

## Editorial

IN NOVEMBER there is to be held in GATT a session at ministerial level that could have an important effect on the international trading system. The declared purpose is for the contracting parties to the General Agreement on Tariffs and Trade "to examine the functioning of the multi-lateral trading system and reinforce the common efforts of the contracting parties to support and improve the system for the benefit of all nations".

This represents the first major initiative of GATT since the inception of the Tokyo Round, made necessary by the increasing growth of protectionism by governments, and clearly presents a challenge to the participants.

There is quite a list of possible items to be put on the agenda, which is not yet settled, but it seems reasonably clear that if this session is to have any real meaning the contracting parties will have to face squarely the issue of safeguards under Article XIX. This includes the topics of voluntary export restraints and orderly marketing arrangements; it is an issue left over from the Tokyo Round and never yet settled.

Another issue will be the follow-up to the Tokyo Round agreements, with a view to the strengthening of the agreements, particularly the code on subsidies and countervailing duties. Attention will also be given to the needs of developing countries, with a full discussion of Part IV of the General Agreement and an attempt to find a means for achieving greater participation of developing countries in world trade and the GATT system, including the Tokyo Round agreements.

There will no doubt be a discussion on the extension of the GATT rules to new fields, such as services and other topics not sufficiently covered at present, such as agriculture. The United States have announced their interest in the examination of investment performance requirements and trade-related investment incentives, such as purchasing requirements or obligations in respect of production and sales which affect international trade. These will have general application, but arouse hostility in certain specific countries, such as Canada, against whom the United States has already introduced a complaint. As an addition to this, the developing countries are proposing to raise the question of trans-national corporations, alleged to be responsible for so much of the diversion caused. There will also be efforts to reduce other barriers to trade, with perhaps particular emphasis being put on export restrictions and also on restrictions affecting tropical products.

Another issue will be the strengthening of the GATT machinery itself, involving notification, consultation and surveillance procedures

and especially the machinery for the settlement of disputes, which urgently requires a more effective enforcement of the GATT rules than the existing panel procedure.

Of particular interest will be the attitude displayed by the United States, which has in many fields of world affairs recently been a reluctant follower rather than a leader. If the U.S. cut-back on aid and its disparagement of international agencies are to be justified, these must be accompanied by corresponding efforts for the liberalization of international trade, which would be of benefit to developed and developing countries alike. To do this, however, means grasping the nettle of protectionism and not just settling for a few "soft options".

Our present issue is a reflection of the state of the world. Christine Bogdanowicz-Bindert presents a realistic low-key programme for dealing with the more intractable problems of Sub-Saharan Africa, while Mostafa Nagi expands the theme, begun by Dragoslav Avramovic in our January issue, of the capital indebtedness of the third world. The Editor examines the state of the negotiations for the international code of conduct on the transfer of technology, one of the few active issues in the North-South dialogue, while Professor Horn adds a word of warning on the legal effect of codes of conduct.

In addition we print part of the valedictory address of Janez Stanovnik which includes some reflections on development and disarmament, a topical theme emphasized by the report of the UN committee cited by Ursula Wassermann. Arms exports to the developing world now appear to be running at a higher rate from the developed countries than official development aid, and aid, trade, debts and arms seem to be becoming inexorably intertwined.