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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Multilateral trade negotiations

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Secretary-General of the United Nations Conference on Trade and Development entitled "Evaluation of the multilateral trade negotiations carried out at UNCTAD V, as well as the recommendations emerging therefrom", prepared in accordance with Assembly resolution 33/199 of 29 January 1979.

\* An unedited version of this document was issued at Geneva on 11 September 1979 for the Trade and Development Board.

ANNEX

Evaluation of the multilateral trade negotiations carried out at  
 UNCTAD V, as well as the recommendations emerging therefrom  
Report of the Secretary-General of the United Nations Conference  
 on Trade and Development

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## I. INTRODUCTION

1. In its resolution 33/199 of 29 January 1979 the General Assembly recalling its resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States, and 3362 (S-VII) of 16 September 1975 on development and international economic co-operation, as well as the Tokyo Declaration of 1973, and resolutions 82 (III) of 20 May 1972 and 91 (IV) of 30 May 1976 of the United Nations Conference on Trade and Development on the multilateral trade negotiations, emphasized that the vital interests of developing countries must be provided for in the outcome of the multilateral trade negotiations.

2. In the same resolutions the General Assembly inter alia urged all participants in the multilateral trade negotiations before the closure of the negotiations to assess jointly the implementation or otherwise of the objectives of the Tokyo Declaration concerning additional benefits to the developing countries and to take corrective measures as necessary in the light of such a review. It further urged the developed countries to extend full co-operation to ensure the successful conclusion of the multilateral trade negotiations, having full regard to the special needs and circumstances of developing countries and bearing in mind their just demands for an equitable international trading system in line with the Tokyo Declaration.

3. The General Assembly, which in its resolution 33/154 of 20 December 1978 considered that the fifth session of UNCTAD would provide an important and timely occasion for, inter alia, a review of progress and developments relating to the major ongoing negotiations and agreement on appropriate further action, requested the Secretary-General of UNCTAD to report to the General Assembly at its thirty-fourth session on the evaluation of the multilateral trade negotiations carried out at the fifth session of the Conference, as well as the recommendations emerging therefrom.

4. At its fifth session the Conference had before it a report prepared by the UNCTAD secretariat entitled "Multilateral trade negotiations: evaluation and further recommendations arising therefrom" (TD/277 and Corr.1), which contained a preliminary evaluation of the tariff negotiations and an analysis of the results with respect to tropical products. The report also examined the main provisions of the draft codes or texts under negotiation of particular interest to the developing countries and their likely implications. An evaluation was also made of the extent to which specific proposals of developing countries had been taken into account or remained outstanding in the various areas of the negotiations. Moreover, the report discussed the follow-up action (including that by UNCTAD) that would need to be taken after the conclusion of the negotiations to enable the developing countries to achieve fully the agreed objectives of the negotiations and to further improve access for their exports to the developed countries. An addendum to the report (TD/277/Add.1) contained a short factual account of events since the closure of the negotiations in most areas (i.e. by mid-April 1979).

5. The Conference also had available to it, under cover of document TD/251, copies of a report by the Director-General of GATT entitled The Tokyo Round of Multilateral Trade Negotiations (see A/34/418). The report consisted of a "record of the developments in the negotiations, the issues that arose and the results that have been achieved so far as can be assessed at the present time" (i.e. April 1979).

6. In accordance with General Assembly resolution 33/199 the Secretary-General of UNCTAD has prepared the present report.

II. EVALUATION BY THE CONFERENCE OF THE MULTILATERAL TRADE  
NEGOTIATIONS AND FURTHER RECOMMENDATIONS ARISING  
THEREFROM

7. Agenda item 9 (b) - Multilateral trade negotiations: evaluation and further recommendations arising therefrom - was referred by the Conference to a negotiating group (Negotiating Group II). Many delegations made reference to the negotiations in their statements in the general debate, held in plenary meetings of the Conference (agenda item 7).

Summary of views expressed a/

A. Views of developing countries (Group of 77)

8. The representatives of developing countries generally expressed disappointment over the results of the negotiations so far, in that they fell far short of the aims and commitments made in favour of the developing countries in the Tokyo Declaration. The additional benefits for the trade of developing countries could hardly be identified and the principle of differential and more favourable treatment for developing countries, which was to guide the trade negotiations, had not been fully observed. They were particularly disappointed with the manner of conducting the negotiations, which had led to a lack of transparency and resulted in less than full and effective participation by the majority of participants. They stated that many of the proposals submitted by developing countries for special and more favourable treatment had not been accepted and that the prior commitment by the developed-country participants with regard to non-reciprocity had not been observed. Moreover, attempts in the negotiations to establish an improved legal framework for the conduct of international trade had fallen short of what was required to respond adequately to the needs and aspirations of the developing

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a/ The report of the Conference (TD/268 and Add.1) contains neither a summary of the general debate nor an account of discussions in the negotiating groups. The account given in this section has been prepared on the responsibility of the Secretary-General of UNCTAD and is based on positions expressed at the Conference. The complete texts of statements made in the general debate will be reproduced in the Proceedings of the United Nations Conference on Trade and Development, Fifth Session, Vol. II, Statements by Heads of Delegation (to be issued as a United Nations publication).

countries. Similarly, it had not been possible to conclude an agreement on safeguards, which would provide greater security to the exports of developing countries, mainly due to the insistence of some developed participating countries on their right to take selective safeguard action in a discriminatory manner. Also, certain important products of export interest to developing countries, including those in the special and priority area of tropical products, had been excluded from concessions on both tariffs and non-tariff measures, and in particular the negotiations had failed to reach any solution to the problem of quantitative restrictions faced by products of developing countries. In addition, the least developed countries considered that the commitments of the Tokyo Declaration to provide special treatment to them had not received serious consideration and that the results were far from satisfactory.

9. The developing countries urged the developed participating countries to take urgent action to rectify the situation in the specific areas of concern to developing countries before the final instruments relating to the multilateral trade negotiations were adopted. The developed countries should ensure that the commitments under the Tokyo Declaration to provide special and differential treatment for developing countries were fully and effectively implemented, and the negotiations should continue until the objectives of the Tokyo Declaration were fully met.

B. Views of developed countries (Group B) b/

10. The representatives of developed countries participating in the multilateral trade negotiations considered that the negotiations were an important landmark in the efforts to maintain and improve the system of open world trade and that the negotiations had had special significance for the trade of all countries, including the developing countries. It was their view that completion of the negotiations on most matters was an important achievement, considering the difficult economic environment in which the negotiations had been conducted. The negotiations had been the most comprehensive trade negotiations ever held, in that they had included for the first time negotiation of several "codes" or agreements on non-tariff measures and modifications to the GATT framework itself, in addition to the negotiations of tariff concessions. The negotiations had played a useful role in containing the spread of protectionist measures and would continue to do so in the future, through the implementation of its results.

11. Further benefits from the trade negotiations would occur through reductions and increased binding of tariff rates and improvement in the GATT framework itself, extending to both developed and developing countries. Developing countries should further benefit from the codes on non-tariff measures through a harmonization of

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b/ This section is a summary of the views expressed by the spokesman for Group B on behalf of a number of Group B countries. The complete text of the relevant passage of the report of the Conference is reproduced in appendix II below, which also contains views expressed by Australia.

trade rules and from the inclusion of provisions for special and differentiated treatment.

C. Views of socialist countries (Group D)

12. Representatives of socialist countries of Group D expressed concern over the problem of growing protectionism, which they considered was not conducive to the promotion of world trade. Protectionist measures were an instrument of trade policy of many developed capitalist States, directed against both developing and socialist countries, with grave consequences for their trade. They urged that the struggle against protectionism be universal in nature. Moreover, the problem of protectionism had not been satisfactorily resolved by the multilateral trade negotiations. Rather, the results of the negotiations implied that GATT had moved even further away from its basic objectives of liberalizing and fostering trade, since the agreements which had emerged included provisions which made it possible to introduce and legalize discriminatory measures.

13. They considered that the results of the negotiations fell far short of the goals set forth in the Tokyo Declaration. While it was necessary to continue to revise the rules and principles of international trade to eliminate all manifestations of discrimination in commercial policy, new norms and principles should not be geared exclusively to providing special privileges to only one group of countries.

D. Views of international organizations

14. Among the international organizations which addressed the Conference, the World Bank and GATT spoke at some length on the results of the multilateral trade negotiations and the future tasks before the international community.

15. In the view of the Director-General of GATT the results, taken as a whole, and recognizing the need for further effort, represented a substantial liberalization of trade, a strengthening and clarification of the rules of the trading system, and a significant improvement of trading conditions for developing countries. However, he agreed that the results did not meet all the expectations of developing countries and that there was plenty of room and need for further advance. For example, further and prompt action to remove quantitative or other restrictions on tropical products, textiles, shoes and other developing-country exports was certainly needed. More should be done to reduce remaining tariff barriers affecting products of export interest to developing countries, and to deal with the problems of tariff escalation. Other areas for future action related to matters which had received little attention in past multilateral negotiations, e.g. trade in services, the growing involvement of Governments in trade, and new trends in business competition. c/

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c/ For the statement by the Director-General of GATT, see GATT press release 1237 of 15 May 1979.

16. The President of the World Bank stated that in a general sense the Tokyo Round negotiations represented "some areas of genuine progress, a few areas of major concern, and an opportunity to build further on the progress already made". d/ He believed that the developing countries had a strong stake in the implementation of the agreements and that they could best protect their interests by ultimately becoming signatories to the agreements after their present doubts had been resolved and by participating actively in the implementation and future reviews of the agreements. e/ The international community's agenda should include the following specific actions:

- (i) The provisions of the Tokyo Round agreements and the possibilities of further liberalization and expansion of trade should be analysed in detail from the point of view of the developing countries, both by the Governments concerned, as well as by UNCTAD and GATT;
- (ii) The Tokyo Round agreements provide for a "regular and systematic" review of developments in the international trading system between the contracting parties. GATT and UNCTAD could serve as forums for consultations for these reviews;
- (iii) The major concerns of the developing countries should be met through future negotiations both within and outside the framework of the Tokyo Round agreement;
- (iv) Several areas of trade policy were not covered in the Tokyo Round. Efforts must be made to cover the presently neglected areas by specifying the negotiating machinery and a reasonable period of time over which the negotiations should be concluded.

### III. CONSIDERATION IN NEGOTIATING GROUP II OF THE CONFERENCE

17. The Negotiating Group had before it two draft resolutions on the multilateral trade negotiations: one submitted by the States members of the Group of 77 and the other by a number of States members of Group B. The Negotiating Group considered the two draft resolutions separately in the light of their presentation by the spokesmen for their respective sponsors. In view of the wide divergence between the two drafts, the Chairman of the Negotiating Group prepared an informal paper as a working basis for further consideration of the issue in an informal working group. Intensive negotiations were conducted in the informal group up to the final day of the Conference. However, it was not possible, for both practical and substantive

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d/ Address to the United Nations Conference on Trade and Development by Robert S. McNamara, President, World Bank, Manila, Philippines, 10 May 1979 (publication of the World Bank), p. 25.

e/ Ibid., p. 23.

f/ Ibid., pp. 27 and 28.

reasons, to arrive at a consensus with regard either to the two draft resolutions or to the Chairman's paper.

#### IV. ACTION BY THE CONFERENCE

18. At its closing meeting, on 3 June 1979, the Conference adopted a decision (decision 132 (V)) in which it requested the Trade and Development Board to make a global evaluation of the multilateral trade negotiations on the basis of a report by the Secretary-General of UNCTAD together with other relevant documentation.

19. After the adoption of this decision, the spokesman for the Group of 77 stated that his Group regretted that it had not been possible to adopt a resolution on the multilateral trade negotiations. The Group of 77 had submitted in Negotiating Group II a draft resolution which brought out the deficiencies in the procedures followed in those negotiations and the shortfalls in the areas of major concern to the developing countries. It had urged that efforts be made before the close of the negotiations to rectify those deficiencies and that the negotiations should be continued until the objectives of the Tokyo Declaration had been realized. As it had not been possible to agree upon a resolution, the Group of 77 had adopted a declaration, the text of which is reproduced in annex I below. Statements were also made by the spokesman for Group B on behalf of a number of Group B countries g/ and by Australia. These statements are reproduced in appendix II.

#### V. FOLLOW-UP ACTION

20. In pursuance of the above decision of the Conference, the Secretary-General of UNCTAD will present a report to the Trade and Development Board containing a global evaluation of the multilateral trade negotiations. The General Assembly at its current session may wish to consider further action that might need to be taken within the United Nations system, including UNCTAD, regarding the achievement of the aims and objectives of the multilateral trade negotiations for the developing countries in the context of its own decisions and decisions in UNCTAD. In this connexion, attention is drawn to chapter V, section B, of the report by the UNCTAD secretariat to the Conference (TD/227), which contains specific suggestions for further action towards solving outstanding trade-related problems of particular concern to the developing countries and stresses the importance of continuing technical support or assistance to developing countries in future negotiations.

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g/ Austria, Belgium, Canada, Denmark, Finland, France, Germany, Federal Republic of, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland and United States of America.



APPENDIX I

Multilateral trade negotiations  
Declaration by the Group of 77 a/

We, the representatives of the developing countries, members of the Group of 77, at the fifth session of the United Nations Conference on Trade and Development, held at Manila from 7 May to 3 June 1979, having reviewed the progress made in the multilateral trade negotiations so far:

Recognizing the vital role of international trade for the economic development of developing countries,

Considering the relevant provisions of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 on the Declaration and the Programme of Action on the Establishment of a New International Economic Order; 3281 (XXIX) of 12 December 1974 on the Charter of Economic Rights and Duties of States; 3362 (VII) of 16 September 1975 on development and international economic co-operation; and 33/199 of 29 January 1979 on multilateral trade negotiations,

Recalling Conference resolutions 82 (III) of 20 May 1972 and 91 (IV) of 30 May 1976 in which it recognized the importance of the multilateral trade negotiations for the developing countries,

Recalling in particular the Declaration of Ministers approved at Tokyo on 14 September 1973 (Tokyo Declaration) setting forth the framework, the principles and the objectives of the multilateral trade negotiations, especially the objectives and commitments in favour of developing countries,

Recalling also that one of the major objectives of the multilateral trade negotiations was to secure additional benefits for the international trade of developing countries so as to enable them to accelerate the rate of growth of their exports and expand their share of world trade,

Stressing that the Ministers had recognized the importance of the application of differential measures to developing countries in ways which will provide special and more favourable treatment for them in areas of the negotiations where this was feasible and appropriate, the need to ensure special treatment in favour of the least developed among them, and to maintain and improve the generalized system of preferences,

Considering that developing countries had submitted specific proposals as to how special and more favourable treatment could be accorded to them in all the areas of negotiations, including that a legal framework should be established to provide that differential and more favourable treatment would constitute a permanent basis for future trade relations between developed and developing countries,

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a/ See para. 17 above. The text of this Declaration is contained in the report of the Conference on its fifth session (see TD/268/Add.1, para. 27).

Expressing grave concern over the rising trend in protectionist policies and measures in developed countries and the consequences of such measures on world trade and development particularly of the developing countries,

Stressing the need for international policy measures to be taken in favour of the developing countries to enable the developing countries to expand their trade and production and to accelerate the rate of their economic development,

Reaffirm the concern expressed by the developing countries in the Arusha Programme for Collective Self-Reliance and Framework for Negotiations that the developed countries had failed to respond to the interests and concerns of the developing countries, including the least developed countries, consistent with the commitments undertaken in the Tokyo Declaration,

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Note with regret the mechanics of the conduct of the negotiations which led to a lack of transparency, compromised the multilateral character of the negotiations and afforded little scope for effective participation by developing countries; the lack of procedures of adoption of instruments to ensure that they had the support of the majority of participants in the negotiations so that the emerging trading system fully corresponds with the interests and needs of developing countries,

Note with regret that many of the proposals submitted by the developing countries, including the least developed among them, for special and more favourable treatment for them were not accepted. Thus, while certain provisions for special and more favourable treatment have been included in some instruments, the commitments made in the Tokyo Declaration in this regard remain far from being fully met. And note furthermore that the commitment with regard to non-reciprocity has not been observed,

View with particular concern that the negotiations aimed at establishing an improved legal framework for the conduct of international trade more responsive to the needs and aspirations of developing countries have had disappointing results. The objective that differential and more favourable treatment should constitute the guiding principle in trade relations between developed and developing countries has not been achieved; provisions in development of the economies of the developing countries, in particular for their industrialization have not been built in, and the contractual framework for the conduct of international trade relations still remains based on relative economic power and thus inadequate to protect the rights of developing countries,

Observe with concern that certain important products, including tropical products, of export interest to the developing countries, and products from several industrial sectors in which they have the capability, the advantage and potential for growth, have been virtually excluded from the tariff concessions made by developed countries; and that no attempt to tackle the problem of tariff escalation has been made,

Note with disappointment that in the "Special and Priority" sector of tropical products the results fall short of those achieved on a general basis and that offers in some cases were made conditional upon reciprocity and remained unimplemented,

Express profound dissatisfaction that there has been no multilateral solution to the problem of quantitative restrictions faced by the products of developing countries, and that restrictions in many important sectors such as textiles have not even been discussed,

Note with grave concern that no safeguards code has emerged as part of the final package so far which might protect the interests of developing countries and ensure their uninterrupted growth, and that the lack of success in this area is mainly due to the insistence of a few developed countries to secure unfettered freedom to take selective safeguard action which would enable them to discriminate against developing country exports,

## II

### ACCORDINGLY DECLARE

1. That the developed countries must ensure that the commitments under the Tokyo Declaration to provide special and differentiated treatment are effectively implemented, and that mechanisms be established in this respect taking fully into account the trade, development and financial needs of developing countries, and their small share in world trade;

2. That the developed countries, before the final instruments relating to the multilateral trade negotiations are adopted, must take urgent action to rectify the following situations:

(a) No liberalization was achieved on quantitative restrictions affecting the exports of developing countries or measures having a similar effect, such as "voluntary" export restraints and "orderly marketing arrangements". These measures remain widely prevalent, especially in the agricultural, textiles and leather goods sectors where they present a serious impediment to the exports of developing countries. A programme for the liberalization and elimination within a defined and short time-frame of measures not liberalized in the negotiations should be established immediately taking into account the interests and proposals of developing countries;

(b) Many tropical products, including their processed forms, continue to face tariff and non-tariff barriers. The developed countries, in conformity with the commitments in the Tokyo Declaration, should treat tropical products as a special and priority sector, and respond favourably to requests on tropical products from developing countries to improve the developed countries' offers; developed countries which have not implemented their offers should do so immediately;

(c) In the tariff field many important products of interest to developing countries have either been completely excluded or subjected to insignificant tariff cuts. Multilateral trade negotiations must be continued to achieve substantial tariff reductions on these items. Action should also be taken to eliminate tariff escalation and related non-tariff measures, especially those which impede the processing of raw materials in developing countries prior to export;

(d) A multilateral safeguard system should be evolved which would lead to greater discipline, objectivity, transparency and better surveillance in order to further trade liberalization and preserve its results and to provide smooth structural transformation in such a way as to enable the developing countries to develop and diversify their economies. As a rule safeguard action should be taken on a most-favoured-nation basis under strictly defined conditions of market injury. It should not be used to discriminate against exports of developing countries, in particular on such grounds as low costs or prices, and should in no case be taken unless all bilateral or multilateral consultation procedures have been exhausted. There should be no unilateral selective safeguard action. There should be early termination of all discriminatory measures, whether national or under multilateral arrangements. Safeguard action by developed countries should be time-bound and accompanied by adjustment measures. In no case should safeguard action result in the roll-back or freezing of the exports of developing countries. There should be special and differentiated treatment for developing countries in the context of a safeguard code, and as a measure of such treatment the newcomer and small supplier developing countries should be exempted from safeguard action;

(e) The right of developing countries to use export and other subsidies, to diversify their economies, to achieve their socio-economic objectives of development and to overcome the structural disadvantages from which their economies and export sectors suffer, should not be diluted by other provisions of the Agreement on the subject. Countervailing duties may not be levied against subsidized imports of developing countries except in exceptional cases and only after determination of "material injury" on the basis of objective criteria and when all bilateral and multilateral consultation procedures have been exhausted. No action shall be taken on the basis of displacement of exports of developed countries by subsidized exports of developing countries in relation to a third country market, by developed countries. The use of subsidies by developed countries on products directly competing with products of developing countries should not be allowed. It is emphasized that in developing countries Governments normally participate in economic activities and such participation cannot be construed as amounting to subsidization. There should be no discrimination between value-added tax and other systems of taxation in regard to permitted remission of taxes, duties and charges; nor should any discriminatory treatment be accorded in favour of practices followed by the developed countries in the matter of credits for exports or other forms of subsidies;

(f) Improvements should be effected in certain of the important agreements on non-tariff measures especially:

(i) Products of export interest to developing countries must be included by the developed countries in the list of items, the procurement of which by

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the scheduled entities would fall under the disciplines of the Agreement on Government Procurement, and for products subject to any quantitative restrictions or tariff quotas the quantities purchased by entities should be outside such limitation;

- (ii) There should be one Agreement for Customs Valuation which should incorporate the proposals made by the developing countries;

(g) In respect of all provisions proposed above, the developed countries should effectively and urgently implement the provisions of paragraph 6 of the Tokyo Declaration;

3. That there should be advance implementation of tariff cuts for products of particular interest to developing countries. However, the developing countries having a substantial interest and which are affected by tariff reductions may seek exclusion of specific products from such advance implementation;

4. That the legal framework of international trade should respond directly and effectively to the trade interests and economic development needs of the developing countries and should in no case impose additional burdens or constraints on the developing countries. The trade of no developing country shall be placed at a disadvantage compared to the trade of any developed country;

5. Their rejection of the concept of "graduation", sought to be introduced by developed countries in the trading system which would allow developed countries to discriminate among developing countries in a unilateral and arbitrary manner;

6. That Agreements, arrangements or rules multilaterally negotiated in the multilateral trade negotiations can be considered as final only when the essential concerns of the developing countries have been incorporated;

7. That the countries participating in the multilateral trade negotiations should continue negotiations until the objectives and commitments contained in the Tokyo Declaration are fully realized in so far as they relate to the interests of developing countries."

APPENDIX II

Statements made on behalf of a number of countries members  
of Group B, and by the representative of Australia on  
adoption by the Conference of decision 132 (V) a/

1. The spokesman for Group B, speaking on behalf of Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Sweden, Switzerland, the United Kingdom and the United States, said that these countries considered the multilateral trade negotiations to be an important landmark in efforts to maintain and improve the system of open world trade and considered that the negotiations had had special significance for the trade of all countries, including the developing countries. They regretted that it had not been possible to arrive at an agreed conclusion at the Conference after long and intensive discussion. In this regard, it should be noted that Group B had attempted to meet the concerns of developing countries and had informally circulated a possible compromise text. Unfortunately the Group of 77 had felt it lacked sufficient time adequately to consider that text.

2. He added that the multilateral trade negotiations had been launched at the Tokyo Ministerial Meeting which had concluded with the Tokyo Declaration setting forth the aims, framework and basic negotiating principles of the Tokyo Round. It included provisions to assure special attention to the trade needs of the developing countries, and in particular the least developed among them. The negotiations had been opened to participation by all countries and some 99 had taken part, including many developing countries. The negotiations were to be continued on a safeguards agreement and on certain bilateral matters. On most other matters, the negotiations had been completed, which was an important achievement considering the difficult economic environment in which they had been conducted. The very existence of the negotiations had played a useful role in constraining protectionist measures in recent years. The implementation of the results would bring benefits for all trading countries.

3. He noted that the negotiations had taken place under the auspices of GATT and, with the improvements resulting from the negotiations, GATT would continue to be an important positive factor for the world economy in the future. A strong world economy was important for developing country exports and in respect of the ability to resist protectionism and promote structural adjustment. The multilateral trade negotiations had been the most comprehensive trade negotiations ever held; in addition to the negotiation of tariff cuts and bindings, it had included for the first time negotiation of several "codes" or agreements on non-tariff measures, and modifications to the GATT framework itself. It would thus result in a major reinforcement and bring international trading rules in line with present-day realities and provide widespread benefits for all trading countries. That achievement was particularly timely in view of the increasing importance of disciplining, and avoiding, the use of protectionist policies. Developing countries were certainly aware of the benefits of tariff reductions and increased bindings under the trade negotiations, both directly as exporters and indirectly because

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a/ TD/B/268/Add.1, paras. 28-32.

of the positive effects those reductions would have on the world economy as a whole. The reductions, as they had been negotiated, would result in reduced tariff escalation. Developing countries would further benefit from the codes, not only from the harmonizing of trade rules and improved disciplines which would help all countries expand and diversify their exports, but also from the provisions for special and differential treatment in favour of developing countries. It was in the interest of the developing countries to subscribe to those codes so that they would participate fully in their implementation and future evolution. In addition, the results achieved in negotiations on the legal framework would be of significance to the developing countries in several fields, namely preferences and other special treatment, safeguard action for balance-of-payments or development purposes, and dispute settlement. The various tariff, non-tariff and framework benefits for developing countries had been negotiated in response to the terms of the Tokyo Declaration. This had been the first time that widespread special provisions for developing countries had featured in a trade negotiating round. The result would be an international trading régime which would better reflect the concerns shared by all regarding the position of developing countries in the international economic system.

4. He went on to say that no one could claim that the results of the multilateral trade negotiations were fully satisfactory. No single member of Group B was fully satisfied with the results, for example, but that was inevitable in a negotiation in which all results were necessarily compromises. However, the multilateral trade negotiations had already had positive effects. The fact that the negotiations were in progress had strengthened the determination of Governments to resist protectionist pressures. That was particularly significant at a time of considerable economic difficulty. Moreover, many developed country contributions to developing countries on tropical products had already been implemented. Failure of the multilateral trade negotiations would have been most serious and would have had especially grave consequences for all countries. Tariff and non-tariff results would have been forgone, and protectionist forces unleashed. Not only would the opportunity for an improved trading system, with fewer barriers and more discipline, have been lost, but there would have been a deterioration of the present situation. It was most heartening that the attitude of the participating Governments had been sufficiently constructive, and that a willingness to compromise had been sufficiently forthcoming, for failure to be avoided and for a result to be achieved which, while not completely satisfying anyone, had been creditable considering the prevailing economic circumstances. Group B countries now looked forward to working with as many developing countries as possible in order successfully to implement the results of the negotiations.

5. The representative of Australia said that his country could not support the remarks made by the spokesman for Group B in their entirety. Australia's attitude during discussions of the multilateral trade negotiations at the Conference had been that in some important respects the results of the negotiations had been unbalanced in that the benefits had fallen unevenly both as to countries and as to sectors. For that reason, Australia had benefited unevenly in many sectors of the negotiations and therefore found difficulty in supporting the outcome as enthusiastically as many Group B countries.