

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

PREP.COM(86)W/6
April 1986

Special Distribution

Preparatory Committee

STRUCTURAL ADJUSTMENT AND TRADE POLICY

Note by the Secretariat

1. This note is issued under the responsibility of the secretariat and is intended to facilitate further discussion in the Preparatory Committee. It seeks to identify, in the light of the discussions recorded in PREP.COM(86)SR/2 and earlier discussions, the main considerations which would appear to be relevant should the Committee decide to formulate recommendations on structural adjustment and trade policy. The note is not intended to be a summary of discussions. It in no way prejudices the views delegations may have as to whether and how the question of structural adjustment and trade policy might figure in the Preparatory Committee's recommendations to Ministers, nor should the listing of points for further discussion be regarded as exhaustive.

Main points emerging from the discussion

2. There was a widely-shared view that the Declaration should include structural adjustment as an objective of the new round, to be pursued in the different areas of the negotiations, and not as a separate item for negotiation in its own right. It was widely stated that by further liberalizing international trade and strengthening the multilateral trading system the negotiations would promote structural adjustment conducive to economic growth and harmonious economic relations between countries. It was also suggested that in the Declaration governments should recognise that domestic policy changes may be necessary for trade liberalization to be effective and should undertake not to impede the domestic structural changes consequent on trade liberalization.

3. There was also a view that the promotion of structural adjustment, in addition to being a concept guiding the negotiations in the different areas, could be addressed as a separate subject, for example by examining the possibility of establishing guidelines for government policies affecting structural adjustment, and providing for appropriate notification and surveillance mechanisms.

Points for further discussion

4. There seems to be agreement that structural adjustment should be one of the objectives of the new round. How should this agreement be reflected in the Declaration?

5. If structural adjustment is to be an objective of the negotiations, should it be adopted as a guiding principle in each relevant area of the negotiations and if so what needs to be done to further its attainment?

6. Is it possible or desirable to negotiate undertakings on government policies affecting structural adjustment?