

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
Thirty-Fifth Session

## SUMMARY RECORD OF THE FIRST MEETING

Held in the Palais des Nations, Geneva,  
on Monday, 26 November 1979, at 3 p.m.

Chairman: Mr. JUAN JOSE REAL (Uruguay)

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### Opening address by the Chairman<sup>1</sup>

The Chairman said that, looking back over the last twelve months and then ahead into the 1980's, he saw cause for some concern, but at the same time for some encouragement and optimism in regard to the development of international trade. The world economy was marked by persistent inflation, unemployment, monetary turmoil and sluggish growth. However, he saw these factors as problems of relative affluence compared with those of starvation and poverty faced by millions of people around the world. He said that protectionist forces remained strong thereby contributing to inflation. He also referred to the continuing tension that existed in North-South economic and trade relations which could lead to sterile confrontations unless they were harnessed by practical work in such bodies as GATT into the constructive energy of co-operation.

On the other hand, there were reasons for optimism. He was encouraged by the recognition by governments of the interdependence of all nations, whether industrialized or developing. In this respect one of the most striking trends over the past few years had been the way in which imports by developing countries had contributed to maintaining the growth in volume of world trade, despite slackening demand in the industrialized countries. To illustrate this interdependence, he pointed out that last year the Western European countries sold twice as many manufactures to developing countries than to Japan and North America together, that Japan exported more manufactures to the developing countries than it exported to North America and Western Europe combined, and that the United States and Canada sold 32 per cent of their exports to the developing countries,

<sup>1</sup>The full text of the Chairman's address is contained in press release GATT/1249.

compared to 26 per cent taken by Japan and Western Europe. He stressed that if developing countries were to continue to provide such a stimulus to world trade they should be enabled to pay for their imports by adequate access for their exports to the markets of the industrialized countries.

Turning to the Tokyo Round, he said that these negotiations were virtually completed, except for the safeguards issue. All sides, however, recognized that this was an issue of major importance and they were determined to continue seeking an early solution. He stated that the tariff reductions, codes on non-tariff measures, agreements on agricultural trade and the agreements for an improved legal framework for the conduct of world trade were substantial achievements. One of the best ways of overcoming the forces of protectionism and of promoting the efforts towards economic adjustment was to implement these results quickly, to monitor their implementation and to make full use of GATT as a negotiating forum to see that the agreements contributed to the liberalization of the world trading system. The agreements should also promote efforts towards adjustment to the growing impact of developing countries on the world market, to high energy costs and to new technologies.

He said that there was also a great potential for increasing trade among developing countries, as experience over the past six years had shown. It was encouraging to see the strengthening in the resolve among many developing countries to undertake a new initiative to increase further the trade among them. Referring to the report on the work of the Council since the last session, he noted that the GATT had been used by the contracting parties as an instrument and a negotiating forum to work towards settling trade policy problems in many areas outside the Tokyo Round. He also mentioned the need to discuss the future work and the activities of the GATT in coming years. He indicated that there would be changes in the structure and operating methods of GATT as a consequence of the new instruments and mechanisms of surveillance and negotiation. In conclusion he appealed for a concerted action to maintain the necessary harmony and unity to ensure adequate participation by all the parties in the conduct of increasingly liberalized and equitable trade. This required a fair implementing of the commitments entered into, but also a climate of mutual co-operation conducive to strengthening the beneficial effects of international trade relations.

#### 1. Adoption of agenda

The Chairman referred to the provisional agenda (L/4854). He said that under the item - Multilateral Trade Negotiations - the Director-General in his capacity of Chairman of the Trade Negotiations Committee, would present the results of the Multilateral Negotiations. Contracting parties would also have before them the Report of the Council, which reflected discussions in

the Council on a number of points relating to the MTN. He said that the Council had recommended that this part of its report be considered under the item - Multilateral Trade Negotiations - rather than under item 3 - Report of the Council. This part of the Council's report was contained in document L/4884/Add.1. Contracting parties would thus have the opportunity to consider the results of the MTN and any action that may be necessary. The CONTRACTING PARTIES would also consider the Report of the Council (L/4884) in which the Council reported on the many specific activities which had taken place in the Council since the last session of the CONTRACTING PARTIES.

Finally, under the item - Activities of GATT - contracting parties would have the opportunity to review major developments since the thirty-fourth session and to consider reports such as the report of the Committee on Trade and Development, submitted directly to the CONTRACTING PARTIES. Another important matter for consideration under this heading was the future Activities of GATT. The CONTRACTING PARTIES would consider in this connexion proposals which had been made by the Director-General on the GATT Work Programme.

The agenda was adopted.

2. Order of business

The Chairman drew attention to the proposed Plan of Plenary Meetings circulated in document W.35/1.

The CONTRACTING PARTIES approved the Plan of Plenary meetings as proposed in document W.35/1.

3. Presentation of reports

Mr. FARNON (New Zealand), Chairman of the Council, introduced the Report of the Council contained in documents L/4884 and L/4884/Add.1. He stated that the Council had held seven meetings since the last session of the CONTRACTING PARTIES and dealt with more than sixty different subjects. The report gave a summary of the discussion and the action taken by the Council on each of these subjects. A more detailed and authoritative reflection of the discussion was to be found in the minutes of the Council, in documents C/M/131-C/M/137. He said that delegations might wish to draw the attention of the CONTRACTING PARTIES to those matters in which they had a particular interest.

He mentioned that with regard to the points which were dealt with in the Addendum to the Report (L/4884/Add.1) the Council had recommended that the three points which were related to the MTN should be considered by the CONTRACTING PARTIES under the item Multilateral Trade Negotiations. He pointed out that the texts and proposals which were before the Council on 22 November had been reproduced in document L/4884/Add.1.

Mr. PREM KUMAR (India), Chairman of the Committee on Trade and Development, presented the report of the Committee (L/4876). He stated that matters relating to the implementation of Part IV and developments in connexion with the multilateral trade negotiations had come under close scrutiny by the Committee at its sessions held in the course of the year. Among other matters taken up by the Committee had been those relating to developments in international trade having a bearing on the trade and payments position of developing countries and the expansion of trade among developing countries. Detailed consideration had also been given to the work programme of the Committee on Trade and Development in the post-MTN period having regard to the overall work programme of the CONTRACTING PARTIES.

With regard to the implementation of Part IV of the General Agreement, he said that the Committee had reviewed commercial policy actions affecting the trade of developing countries. Delegations had welcomed a number of improvements in market access affecting some of developing country products and noted the statements by some delegations that protectionism had generally been contained over the last twelve months. A number of delegations had nevertheless expressed serious concern at certain protective actions by some developed countries which, in their view, were contrary to the commitments under Part IV.

He stated that, in their review of developments in international trade, delegations had referred to the growing problems of payments and indebtedness of many developing countries, the counter-cyclical rôle played in the world economy by developing country imports from developed countries, the welcome diversification of the exports of a number of these countries, especially into manufactures, and the need for continued resistance to protectionism, inter alia, through efforts to increase the responsiveness of economies to changing competitive conditions. There had been a widely-shared view in the Committee that, in recognition of their interdependence in the current international economic situation, developed and developing countries should act jointly to stimulate global economic and trade expansion on a non-inflationary basis. Some delegations of developing countries had also emphasized the need for international action to alleviate the considerable financing difficulties being experienced by many developing countries and their increasing indebtedness, pending the basic solutions that could only come through increased export earnings.

Referring to the Committee's review of the situation of developing countries with respect to the multilateral trade negotiations, he said that some delegations had stressed the need to make suitable arrangements to continue negotiations on safeguards and to provide for adequate mechanisms for the surveillance of future safeguard actions. A number of delegations had made observations regarding the participation of non-signatory countries in the work of the Committees under the MTN agreements, and the relationship of these agreements with the General Agreement. They had also emphasized the importance of work continuing in GATT in areas of interest to developing countries where results in the MTN had been inadequate.

In connexion with the expansion of trade among developing countries he stated that the Committee had taken note of the Report on the operation of the Protocol Relating to Trade Negotiations Among Developing Countries. This Report was now before the CONTRACTING PARTIES in document L/4855 and Addenda. He pointed out that the value of trade in products covered by concessions under the Protocol had continued to rise substantially in recent years, and also that attention was being given to a further round of trade negotiations among developing countries.

He also said that the Committee had undertaken an examination of its future work programme in the light of the results of the multilateral trade negotiations, having regard to the importance of continuing activities in the GATT framework directed towards the expansion of trade of developing countries.

The Committee had decided that a number of the suggestions should be remitted to the present session of the CONTRACTING PARTIES for decision. Among the issues on which a decision of the CONTRACTING PARTIES at their current session was expected by the Committee were more particularly:

the implementation of paragraph B.8 of UNCTAD Resolution 131(V); the rôle of the Committee in connexion with the Enabling Clause of the "Framework" texts including with respect to the least-developed countries; and the rôle of the Committee with respect to further work on trade liberalization and on adjustment measures and policies in the light of the trade interests of developing countries.

As regards other areas of work, there had been general agreement in the Committee that activities with regard to the implementation of Part IV should be reinforced, that technical assistance by the secretariat to developing countries would continue to be an important element in the work of the CONTRACTING PARTIES and that the Committee would keep under review such activities. The other areas suggested for future work would be taken up by the Committee for consideration as appropriate at a future meeting in the light of the discussions held and any recommendations or decisions emanating from the present session of the CONTRACTING PARTIES. He stated that, following the discussion of the previous week in the Council on the Report of the Consultative Group of Eighteen and the work programme of the CONTRACTING PARTIES, he had every expectation that the Committee would receive at the present session the guidance of the CONTRACTING PARTIES on the main issues referred to them for decision with respect to the shape and direction of the work programme of the Committee on Trade and Development for the coming years.

The meeting adjourned at 4 p.m.