

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE SECOND MEETING

Held in the Palais des Nations, Geneva,
on Tuesday, 23 November 1976 at 10.30 a.m.

Chairman: Mr. G.L. ELSTERBROOK SMITH (New Zealand)

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1. Report of the Council (L/4440)

Section 4: Emergency actions and trade restrictive measures

Mr. TEESE (Australia), referring to restrictive measures imposed by the main beef importing countries, said that the measures had continued to disrupt the traditional world trading pattern in beef since the intensification of restrictions in 1974. Since that time there had been a significant decrease in imports and a pronounced decline in world prices with the result that Australia's export earnings from beef had fallen sharply. Having regard to its position as the world's largest beef exporter, the incidence of these restrictions on the rural economy in Australia had been particularly pronounced. He stated that early in 1976 there had been some modest increases in exports, particularly to some smaller beef markets, and prices had also shown some improvement. These hopeful signs, however, were soon offset by the onset of drought which led to unusually high increases in slaughter rates which augmented availability of beef and had a downward effect on prices on the international market. He stressed that the proliferation of import restrictions in all major markets was of great concern to Australia.

He expressed concern about a spreading tendency not to notify the Article of the GATT under which restrictions were applied. This seriously inhibited the possibility of GATT action by the affected parties and, in his judgement, disturbed the balance of rights and obligations under the GATT. He was also disturbed that significant importers had turned to export as a means of releasing the pressure of their surplus production. These disposals, sometimes heavily subsidized, continued to have a damaging effect on the sales prospects of traditional exporters. In Australia's view, such subsidies were inconsistent with the GATT in that they impaired benefits which could be expected to accrue under the General Agreement. He was also concerned that in some instances restrictions were applied which he considered discriminatory in nature and which could disadvantage distant suppliers. Some of the restrictions were applied on products which had been bound to Australia under the GATT. As another example of difficulties which had arisen for Australia he mentioned meat in transit. So far, bilateral contacts had not led to a satisfactory solution. These contacts were being continued but if there was no success, Australian exporters were faced with very heavy losses. In other cases, the application of restrictive measures had led to uncertainty. He considered that if procedures were applied whereby governments restricting imports could not provide access on a reliable and stable basis, these procedures as well as the measures themselves were questionable under the GATT. He recognized that decisions to apply restrictions were not taken lightly and that political and social factors were often important considerations in such actions, but it should also be recognized that political and social factors were also a consideration for exporting countries.

He stated that many if not all of the actions he had referred to appeared to be questionable in terms of GATT, and stressed that Australia had already instituted action under GATT and would pursue to the full its GATT rights.

He mentioned that in the context of the MTN, many countries were pressing for the GATT rules to be changed and strengthened. He considered it hardly sensible to discuss tighter rules if contracting parties were not all in a position to live by the present rules.

Item 15 - Application of Article XXXV to Japan

Mr. MUKOKHA (Kenya), speaking in connexion with the invocation of Article XXXV by his country in respect of Japan, said that his Government was prepared to enter into negotiations with Japan in respect of the disinvocation of Article XXXV.

Mr. KITAHARA (Japan) expressed the readiness of his Government to discuss this question with the Government of Kenya.

2. Activities of GATT

The DIRECTOR-GENERAL said that despite two years of generalized economic recession in 1974 and 1975, the network of multilateral trade relations based on the General Agreement had so far held together in a reasonably satisfactory manner. Taken as a whole and despite limited exceptions, sometimes related only to specific agricultural or industrial sectors, contracting parties had succeeded in keeping their trade flows open in spite of their payments difficulties and the negative effects of the recession on economic activity and employment. Since in 1976 a hesitant economic upturn was taking shape, it was of prime importance that the contracting parties maintain this freedom of trade exchanges and restore it wherever restrictions had been introduced. He recognized that the improvement in the economic situation was to some extent only apparent, as there were still a number of grey areas, and many developing countries, and some developed countries as well, continued to face extremely serious difficulties. The economic upturn was not yet as vigorous and as evenly distributed throughout the world as one might wish. This, however, was still further reason for redoubling efforts to preserve the level of liberalization achieved and thereby also to maintain the established trade flows, to improve them progressively and, in particular, to maintain and enlarge the export earnings of developing countries. Now that the recession was abating, one could see that there were structural problems that would not diminish over just a few months. Their solution would require efforts to restructure and re-deploy factors of production - efforts whose effects would be felt only gradually. Such economic restructuring could be achieved more quickly and easily in a climate of international trade expansion. It would certainly not be helped by new measures of protection. After declining since mid-1974, the volume of world trade seemed to have begun a definite recovery since the end of 1975. Every effort had therefore, to be made to see that this recovery continued and strengthened.

The trading nations thus stood at a particularly delicate and important point in the development of their relations and their trade. The danger was that, in response to existing adjustment problems, employment problems and current account imbalances, the trading world would slide back into a disorder like that of the 1930's, when each country's attempt to solve its economic difficulties through the use of import restrictions created a situation in which everyone lost.

As to the question what the contracting parties could do in such a situation, he stressed that they could continue to resist the temptation to impose trade restrictions for sectoral, industrial, agricultural or balance-of-payments reasons.

It would in this respect be in the interest of contracting parties to make increasing use of the mechanisms of the General Agreement and of the existing provisions and procedures concerning notification, consultation and conciliation, so as to avoid any retreat into unilateral measures and the proliferation of ad hoc, bilateral or plurilateral arrangements. Furthermore, participants in the Multilateral Trade Negotiations must now quicken the tempo of those negotiations and show determination to conclude them successfully within the time-limits they had set.

He recalled that concrete negotiations got under way only in February 1975, at the height of the economic crisis. Now that it was beginning to recede, the time had come to go to the heart of the negotiations and overcome the difficulties, some of which were considerable. Although the economic environment was not yet everywhere as favourable as one would wish to pursue and complete negotiations aimed at a greater liberalization of trade, it could not be repeated too often that the first effects of the negotiations would be felt only from the end of the present decade, except - as laid down in the Tokyo Declaration and as was done in the Kennedy Round - in areas which lent themselves to quicker or advance implementation in favour of developing countries.

In conclusion he stated that the continuing uncertainties about the strength and duration of the economic upturn should give no reason to hesitate in face of the need to speed up the process of negotiations and conclude them as quickly as possible. The results of the negotiations, when they made themselves felt, would come just when needed to maintain and consolidate the expansion of world trade. Moreover, everyone agreed that a good part of the current malaise was the result of subjective factors, such as uncertainty and a feeling that the world economy was drifting. The psychological boost of real achievements in the multilateral trade negotiations could thus, in the present situation, be both immediate, and very great.

Mr. KITAHARA (Japan) said that after the serious economic setback which began after the quadrupling of oil prices, the world economy was gradually on its way to recovery and world trade was expanding. In spite of the difficult circumstances no great friction had occurred in world trade, which was proof of the effective rôle played by GATT and of the co-operation demonstrated by the contracting parties. He stressed that no country could pursue its own interests to the exclusion of others for a long period. He was confident that through a continuous process of rational efforts, the difficult problems that occurred at a time of economic stress could be overcome. He stated that in present circumstances increased imports and their effects on employment were often used as an excuse for protection. He stressed however, that the introduction of trade restrictive measures would in the long run only result in further aggravating the

world economy and individual economies, through a chain of actions and reactions. It was therefore essential for the contracting parties to address themselves to the problems with full respect for the principles of GATT and to do their utmost to contain the protectionist pressures, so that solutions could be found in expansion rather than contraction of world trade. He stressed that Japan was firmly committed to the principles of GATT and remained pledged to an open trade policy. He emphasized that the Multilateral Trade Negotiations should be advanced with determination as they would set the tone for international trade conditions for the 1980's and for many further years.

Mr. YEUTTER (United States) said that in view of the economic situation which had emerged since the petroleum crisis, the contracting parties as a group had exercised remarkable restraint in terms of applying trade restrictions. He hoped that contracting parties would not again be faced with the possibility of a recession through an increase in the price of oil. He estimated that even if oil prices did not increase the OPEC countries would have a current account surplus of \$50 billion in 1977, while the aggregate deficit of oil importing countries with the OPEC countries over the past years already amounted to \$150 billion. Economic problems of such dimensions clearly required major adjustments. He stressed that such adjustments to meet the balance-of-payments difficulties, should not be made by applying import restrictions or granting export incentives, as such measures would not solve the problems but would transfer the problems to others. He emphasized that the best contribution of developed countries to this situation was to adopt a sound economic policy. Developed countries constituted the major markets for developing countries and for the other developed countries. The only way to maintain such markets was by following a policy which provided consistent and sustainable growth without an inordinate degree of inflation. A high degree of inflation did not provide a sound basis for investments to take place.

Although he was cautious about economic prospects for the future he was confident that the economic situation for 1977 would be brighter than originally estimated. Present forecasts for the United States were that capital investments in 1977 would increase by 13 per cent as compared with 1976, which was a substantial improvement.

As regards the GATT he emphasized the importance of notification, consultation and review procedures. All contracting parties should bring their trade problems to the GATT for the purpose of international consultations and review. With regard to the multilateral trade negotiations, he said that the United States stood ready to move quickly and decisively over the next year to meet the 1977 deadline.

In conclusion, he stressed that it was imperative that the GATT remained a viable and responsive entity in the coming years. During the next decades expansion of international trade was inevitable, trading relationships would be increasingly complex and as a result trade disputes were bound to multiply. It was essential that the GATT should be a dynamic international entity, which could meet the challenges effectively and respond to the trade needs of all countries.

Mr. YAVUZALP (Turkey) said that the world economic situation continued to be difficult. In particular, the commercial deficit of developing countries had considerably increased because their exports remained stagnant while their imports grew strongly. Moreover, many countries had resorted to restrictive measures which had negatively affected the trade of other countries. In particular, developing countries had seen reductions in export possibilities of products which were of great interest to their economy. The proliferation of these unilateral measures, although of a temporary nature, constituted a grave risk for international trade. It was comforting that the GATT, in spite of some deficiencies, had continued to be the forum for seeking solutions to these issues in world trade by means of dialogue and consultations.

With respect to the increasing difficulties of developing countries, the solutions sought in the GATT did not always give full satisfaction to these countries. He appreciated, therefore, the maintenance of the Consultative Group of Eighteen, in which new ideas were being elaborated to the benefit of the international community and, in particular, of developing countries. With regard to the multilateral trade negotiations, he continued to hope that they could be finalized by the end of 1977. He expressed his satisfaction at the efforts made by most developed countries in the field of tropical products, although he still expected a supplementary effort by some countries to improve their initial offers. As regards the other areas of the negotiations, real progress still had to be made. The new group established with the task of seeking improvements in the framework of international trade should fully take into account the needs of developing countries by affording these countries differential and more favourable treatment. He expressed satisfaction at the implementation of the Generalized System of Preferences by all developed countries and at the improvements made by some developed countries to their GSP schemes. He regretted, however, that there was still one developed country which had not included Turkey as a beneficiary in its GSP scheme. With regard to the preferential system among developing countries, he expressed satisfaction at the interest demonstrated by other developing countries in acceding to the system and at the fact that trade in products covered by the Protocol, although still limited, had more than quadrupled between 1972 and 1975. He, therefore, stressed the importance attached by his Government to this type of co-operation among developing countries.

Mr. DE GEER (Sweden), speaking for the Nordic countries, Finland, Iceland, Norway and Sweden, said that the prospects for an economic recovery started to brighten. He recalled that at the last session the Nordic countries had noted that resort to trade restrictions had been limited. The major trading nations generally had agreed that unilateral protectionist measures would increase the risks of proliferation with detrimental effects on world trade and economic recovery. He hoped that this attitude would prevail although there were signs of

protectionist disturbances. He stressed that GATT had a continuing and accrued importance in maintaining orderly conditions for world trade, with balanced rights and obligations. The support of GATT by the major trading nations was, therefore, particularly essential. He stated that there were, nevertheless, reasons for concern regarding the strength of recovery in the industrialized countries. It thus, became all the more important to pursue the Multilateral Trade Negotiations within GATT with determination. The prospects for progress were generally favourable. The first concrete results were to be expected at the beginning of next year when several developed countries, including the Nordic countries, intended to implement their offers in the field of tropical products. The benefits of a successfully concluded round of trade negotiations would be most important to all parties, including the developing countries, for which special efforts should be made to secure additional benefits. He concluded by stating that the Nordic Governments intended to make every effort towards the realization of the objectives of the Tokyo Declaration.

Mr. TOMIC (Yugoslavia) stated that the slow-down of the world economic recovery during the third quarter of 1976 had again created concern, particularly among developing countries. He mentioned, in particular, the weakening growth of production in the major industrialized countries and unemployment, coupled with steady monetary and exchange difficulties. Since a modest recovery in the first half of 1976, the slowing down in the third quarter had given rise to a new proliferation of measures. The question arose - how long governments could resist internal pressures for import restrictions and how long the rules of GATT would keep the balance between a policy of liberalization and a policy of temporary emergency measures. The proliferation of emergency measures might well lead to the conclusion at some stage that the mechanism was inadequate in the circumstances. Although flexibility was more advisable than rigidity, it could no longer be accepted that Part IV was totally ignored and that there were nowhere exceptions from temporary restrictive measures in favour of developing countries. This meant that the pledge of standstill and differential treatment for developing countries was practically non-existent. The implementation of Part IV of the General Agreement would, therefore, be a welcome contribution towards an opening up of world trade opportunities for developing countries. He stated that in the balance-of-payments consultations industrialized countries had been rapid in advising the dismantling of restrictive measures as soon as some uncertain improvements appeared in the balance of payments of developing countries. Industrialized countries were not so quick, however, in dismantling their own restrictions. An important example in this regard was the import restrictions on beef. He expressed appreciation at the work done by the secretariat in the field of the negotiations and, in particular, for the technical assistance provided to developing countries participating in these negotiations. In this connexion, he mentioned that no solution had yet been found to the question of erosion of salaries as a result of exchange-rate losses. He urged that a speedy

solution should be attained within the common system. He expressed appreciation for the Consultative Group of Eighteen as a useful body for the assessment of basic and major problems of GATT in the present economic development. He further emphasized the important contribution made by the International Trade Centre and the GATT training programme in helping developing countries to expand their exports. He also welcomed the tendencies for closer co-operation between developing countries under the Protocol Relating to Trade Negotiations Among Developing Countries as well as under the Tripartite Agreement between India, Egypt and Yugoslavia.

In conclusion, he stated that an early conclusion of the MTN, with substantial results, would be of utmost importance for the economic recovery, contributing not only to the expansion of international trade, but also to the restoration of confidence in long-term economic relations among nations.

Mr. LALL (India) stated that although there was a great need for increased export income there had been practically no improvement in his country's terms of trade, as a result of the drastic erosion in purchasing power caused by continued inflationary pressures in industrialized countries and an automatic increase in the price of imported materials. Despite sincere efforts it had not been easy for his country to offset the rapid deterioration in purchasing power and thus to contribute, through maintaining a minimum level of more essential imports, to the continued trade exchanges between India and other contracting parties. India therefore had had to resort to financial means. He was grateful to the developed and developing nations which had made increased funds available on concessional terms. India was also heavily dependent on the loan facilities provided by the International Monetary Fund on terms not quite compatible with India's situation. In spite of these problems, his country had had some success in containing inflationary pressures. It had also been possible to lower still further the already low consumption level. As a result of these two factors Indian products were now more competitive on the world market and could be made available in larger quantities and in a more interesting variety to meet demands from consumers abroad. However, conditions of access in industrialized countries had not improved in any material degree.

He stated that this experience had made it increasingly clear that unless some fundamental changes were introduced in the rules governing the development of international trade and unless the international community was able to consider more earnestly and sincerely modifications in the current economic order, his country would have to face even more difficult years in the future.

His delegation had welcomed the establishment of the Group of Eighteen in the hope that it would provide a useful opportunity for exchanges of views on what GATT could do to enable developing contracting parties to make a full and not just a peripheral contribution to the objectives and purposes of the General Agreement, and to the expansion of international trade commensurate with their economic potential. The suggestions put forward to this end had not yet been discarded, but had not met with acceptance either. In fact, the Group had yet to arrive at a consensus on how exactly this problem could be tackled by the CONTRACTING PARTIES. The problems of the developing countries continued to occupy an important place in the GATT but they remained a subject of peripheral concern when it came to the taking of decisions. These problems were also currently discussed in other international fora. Contracting parties had not made it possible for the Director-General to inform the other fora as to what the CONTRACTING PARTIES could do within the field of their responsibilities. He feared that if the CONTRACTING PARTIES kept these problems unresolved and continued to ignore the trade needs of developing contracting parties, the responsibilities assumed in the General Agreement would suffer an irreversible erosion.

In this connexion he called attention to the target laid down in the Lima Declaration to secure a 25 per cent share of manufacturing activity for developing countries by the year 2000. This Declaration had implications in terms of the rôle of developing countries in the expansion of international trade. The CONTRACTING PARTIES, however, still had to address themselves to these implications. He also called attention to the allocation of responsibilities and functions to various organizations within the UN system which was currently under discussion. Should the international community find that the CONTRACTING PARTIES were unable or unwilling to play their part in an area for which they had legal responsibility, and in which they had in the past given proof of their ample competence, the future of GATT would be greatly prejudiced. He considered that the matter was so urgent and so serious that this session ought to give it earnest consideration and agree on its seriousness. The CONTRACTING PARTIES should remit the detailed examination of this matter to the Council and charge it to evolve a set of practical proposals, so that it would be possible to ensure that the area of GATT responsibilities in the new international set-up was not restricted but reinforced and more closely defined.

Addressing himself to the expansion of mutual trade among developing countries, he supported the intention of the Committee of Participating Countries in the Protocol to examine the question of trade flows with respect to certain scheduled items which had remained small or negligible, and to seek an acceleration of the expansion of trade in these items. He recognized that the schedule of concessions was a modest initial effort, but considered that these arrangements could make an increasingly valuable contribution to the expansion of trade among developing countries.

Referring to the surplus accruing to the OPEC countries, he pointed out that this surplus would largely revert to industrialized countries through an increase of their exports to the OPEC countries. Despite many advantages of India in terms of geographical location and production potential, it had not been possible for his country to increase its exports to these countries sufficiently even to make up for the deficit due to the rise in the price of petroleum which had already occurred.

It was now for the CONTRACTING PARTIES to consider how this situation could be remedied and how the needs of developing countries could be met. Attention had to be given to practical measures that could be taken through mutually reinforcing action in the field of marketing mechanisms and production structures. The CONTRACTING PARTIES should now define the role that they could play in securing a fair opportunity for developing countries in expanding their exports. He suggested that the Committee on Trade and Development be charged to consider and initiate appropriate action with a view to securing an extension of the Protocol amongst developing countries both in countries and product coverage, and also to evolve practical measures to be considered by the CONTRACTING PARTIES at their next session. In this connexion a contribution on the part of the International Trade Centre might also be appropriate.

Mr. PETRESCOU (Romania) stated that despite some concrete progress as, for example, in the sector of tropical products, the multilateral trade negotiations had not yet achieved satisfactory results. The negotiations should now enter a more concrete phase and deal substantively with the effective liberalization of international trade. He considered that an acceleration of the negotiations was now necessary and expressed concern at the tendency of some partners to exclude from the negotiations certain trade barriers. He pointed out that in conformity with the Tokyo Declaration, it was necessary to include in the negotiations all tariff and non-tariff barriers as well as the interests of all participating countries. In this respect he also expressed concern about the lack of effective progress towards the definition of a differential and more favourable treatment for developing countries, irrespective of their socio-economic system and their geographical location. He stated that the need to move into a really effective phase of the negotiations was all the more important in view of the appearance of protectionist tendencies on the part of certain developed countries. He expressed concern at the number and extent of trade restrictive measures introduced in the past year, which had particularly negative effects on the exports of developing countries. In this connexion his authorities were concerned about the import restrictions taken by the EEC against imports of meat, fruit and vegetables and fats and vegetable oils. They were also concerned about the tendency of certain countries to resort to anti-dumping and safeguard measures without sufficient justification in terms of the provisions of the General Agreement.

He considered that these protectionist tendencies as well as the respect for the provisions of the General Agreement required greater attention on the part of the contracting parties, and an increasing rôle of the GATT in the search for solutions to the problems which had arisen.

With regard to the activity and functioning of the Consultative Group of Eighteen, he considered that the Group could constitute an appropriate forum for discussing certain problems arising between members of the GATT, without encroaching on the competence of the traditional organs of the GATT or the responsibilities of the Trade Negotiations Committee. He appealed to the Group to devise more flexible methods of work which would allow interested non-members to participate directly in the discussions of particular interest to them. The application of the principle of rotation might not always be sufficient to enable interested countries to have access to the documents and to make effective contributions.

With regard to the Multifibre Arrangement, he remarked that while there had been some positive evolution towards a greater access to markets for textile products, the application of its provisions had not always been complete and general. In conclusion, he pointed out that his country had acceded to the GATT in the confidence that its participation would contribute to the development of its commercial relations on the basis of the provisions of the General Agreement and of the Romanian Protocol of Accession. He stated that the forthcoming consultation between his country and the CONTRACTING PARTIES would offer an opportunity to evaluate the results obtained up till now. It would also give an opportunity for his authorities to evaluate the extent to which contracting parties had respected their obligations, including the complete elimination of restrictions discriminatory against the exports of his country, and generally the efficiency of GATT in realizing its objectives and in promoting the interests of its member States.

Mr. DUNKEL (Switzerland) stated that in spite of some improvement in the world economic situation the risk that countries would resort to protectionist measures still existed. It was therefore essential that governments worked together to face up to protectionist pressures. He also stressed the importance of the multilateral negotiations as an instrument to prevent countries from moving backwards in the degree of liberalization.

The activities of the Council in the past year had demonstrated that the GATT mechanisms of information, consultation and settlement of disputes had been widely used. The GATT had proved its usefulness as an instrument of progressive trade liberalization, which it should continue to do in the Tokyo Round. The difficult situation of the world economy had also demonstrated its usefulness as an instrument of dissuasion and of examination of measures taken in respect of

imports as well as exports. Certain defaults had nevertheless occurred and it was necessary therefore that the instruments which were at the disposal of contracting parties were improved and that their utilization be made as effective as possible. The fact that these instruments were not perfect should not be taken as a pretext not to make use of them.

He stated that the increased resort to GATT mechanisms, the modifications in the world economic situation and in particular, the necessity that developing countries were fully integrated in the international trading community, all led to the consideration of the question whether this instrument of co-operation and the way in which it was utilized, was adequate. Such consideration would also lead to suggestions as to what modifications could be brought into the system. He was grateful for the possibilities which existed in the framework of the multilateral negotiations to undertake a thorough examination of the suggestions made, whether these suggestions concerned the relations between the monetary and commercial fields, or the system of rights and obligations applicable in the relationships between industrialized and developing countries, or whether they related to the general conditions of competition. He stressed, however, that the greatest care should be taken that the present rules and disciplines were protected, as long as there was no certainty that the reform was a strengthening and not an erosion of the framework of commercial relations. There should be real progress for the CONTRACTING PARTIES as a whole.

Mr. WILLENPART (Austria) stated that despite the apparent improvement in the difficult economic situation of the last two years, some branches of industry were still suffering from the effects of the recession. The recovery seemed to be somewhat slower as compared with the experience of past cycles. As a result of the sectoral difficulties governments continued to be confronted with strong protectionist pressures. Unilateral measures in the trade or monetary field taken in pursuance of such pressures would however, only provide temporary relief. Such measures would, moreover, contribute to a deterioration in the economies of other countries and thereby only aggravate the present economic difficulties. It was therefore essential that governments resist such pressures and refrain from the imposition of restrictive trade measures, but rather concentrate on appropriate internal measures. In this connexion he stated his belief that the Consultative Group of Eighteen, by providing a forum for discussions on matters of concern could contribute to a better mutual understanding.

He expressed the firm commitment of his delegation to the goals of the multi-lateral trade negotiations and stressed that these should be intensified in the year ahead. He welcomed the fact that concrete offers had been made on tropical products, as the problems of the developing countries required that concrete results should be achieved as early as possible. He stated that Austria would implement its offers at the earliest possible date in 1977 and that the initial

offers would be substantially improved as a result of the consultations held. He added that attention should also be given to other areas which were of importance to developing countries. He expressed the hope that the framework improvement group would be able to deal with several of the problems of developing countries. This group would also provide an opportunity to examine the adequacy of the framework for the conduct of international trade.

Mr. LHO (Korea) expressed satisfaction that the world economy which was seriously affected by recession and world-wide inflation in 1975, had shown a sustained recovery in 1976. As a result world trade in 1976 was expected to exceed its 1975 level by more than 10 per cent. While welcoming these developments he also expressed concern that a number of restrictive measures had been taken by developed countries. These measures affected the export interests of developing countries and were thus not in conformity with the letter and spirit of Part IV of the General Agreement. He also was concerned that this trend of protectionism could have an adverse effect on the recovery of the world economy. He stated that it was necessary for the GATT to react to the continuing evolution of international economic realities. He welcomed therefore the creation of the group to elaborate improvements in the international framework for the conduct of world trade. In this connexion stress should be particularly placed on improving the framework of trade between developed and developing countries. With regard to the multilateral negotiations he expressed disappointment at the overall slow progress being made, despite the achievements in certain sectors such as tropical products. He emphasized the need for an early and comprehensive agreement on special and differential measures in favour of developing countries. He believed that when concerted efforts were made it would be possible that the negotiations would be successfully concluded in 1977. He noted with satisfaction the successful operation of the Protocol Relating to Trade Negotiations Among Developing Countries. He considered that the modest initial effort by participating countries to expand exports among themselves had been fruitful and should encourage these countries to take active measures for enlarging the arrangement. He expressed the hope that more developing countries would accede to the arrangement in the near future, and supported a new round of negotiations aimed at enlarging the membership of the Protocol and expanding the scope and contents of the present tariff concessions.

In commenting finally on the Arrangement Regarding International Trade in Textiles he expressed regret that the Arrangement had often been used as a means of restraint rather than as a charter for liberalization. He hoped therefore that the forthcoming session of the Textiles Committee would result in detailed and substantive measures, including the strengthening of the competence and authority of the TSB so as to ensure a fair implementation of the Arrangement.

The meeting adjourned at 12.55 p.m.