

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Thirty-Sixth Session

REPORT OF THE COMMITTEE ON TRADE AND DEVELOPMENT TO THE CONTRACTING PARTIES

INTRODUCTION

1. Since the thirty-fifth session of the CONTRACTING PARTIES in November 1979, the Committee on Trade and Development has held three meetings comprising its fortieth, forty-first and forty-second sessions, under the Chairmanship of H.E. Mr. Atmono Suryo (Indonesia).

2. The fortieth session of the Committee took place in March 1980. At that session, the Committee addressed itself to the question of how it could best take up the five main elements in its future work, as determined by the GATT Work Programme¹ adopted by the CONTRACTING PARTIES at their thirty-fifth session in November 1979, namely:

- (i) work on trade policy and development policies including trade liberalization in areas of special interest to developing countries;
- (ii) primary responsibility for supervision of the implementation of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (L/4903);
- (iii) examination of protective action by developed countries against imports from developing countries, in accordance with the Decision on this subject taken by the CONTRACTING PARTIES (L/4899);
- (iv) work on structural adjustment and trade of developing countries;
- (v) special attention to the special problems of the least-developed countries.

3. The Committee established the Sub-Committee on Protective Measures and agreed on certain guidelines for its work covering such matters as notifications and sources of information, frequency of meetings, and procedures for examination and reporting. With regard to work on trade liberalization, the Committee noted that the areas of special interest to developing countries to which the Committee

¹ BISD, Twenty-Sixth Supplement, pages 219-222.

should initially give attention were quantitative restrictions and other non-tariff measures, tariff escalation, tropical products and advance implementation of MTN tariff concessions. The Committee decided that, as an initial step, an adequate data base showing the post-MTN situation with respect to these areas should be put together. The secretariat was requested to initiate this work in consultation with delegations.

4. As to the Committee's supervisory rôle in relation to the implementation of the Enabling Clause, the Committee agreed on certain procedures with regard to the notification, consultation and review provisions of the Enabling Clause. The Committee also agreed on procedures for co-ordinating the review of the implementation of Part IV with that of the operation of the Enabling Clause. The Committee had a discussion on possible approaches to its work on structural adjustment and the trade of developing countries, having regard to the consideration being given in the Consultative Group of Eighteen to the modalities for GATT's work in this area. In addition, the Committee considered the way in which it could most appropriately give special attention to the special problems of the least-developed countries and examined a proposal for the establishment of a Sub-Committee for this purpose. Further details relating to these matters may be found in the Proceedings of the Fortieth Session of the Committee (COM.TD/104).

5. At its forty-first session in July 1980, the Committee carried out its half-yearly review of the implementation of Part IV and also of the operation of the Enabling Clause on the basis of a secretariat background note (COM.TD/W/313). The Committee also considered future information requirements for its review functions on the basis of a secretariat note (COM.TD/W/311); delegations expressed general agreement with the outline of information requirements in that document. The Committee took note of the first report of the Sub-Committee on Protective Measures, which was circulated as COM.TD/SCPM/1. It also reviewed developments in international trade on the basis of a secretariat note, COM.TD/W/314, summarizing recent developments in the trade and payments position of developing countries and examining the evolution of production and trade in developing countries in the 1970s.

6. With regard to its work on trade liberalization, the Committee had before it the following background documents provided by the secretariat:

- (a) Summary of Tokyo Round Results with respect to Requests Submitted in the Tropical Products Negotiations (COM.TD/W/310 and Add.1, as well as two annexes issued separately which provided detailed information on the post-Tokyo Round situation at the tariff line level).
- (b) Work on Trade Liberalization: Updating of Information on Quantitative Restrictions and Other Non-Tariff Measures Affecting Trade of Developing Countries (COM.TD/W/312).

- (c) Tariff Escalation (COM.TD/W/315).
- (d) Possibilities for Advance Implementation of Tokyo Round MFN Tariff Concessions on Products of Interest to Developing Countries (COM.TD/W/316 and an annex issued separately containing certain technical information).

The Committee reviewed the background documentation on a preliminary basis and also had an exchange of views on the modalities of its further work in this area. On the question of structural adjustment, the Committee discussed suggestions made for carrying forward its work. In connexion with its responsibility for giving special attention to the special problems of the least-developed countries, the Committee decided to establish a Sub-Committee on Trade of Least-Developed Countries. Further details on these matters are to be found in the Proceedings of the Forty-First Session of the Committee (COM.TD/105).

7. For its forty-second session, held on 11 and 12 November 1980, the Committee had on its agenda: (i) annual review of implementation of Part IV and operation of the Enabling Clause; (ii) review of developments in international trade which have a bearing on the trade and payments position of developing countries; (iii) work on trade liberalization; (iv) structural adjustment and the trade of developing countries; (v) report of the Sub-Committee on Protective Measures; (vi) Sub-Committee on Trade of Least-Developed Countries; (vii) technical assistance to developing countries; and (viii) expansion of trade among developing countries. A list of background documentation prepared for that meeting of the Committee was made available in COM.TD/W/324. A report of the discussions on the above agenda items (annotated in COM.TD/W/320) is contained in the following paragraphs.

REVIEW OF IMPLEMENTATION OF PART IV AND OPERATION OF THE ENABLING CLAUSE

8. For its annual review of the implementation of Part IV and the operation of the Enabling Clause, the Committee had before it notifications of actions relevant to Part IV and the Enabling Clause provided by a number of contracting parties and reproduced in document COM.TD/W/321 and Addendum. It also had available secretariat document COM.TD/W/322 and Addendum containing certain additional information on commercial policy measures taken by governments and on matters which generally appeared to have some relevance to the provisions of the Enabling Clause, as well as on developments in other bodies of GATT including with regard to the implementation of the various MTN agreements, and on certain activities in other international organizations since the last session of the Committee in July 1980.

9. The representative of Australia said that his Government had taken a number of steps of relevance to the implementation of Part IV and the operation of the Enabling Clause, particularly in relation to the Australian system of tariff preferences for developing countries, marketing advisory services to developing countries, as well as in the field of tariffs and import

restrictions. A notification containing details of these measures as well as a summary of recent trends in Australian imports from developing countries, which had only recently been transmitted to the secretariat, would be circulated to members of the Committee in the near future as document COM.TD/W/321/Add.2. In response to a question, the representative of Australia gave further information on the market advisory services provided and indicated a readiness to furnish interested delegations of developing countries with any additional information they might require.

10. The representative of a developing country referred to the information in the notification by the Commission of the European Communities in COM.TD/W/321 to the effect that, under the Communities' GSP scheme for 1980, a 30 per cent increase in the permissible volume of preferential textile imports to 115,000 tonnes for eligible beneficiaries had been provided. He noted, however, that this increase applied only to those developing countries that had signed voluntary export restraint agreements with the European Communities. As this preferential treatment had not been extended to all the beneficiaries of the Communities' GSP scheme, it amounted to discrimination against others and was not, in his view, consistent with the spirit of the Generalized System of Preferences.

11. The representative of the European Communities said that, in his view, the Communities had gone incomparably further than other donor countries by providing zero duty treatment for textile imports under the GSP. Considering the increasingly serious difficulties in the textiles sector and the determined opposition within the industry and outside, the Communities were not in a position to extend this treatment without some limitations. To benefit from such preferences in the Communities, a country had to be either a signatory of the MFA or to have entered into a commitment to abide by obligations similar to those under that Arrangement. For newcomers in the field of textiles, the Communities did not ask them to accept the MFA. What was required was an understanding they would observe the provisions of the MFA. A number of developing countries had accepted this undertaking and were enjoying the benefits of the Communities' GSP scheme for the textiles sector.

12. The representative of Finland said that his Government had decided to include the Republic of Zimbabwe in its list of beneficiaries of GSP treatment. This action would be notified to the GATT secretariat in due course.

13. The representative of Hungary said that her Government had decided to improve the scope of its GSP by the inclusion of some 108 CCCN headings and sub-headings covering certain agricultural, industrial, finished and semi-finished products. This improvement would be notified to GATT in due course, in accordance with the established procedures, once the implementing regulations had been adopted.

14. In relation to the documentation provided for the review of the implementation of Part IV and the operation of the Enabling Clause, one representative suggested that notifications under the Enabling Clause should be as comprehensive as possible and that they should address each paragraph of the Enabling Clause as appropriate. In this context, he reaffirmed the importance that his delegation attached to having information on intra-developing country trade negotiations, including information on any non-tariff measures preferences that might be exchanged.

15. The representative of a developing country expressed appreciation for the positive trade measures in the field of tariffs and non-tariff measures taken by a number of developed countries in relation to the trade of some developing countries. She expressed the hope that developed countries would continue to provide greater access to their markets for products of interest to developing countries having special regard to the interests of the least developed countries, in particular when liberalization measures were likely to affect the margin of preferences.

REPORT OF THE SUB-COMMITTEE ON PROTECTIVE MEASURES

16. The Committee had before it, in document COM.TD/SCPM/2, the report of the second session of the Sub-Committee on Protective Measures held on 28-29 October 1980. Introducing the report, the Chairman of the Sub-Committee said that the Sub-Committee had continued to carry out its task of examining protective actions by developed countries against imports from developing countries, in accordance with the Decision of the CONTRACTING PARTIES of 28 November 1979 on this subject. In addition to examining a number of measures brought to the attention of the Sub-Committee, members had also reviewed developments with respect to measures discussed at its July meeting. It would be seen from the Report that, on the basis of the guidelines for the operation of the Sub-Committee agreed in the Committee on Trade and Development in March and the subsequent discussion on procedures in the Sub-Committee itself at its first session in July, the Sub-Committee had been able to pursue its work in a concrete and pragmatic manner. At the end of the first year of the Sub-Committee's work he noted that there was now available and fully operational in GATT an additional mechanism to review and examine new protective measures affecting products of trade interest to developing countries. If this mechanism was to continue to work effectively, both the countries applying measures, and those affected by them, must remain conscious of the responsibility for notifying them. Likewise, there would continue to be the need for the fullest co-operation between the secretariat and delegations in ensuring the accuracy of information that the secretariat obtained from official sources available to it.

17. The representative of the United Kingdom, speaking on behalf of Hong Kong, referred to paragraph 13 of COM.TD/SCPM/2, relating to certain EEC measures in the mushroom sector. As indicated in the report, at the

time of the meeting of the Sub-Committee in October 1980, informal consultations had been taking place between the EEC and Hong Kong, with a view to reaching a satisfactory solution to the matter. However, these consultations had not resulted in a settlement of the problem. He reiterated the concern of Hong Kong at the discriminatory nature of the action. He said that it was his understanding that the Community was currently re-examining its import régime in this sector and expressed the hope that this would lead to a solution consistent with the provisions of the General Agreement. In the consultations, his delegation had reserved their rights under GATT. The representative of the European Communities stated that he had taken note of the statement by Hong Kong and, confirming that bilateral consultations had taken place, expressed his regret that no satisfactory solution had been found. He confirmed that the European Communities were in the process of reviewing their import régime for these products in an effort to resolve the difficulties which had arisen. He also stated that the Communities did not share the view of Hong Kong with regard to the consistency of the measures with the provisions of the General Agreement.

18. Commenting on the work of the Sub-Committee on Protective Measures, the delegation of a developing country saw its main task as helping to maintain the liberalization of international trade with respect to products of interest to developing countries.

19. The Committee on Trade and Development adopted the Sub-Committee's report and decided to forward it to the Council, in accordance with the terms of the Decision of the CONTRACTING PARTIES of 28 November 1979 on this subject.

REVIEW OF DEVELOPMENTS IN INTERNATIONAL TRADE

20. The Committee reviewed developments in international trade which have a bearing on the trade and payments position of developing countries on the basis of a secretariat note, COM.TD/W/314/Rev.1, containing updated information on developments in the first half of 1980 and expanded information on the situation of oil-exporting developing countries in line with a request for such information made at the July meeting of the Committee. Reference was also made to the first chapter of the GATT publication International Trade 1979/80 which had been made available in GATT Press Release GATT/1271 of 9 September 1980.

21. The representative of a developing country emphasized the importance he attached to the Committee's reviews of the development of international trade in helping further GATT's work on the trade problems of developing countries and in facilitating the identification of measures conducive to the fulfilment of the objectives of Part IV and of the General Agreement as a whole. He said that the documentation confirmed the view that the crises the international economy was confronting were not merely the result of

cyclical changes, but had sprung from deep-seated structural problems, which would need to be dealt with if production, trade and growth were to be maintained on a global basis. He highlighted some features of the current international economic and trade situation which he found disturbing, including the deceleration since the second half of 1979 of world production and trade, the steady rise in the trade deficit of the oil-importing developing countries in manufactures and in fuels, and the relatively low share of the developing countries in world trade even in product groups in which they had a trade surplus with developed countries. In this context, he emphasized the rôle that the developing countries had played in sustaining demand in the international economy and referred to the efforts made by these countries to maintain appreciable rates of economic growth and capital accumulation in the 1970s, despite the unfavourable international economic situation, by sacrificing domestic consumption. In emphasizing that the largest part of the trade deficit of oil-importing developing countries resulted from trade in manufactures, even to the extent of making the deficit in fuels, while substantial, relatively less important, he also noted the marked deterioration in their overall terms of trade and the further rise in their deficit on invisibles. Against this background, this representative underlined the need to continue to resist protectionism; to vigorously pursue positive structural adjustment policies and programmes in the industrialized countries; and to ensure an adequate flow of financial resources to the developing countries on favourable terms. He also stressed the need to restructure the international financing system as a complementary process to efforts in the trade field.

22. The representative of another developing country, referring to document COM.TD/W/314/Rev.1, stated that, since the main trade problems lay with the oil-importing developing countries, their concerns should be the principal focus of work under this agenda item. He emphasized the importance of a satisfactory market situation for raw materials which were the predominant source of foreign exchange for many developing countries. In this context, he expressed disappointment at the lack of progress with regard to negotiations on commodities including in particular on certain specific commodities such as cocoa, manganese and copper in the various inter-governmental discussions that had been taking place. He also referred to the crippling effects on the development plans of many developing countries of debt servicing charges and advocated an increased flow of financial resources to developing countries and a rescheduling of debts to help alleviate these burdens. He suggested that the points that he had made might be taken into account in future secretariat documentation, which might also go further in identifying the problems of developing countries as well as giving a factual picture of developments.

23. A number of representatives expressed their appreciation of the secretariat documentation. It was noted that COM.TD/W/314/Rev.1 could be made available to the public generally in derestricted form.

TRADE LIBERALIZATION

24. As background to its further work on trade liberalization, the Committee had before it the secretariat documentation made available for its July meeting (see paragraph 6 above) as well as a secretariat note COM.TD/W/319 reproducing the procedural suggestions indicated in the documentation. In the discussions, members of the Committee took into account the preliminary comments made by delegations at the July meeting, the results of informal consultations which had taken place in the interim period on the suggestion of the Chairman, and activities taking place elsewhere in GATT.

25. Delegations from a number of developed countries stressed the importance they attached to pursuing the process of trade liberalization in the post-Tokyo Round period in the perspective of the North-South dialogue and in the light of the post-Tokyo Round work programme of GATT. While appreciating the urgency that developing countries attached to this question, delegations emphasized the importance of a step-by-step approach in order to obtain a clear understanding of the issues and problems which may need to be taken up. In this respect, the delegation of the United States drew attention to certain legal constraints under Section 124 of the Trade Act of 1974 faced by his authorities in connexion with participation in further trade negotiations.

Tropical products

26. A number of developing country delegations stated that tropical products were of utmost importance to them in the work of the Committee on trade liberalization. In their view, the results obtained for tropical products in the Tokyo Round fell short of expectations and there was considerable scope for further action in this area. They also felt that, of the four areas identified in the Committee's work on trade liberalization, tropical products were particularly ripe for further progress.

27. Delegations of many developing countries expressed their support for the procedural suggestions relating to further work on tropical products contained in paragraph 7 of COM.TD/W/319 with respect to the collection of detailed data on commercial policy and trade flows for the products listed in the Annex to that document. Some of these delegations also indicated that the possibility should be kept open of making additions or changes to the list. In this connexion, one delegation mentioned a number of products of special interest to his country. Some other delegations stated their intention of providing lists of products of specific interest to their countries in the near future.

¹ Prawns and shrimps, fresh (CCCN 03.03); tea for retail sale (09.02); castor oil (15.07); prawns and shrimps, prepared or preserved (16.05); canned tropical fruit (Chapter 20); unmanufactured tobacco (24.01); and woven fabrics of jute (57.10).

28. A number of developing country delegations suggested that following the collection of data by the secretariat, these data should be examined in the Committee on a product-by-product and country-by-country basis with a view to identifying problem areas and issues. This process could lead eventually to consultations and the examination of possibilities for further trade liberalization in the field of tropical products taking into account the special interests of individual developing countries. Some of these delegations suggested that at an appropriate stage of the work, there could be merit in reactivating the Special Group on Tropical Products in order to provide a focus for activities in this area. It was also suggested that consultations could take place on the basis of notifications by individual developing countries of tropical products of particular interest to them.

29. Delegations of a number of developed countries stated that an examination of secretariat document COM.TD/W/310, Add.1 and its two separate Annexes showed that considerable progress had been made in the Tokyo Round in liberalizing trade in tropical products and that for the most part the results obtained had been implemented prior to the conclusion of the negotiations without staging. One of these delegations referred to certain additional measures that his country had recently implemented for the liberalization of trade in certain tropical products taking into account requests made in the Tokyo Round. These delegations also expressed broad agreement with the suggestions contained in paragraph 7 of COM.TD/W/319 using the indicative list of products in the Annex to that document as a basis for the technical work envisaged. It was suggested by some delegations that the data to be collected by the secretariat should be as comprehensive as possible with respect to trade flows and commercial policy measures so as to underline the global nature of the exercise. The statistical data should also include an indication of the per capita consumption of tropical products in the importing countries. A number of developed country delegations also stated that following the collection of data by the secretariat and its examination, exporting and importing countries could envisage an exchange of information regarding the problem areas identified and engage in discussions on the possibilities for improved market access. Such discussions could proceed without prejudice to the position of any delegation or to the definition of tropical products. Some delegations of developed countries felt that it would be premature at this stage to discuss procedures relating to possible negotiations or questions relating to institutional arrangements.

30. The Chairman noted by way of a general conclusion that there was a broad consensus that work with regard to tropical products should proceed on a step-by-step basis. In this connexion, it had been noted that as a first step, the secretariat would provide detailed data on the commercial policy situation and the trade flows for products listed in the Annex to COM.TD/W/319. The hope had been expressed that, in the light of this information, the Committee would be in a position to exchange views on the post-Tokyo Round situation for these products in each country and thus help focus on particular issues and problems which continued to affect access to

markets for exports from developing countries. It had been understood that such information would be furnished without prejudice to the question of definition of tropical products or to the position of any delegation with regard to the treatment of issues in this area. It had been further suggested that the information collected by the secretariat might cover also markets in developing countries. A number of suggestions regarding additional products, institutional arrangements for further work, etc., had also been made. The Committee would come back to these suggestions at the appropriate time.

Advance implementation of tariff concessions

31. A number of delegations of developed countries referred to the efforts their authorities had already made to implement in advance MTN tariff concessions on products of interest to developing countries and the constraints limiting the scope for further work in this area. One of these representatives said that the possibilities for advance implementation by his country had already been carefully considered in bilateral negotiations during the MTN and, as a result, agreement had been reached to implement concessions on 140 items at the most rapid rate permitted by legislation. In addition, concessions on most products from least-developed countries had been fully implemented as of 1 January 1980. The possibilities for further advance implementation were severely constrained by law and domestic regulations.
32. The representative of another developed country stated that the Tariff Board in his country had been asked to consider the possibility of advance implementation on a GSP basis, probably some time in 1981, of concessions on those items which were to become duty free over the normal staging period. With regard to dutiable items listed in COM.TD/W/316, his authorities were currently considering whether they should also be referred to the Tariff Board. The representative of a group of developed countries recalled the difficulties, both internal and external, that consideration of advance implementation had given rise to in the context of the MTN, in particular as regards the erosion of GSP and special preferences. He considered that there was little scope for further progress in this area and added that his authorities were now focusing their attention on their new GSP scheme to come into effect shortly.
33. The representative of a developed country recalled that his authorities, in implementing, as of 1 April 1980, tariff reductions on the basis of applied rather than MTN base rates, had gone beyond its obligations under the MTN tariff Protocol. These advance reductions covered many products of interest to developing countries. He considered that any advance implementation should be undertaken on a voluntary basis and doubted whether bilateral or plurilateral consultations could serve a useful purpose in this connexion.
34. The spokesman for the Nordic countries reiterated the readiness of those countries to examine requests from developing countries for advance implementation with respect to particular products.

35. The representatives of some developing countries, noting with appreciation the efforts already made in this area, stated that they considered it nonetheless important to keep channels open so that requests for further advance implementation could be made. In this respect, one of these delegations recalled that advance implementation was one of the four areas of priority work on trade liberalization agreed by the Committee at its March meeting, and that bilateral and multilateral consultations had to be regarded as an essential step in such work. He added that such consultations would neither prejudice nor prejudge the position of any delegation.

36. The Chairman summed up the discussion on advance implementation of tariff concessions as follows. On the question of advance implementation of tariff concessions, the Committee had taken note of proposals for exploration of further possibilities for action in this area and also the legal and other constraints that apply. It had been suggested that an approach to consultations among trading partners might be on the following lines:

- (i) any developing country having an interest in advance implementation of concessions on a particular product could make a request for consultations with the developed country concerned;
- (ii) arrangements could be made to enable the interests of other developing countries in that product to be also taken into account; and
- (iii) the Committee could keep progress in this matter under review.

37. He noted the further suggestion that this procedure would enable all relevant factors, including any legal or other constraints which might face certain contracting parties to be fully taken into account. Some delegations had referred to the substantial action regarding advance implementation already taken by their authorities and noted that possibilities for further action in this respect were limited. Some other delegations had indicated that they would be ready to consider specific requests that might be addressed to them in this connexion.

Tariff escalation

38. Representatives of a number of developed countries stated that tariff escalation was a highly complicated issue and stressed the need for the development of a sound methodology before undertaking substantive work in this area. They noted that the Committee on Tariff Concessions had discussed this matter at its meeting of 3 November 1980, and had requested the secretariat to prepare a note on problems arising in connexion with methodology for the measurement of tariff escalation. In their view, the Committee on Trade and Development would be in a better position to proceed with its work when the outcome of the deliberations in the Committee on Tariff Concessions on this matter was available.

39. One of these representatives stated that, after having examined the approach and data in COM.TD/W/315, his authorities had a number of observations and points to make. Firstly, they considered that the data provided to members of the Committee should cover all principal trading countries whether developed or developing. Secondly, tariffs, non-tariff measures, GSP rates and other relevant actions and policies that affected the level of developing country exports should be taken into account in this work. Thirdly, there should be consideration of whether the current tariff line breakdown of commodity groupings was too broad for adequate analysis of tariff escalation within those categories. Fourthly, any methodology for looking at tariff escalation should include, if possible, tariff distributions at each stage of processing; that is, the distribution of trade by tariff intervals for each country and by stage of processing. Fifthly, it might also need to be considered whether the use of tariff averages and of standard tariff and statistical classifications was adequate for a thorough examination of tariff escalation.

40. Some delegations of developed countries stated that in their view the problem of tariff escalation for developing countries in developed country markets had already been diminished, on the one hand by the effects of the MTN "harmonization" tariff cutting formulae, and on the other hand by the Generalized System of Preferences. They felt, however, that the proposals outlined in paragraph 8 of COM.TD/W/319 for further work were useful. One of these delegations stated that, in his country, tariff escalation on imports from developing countries existed only on a small number of items in CCCN Chapter 20 and for certain textile, leather and footwear items.

41. Representatives of some developing countries, while acknowledging the complexity of the issue and of the need for adequate methodology, stated that work on methodology should be paralleled by the identification of particular problems of tariff escalation in terms of product groups or processing chains by developing countries, and their notification to the Committee on Trade and Development, as suggested in paragraph 8 of COM.TD/W/319. It would then be for the Committee on the basis of the work on methodology and the problems identified to consider how work in this area should be pursued. One of these delegations suggested that the work on methodology under way in the Committee on Tariff Concessions should be undertaken in co-ordination with that in the Committee on Trade and Development. Some of these delegations said that secretariat technical assistance to individual developing countries was of particular importance in this area owing to its complexity.

42. The Chairman noted by way of a general conclusion that the secretariat had been requested by the Committee on Tariff Concessions to provide information on the methodology which could be utilized for work on tariff escalation. This document could also be made available to the Committee on Trade and Development. In connexion with this work it would be helpful if delegations of interested developing countries were to identify those product

areas or chains of production where they felt that their exports may be impeded as a result of the escalation of tariffs. The Committee could consider further steps to be taken on the matter in the light of the secretariat study of the methodological approach that could be applied having regard also to any views expressed in the Committee on Tariff Concessions.

Quantitative restrictions and other non-tariff measures

43. With regard to quantitative restrictions and other non-tariff measures, the Committee took note of the information in document L/5053 concerning the current situation relating to the general updating of GATT's information in these fields. The hope was expressed that the secretariat, in consultation with delegations, would be able to initiate work on compiling, for the Committee, information on quantitative restrictions and other non-tariff measures affecting products of particular interest to developing countries early in 1981, on the basis of the general updating of GATT's information.

44. Some delegations of developing countries emphasized the importance they attached to the work in the Committee on the liberalization of quantitative restrictions and other non-tariff measures, especially as, in their view, little had been achieved in this area in the MTNs.

STRUCTURAL ADJUSTMENT

45. Taking into account that the GATT Work Programme provides that the activities of the Committee on Trade and Development should cover, inter alia, work on structural adjustment and the trade of developing countries, the Committee considered its continuing rôle on this matter, having regard to the advisory rôle assigned to the Consultative Group of Eighteen in respect of the general issues of structural adjustment and trade policy in the framework of GATT. The Chairman said that since the Committee had last met the Consultative Group of Eighteen had addressed this matter and had recommended to the Council (L/5066) that a Working Party be established to elaborate and report by March 1981 on specific proposals for the future work of GATT relating to structural adjustment and trade policy, including the nature and objectives of such work, in the light of the report of the Consultative Group of Eighteen and of the views expressed in the Council, as well as the discussions in the Committee on Trade and Development. It had been understood in the Consultative Group that the Working Party, in fulfilling its mandate, would bear in mind the provisions of the GATT, including Part IV, and that the Council, in its consideration of the Working Party report, would take account of the views expressed on the report by the Committee on Trade and Development and the Consultative Group of Eighteen. The Council, on 10 November 1980, had established the Working Party in accordance with the recommendations of the Consultative Group of Eighteen.

46. Representatives of some developing countries emphasized the importance of work in GATT on structural adjustment and the continuing rôle of the Committee on Trade and Development in this regard.

47. The Committee welcomed the Council's decision to set up a Working Party on structural adjustment. In this respect, it was noted that the Working Party was expected to give due consideration to the views and proposals on this issue submitted to the Committee on Trade and Development. With a view to giving further consideration to this matter in the light of the Working Party's report, the Committee agreed to revert to the question of structural adjustment and the trade of developing countries when the Working Party report was available to it.

SUB-COMMITTEE ON TRADE OF LEAST-DEVELOPED COUNTRIES

48. The Chairman said that the first meeting of the Sub-Committee would take place on 18 November 1980, under the Chairmanship of the Director-General, with the primary task of considering its future work.

49. The representative of a least-developed country, supported by several other delegations, said that he wished to place on record his appreciation of the support given by contracting parties to the establishment of the Sub-Committee. The current international economic situation which was severely affecting the vulnerable economies of the least-developed countries lent a sense of urgency to the work of the Sub-Committee.

TECHNICAL ASSISTANCE

50. The Committee reviewed GATT secretariat technical assistance activities on the basis of a secretariat note, COM.TD/W/323, briefly describing the main areas of technical assistance being extended to developing countries in 1980 covering all fields of GATT activities.

51. Many delegations of developing countries expressed their appreciation for the technical assistance that had been provided to their countries, in particular for the missions by secretariat officials to their capitals to have detailed discussions with officials to deal with various aspects of the General Agreement and of the MTN codes.

52. With regard to future technical assistance activities, some representatives of developing countries said that they looked to the GATT secretariat to provide such assistance to developing countries engaging in efforts to expand their mutual trade. One of these delegations also suggested that the technical co-operation services of the secretariat might consider organizing informal consultations among developing country delegations to enable them to consider relevant aspects of matters under consideration in GATT of particular interest to them.

EXPANSION OF TRADE AMONG DEVELOPING COUNTRIES

53. The Committee had before it in document L/5051 and Addendum, the Seventh Annual Report to the CONTRACTING PARTIES of the Committee of Participating Countries concerning the operation of the Protocol Relating to Trade Negotiations Among Developing Countries.

54. The representative of a developed country welcomed the report which showed that, in the framework of the Protocol, trade among developing countries was expanding. In expressing the hope that GATT would take a more active rôle in this area, he emphasised the importance his delegation attached to the reports of the Committee of Participating Countries and commended the transparency given to this area of GATT's activities by the Report.

55. The Committee took note of the Report of the Committee of Participating Countries which would be forwarded to the CONTRACTING PARTIES for consideration at their forthcoming session.