

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## MEASURES FOR THE EXPANSION OF TRADE OF DEVELOPING COUNTRIES AS A MEANS OF FURTHERING THEIR ECONOMIC DEVELOPMENT

### Conclusions Adopted on 21 May, 1963 on Item I of the Agenda

1. The Ministers during their meeting from 16 to 21 May 1963, discussed the question of measures for the expansion of trade of developing countries as a means of furthering their economic development. The Ministers had before them the reports of Committee III and of the Special Group on Trade in Tropical Products, and considered the following Programme of Action<sup>1</sup> which had previously been examined in Committee III;

(i) Standstill provision

No new tariff or non-tariff barriers should be erected by industrialized countries against the export trade of any less-developed country in the products identified as of particular interest to the less-developed countries. In this connexion the less-developed countries would particularly mention barriers of a discriminatory nature.

(ii) Elimination of quantitative restrictions

Quantitative restrictions on imports from less-developed countries which are inconsistent with the provisions of the GATT shall be eliminated within a period of one year. Where, on consultation between the industrialized and the less-developed countries concerned, it is established that there are special problems which prevent action being taken within this period, the restriction on such items would be progressively reduced and eliminated by 31 December 1965.

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<sup>1</sup>The Action Programme was sponsored by the following GATT countries: Argentina, Brazil, Burma, Cambodia, Ceylon, Chile, Cuba, Ghana, Haiti, India, Indonesia, Israel, Federation of Malaya, Federation of Nigeria, Pakistan, Peru, Tanganyika, Tunisia, United Arab Republic, Uruguay and Yugoslavia.

(iii) Duty-free entry for tropical products

Duty-free entry into the industrialized countries shall be granted to tropical products by 31 December 1963.

(iv) Elimination of tariffs on primary products

Industrialized countries shall agree to the elimination of customs tariffs on the primary products important in the trade of less-developed countries.

(v) Reduction and elimination of tariff barriers to exports of semi-processed and processed products from less-developed countries

Industrialized countries should also prepare urgently a schedule for the reduction and elimination of tariff barriers to exports of semi-processed and processed products from less-developed countries, providing for a reduction of at least 50 per cent of the present duties over the next three years.

(vi) Progressive reduction of internal fiscal charges and revenue duties

Industrialized countries shall progressively reduce internal charges and revenue duties on products wholly or mainly produced in less-developed countries with a view to their elimination by 31 December 1965.

(vii) Reporting procedures

Industrialized countries maintaining the above-mentioned barriers shall report to the GATT secretariat in July of each year on the steps taken by them during the preceding year to implement these decisions and on the measures which they propose to take over the next twelve months to provide larger access for the products of less-developed countries.

(viii) Other measures

Contracting parties should also give urgent consideration to the adoption of other appropriate measures which would facilitate the efforts of less-developed countries to diversify their economies, strengthen their export capacity, and increase their earnings from overseas sales.

2. The Ministers of all industrialized countries, with the exception of the Ministers of the member States of the European Economic Community, agreed to the above Programme of Action<sup>1</sup> subject to the understandings set out in paragraphs 3 and 4. The Ministers of the member States of the European Economic Community endorsed, in principle, the general objectives of the Programme of Action and declared themselves ready to contribute, for their part, to the fullest extent possible, towards the development of the developing countries. With respect to the most appropriate methods of achieving the objectives mentioned above, the position of the Ministers of the member States of the European Economic Community is contained in paragraph 5.

3. It was agreed by the Ministers of the industrialized countries, other than those of the EEC, that, in the first instance, the above Programme of Action relates to the products identified by Committee III, it being understood that the Programme of Action might subsequently be extended to an enlarged list of products to be agreed upon. It was also recognized that acceptance of the Programme was without prejudice to the rights and obligations of contracting parties under the provisions of the General Agreement, under arrangements negotiated within the framework of the GATT or covered by international commodity arrangements. Further, it should be understood that, where action under the Programme would affect the interests of third countries, as under preferential arrangements, countries granting such preferences would need to take into account the interests of the trade partners concerned. As regards tariffs on primary products, these Ministers indicated that their governments would work towards the elimination or, where this was not possible, at least towards the substantial reduction of tariffs on these products. In respect of tariffs on semi-processed and processed products of substantial interest to the developing countries, these Ministers indicated that their governments would work towards a substantial reduction of the tariffs on these products. Action

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<sup>1</sup> additional  
The conclusions of Ministers on the points of the Action Programme relating to the removal of barriers to trade in tropical products (point (iii) and also point (vi)) are set out in paragraphs 10 to 23 while the conclusions on point (viii), relating to other action for assisting the less-developed countries, are taken up in paragraphs 24 to 31.

in connexion with the reduction of tariffs on primary, semi-processed and processed products from less-developed countries would be taken within the framework of the GATT trade negotiations, and, while not precluding action in advance of the trade negotiations, these Ministers proposed to ensure, as far as possible, that these products would be included in their offer lists in the negotiations and not be excepted therefrom in accordance with the principles agreed on for the negotiations.

4. Ministers of industrialized countries, other than those of the EEC, stated that they would conform to the standstill provision except where special and compelling circumstances rendered departure from it unavoidable, in which case adequate opportunity for consultation would be afforded to the developing countries mainly interested in the products concerned. Such consultation would occur prior to the introduction of measures constituting a departure from the standstill unless this were impossible or impracticable. The Austrian and Japanese Ministers indicated that, while it was their intention to remove quantitative restrictions maintained inconsistently with the GATT as soon as possible, they regretted that they might not be able to meet the target date of 31 December 1965 in respect of a few products. With respect to tariff reductions, the United States Minister pointed out that United States legislation required such reductions to be staged over a period of five years.

5. The Ministers of a small number of countries, mainly dependent for their export earnings on a narrow range of primary products, welcomed the Action Programme and undertook to give effect to it to the best of their ability. However, since they, like many less-developed countries, were in the process of diversifying their economies through industrial development, they would have difficulty in accepting inflexible tariff commitments for certain products.

6. Addressing themselves to the Action Programme, the Ministers of the European Economic Community and the States associated with the EEC stated that, while they recognized that some of the points contained in the Programme could be regarded as objectives to which, to the fullest extent possible, concrete

policies should be adapted, the first seven points of the Programme referred only to measures for the elimination of barriers to trade, whereas, in their view, more positive measures were required to achieve the marked and rapid increase in the export earnings of the developing countries as a whole, which was the fundamental objective. Accordingly, these Ministers urged:

(a) that international action should, in particular, be directed to a deliberate effort to organize international trade in products of interest to the less-developed countries. Such an effort would have to take into account economic inequalities between the less-developed countries themselves and the fact that certain less-developed countries cannot at present, without a transitional phase, face competition from the countries which have already achieved a certain degree of development or from the long-industrialized countries without suffering damage.

(b) that an effort should therefore be made to ensure increasing exports at remunerative, equitable and stable prices for the less-developed countries producing primary products. In this respect any desirable arrangement made at the world level could be inspired by arrangements already tried out on a regional, bilateral or even national level. As regards processed and semi-processed products, a study should be made to determine the selective measures, specially conceived to meet the needs of developing countries, which could assure these countries the necessary markets for the products in question. In this connexion various relaxations of present rules regarding non-discrimination might be considered (in particular the suggestions made at the ministerial meeting by Mr. Brasseur, Minister for Foreign Trade and Technical Assistance of Belgium). A rapid study of them by a special group should enable decisions to be taken without delay.

In the view of the Ministers of the EEC, the decisions which would be taken following the report by such a group could eliminate many of the reasons which have prevented or still prevent the effective implementation, in a manner beneficial to all, of the Programme of Action set forth in paragraph 1.

7. In the opinion of certain Ministers, the same special group could, as a matter of urgency, analyze the possibility and conditions for establishing within the framework of GATT a centre for trade information and market research with a view to the expansion of exports of the less-developed countries.
8. The Ministers finally emphasized that further measures and more ambitious goals should not stand in the way of, or serve, as an excuse for not implementing as quickly and as fully as possible, the present Programme of Action which would represent a positive contribution which the industrialized countries could make to the development of the trade of the less-developed countries within the field in which GATT was specially competent.
9. The Ministers of the less-developed countries sponsoring and supporting the Programme of Action, expressed disappointment with the understandings and positions as set out by some industrialized countries and found them to be unhelpful. They emphasized that the eight point Programme of Action fell far short of the minimum conditions necessary to enable the less-developed countries to make their full contribution to the expansion of international commerce and represented a practical compromise between the difficulties stated by some industrialized countries and their responsibilities under the GATT. In particular, attention was drawn to the fact that all contracting parties are committed to carry out their obligations in respect of quantitative restrictions, without any qualifications. The Ministers of these less-developed countries therefore urged that the Programme of Action should be implemented in full, within the time-table proposed therein, in the interest of the accelerated economic development of their countries. They trusted that industrialized countries would be able to make substantial tariff concessions on primary, semi-processed and processed products, exported by less-developed countries in advance of the forthcoming trade negotiations. They also expressed the hope that products of interest to the less-developed countries should not be excluded from offer lists during negotiations.

Trade in Tropical Products - Free Access  
to Markets of Industrialized Countries for Tropical Products

General conclusions

10. The Ministers other than those of the EEC and the States associated with the Community:

- (a) endorsed the general objective of free access to markets for tropical products, in view of the great importance of these products to the foreign exchange earnings and economic development of many less-developed countries;
- (b) agreed that the instability of prices and inadequacy of earnings are the principal problems affecting producers of tropical products;
- (c) agreed that governments should not erect any new tariff or non-tariff barriers against trade in tropical products. If, in practice, a government for compelling reasons felt that it had to take any measures which would have such effects, it should afford adequate opportunity for prior consultations with the exporting countries mainly interested in the products affected;
- (d) regretted the difficulties which had delayed the implementation of the relevant part of the Ministerial Declaration of November 1961 relating to the removal of revenue duties and internal charges and urged governments to take the necessary steps to secure such implementation as soon as practicable, but in any event not later than 31 December 1965;
- (e) decided that, where prior action had not already been taken on barriers to trade and restraints on consumption of tropical products, these should be dealt with in the context of the forthcoming GATT trade negotiations.

11. The Ministers of the EEC and the States associated with the Community were unable to support the above general conclusions. They emphasized their belief that the general and primary objective was to organize markets and to increase the export earnings of the less-developed countries. With that end in view they referred to their declaration concerning the Programme of Action as set forth in paragraph 6.

12. The Minister for Austria indicated that his Government agreed to the programme relating to tropical products under present conditions and without prejudice to its rights and obligations under the General Agreement. He added that his Government could feel compelled to reconsider certain aspects of its acceptance if circumstances would require this.

#### Conclusions on individual products

##### Cocoa

13. The Ministers, other than those of the EEC and the States associated with the Community:

- (a) endorsed the commodity agreement approach to cocoa and agreed that an international agreement should be negotiated speedily with the aim, inter alia, of stabilizing prices at remunerative and equitable levels and increasing the export earnings of producing countries so as to facilitate their economic development;
- (b) agreed that internal charges and other non-tariff barriers in respect of raw and semi-processed cocoa should be removed by joint action, and wherever possible, by the end of 1963;
- (c) agreed that the removal of tariffs in respect of raw and semi-processed cocoa should be accomplished in the context of a cocoa agreement which was otherwise satisfactory to the principal producing countries.

14. The Ministers of the Community and of the associated States stated that the work of the Sub-Group on Trade in Tropical Products had shown that the basic question was the price problem. In their opinion it was not desirable to make this problem more difficult by linking it with other problems of less importance, as the report by the Sub-Group has shown. These Ministers confirmed their intention to co-operate positively in order to reach an international cocoa agreement so as to ensure equitable prices at remunerative levels for producers.

#### Coffee

15. The Ministers confirmed the intention of their governments to apply in an efficacious manner the International Coffee Agreement and recommended that the governments signatories to this Agreement collaborate in a positive manner in the Coffee Council within the foreseen time-limits with a view to the efficacious application of the Agreement so that coffee prices are established and maintained at an equitable level, and so that the trade in and consumption of this product are developed.

16. The Ministers, other than those of the EEC and the States associated with the Community:

- (a) agreed that tariffs, internal charges and other non-tariff barriers in respect of coffee should be removed by joint action, and wherever possible, by the end of 1963; ..
- (b) recognized that the proposed GATT trade negotiations would give an opportunity to eliminate all remaining barriers affecting trade in coffee.

#### Bananas

17. The Ministers noted that arrangements for the further study, in collaboration with the FAO, of the question of trade in bananas were being put in hand. The Ministers agreed that each consuming country should consider possibilities to increase the consumption of bananas.

18. The Ministers, other than those of the EEC and of the States associated with the Community, agreed that, while the study referred to above was in progress, there should be a "standstill" and governments should refrain from any measures which might represent an intensification or extension of trade barriers and should make an effort to enlarge their markets for bananas on a universal basis.

Tropical oilseeds and oils

19. The Ministers noted the need for the further study of the question of trade in tropical oilseeds and oils and the fact that arrangements for this work would be put in hand.

20. The Ministers, other than those of the EEC and the States associated with the Community:

(a) agreed that governments should consider the desirability of including the problems of tropical oilseeds and oils in the framework of the GATT trade negotiations and in international discussions on internal agricultural price and production policies;

(b) agreed that governments should, in framing their agricultural policies, where these policies affect tropical oilseeds and oils, duly take into account the predominant importance attached by less-developed countries to maintaining and increasing their exports of these products unhampered by trade barriers.

21. The Ministers of the States associated with the EEC and of the Community itself stated that the studies referred to above should relate in particular to conditions of competition in respect of fats and oils from the tropical and temperate zones. It should be reaffirmed that the final objective of such studies is to maintain and increase the export earnings of the developing producer countries. Pending the completion of such studies, they recommend that governments should in framing their agricultural policies, where these policies affect tropical oilseeds and oils, duly take into account the predominant importance attached by less-developed countries to maintaining and increasing their exports of these products.

Tea

22. The Ministers agreed that the customs duty on tea should be removed with the least possible delay and, if practicable, before the end of 1963. The Ministers also recognized the need for ensuring that the removal of the duty was not nullified by increases in internal taxes. They addressed themselves to the question of reducing and eliminating internal taxes on tea and hoped that these taxes could be removed as soon as possible.

Tropical timber

23. The Ministers agreed that the customs duty on tropical timber should be removed with the least possible delay and, if practicable, before the end of 1963.

Additional Action to Further the Trade and Development  
of Less-Developed Countries

24. The Ministers agreed that contracting parties should give urgent consideration to the adoption of other appropriate measures which would facilitate the efforts of less-developed countries to diversify their economies, strengthen their export capacity and increase their earnings from overseas sales. In this connexion it was suggested that one of the measures which should be studied promptly would be the accordance of preferential treatment to the semi-manufactured and manufactured goods exported by the less-developed countries. It was agreed that a working group should be established to study the following proposals and report to the CONTRACTING PARTIES at their twenty-first session:

- (a) the granting of preferences on selected products by industrialized countries to less-developed countries as a whole; and
- (b) the granting of preferences on selected products by less-developed countries to all other less-developed countries.

25. The Ministers agreed that industrialized countries, in drawing up and implementing their policies which affect the pattern of production and trade, should take full account of the need to facilitate the efforts of less-developed countries to strengthen their export capacity and to diversify their economies.

26. The Ministers agreed that the fundamental need of the less-developed countries in the field of trade was to achieve an increase in their export earnings. In those cases where under present conditions their export trade was heavily dependent on a limited number of primary products, efforts on the part of the less-developed countries to increase their earnings by a higher volume of exports were often frustrated by declining prices and violent price fluctuations. Effective joint action was required to arrest the deterioration

of the terms of trade of the less-developed countries and to mitigate and eliminate excessive fluctuations in their exports and export earnings. Some Ministers felt that this action might, for instance, take the form of commodity agreements, price stabilization schemes, compensatory financing and market organizations.

27. The Ministers agreed that the work of Committee III should be extended, in collaboration with other interested agencies, particularly the lending agencies, through the adoption of concerted, systematic and prompt studies of trade and aid relationships in individual less-developed countries aimed at obtaining a clear analysis of export potential, market prospects and any further action that may be required to overcome any difficulties that the studies reveal. In this connexion many Ministers considered that the problem of financing the gap between the export proceeds and import requirements of the developing countries needed to be given careful consideration. Ministers of less-developed countries considered that in order to extend the activities of the GATT to embrace the financing aspect, and as a practical measure to achieve this end, a working group should be formed to study the ways and means for enabling the less-developed countries to obtain from the industrialized contracting parties loans on soft terms, and thus enable the GATT to realize its objectives of fostering trade between the contracting parties.

28. The Ministers recognized the need for an adequate legal and institutional framework to enable the CONTRACTING PARTIES to discharge their responsibilities in connexion with the work of expanding the trade of less-developed countries.

29. The Ministers of the less-developed countries and of the EEC recognized that there was urgent need for an amplification of the objectives and for revision of the principles and rules of the General Agreement to enable the CONTRACTING PARTIES to discharge these responsibilities, with a view to safeguarding the interests of these countries in their international trade and development programmes. This action should not prejudice, but contribute to, broader negotiations in which contracting parties might participate, such as the United Nations Conference on Trade and Development.

30. While many Ministers did not agree with the views expressed in paragraph 29 above, all Ministers agreed that a committee of the CONTRACTING PARTIES should be established with instructions to examine all aspects of the problems outlined in paragraphs 28 and 29, taking full account of the views expressed by the Ministers, and to report with appropriate recommendations to the twenty-first session of the CONTRACTING PARTIES.

31. The Ministers agreed that the Council of Representatives should take the action necessary to set up the working group and the committee referred to in paragraphs 24 and 30 above.