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TRADE POLICY ISSUES IN NORTH-SOUTH ECONOMIC RELATIONS

Discussions in Various International Bodies and the Rôle of GATT

A brief summary of activities relating to trade policy issues in a North-South context in a number of international organizations and ad hoc bodies is presented below.

The CG.18 may wish to exchange views on the implications of the ongoing dialogue on North-South relations in these fora for GATT's areas of work, having regard to the results achieved in the multilateral trade negotiations and the programme of work adopted at the last Session of the CONTRACTING PARTIES. In this connexion, and bearing again in mind the specific character and competence of GATT and its rôle in trade relations, the CG.18 may, in particular, wish to have a first exchange of views on the contribution that GATT could make to the trade aspects of the dialogue.

1. United Nations

The principal forum for the discussion of North-South economic issues is the United Nations itself. The General Assembly decided in its Resolutions 34/138 and 139 to sponsor "global and sustained negotiations on international economic co-operation for development, such negotiations being action-oriented, allowing for an integrated approach to the main issues involved, and proceeding simultaneously on the various issues". These issues, which are perceived to be in the fields of raw materials, energy, trade, development, money and finance, are yet to be given agreed substantive content. The relationship remains to be clarified between earlier ongoing activities in the United Nations on preparation of the New International Development Strategy and those to be covered by the "global negotiations". The Committee of the Whole, whose responsibility it is to prepare for the global negotiations, is expected to consider their agenda, procedures, and time-frame when it meets in April-May.

At the same time, the relevant General Assembly resolution appears to preserve the integrity of negotiations relating to North-South issues in other fora. Thus the GATT could be expected to provide the intergovernmental body that may be set up to supervise the negotiations, information on action by GATT on specific trade policy issues with which it has been concerned.

In this connexion, it may be relevant also to mention that the latest report of an ACC Task Force on Long-Term Objectives refers to three areas where GATT is involved:

1. Proliferation of new forms of protectionist measures and non-tariff barriers not covered by existing rules.
2. The growing indirect influence of domestic policies on international trade.
3. The desirability of a general principle of preferences accorded to developing countries.

2. UNCTAD

Recent UNCTAD trade activities appear to have focused mainly on the organization of markets. The Integrated Programme for Commodities [Resolution 124 (V)] is pursued through a series of preparatory meetings intended to lead to negotiating conferences on specific commodities - tea, hard fibres, tropical timber, vegetable oils, jute and jute products, copper, etc. The negotiations on a Common Fund would establish a financing facility mainly for commodity price stabilization and the financing of diversification of production and trade. In pursuance of several resolutions, including Conference Resolution 103(V) and General Assembly Resolution 34/447 of December 1979, the United Nations Conference on Restrictive Business Practices has considered proposals for a set of multilaterally-agreed principles and rules for the elimination and control of restrictive business practices. UNCTAD/UNIDO activities on trade and related aspects of industrial collaboration arrangements are aimed at strengthening the relative trade advantage of developing countries by improving the bargaining capacity of their firms and market agencies. Negotiations on a draft Code on the Transfer of Technology are likewise aimed at improving conditions for the flow of technology to developing countries at reasonable and fair costs to both developed and developing countries.

UNCTAD has also taken up issues relating to protectionism and structural adjustment [Resolution 131(V)]; the MTN's [Decision 132(V) and paragraph 8 of General Assembly Resolution 34/199 of 19 December 1979]; the interdependence of trade, development, finance, and the international monetary situation; and the trade problems of the least-developed countries. Recently, emphasis has also been given to activities in the area of Economic Co-operation Among Developing Countries, including the development of global trade preferences among developing countries.

3. UNIDO

In addition to its activities in research into industrial development possibilities, technical co-operation with developing countries and ad hoc

expert groups jointly with other international organizations, UNIDO has sponsored a series of consultation meetings on specific products and sectors (vegetable oils, leather, etc.) and follow-up activities involving industrialized and developing countries. The ultimate focus of UNIDO's activities, supervised by its Industrial Development Board, has been the Lima Declaration and Plan of Action on Industrial Development and Co-operation and subsequent decisions and recommendations of the General Assembly relevant to industrial development. Explicit targets for industrialization levels and the proportion of manufactures in total exports are to be attained mainly through negotiated redeployment of industries from developed to developing countries and greater developing country participation in increased transfers of industrial technology.

A major item in the organization's Third General Conference held recently in New Delhi has been the proposal for the setting up of an international fund to help strengthen national industrial technology and capacity, industrial processing of national resources and the build-up of human skills.

4. Food and Agriculture Organization (FAO)

The FAO has traditionally undertaken basic research into the functioning of world and regional food and agricultural commodity markets, including the documentation and evaluation of the short-term market outlook for major commodities, projections of supply/demand balances, food security and investments, and of stocks and price developments. FAO's Committee on Commodity Problems has more recently considered the incidence of agricultural protectionism, possibilities for liberalizing world trade and for international agricultural adjustment, including the institution of guidelines and the development of proposals and procedures for their updating. Proposals have been made for establishing a permanent mechanism in FAO for monitoring protectionist policies in agricultural trade.

5. World Food Council

The World Food Council has been taking continuing interest in matters relating to international trade. At its Fifth Session, held in Ottawa from 3-7 September 1979, the Council reaffirmed its previous recognition that changes in international trade ensuring greater access in favour of the exports of developing countries, in particular to markets in developed countries, have a major contribution to make in enabling them to meet their food needs as well as to strengthen their economic development generally. Ministers noted with deep concern the protectionist trade practices which affect adversely the export possibilities particularly of developing countries, and militate against their overall development efforts, and emphasized the need for their early elimination.

The Council further recommended that:

(a) Developing countries, through their regional organizations and utilizing interregional mechanisms, intensify the process of consultations and negotiation with a view to expanding their mutual trade in agricultural commodities and manufactures; it asks that they report the type of support they need and the obstacles identified to expand their mutual trade to the Council in a subsequent session, so that it can propose appropriate measures;

(b) Intensive efforts should be made to increase public awareness in all countries, particularly in developed countries, of the cost of protectionism to consumers and taxpayers, as well as of its negative effects on economic development.

(Ref: Conclusions and Recommendations, Fifth Session, paragraphs 29 and 32)

6. Independent Commission on International Development Issues (ICIDI)

This Commission, the Brandt Commission, launched late in 1977, is expected to issue its report during the next few weeks. Conceived as a high-level unofficial commission which would supplement the work of international organizations and conferences, it was expected that, by defining clearly and exploring in detail the mutuality of interests and interdependence between industrialized and developing countries, it would elaborate new, possibly more realistic and acceptable directions for international development policy. Among its very comprehensive terms of reference are the possibilities for restructuring world trade, including improved commercial and industrial policies, access to markets, commodity policies and economic co-operation among developing countries.

The Commission's work programme began with reviews early in 1978 of recent international negotiations relating to North-South issues, and included assessments of the "Record of Development" during the last thirty years. Negotiations on commodity trade and access to markets appear to have received much attention, as also the MTN's in their own right.

Recent press reports on the Commission's draft report would suggest that while accepting the integrity of negotiations in the main international organizations, the Commission is expected to make recommendations on the international negotiating machinery and institutions aimed at securing a more adequate outcome of the pending negotiating process in various fora.