

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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STRUCTURAL ADJUSTMENT AND TRADE POLICY

Communication by Canada

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STRUCTURAL ADJUSTMENT

Draft Terms of Reference

In the context of the continuing efforts in GATT to avoid resort to trade-restrictive measures and to promote trade liberalization and having regard to the need for a thorough examination of the subject of structural adjustment as well as for a fuller understanding of its nature and the rôle of the GATT, the CONTRACTING PARTIES agree, that following on the work done by the Working Party on Structural Adjustment and Trade Policy (L/5568), further work in this area would be beneficial in providing a better understanding of how specific trade policy instruments could facilitate or impede the structural adjustment process in individual countries and, more broadly, in the world market place, and that this analysis be made available to relevant GATT bodies.

The continuation of the Working Party will provide a locus within GATT for the examination of structural adjustment issues and policies on a broad, horizontal basis, in the context of the rights and obligations of Contracting Parties under the General Agreement. The Working Party will determine its own methods of work, but could consider, inter alia:

- (a) the examination of the effects on structural adjustment, in specific sectors, of trade policy instruments identified as relevant to the adjustment process;
- (b) determination of an agreed format for reporting and analysing the next round of country submissions on structural adjustment and trade policy;
- (c) a closer look at the results of the structural adjustment policies described in the first round of country submissions and in other relevant analyses. Particular attention could be paid to policies which the submitting country believed to have been successful.

In addition, the Working Party could monitor, on a continuing basis, activities within the GATT with a view to preparing an annual report to CONTRACTING PARTIES on the relationship between trade policy actions and structural adjustment and the consequences flowing therefrom.