and the deepening of a constructive relationship with them were vital for the political and economic well-being of the whole world, they pointed to the importance of maintaining a high level of financial flows and official assistance and of increasing their amount and effectiveness as far as possible with responsibilities shared broadly among all countries capable of making a contribution. They stated that the launching of global negotiations was a major political objective approved by all participants in the Summit. There was broad acceptance of the view that the latest draft resolution circulated by the Group of 77 could serve as a basis for consultation with the countries concerned. They expressed the belief that there was a good prospect for the early launching and success of the global negotiations, provided that the independence of the specialized agencies was guaranteed. At the same time, they were prepared to continue and develop practical co-operation with the developing countries through innovations within the World Bank, through their support of the work of the regional development banks, through progress in countering instability of commodity export earnings, through the encouragement of private capital flows, including international arrangements to improve the conditions for private investment, and through a further concentration of official assistance on the poorer countries. Other issues referred to in their communique in relation to their desire to foster full employment, price stability and sustained and balanced economic growth were monetary and fiscal policies, the international monetary system, energy, and scientific and technological development.