

Chapter XVII

The Interim Commission for the International Trade Organization (ICITO) and the General Agreement on Tariffs and Trade (GATT)

The United Nations Conference on Trade and Employment, held at Havana, Cuba, from November 1947 to March 1948, drew up a charter for an International Trade Organization (ITO) and established an Interim Commission for the organization (ICITO). Since the charter was never accepted, ITO was not established. However, while the charter was being prepared, the Preparatory Committee's members negotiated on tariffs among themselves and drew up the General Agreement on Tariffs and Trade (GATT). The Agreement—a multilateral treaty embodying reciprocal rights and obligations—entered into force on 1 January 1948, with 23 Contracting Parties. Since that date, ICITO has provided the GATT secretariat.

In 1978, the number of Contracting Parties to GATT rose to 84, and 24 other countries applied GATT rules in their trade. The Contracting Parties conducted about 85 per cent of all international trade.

Colombia and the Philippines, which had acceded provisionally to GATT, applied for full accession. Thailand applied for provisional accession.

Multilateral trade negotiations

The substantial reduction of tariffs and other barriers to trade was a main aim of the General Agreement. The latest of a series of negotiations or "rounds" held within the framework of GATT for this purpose was launched in Tokyo, Japan, in September 1973 by the Tokyo Declaration.¹ The Declaration *inter alia* called for a review of the basic trading rules of GATT. Developed countries were expected to negotiate on a basis of reciprocity, while this was not expected from developing countries in the form of any contributions inconsistent with individual financial, trade and development needs.

Seven negotiating groups, under the guidance of a Trade Negotiations Committee, covered the main areas laid down in the Tokyo Declaration: tariffs, non-tariff measures, sectoral negotiations, safeguards, agriculture, tropical products and improvements in the international framework for the conduct of world trade.

Following intensive negotiations, the Tokyo round was nearing conclusion by the end of 1978. Over 70 developing countries were among the 99 participants in the negotiations.

By the end of 1978, most of the major multilateral issues under negotiation had been largely settled. Bilateral understandings were reached between the United States and Austria, Finland, Japan, Norway, Sweden and Switzerland, while Japan reached similar understandings with Sweden and Switzerland. The progress of the negotiating groups in the Tokyo round in 1978 is outlined in the following sections.

Tariffs

During 1978, tariff negotiations were held mainly among the industrialized country participants, although some developing countries also contributed. These negotiations were based on a single formula, which provided for a substantial reduction in industrial tariffs, with larger proportionate reductions in high than in low tariffs.

Non-tariff measures

The Tokyo round laid emphasis on removing or reducing the trade-distortive effects of non-tariff measures on international trade. At the close of 1978, agreements were largely completed on: a code of conduct for preventing technical barriers to trade; the use of subsidies and countervailing duties; new and fairer rules on customs valuation; a code on import licensing procedures; and opening government purchasing contracts to international competition.

Sectoral approach

During the year, possibilities for co-ordinated reduction or elimination of barriers to trade in selected sectors were examined.

Safeguards

During 1978, the negotiating group on safeguards tried to reach an agreement revising the multilateral safeguard system and in particular article XIX of the General Agreement, which

¹ See Y.U.N., 1973, p. 967, for text of Declaration.

specified the circumstances in which emergency action might be taken to restrict imports of particular products when those products caused or threatened serious injury to domestic producers. Disagreement on several important matters continued, especially as to whether and in what circumstances safeguard action might be taken against particular suppliers.

Agricultural products

Due to the dependence of many developed and developing countries on the export of farm goods, agriculture, as in past negotiations, presented some of the most difficult problems facing the negotiators. During 1978, agreement was reached on international trade arrangements in beef and dairy products.

Tropical products

In accordance with the priority called for in the Tokyo Declaration, most developed countries implemented during 1978 their concessions or contributions to developing countries on exports of tropical products. Further requests for tropical products concessions, made by developing countries during 1978, were outstanding at the end of the year.

Framework for the conduct of world trade

The "framework" group, established in November 1976 to seek to negotiate improvements in the international framework for the conduct of world trade, particularly with respect to trade between developed and developing countries and differential and more favourable treatment to be adopted in such trade, held detailed discussions on these issues during 1978. By the end of the year, agreements were close to completion on: a permanent legal basis for the position of developing countries in GATT regarding preferences and reciprocity in trade negotiations; the use of trade measures for balance-of-payments purposes; the use of safeguards for economic development purposes; improvements in the handling in GATT of trade disputes; and clarification of the use of export control measures.

Other GATT activities

GATT Council

The GATT Council of Representatives, at its eight meetings during 1978, examined and acted on more than 60 different international trade policy issues. Increasing use was made of panels of independent experts to examine and make recommendations on trade disputes between member Governments.

Balance-of-payments restrictions

During 1978, consultations were held with countries whose balance-of-payments difficulties had led them to restrict imports. These countries included Argentina, Bangladesh, Brazil, Chile, Finland, Ghana, Greece, India, Israel, Pakistan, Portugal, the Republic of Korea, Tunisia, Turkey and Yugoslavia.

Preferential agreement

In 1978, Romania acceded to the agreement embodying the exchange of preferential tariff and trade concessions, which had entered into force in February 1973. Formally known as the Protocol relating to Trade Negotiations among Developing Countries, the agreement was signed by 19 countries, accounting for more than half of all developing country exports of manufactured goods. Technical preparations were carried forward for a new round of negotiations envisaged to enlarge the scope and membership of the Protocol.

Consultative Group of Eighteen

A high-level Consultative Group, providing balanced representation of GATT's membership, was established in 1975 to help members follow more effectively international trade developments, to forestall or deal with sudden disturbances in world trade and to fulfil their role in the international adjustment process.

Meetings in 1978 focused on protectionism and on the future role of GATT after the conclusion of the Tokyo round.

Training programme

The GATT secretariat held two trade policy courses in 1978 at Geneva for officials from developing countries. Since 1955, 647 officials from 102 countries had attended these courses.

International Trade Centre

In 1964, GATT established the International Trade Centre to provide trade information and trade promotion advisory services for developing countries. Since January 1968, the Centre has been jointly operated by GATT and the United Nations Conference on Trade and Development (UNCTAD).

The Centre's work for the developing countries was directed to helping them formulate and implement viable trade promotion programmes and activities and to become progressively self-reliant in doing so. In 1978, special attention continued to be directed to providing aid through integrated national programmes.

(For further information regarding the Centre, see p. 511.)

Publications

Publications in 1978 included the annual volumes of GATT Activities and International Trade.

Secretariat

As at 31 December 1978, the GATT secretariat employed 216 staff members; of these, 91 were in the Professional and higher categories and 125

were in the General Service category. They were drawn from 29 nationalities.

Financial arrangements

Governments party to GAIT participate financially in accordance with a scale of contributions assessed on the basis of their share in the total trade of the Contracting Parties and associated Governments. The GATT budget for 1978 was 38,585,000 Swiss francs. The scale of contributions for 1979 is given below.

Annex I. CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE AND SCALE OF CONTRIBUTIONS FOR 1979 (As at 31 December 1978)

Contracting Party	Net contribution (in Swiss francs)	Contracting Party	Net contribution (in Swiss francs)	Contracting Party	Net contribution (in Swiss francs)
Argentina	158,700	Iceland	45,400	Senegal	45,400
Australia	555,600	India	234,300	Sierra Leone	45,400
Austria	449,800	Indonesia	317,500	Singapore	249,400
Bangladesh	45,400	Ireland	177,600	South Africa	279,700
Barbados	45,400	Israel	181,400	Southern Rhodesia	45,400
Belgium	1,390,900	Italy	1,810,500	Spain	574,500
Benin	45,400	Ivory Coast	52,900	Sri Lanka	45,400
Brazil	525,400	Jamaica	45,400	Suriname	45,400
Burma	45,400	Japan	2,929,300	Sweden	820,200
Burundi	45,400	Kenya	45,400	Switzerland	672,800
Canada	1,734,900	Kuwait	260,800	Togo	45,400
Central African Empire	45,400	Luxembourg	120,900	Trinidad and Tobago	83,100
Chad	45,400	Madagascar	45,400	Turkey	151,100
Chile	83,100	Malawi	45,400	Uganda	45,400
Congo	45,400	Malaysia	200,300	United Kingdom	2,789,500
Cuba	151,100	Malta	45,400	United Republic of Cameroon	45,400
Cyprus	45,400	Mauritania	45,400	United Republic of Tanzania	45,400
Czechoslovakia	446,000	Mauritius	45,400	United States	5,450,400
Denmark	472,400	Netherlands	1,908,800	Upper Volta	45,400
Dominican Republic	45,400	New Zealand	132,300	Uruguay	45,400
Egypt	124,700	Nicaragua	45,400	Yugoslavia	287,200
Finland	309,900	Niger	45,400	Zaire	45,400
France	2,732,800	Nigeria	347,700		
Gabon	45,400	Norway	423,300	Associated Government	
Gambia	45,400	Pakistan	75,600	Colombia	68,000
Germany, Federal Republic of	4,229,600	Peru	75,600	Democratic Kampuchea	45,400
Ghana	45,400	Poland	574,500	Philippines	143,600
Greece	188,900	Portugal	143,600	Tunisia	52,900
Guyana	45,400	Republic of Korea	366,600		
Haiti	45,400	Romania	253,200	Total	37,798,000
Hungary	264,500	Rwanda	45,400		

Annex II. OFFICERS AND HEADQUARTERS (As at 31 December 1978)

OFFICERS

OFFICERS OF THE CONTRACTING PARTIES*

Chairman of the Contracting Parties: Juan Jose Real (Uruguay).
Vice-Chairmen: Johannes N. Feij (Netherlands), Mahmoud Abdel-Bari Hamza (Egypt), Zbigniew Krzysztofowicz (Poland).
Chairman of the Council of Representatives: Edward Farnon (New Zealand).
Chairman of the Committee on Trade and Development: Prem Kumar (India).

SENIOR OFFICERS OF THE SECRETARIAT
Director-General: Olivier Long.

Deputy Director-General, Department of Trade and Development: Madan G. Mathur.
Deputy Director-General, Department of Trade Policy: Gardner Patterson.

SENIOR OFFICERS OF THE
INTERNATIONAL TRADE CENTRE UNCTAD/GATT
Director: Victor E. Santiapillai.
Deputy Director: Alexander H. Rotival.

*Elected at the end of the November 1978 session, to hold office until the end of the next session.

HEADQUARTERS

GATT Secretariat
Centre William Rappard
154 Rue de Lausanne
1211 Geneva 21, Switzerland
Cableaddress:GATTGENEVA