

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/W/355  
3 November 1981

Limited Distribution

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Committee on Trade and Development  
Forty-Fifth Session  
12-13 November 1981

## BACKGROUND NOTE FOR REVIEW OF IMPLEMENTATION OF PART IV AND OPERATION OF THE ENABLING CLAUSE

### Note by the Secretariat

1. In accordance with its terms of reference, the Committee on Trade and Development is required to keep under continuous review progress made in the implementation of Part IV of the General Agreement. In the light of this requirement, the Committee undertakes, at least once a year, a full review of the implementation of Part IV on the basis of notifications submitted by contracting parties. The Committee also undertakes, on a regular basis, reviews of the operation of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (also known as the Enabling Clause) in accordance with the Committee's primary responsibility for supervision of the implementation of that Decision.
2. The last major review of the implementation of Part IV and of the operation of the Enabling Clause was undertaken by the Committee at its forty-second session in November 1980. At its forty-fourth session, in July 1981, the Committee undertook a mid-term review of these matters on the basis of information contained in secretariat document COM.TD/W/336. The main points arising from the discussions at that meeting are reflected in document COM.TD/108, paragraphs 4-20.
3. Notifications received from contracting parties, in response to GATT/AIR/1745, for the full review of the implementation of Part IV and of the operation of the Enabling Clause, to be undertaken at the forthcoming meeting of the Committee, have been reproduced in COM.TD/W/347 and Addenda.
4. In this note, the secretariat has made an effort to update the information contained in COM.TD/W/336, taking into account that provided by delegations in COM.TD/W/347 and Addenda, by bringing together more recent information on certain actions which have been taken by contracting parties relevant to the implementation of Part IV and the operation of the Enabling Clause. Section I contains information on commercial policy measures other than those referred to in COM.TD/SCPM/W/11, "Protective Actions by Developed Countries Affecting Imports from Developing Countries", prepared as background for the Sub-Committee on Protective Measures, which relate

particularly to the standstill provisions of Part IV. In Section II, the secretariat has summarized available information, other than that contained in COM.TD/W/347 and Addenda, on developments with regard to the Enabling Clause. Section III - Developments in Other GATT Bodies of Interest in Relation to Part IV - is intended to respond to the general agreement in the Committee at its thirty-ninth session that the work on the review of the implementation of Part IV should be reinforced generally in accordance with the suggestions in paragraph 12 of COM.TD/102 (L/4876, paragraph 35). These included, inter alia, an overall review of developments in different GATT bodies and of the implementation of MTN results with respect to the interests of developing countries. Activities in other international organizations relevant to Part IV are summarized in Annex I.

5. As the information contained in Sections I and II of this document is supplementary to that notified and circulated in COM.TD/W/347 and Addenda, "Action by Governments Relevant to the Provisions of Part IV and Operation of the Enabling Clause", the two papers should be read in conjunction in order to have a more complete picture of the situation in relation to the implementation of Part IV and operation of the Enabling Clause. In order to obtain an overall appreciation of developments in this respect in the course of 1981, delegations might also wish to refer to the information contained in document COM.TD/W/336 prepared by the secretariat for the July meeting of the Committee and also to the working papers and reports of the Sub-Committee on Protective Measures' sessions in 1981 (COM.TD/SCPM/W/5-11 and COM.TD/SCPM/3-4). For a review and assessment of major developments in world trade, delegations might wish to refer to the GATT annual report, International Trade 1980/81; certain points contained in the report of particular interest to developing countries have been updated to mid-1981 in document COM.TD/W/346.

6. The summary table in Annex II attempts to give an overall view of developments relevant to Part IV and the Enabling Clause over the past year, by listing the various measures and actions that have been referred to in the background material provided for the Committee's reviews of the implementation of Part IV and operation of the Enabling Clause during that period including in the Sub-Committee on Protective Measures. In addition to the information provided in the synoptic table, it should be noted that most industrial countries have continued with the progressive implementation of MTN tariff concessions (generally the second stage came into effect on 1 January 1981). Among the measures and actions referred to, the Committee has had discussions this year on modifications to the GSP schemes of a number of countries, inter alia, towards a modulation of preferential treatment according to the level of development and competitiveness of individual beneficiary countries. Annex II also lists both measures which have been mentioned in the context of the work of the Sub-Committee on Protective Measures and certain actions towards liberalization in the field of tariffs or the termination of trade restrictive arrangements, taken over the past year.

7. The information has been provided in summary form without prejudice to the legal or other position of any contracting party in relation to the provisions of the General Agreement or the Tokyo Round Agreements and Decisions of the CONTRACTING PARTIES including the Enabling Clause and that

concerning the mandate of the Sub-Committee on Protective Measures. In particular, the views expressed in relation to the listing of anti-dumping and countervailing actions are contained in the reports of the Sub-Committee on Protective Measures (e.g. COM.TD/SCPM/1 and COM.TD/SCPM/3).

## SECTION I

### COMMERCIAL POLICY MEASURES

8. The Australian Government decided that, with effect from 19 August 1981, duty reductions to long-term rates of 20 per cent for bicycles and certain bicycle frames, to 25 per cent for hand-propelled vehicles and certain wheeled toys designed to be ridden by children and to minimum rates (i.e. either zero or 2 per cent) for many bicycle components would be phased in.
9. Canada has reduced for the period 1 June 1981 to 31 December 1984 customs duties under some sixteen tariff lines. Products affected include, inter alia: toilet articles; handkerchiefs made from woven fabric; headsquares, scarves or mufflers made from woven fabrics; and certain gloves of kid.
10. With effect from 1 July 1981, the European Communities suspended, totally or partially, the customs duties on a range of fishery products, certain vegetables, certain dates, certain paprika and certain types of purified soyabean oil for varying periods lasting until 31 October 1981, 31 December 1981 or 30 June 1982 depending on the product in question.
11. Imports into the United Kingdom of silk yarn and certain woven fabrics of silk, of noil or other waste silk originating in a number of countries including Kampuchea, Laos and Romania were put under open general licence with effect from 26 June 1981. Previously these imports had been subject to specific import licensing.
12. The Government of Norway notified the CONTRACTING PARTIES in September 1981 that the system of global import quotas on various textile items would be prolonged by half a year from 1 January to 30 June 1982. The global quotas will correspond to the quotas established in 1981 after having added average imports 1978-80 from India and Malaysia, whose bilateral arrangements with Norway expire on 31 December 1981 (L/4692/Add.9) Norway increased the import quota for apples during the period May-July 1981 from 5,000 tonnes to 10,000 tonnes.
13. As indicated by the United States delegation at the last meeting of the Committee on Trade and Development (COM.TD/108, paragraph 13), all aspects of the United States import relief programme on non-rubber footwear were terminated with effect from 30 June 1981. The United States delegation has subsequently notified further details in document L/4525/Add.1. In September 1981, the United States reintroduced a fee on imports of sugar.

SECTION IIDEVELOPMENTS WITH RESPECT TO DIFFERENTIAL  
AND MORE FAVOURABLE TREATMENT UNDER  
THE ENABLING CLAUSE

14. Section II of COM.TD/W/336 (paragraphs 18 to 37) prepared for the July 1981 meeting of the Committee contains a summary of developments with regard to differential and more favourable treatment for developing countries during the period to June 1981 since the last full review of the operation of the Enabling Clause. In the paragraphs that follow, the secretariat has attempted to update that paper by bringing together available information on more recent developments that may be relevant. This information is being provided without prejudice to the legal or other position of any contracting party in relation to the provisions of the Enabling Clause and of the General Agreement and is in addition to that notified by governments and reproduced in document COM.TD/W/347 and Addenda.

15. It will be recalled that at the last meeting of the Committee, a number of developing countries indicated that they had had or had requested consultations with certain donor countries under the provisions of paragraph 4(b) of the Enabling Clause in regard to actions by those donor countries to withdraw, partially or fully, GSP treatment from them on specific items (COM.TD/108, paragraphs 9-16). The European Communities have indicated in their notification (COM.TD/W/347) that they have consulted in this respect with a developing country.

(a) Generalized System of Preferences (GSP)

16. With effect from 1 July 1981, Australia removed limitations on developing country preferences in respect of a number of textiles, clothing and footwear products, certain non-electrical refrigerators of tariff item 84.15.9 and devices for telephone or telegraph use of tariff item 85.19.2. Data relating to imports from developing countries in 1976/77 - 1978/79 under the Australian System of Tariff Preferences for Developing Countries and the Australian handicraft scheme notified by the delegation of Australia have been circulated in L/3982/Add 16.

17. Austria has provided data on imports of handmade products in 1979 and 1980 under the Austrian scheme for handmade products together with comparable data for 1977 and 1978 (COM.TD/96/Add.4).

18. With effect from 1 August 1981, Hong Kong has been included in the list of beneficiary countries of the Norwegian GSP scheme. A list of exceptions, which will apply to Hong Kong in addition to the general list of exceptions previously notified, has been established. Guinea-Bissau, Cape Verde and Comoros have been included in Norway's list of least-developed countries eligible for duty-free treatment for all products (L/4242/Add.19).

19. New Zealand has provided statistical data with respect to its GSP scheme, covering (i) structure of tariff treatment for imports from GSP beneficiaries (1979/1980); and (ii) imports of m.f.n. duty-free items, items with GSP margins and items excluded from GSP, from different GSP beneficiaries (1979/1980) (L/4366/Add.11).

(b) Differential and more favourable treatment under GATT multilaterally negotiated instruments concerning non-tariff measures

20. A summary of developments regarding the implementation of the MTN Agreements on various non-tariff measures is contained in Section III of this note.

(c) Preferential arrangements among developing countries

21. The annual report on the operation of the Protocol Relating to Trade Negotiations Among Developing Countries is being circulated as L/5213. It is listed for consideration by the Committee in the annotated provisional agenda as item 7.

(d) Special treatment for least-developed countries

22. Actions taken by developed countries over the past year to accord special treatment to the least-developed countries are summarised in the synoptic table in Annex II. It will also be noted that the United Nations Conference on Least Developed Countries, held in Paris in September 1981, agreed on a Programme of Action for the 1980s containing, inter alia, certain recommendations regarding international support for the least-developed countries in the field of commercial policy (see Annex I, paragraph 1).

SECTION III

DEVELOPMENTS IN OTHER GATT BODIES OF INTEREST IN RELATION TO PART IV

The Council

23. The Council met in July, September and October 1981. In accordance with the Council's decision at its July meeting, the September meeting was essentially devoted to a review of the situation regarding the question of EEC refunds on exports of sugar following the notification by the EEC of its new sugar regulations as well as the 1981/82 sugar intervention price. The Council decided, without prejudice to the rights and obligations of contracting parties under the General Agreement, to establish a Working Party to conduct a review of the situation and to report to the Council not later than 1 March 1982. At its October meeting, the Council adopted the Report of the Working Party on the Agreement between the EEC and Yugoslavia and the Report of the third session of the Sub-Committee on Protective Measures and agreed to refer the question of the Turkish stamp duty to the Committee on Balance-of-Payments Restrictions. Other matters discussed at these Council meetings included the tax legislation and practices of several countries, the Panel Report on Spanish measures concerning domestic sale of soyabean oil, the Report of the Joint Advisory Group on the International Trade Centre and Italian deposit requirements for purchases of foreign currency.

Working Party on Structural Adjustment and Trade Policy

24. At meetings in July and October 1981 (L/5177), the Working Party on Structural Adjustment and Trade Policy began its work in pursuance of the recommendations contained in the Annex to its earlier Report (L/5120) which had been adopted by the Council in June 1981. The Working Party exchanged views on a secretariat note on the relevance of the Articles and instruments of GATT to the process of structural adjustment (L/5156). The Working Party considered an outline of a secretariat study being prepared on the relationship between developments in trade and changes in production structures as required under paragraph II(a) of the Annex to L/5120. The Working Party also exchanged views on the sort of information on the experience of contracting parties with regard to structural adjustment that should be submitted and agreed that all contracting parties should be invited to provide by the end of 1981 the information required in pursuance of paragraph II(b) of the Annex to L/5120. In accordance with the suggestion made at the forty-third session of the Committee on Trade and Development (COM.TD/107, paragraph 44), the secretariat paper "International Trade in 1980 and Present Prospects" (GATT/1285) was made available to the Working Party.

The Committee on Tariff Concessions

25. At its meeting in October 1981, the Committee on Tariff Concessions noted that all signatories had now accepted the Geneva (1979) Protocol; in regard to the Supplementary Protocol, it agreed to recommend to the Council the extension of the time-limit for acceptances to 30 June 1982. The Committee considered additional information from a number of members on the implementation of their MTN tariff concessions and progress in regard to the submission of loose-leaf Schedules. The Committee had a preliminary discussion of the implications for GATT Schedules of the introduction of the harmonised system for commodity description on the basis of a secretariat note and agreed to revert to this matter at its next meeting. In regard to tariff escalation, the Committee agreed that the pilot study approach should be adopted to assess the feasibility of the suggestions made in TAR/W/18 (see COM.TD/W/354 for further details). Following a discussion of the tariff study, the Committee agreed that the tariff study should be updated annually and that the country coverage of the study should be extended as far as possible.

Agreements on non-tariff measures

26. This section briefly describes recent developments concerning the application of certain Tokyo Round agreements as of 20 October. A number of Committees of the Agreements on non-tariff measures were scheduled to meet during the period 20 October - 11 November 1981. Developing country participation in the Committees established under the Agreements was as follows as of mid-October 1981 (developing country signatories and developing country observers): Committee on Anti-Dumping Practices, 6 and 28; Committee on Subsidies and Countervailing Measures, 8 and 30; Committee on Import Licensing, 8 and 29; Committee on Technical Barriers to Trade, 12 and 23; Committee on Customs Valuations, 6 and 18; Committee on Government Procurement, 2 and 24 (a developing country is presently negotiating accession).

27. The Committee on Government Procurement held its third and fourth meetings in July and October 1981 (L/5174 and L/5206). The Committee continued its detailed examination of national implementing legislation based on information submitted by members. The Committee discussed questions relating to the scope of the Agreement including whether leasing was covered by its provisions or not. With regard to the identification of contracts falling under the Agreement, the Chairman noted that all delegations acknowledged the need for the identification of contract notices in this respect. The Committee discussed the treatment of taxes and duties for the purposes of determining whether a contract falls over or below the threshold specified under the Agreement. At its meeting in October, the Committee conducted its first annual review of the implementation and operation of the Agreement on the basis of a background document prepared by the secretariat.

#### International Dairy Arrangement

28. The International Dairy Products Council held its fifth session in October 1981 (L/5197). The Council reviewed the functioning of the Arrangement. It took note of reports on the implementation of the Protocol Regarding Certain Milk Powders, the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses. The Council also took note of the decision made by each of the Committees to increase, as from 1 October 1981, the minimum export prices of the products covered respectively by those Protocols to the following levels (f.o.b. price per metric ton): skimmed milk powder and buttermilk powder: US\$600; whole milk powder: US\$950; butter: US\$1,200; anhydrous milk fat: US\$1,440; certain cheeses: US\$1,000. The schedules of price differentials according to milk fat content have consequently been modified. For its evaluation of the situation in and outlook for the world market for dairy products, the Council had before it two documents prepared by the secretariat, namely a status report on the world market for dairy products and a note on food aid operations. During that evaluation, the Council gave particular consideration to dairy policies. It also discussed food aid which it agreed would be examined in depth at coming sessions. The status report on the world market for dairy products will be revised by the secretariat to take account of data and amendments communicated and comments made by the participants, and will be made available for unrestricted distribution.

#### Textiles Committee

29. The Textiles Committee met in July and September 1981 to discuss proposals regarding the extension, modification or discontinuance of the Protocol extending the Arrangement Regarding International Trade in Textiles. The Committee is to continue its work in this respect at its next meeting which is scheduled to begin on 18 November 1981.

#### Consultative Group of Eighteen

30. The Consultative Group of Eighteen, at its sixteenth meeting held in October 1981, reviewed economic and trade developments since its previous meeting. The Group reaffirmed that close co-operation in GATT and a determined resistance to protectionist pressures remained of the utmost importance. In fulfilment of the responsibilities entrusted to it in 1980,

the Group initiated a detailed discussion of agricultural trade. In this context, it reviewed the application to agricultural trade of the General Agreement and of the Codes negotiated during the Tokyo Round. The Group also resumed consideration of the market situation and recent policy measures in the agricultural sector. Members agreed that there was need to give further attention, in the light of national agricultural policies, to the examination of problems affecting trade in agricultural products and of the relevant provisions of the GATT. The Group decided to continue discussion of this subject at its next meeting.

31. The Group pursued its discussion of the proposal that the GATT CONTRACTING PARTIES should envisage convening a ministerial meeting during 1982. Reviewing the background to this proposal, members noted the efforts made, through the multilateral trade negotiations, to strengthen the system of rights and obligations under the GATT. Since Ministers had last met under the aegis of GATT, in 1973, the world economy had encountered severe difficulties, and trade relations had come under increasing stress. The pattern of international trade had also altered significantly, a particular feature being the increasing role of developing countries, both as exporters and importers. In these circumstances, the Group agreed, there was a need for the trading nations to review the current state of the multilateral trading system, and to consider how it might be improved and made more effective. A ministerial meeting would also meet the need to review the implementation of the results of the Tokyo Round negotiations and to deal with issues presently under discussion in GATT, and to define GATT's tasks for the future. The Group therefore unanimously recommended that the CONTRACTING PARTIES consider, at their Session in November 1981, convening their Session in November 1982 at ministerial level, and that they request the Council to make the necessary arrangements to this end. The Group also expressed the view that the Session should as usual be open to observers. All members stressed the importance of timely and adequate preparations for the ministerial Session. Of those members who raised the question of responsibility for the preparatory work, the majority felt that it should take place under the authority of the Council, with the assistance, as needed, of other permanent bodies of the GATT, such as the CG.18 and the Committee on Trade and Development.

#### Commercial Policy Course

32. The fifty-second Commercial Policy Course organised by GATT began on 10 August 1981 and is to run until 3 December 1981. The course, which is for French-speaking officials from developing countries, has twenty participants, drawn from eighteen countries and two international organisations.

#### Accession of Colombia

33. Following completion of the relevant procedures, the Protocol of Accession of Colombia entered into force on 3 October and Colombia became a contracting party to the General Agreement on that date.

ANNEX I

ACTIVITIES IN OTHER INTERNATIONAL ORGANISATIONS  
RELEVANT TO PART IV

United Nations Conference on the Least Developed Countries

1. The United Nations Conference on the Least Developed Countries was held in Paris in the first half of September 1981. In a resolution, the Conference adopted and recommended the immediate implementation of a Programme of Action for the 1980s for the least developed countries, including the necessary international support measures, which would be undertaken within the framework of the International Development Strategy for the Third United Nations Development Decade and other relevant United Nations resolutions, consistent with the plans and programmes of each least developed country and as a part of international action for the establishment of a new international economic order. With regard to commercial policy, the resolution listed a range of measures with respect to which special efforts should be made to promote adequate markets and to provide the greatest possible certainty and continued access for least developed country products. Among other things, it was proposed that the GATT should consider prolonging the life of the Sub-Committee on Trade of Least-Developed Countries, since it provided a most useful forum for dialogue and could also make a useful contribution to the review of the Programme of Action.

UNCTAD

2. The twenty-third session of the UNCTAD Trade and Development Board held in September/October 1981 was largely devoted to its main substantive items: evaluation of the world trade and economic situation and interdependence of problems of trade, development finance and the international monetary system. The Board adopted a number of resolutions or decisions and remitted to the twenty-fourth session of the Board, which would take place in March 1982, two draft resolutions dealing respectively with the Multilateral Trade Negotiations and with Transnational Corporations and International Commodity Trade. Issues discussed at the twenty-third session which would be considered again in March 1982 are protectionism in the services sector and future UNCTAD/UNIDO co-operation in the field of industrial collaboration arrangements between enterprises in developed countries and those in developing countries.

3. The third session of the Preparatory Commission of the Common Fund was held in September 1981 with the aim of examining the reports of the two Working Parties created by the Commission at its second session in February 1981. The Commission considered the documents prepared by Working Party I, which had met in May 1981, and resolved a number of outstanding differences concerning the rules of procedure of the Governing Council and the Executive Board and the rules and regulations for the conduct of business of the Fund. The second Working Party, which is concerned with operational and financial questions such as rules and regulations for the operations of

the two accounts, as well as borrowing, had met in July and held detailed discussions of the main issues concerning the operations of the First Account. For the work of the Commission's third session, the secretariat of UNCTAD had prepared various model agreements and instruments necessary for the functioning of the Common Fund and its related organs.

#### Economic Co-operation Among Developing Countries (ECDC)

4. The second session of the Governmental Experts of Developing Countries on Economic Co-operation Among Developing Countries (ECDC) was held in July/August 1981 to elaborate a framework for negotiations on a Global System of Trade Preferences (GSTP), including the determination of objectives, principles, participation modalities and rules and procedures for the negotiations. The Group of Experts adopted a number of recommendations with respect to GSTP principles and listed the following components for the initial phase of the GSTP: indicative targets, tariff preferences, non-tariff barriers, direct trade measures, sectoral negotiations, rules of origin and safeguards. The report of the Group of Experts was submitted to the Ministerial Meeting of the Group of 77, held in New York in September 1981, with the request that it convene a meeting of senior officials of developing countries members of the Group of 77 to finalize and approve the rules for the GSTP, take the necessary decisions on procedural and institutional matters and launch the negotiations.

#### FAO

5. At its fifty-third session, in September 1981, the Committee on Commodity Problems reviewed the world commodity situation and outlook. In this connexion the Committee paid special attention to three major problems affecting world agricultural trade: the limited market growth for many commodities; the widespread decline and high volatility of prices of agricultural products; and the lack of growth in export earnings and erosion of the agricultural trade surpluses of developing countries. Although the overall volume of world agricultural trade had expanded in 1980 more rapidly than in the previous decade, the volume of exports of developing countries had been stagnant. The Committee recognized that this was due to a variety of factors, including the effects of the economic recession on the markets for agricultural raw materials which also faced competition from synthetic substitutes. The Committee also agreed that all countries had a common interest in resisting protectionist pressures. In this respect, all countries should avoid erecting new barriers and new types of restrictions to trade, and should minimize existing barriers as far as and as quickly as possible, particularly those affecting the exports of developing countries. It recommended that such action be supplemented by expanding, as far as possible, the coverage of agricultural commodities and processed products in GSP schemes and increasing preferential margins in these schemes.

#### International Sugar Agreement

6. In September 1981, the Executive Committee of the International Sugar Agreement agreed to cut the global export quota to the lowest level possible under the Agreement. This follows the fall in world sugar prices to below the Agreement's "floor" price of 13.5 cents per pound. The global quota was notionally reduced to 12.56 million tonnes. However, since under the Agreement the maximum cut allowed in individual quotas is 15 per cent, the total of the individual quotas in force was reduced to 13.86 million tonnes.

#### International Coffee Agreement

7. At its thirty-sixth session in September 1981, the International Coffee Council agreed to set a global export quota for 1981/82 at 56 million bags as compared to 57.37 million bags for the 1980/81 season. If prices remain below 120 US cents per lb., the global quota may be reduced in four 1 million bags stages to 52 million bags. Two further cuts are envisaged if the ICO indicator remains below 115 US cents per lb. for 15 market days. The first quarter quota of the coffee year from October to December has been set at 13 million bags, with a view to raising prices to the revised price range of between 120 and 140 US cents per lb. The global quota can rise up to 60.6 million bags if prices climb to over 145 US cents per lb. for 15 market days. Above 150 US cents per lb., no restriction will be maintained. The International Coffee Agreement 1976 has been extended, as it stands, for one year up to 30 September 1982. It was agreed that an intensive exchange of views on the future of the agreement would begin not later than March 1982.

#### International Wheat Council and Food Aid Committee

8. The International Wheat Council (93rd and 94th sessions) and the Food Aid Committee (40th and 41st sessions), met in Madrid, from 29 June to 2 July 1981. A conference of governments held during the meetings determined that the 1981 Protocols extending the International Wheat Agreement, 1971, consisting of the Wheat Trade and Food Aid Conventions, had come into effect on 1 July 1981. Both Conventions have been extended for two years to 30 June 1983.

#### Ottawa Summit Conference

9. At their meeting held in Ottawa in July 1981, the leaders of the major economic powers involved stated that the fight to bring down inflation and reduce unemployment must be given highest priority and these linked problems must be tackled at the same time. In regard to economic relations with developing countries, they expressed their belief that the Cancun summit offered an early opportunity to address anew the common problems of the developed and developing countries and indicated their readiness to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress. They reaffirmed their strong commitment to maintaining liberal trade policies and to the effective operation of an open multilateral trading system as embodied in the GATT. They said that they would: work together to strengthen this system in the interests of all trading countries,

recognizing that this will involve structural adaptation to changes in the world economy; implement the agreements reached in the multilateral trade negotiations and invite other countries, particularly developing countries, to join in these mutually beneficial trading arrangements; continue to resist protectionist pressures, in recognition of the fact that any protectionist measure, whether in the form of overt or hidden trade restrictions or in the form of subsidies to prop up declining industries, not only undermined the dynamism of economies but also, over time, aggravated inflation and unemployment; and keep under close review the role played by their countries in the smooth functioning of the multilateral trading system with a view to ensuring maximum openness of markets in a spirit of reciprocity, while allowing for the safeguard measures provided for in the GATT. They welcomed the new initiatives represented by the proposal of the Consultative Group of Eighteen that the GATT CONTRACTING PARTIES convene a meeting at ministerial level during 1982, as well as that of the OECD countries in their programme of study to examine trade issues.

#### International Monetary Fund

10. At its meeting in September 1981, the Interim Committee discussed the world economic outlook and the policies appropriate in the difficult current situation that most countries were facing. The Committee again assigned a clear priority to the firm pursuit of policies to reduce inflation for the purpose of lowering interest rates, encouraging productive investment, and achieving better rates of economic growth and employment. The Committee believed that signs of progress on the anti-inflation front were emerging, but that efforts must not be relaxed. The Committee urged that the needed containment of growth in nominal demand must be carried out through an appropriate blending of monetary and fiscal policies. The Committee stressed that prudent demand management policies should be supported or supplemented by measures directed toward problems of supply. Measures cited in this connexion included steps to remove existing rigidities and inefficiencies, to provide incentives - or eliminate disincentives - to saving and investment, and to achieve more effective use of energy resources, as well as development of new sources of energy. The Committee attached particular importance to measures to promote labour mobility and retraining. The Committee remained especially concerned about the existing tendency toward protectionism rather than liberalization. It warned that such policies were shortsighted, since they tended to preserve rigidities in the allocation of resources and could not provide lasting solutions for unemployment problems. The Committee pointed out that resort to protectionist measures was not only inimical to productivity gains and the fight against inflation, but also destructive of opportunities for expansion of world trade and increased participation of developing countries in its benefits. Regarding external payments imbalances, the Committee expressed particular concern about the problems of adjustment and financing in the non-oil developing countries. The Committee recognized that the upsurge in the current account deficit of these countries had stemmed mainly from external developments unfavourable to them, including recessionary conditions in the industrial world, the adverse movement of their terms of trade, including higher oil prices, and the steep rise in interest rates. The Committee noted that these external developments, together with the limited increase in official development assistance, had

had a severe impact on the international purchasing power of many developing countries, causing a sharp slowdown in import growth and thus hindering the pace of development. The Committee stressed that strong and comprehensive adjustment policies had to be implemented in order to reduce the present unsustainable current account imbalances. The Committee further stressed the importance of the Fund's role in the promotion of balance-of-payments adjustment. In present circumstances, it was recognized that the structural aspects of certain imbalances could require recourse to the Fund's resources under extended arrangements.

World Bank/International Monetary Fund

11. At its meeting in September 1981, the Development Committee reviewed the world development situation and prospects on the basis of the World Development Report 1981, prepared by the World Bank. The Committee expressed its deep concern that most developing countries, especially the low-income countries, continue to face grave economic problems with poor medium-term prospects. Noting the disappointingly low levels of economic growth in many industrial countries which, together with high energy costs, inflation, and high interest rates, have had a profound effect on the performance of the developing countries, the Committee found that efforts by industrial nations to curb inflation and reduce unemployment, and restore their growth rates while at the same time intensifying the pursuit of liberal trade regimes should be encouraged. The Committee stressed the importance of efforts by all countries to pursue appropriate adjustment policies and encouraged developed countries, capital surplus oil exporting countries, as well as advanced developing countries, to support adjustment and development through technical and financial efforts. The Committee reiterated the need for measures to increase the flow of official development assistance to the oil importing developing countries, especially the low-income countries, and reviewed progress with providing additional resources to the World Bank, the International Development Association (IDA) and the regional development banks. The Committee also noted the importance of maintaining adequate flows of commercial and other financing to developing countries. In considering various other matters, the Committee, inter alia, noted that, in pursuance of its earlier decision on the report of the Task Force on Private Foreign Investment, the World Bank had now completed its plan to study the quantitative and qualitative impact of both foreign investment incentives and performance requirements on direct investment and trade patterns. In view of the potential and the role which private foreign direct investment can play in promoting development in developing countries, the Committee encouraged the World Bank to complete the study for its consideration in due course.

ANNEX II

SYNOPTIC SUMMARY OF COMMERCIAL POLICY ACTIONS RELEVANT TO PART IV AND DEVELOPMENTS RELATING TO DIFFERENTIAL AND MORE FAVOURABLE TREATMENT UNDER THE ENABLING CLAUSE

Actions referred to in the documentation of the Sub-Committee on Protective Measures <sup>1/</sup> (COM.TD/SCPM/W/5-11 and COM.TD/SCPM/3)	Other commercial policy actions referred to in the documentation of the Committee on Trade and Development (COM.TD/W/336 and 355, COM.TD/108)	Actions relating to differential and more favourable treatment (COM.TD/W/336 and 355, COM.TD/107 and 108)
(1)	(2)	(3)
<p><u>AUSTRALIA</u></p> <p>Temporary m.f.n. tariff increases on certain soft-sided containers and fluorescent and filament lamps.</p> <p>Certain anti-dumping actions (COM.TD/SCPM/W/7/Rev.1, COM.TD/SCPM/W/8 and 11)</p>	<p>M.f.n. customs duty reductions on musical instruments and accessories therefor, certain games and sporting equipment, certain articles of jewellery etc., certain sacks and bags, bicycles and bicycle components, hand-propelled vehicles and certain wheeled toys.</p> <p>Customs duty rebate of 10 per cent on imports of manufactured tobacco contingent upon purchase of specific quantities of Australian leaf.</p>	<p>Extension of GSP to cover most textiles, clothing and footwear products.</p> <p>Termination of quota limitations on developing country preferences for certain electrical goods.</p> <p>Reduction in developing country preferential rate on certain fatty alcohols, beer, fluorspar, wriststraps hides, skins, furskins, certain iron and steel products and certain metal cans.</p> <p>Exclusion of India from GSP treatment on certain footballs and files and rasps and of Hong Kong on goods falling within 55.09.62. Reapplication of GSP to certain steel pipe and tube from India.</p> <p>Exclusion of Greece from GSP scheme.</p> <p>Implementation of South Pacific Regional Trade and Economic Cooperation Agreement</p>
<p><u>AUSTRIA</u></p>		<p>Deletion of Greece from GSP</p>
<p><u>CANADA</u></p> <p>Certain anti-dumping actions (COM.TD/SCPM/W/8 and 11)</p>	<p>Reduction of customs duties under sixteen tariff lines for period 1 June 1981 to 31 December 1984.</p>	<p>Inclusion of Zimbabwe in and exclusion of Greece from GSP.</p> <p>Unilateral application of benefits of Government Procurement Code to least-developed countries.</p>
<p><u>EUROPEAN COMMUNITIES</u></p> <p>Export restraint agreements on live sheep and goats and/or sheep and goat meat.</p> <p>Measures concerning imports of iron and steel including "arrangements" negotiated for 1981 with supplying countries.</p> <p>Greek restrictions on imports of certain woven jute fabrics from India and Bangladesh.</p> <p>Export restraint by Thailand concerning jute yarn to Italy.</p> <p>Italian suspension of imports of certain grooved carpet shells and other molluscs, 10.2.81 to 14.6.81.</p> <p>EEC Commission consultations concerning import arrangements with suppliers of tapioca.</p>	<p>EEC duty-free quota for 1981 for certain handmade products.</p> <p>EEC 1981 duty-free quotas for certain silk and silk goods, handwoven fabrics, etc.</p> <p>Extension of retrospective control of imports of footwear for 1981.</p> <p>EEC-Bangladesh Agreement on trade in jute goods.</p> <p>New market organization for sugar.</p> <p>Termination of Greek system of voluntary import limitation and reduction of Greek prior import deposits.</p> <p>Temporary suspension of customs duties on certain agricultural products.</p> <p>Liberalization of imports into United Kingdom of certain silk goods from Kampuchea, Laos and Romania.</p>	<p>Decision to extend GSP for 10 years.</p> <p>Revised scheme in force from 1 January 1981.</p> <p>Greece to phase-in application of GSP.</p> <p>Inclusion of Zimbabwe as beneficiary.</p> <p>Simplification of GSP scheme applicable to industrial items other than textiles (two categories rather than four).</p> <p>For sensitive items, introduction of system of individual country quotas.</p> <p>Increase in preferential margin on some forty agricultural products and inclusion of some additional agricultural products.</p> <p>Improvement of special treatment for least-developed countries, which benefit from exemption of duty without limitations for all GSP items (other than pineapples and tobacco).</p>

<sup>1/</sup> Measures referred to in the documentation of the Sub-Committee on Protective Measures have been listed without prejudice to views regarding their legal status or restrictive effect or relation to the competence of the Sub-Committee to examine them.

(1)	(2)	(3)
<p>Tariff quota system concerning imports of preserved cultivated mushrooms (CCT ex 20.02A) and import licensing on cultivated mushrooms prepared or preserved in vinegar or acetic acid (CCT ex 20.01C).</p> <p>Italian deposit requirement for purchases of foreign currency.</p> <p>System of production aid for cotton.</p> <p>United Kingdom ban on imports of groundnut and cotton seed extractions containing detectable levels of aflatoxin.</p> <p>Certain anti-dumping and anti-subsidy actions (COM.TD/SCPM/W/8 and 11, COM.TD/SCPM/3).</p>		
<p><u>FINLAND</u></p>	<p>Reduction in import duties on cut flowers.</p> <p>Extension of minimum import price surveillance arrangements on ladies' tights for 1981.</p>	<p>Inclusion of Zimbabwe in GSP as a beneficiary.</p> <p>Withdrawal of certain fishing nets from GSP treatment.</p> <p>Amended rules of origin concerning transit arrangements for GSP goods imported via EEC or other EFTA countries.</p>
<p><u>HUNGARY</u></p>		<p>Application of GSP treatment to some 112 additional CCCN headings and sub-headings.</p> <p>Subsequent inclusion of five additional items.</p> <p>Inclusion of Thailand in the list of GSP beneficiaries.</p> <p>Extension of general duty-free treatment applicable to least-developed countries to Bhutan, Comoros, Samoa and Cape Verde.</p>
<p><u>JAPAN</u></p>	<p>Reduction of customs duties on, and improved market arrangements for, imports of manufactured tobacco.</p> <p>Amendments to Export and Import Control Orders.</p>	<p>Decision to extend application of GSP for ten years.</p> <p>Increase in ceilings on industrial products.</p> <p>Inclusion of four new agricultural items.</p> <p>Reduction of preferential duty rate on one agricultural and two industrial items.</p> <p>Exclusion of five items from GSP.</p> <p>Introduction of a "differential treatment of preferences" clause.</p>
<p><u>NEW ZEALAND</u></p>	<p>Introduction of Import Licensing Tendering System.</p> <p>Import Licensing Schedule 1981-82. Value of basic licences increased by 25 per cent. Further exemptions from licensing.</p>	<p>Exclusion of Greece from GSP.</p> <p>Amendments to GSP resulting from Textile Industry Study.</p> <p>Implementation of South Pacific Regional Trade and Economic Cooperation Agreement.</p>

(1)	(2)	(3)
<p><u>NORWAY</u></p>	<p>Prolongation of global import quotas on various textile items for 1981 and first half of 1982.</p> <p>Increase in internal tax applicable to certain chocolate goods and confectionary.</p> <p>Increase in import quota for apples May-July 1981.</p>	<p>Inclusion of Hong Kong in list of GSP beneficiaries, with certain special exceptions from GSP treatment.</p> <p>Inclusion of Cape Verde, Comoros and Guinea Bissau in list of least-developed countries eligible for duty-free treatment for all products.</p> <p>Modification to GSP rules of origin concerning transit arrangements with EEC and other EFTA countries.</p>
<p><u>SWEDEN</u></p>	<p>Increase in internal taxes on chocolate and certain articles containing chocolate.</p>	<p>Inclusion of Zimbabwe as GSP beneficiary.</p> <p>Extension of duty-free GSP treatment to woven fabrics of jute (except from Bulgaria, People's Republic of China and Romania).</p>
<p><u>SWITZERLAND</u></p> <p>Increase in the price supplements charged on imports of edible oils and fats.</p> <p>Tariff modifications concerning certain chocolate and food preparations containing cocoa, and certain frozen, prepared or preserved vegetables.</p> <p>Import licensing on certain soaps and washing preparations.</p>	<p>Reduction in customs duties on unsweetened cocoa powder, extracts and essences of coffee, tea, etc., and certain other agricultural products.</p>	
<p><u>UNITED STATES</u></p> <p>Reintroduction and adjustments of "trigger price" system on imports of iron and steel.</p> <p>Certain anti-dumping and anti-subsidy actions (CCM.TD/SCPM/W/7/Rev.1, CCM.TD/SCPM/W/8 and 11)</p>	<p>Increase in import quota on peanuts.</p> <p>Termination of import relief programme on non-rubber footwear.</p>	<p>Addition of 51 new items to GSP.</p> <p>Exclusion of coats, jackets and vests of down from GSP.</p> <p>Adjustments according to "competitive need" and <u>de minimis</u> provisions of US GSP.</p> <p>Withdrawal of GSP treatment from five main beneficiary countries on certain items.</p> <p>Andean Group and ASEAN designated eligible for cumulative treatment under GSP origin rules.</p> <p>Unilateral extension of benefits of Government Procurement Code to least-developed countries.</p>