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TRADE POLICY REVIEW MECHANISM

Trade Policy Reviews of Sweden and Colombia

Communication from the Discussants

The following communications from the discussants for the trade policy reviews of Sweden and Colombia have been received by the Secretariat. They concern possible points for discussion at the special Council meetings on 5-7 June 1990. The points have been drawn up by the discussants in their personal capacity with a view to facilitating the discussions at the special Council meetings. It is understood that these communications limit, in no way, the scope of discussions at the review meetings.

SWEDEN

The purpose of the present review is to permit the CONTRACTING PARTIES' joint appreciation and evaluation of Sweden's trade policies and practices and their impact on the functioning of the multilateral trading system, account being taken of Sweden's general economic policy and the external environment.

The following points may help to promote a more focused exchange on the major issues dealt with in the documentation supplied by the Swedish Government and the GATT Secretariat.

From 1986 onwards, the current account shows an increasing deficit, reflecting imbalances between domestic savings and investments. The Government is taking action to adjust these imbalances through monetary, fiscal and incomes policies.

- What rôle is trade policy playing to complement macroeconomic policies aimed at overcoming structural rigidities, easing inflationary tensions and improving resource allocation in the economy?
- What changes in traditional methods of sectoral support to regional or structural adjustment (such as support for R&D) are planned with a view to promoting the objective of a more open and less distorted trading system?

Import protection in Sweden relies substantially on low m.f.n. tariffs, with the exception of agriculture and textiles where quantitative restrictions and higher tariffs prevail. The Government has announced the termination of special restrictions for textiles and substantial changes in agricultural policy.

- What are the objectives and scope of the changes envisaged for these two sectors, particularly regarding the predictability and transparency of the trade policies in these areas, the levels of protection and the binding of tariffs?

Specific or alternate tariffs apply to certain chemicals and a few other items; import licensing is in place to monitor steel imports and administer quantitative restrictions mainly on fish, textiles and footwear; and a number of technical, safety and health regulations cover a wide range of products. The Agreement on Government Procurement applies to a small share of total public purchases.

- What are the criteria under which specific tariffs or import licensing are applied, instead of ad valorem tariffs, to certain product categories? Are any changes foreseen within the framework of the structural reform policies presently being implemented?

- To what extent do technical, safety and health regulations depart from international norms? Have any actions been taken by Sweden to promote harmonization at the international level, to minimize possible trade-distorting effects of these regulations?

Sweden acceded to GATT in 1950, has signed all MTN Codes and is actively participating in the Uruguay Round of Trade Negotiations. At the same time, it is promoting European integration, aiming at a European Economic Space for the 1990s. At present, the EC and EFTA together account for more than 70 per cent of Sweden's trade.

- What impact is Sweden's continuing participation in such preferential agreements likely to have on the multilateral trading system and individual contracting parties? Are any steps being taken to enhance the competitive position of developing countries in areas of their particular interests vis-à-vis duty-free access from European countries?
- What are Sweden's main objectives in the Uruguay Round, regarding the reduction of present barriers to its trade?

COLOMBIA

The purpose of the present review is to permit the CONTRACTING PARTIES' joint appreciation and evaluation of Colombia's trade policies and practices and their impact on the functioning of the multilateral trading system, account being taken of Colombia's general economic policy and the external environment.

The following points may help to promote a more focused exchange on the major issues dealt with in the relevant documentation supplied by the Colombian Government and the GATT Secretariat.

From 1984 onwards, Colombia undertook substantive adjustment policies to deal with the difficult conditions faced by its external sector at the beginning of the 1980s. Fiscal and monetary discipline, a substantial devaluation of the currency, the adoption of a new investment law, rationalization of imports and export promotion were the main policies aimed to restoring the balance between savings and investments and promote growth.

Results have been positive with an annual rate of growth above 3 per cent for the period 1985-90, an improvement in the trade balance, an increase and diversification of exports and progressive liberalization of import restrictions. However, high unemployment and debt service remain as the main obstacles ahead.

- What has been the particular rôle of different elements of trade policy in shifting the allocation of resources towards non-traditional export sectors? How do policies relating to foreign investment and trade complement one another to bolster investments in these sectors?
- To what extent is the external environment, particularly conditions of access to markets, contributing to the adjustment policy in place?

Last February, the Government of Colombia adopted a new programme for the modernization of the economy. One of the objectives is rationalization of foreign trade, with the aim of introducing greater competition for local production through a continuing reduction in quantitative restrictions.

- What are the main features of this programme?
- What plans exist to streamline the institutional framework of trade policy implementation?
- What is the rôle reserved to tariffs as a means of granting import protection and orientating allocation of resources? Is there any scope for increasing tariff bindings?

- How is the present array of non-tariff measures relating to imports and exports to be modified or simplified?
- What are the principal elements regarding export promotion?
- What are Colombia's objectives regarding regional integration, and how do they relate to Colombia's participation in the multilateral trading system?

Colombia is actively participating in the Uruguay Round of trade negotiations, with particular interest in access to markets and rules. Some of the domestic sectors of greater export potential are agriculture, tropical products, textile and leather goods, all of them heavily regulated in the main import markets.

- How can a more stable and open trading system help investment and growth in the Colombian economy? How would it contribute to assisting the programme of trade policy rationalization and to greater participation by Colombia in the GATT system?
- What products are most likely to benefit from a process of multilateral liberalization? What would be the possible impact on employment?