

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Second Special Session

SUMMARY RECORD OF THE FIFTH MEETING

Held at the Palais des Nations, Geneva
on Monday, 8 February 1965 at 3 p.m.

Chairman: Mr. J. LACARTE (Uruguay)

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The CHAIRMAN recalled that the Executive Secretary in a letter to delegations had enquired whether there would be objection to the meeting being open to the press in view of the wide public interest shown in this important occasion and taking into account the ceremonial aspect of the meeting. There had been no objection and accordingly the press had been invited to attend.

1. Part IV of the GATT on Trade and Development

The CHAIRMAN said that the contracting parties had assembled to put the final touches to action which had been initiated by their Ministers nearly two years ago. In May 1963 the Ministers had recognized that there was 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. To meet this need a new Part to the GATT had been drawn up. This new Part showed clearly that the promotion of the trade of less-developed countries and the provision of increased access for their products in world markets, were among the primary objectives of the CONTRACTING PARTIES. These objectives were now set forth in a new Article XXXVI. Article XXXVII laid down the commitments in the field of commercial policy which contracting parties would accept in order to promote these objectives. Article XXXVIII provided for joint action by the contracting parties, both within the framework of the GATT and in collaboration with other intergovernmental bodies, to further the objectives. These three articles had been incorporated in a Protocol introducing a Part IV on Trade and Development in the text of the General Agreement. These texts were approved and had been with governments for more than two months.

In connexion with Articles XXXVI:4 and XXXVIII:2(a) the Chairman recalled that at the last meeting it had been agreed that the following statement should appear in the records of the present meeting:

"The importance of trade in agricultural products to the less-developed contracting parties has been strongly emphasized throughout the discussions in the Legal and Institutional Committee. A proposal that there should be an appropriate paragraph in the commitments section of the Chapter specifically referring to the policies which should be followed by contracting parties in this field was discussed.

"The CONTRACTING PARTIES have agreed to seek solutions to problems of agricultural trade in the course of the Kennedy Round and have agreed 'to deal with the rules to govern, and the methods to be employed in, the creation of acceptable conditions of access to world markets for agricultural products in furtherance of a significant development and expansion of world trade in such products.' Moreover, it had been specifically agreed at ministerial level that 'in the trade negotiations every effort shall be made to reduce barriers to exports of the less-developed countries'. It was therefore clear that the negotiations would reflect the great interest of less-developed countries in agricultural products.

"Although a specific paragraph to cover all the specific concerns expressed by those less-developed contracting parties particularly interested in agricultural trade problems has not been included in Part IV, agricultural products are covered by the general provisions of Part IV. Moreover, it is understood that at a later stage and in the light of the results of the forthcoming trade negotiations interested contracting parties will be entitled to revert to this matter in the Committee on Trade and Development."

Mr. LETTS (Peru), on behalf of the delegations of Argentina, Brazil, Chile, Dominican Republic, Peru and Uruguay, said that the incorporation in the General Agreement of a new Part IV on Trade and Development was an important initial step in the process of adapting the framework of GATT to the recognition of the special needs and characteristics of less-developed contracting parties. Part IV represented the translation into legal terms of the results of a long series of collective efforts which had commenced in 1958. The new Part was, however, not the conclusion of such efforts. The present amendment of the General Agreement was not an end in itself but a beginning, a commitment to act in the direction that had been set with an urgency required by the magnitude of the needs involved and a determination to adhere to agreed principles in the collective pursuance of certain objectives. Mr. Letts said that the delegations on whose behalf he spoke, wished to emphasize that their acceptance of Part IV constituted proof of their trust in the effectiveness of the General Agreement. This trust entailed a special responsibility on the part of those contracting parties possessing the material means to make possible the attainment of the objectives of Part IV. However, there

remained unsolved important issues the consideration of which must be the responsibility of all through a common effort that could not be stopped at the present stage without the risk of depriving the new text of its full validity and effectiveness. These issues should be pressed to solutions in the new Committee on Trade and Development as well as in the other organs of GATT. The present review of the General Agreement was a fitting one within a wide context of universal multi-lateral co-operation. Part IV of the General Agreement was a legal expression of a significant portion of the recommendations of the United Nations Conference on Trade and Development and great importance was attached therefore to the establishment of adequate and fruitful collaboration between the CONTRACTING PARTIES, the Conference and the Trade and Development Board of the United Nations towards their common purpose. In conclusion Mr. Letts recalled the joint declaration of the seventy-seven developing countries made at the close of the United Nations' Conference. The delegations of Argentina, Brazil, Chile, Dominican Republic, Peru and Uruguay wished to reaffirm the objectives contained in that declaration and the principles approved by the Conference. They further wished to express their conviction that through co-ordinated efforts, the co-operation of the international community would be secured for the attainment of those objectives which were of common concern to all mankind.

Mr. SHAH (Minister of Commerce, India) said that the present meeting furnished concrete proof of the keenness and the determination of the CONTRACTING PARTIES to face squarely and constructively one of the most challenging problems. It was appropriate that the contracting parties should gather together for this purpose in the year 1965 which had been declared by the United Nations, in response to the suggestion put forward by India's late Prime Minister Nehru, as the "Year of International Co-operation". The General Agreement on Tariffs and Trade had contributed materially to the increase in trade among industrialized countries; but the export trade of developing countries had not shared adequately in this general increase. In May 1963, the GATT Ministers recognized that an adequate legal and institutional framework was called for if the CONTRACTING PARTIES were to contribute to the economic advancement of developing countries and enable poor economies to have their due share in, and contribute to the expansion of international trade. The CONTRACTING PARTIES had laboured hard over the last twenty-one months to find a solution for this crying need. The Special Session which finalized the text of a new Part IV on Trade and Development had found at least a partial solution to problems of developing countries. The incorporation of this new Part IV in the General Agreement constituted in the judgment of the Indian Government, an initial, big and revolutionary step to this end, and it was confident that this initial step would inspire further constructive action in the near future.

The documents which were before the Session were the product of long-drawn-out negotiations and discussion. The negotiators had naturally been solicitous of the national interests they represented and had been cautious in their approach to the commitments they were called upon to make. Now that the text of the amendments to

the Agreement had been finalized, what mattered was the spirit in which the commitments were implemented. In view of their predominant situation in international trade today, the greater responsibility for the achievement of the common objectives of the CONTRACTING PARTIES necessarily devolved on the industrialized countries. This responsibility was being viewed in a broad sense and it was being increasingly realized that if the efforts to build up the foreign income of developing countries succeeded, the trade of both developed and developing contracting parties would expand more smoothly and rapidly. He therefore looked forward to bold and imaginative initiatives being taken by the developed contracting parties in fulfilling their commitments under the new Part IV as well as outside it to promote the real export earnings of the less-developed contracting parties. The Kennedy Round of trade negotiations provided an immediate opportunity to the CONTRACTING PARTIES for implementing the concepts and commitments now enshrined in the new Chapter. It would be the earnest endeavour of the Indian delegation to see that in these negotiations high priority was accorded to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties. His delegation was confident that in this effort, it would have the assistance and support of all delegations. The less-developed contracting parties had a special responsibility for furthering their mutual trade. Unfortunately, the manner in which such contracting parties could help one another, had not yet been fully studied. The Indian delegation looked forward to useful consultations being organized by the Trade and Development Committee and hoped that it would be possible for contracting parties to adopt special measures and to arrange for whatever financial and technical support that might be required to this end.

Mr. Shah said that the provisions of the new Part IV had encouraged many contracting parties to hope that a solution to many of their problems could be found within the framework of the General Agreement. The new Part IV should be brought into force at once, so that the time required to make it fully operative was reduced as much as possible. His delegation was therefore ready to subscribe to the Final Act, to sign the Protocol and to adopt the Declaration on the de facto implementation of its provisions. He hoped that other contracting parties would be ready to do the same. The progress made in this direction in the GATT would be a fitting achievement of the objectives of the contracting parties and constitute practical implementation of some of the recommendations made by the United Nations Conference on Trade and Development. It was an open question whether the new Part IV would by itself enable the GATT to play an effective rôle in the promotion of multilateral expansion of international trade. A satisfactory answer to the problem might perhaps be found by taking vigorous steps to consider the feasibility of giving effect to the various other proposals for assisting the trade of developing countries. In reviewing the working of

Part IV, the Committee on Trade and Development would have to recommend steps which in its opinion were imperative and immediate for implementing a positive programme for promotion and expansion of the trade of developing countries. It was obvious that unless the new international policies in the field of trade and development resulted in a more rational and equitable division of labour and were accompanied by necessary adjustments in world production and trade, the export trade of less-developed countries was not likely to increase in any significant manner. Nor would international trade be able to function as a major instrument for fostering industrialization of less-developed economies. It was, therefore, necessary that the measures and policies to be adopted in giving effect to the provisions of the new Part IV should not be tied down to past trade developments, but should open up new scope for diversifying their export trade.

The terms of reference of the Committee enumerated certain specific matters on which the Committee should concentrate its studies. Amongst these the study of the feasibility of drawing up a scheme of preferences for the trade of developing countries was the one to which the developing countries attached considerable importance. The proposal for the establishment of preferences might appear to be revolutionary from the basic GATT concept of non-discrimination. At the same time it would be recognized by all contracting parties that only under such a scheme a satisfactory answer could be found for the problems faced by the developing countries in respect of diversification of their trade and securing access to overseas markets for the new lines of exports of manufactures and semi-manufactures. A dynamic and realistic approach to this question with a view to providing some satisfactory remedies to the problems consistent with the non-discriminatory rule of GATT was therefore necessary. The other subjects which the Committee had been asked to examine were equally important. For the success of multilateral international trading arrangements it had been found necessary from experience that there should be procedures under which countries lacking in economic strength would not find themselves handicapped in the matter of securing equitable solutions to problems posed by the continued application of discriminatory restrictions on their trade by advanced countries. The insertion in the GATT of appropriate provisions in this connexion was long overdue.

In conclusion, Mr. Shah paid tribute to the spirit of mutual understanding and co-operation which the delegations of the advanced countries and the less-developed countries had brought to bear on the problems of the developing countries and which had led to the formulation of the articles of the new Part IV. This was a happy augury for the future. He trusted that this co-operation would be forthcoming in ample measure to complete the unfinished tasks and to institute mutually beneficial collaboration with other institutions which were being set up by the United Nations. It was with hope and confidence that India joined other contracting parties in embarking on this historic development in the field of international trade.

Mr. PAPIĆ (Yugoslavia) said that the Declaration of Ministers in 1961, the Programme of Action drawn up in 1962, the Conclusions of Ministers in 1963 and now the new Part IV had marked the progress in the work of the CONTRACTING PARTIES in the sphere of trade problems of developing countries. The new amendments to the Agreement had not, however, fully met the expectations of developing countries. Some essential points set forth in the Action Programme were still open. There was also the question of preferences and an adequate definition of the concept of non-reciprocity. Disturbing delays were also noted in the implementation of certain agreed programmes and agreements. Nevertheless in spite of these considerations and the shortcomings of the compromise reflected in the new Part IV, he felt that the new Part, marked the beginning of a new process in the economic co-operation between industrialized and developing countries. In this perspective the new Part should be accepted not as a general declaration of intentions but as a programme of action to be supported by appropriate measures and by political readiness of contracting parties. The Kennedy Round provided ample opportunities for putting into effect the ideas and principles of the new Part IV and the practical value of the new Part would therefore be best tested in the current trade negotiations. Unfortunately, after more than a year and a half after the launching of the Kennedy Round, no agreement had yet been reached regarding the terms for the participation of developing countries. The statement made on behalf of a group of developing countries by the delegate of Peru had expressed the preoccupations of Yugoslavia and was therefore fully supported by the Yugoslav delegation.

Mr. AOKI (Japan) said that his delegation whole-heartedly supported the adoption of the new Part IV of the General Agreement as an important instrument to facilitate the expansion of trade and development of less-developed countries. His Government would make the utmost efforts to implement the provisions of the new Part IV. In this connexion, Mr. Aoki drew attention to the fact that a considerable number of the less-developed countries which were members of the GATT were still not in contractual relations with Japan. Most of these countries had inherited the rights and obligations of their metropolitan countries when they acceded to the General Agreement. He believed that this extraordinary situation was a matter of grave concern to the CONTRACTING PARTIES as a whole. His Government would find it difficult not only to implement the provisions of the new Part IV vis-à-vis those countries which had not normalized trade relations with Japan, but also to extend to them the benefits accruing from Japan in the context of the Kennedy Round trade negotiations. Mr. Aoki concluded with an appeal to these countries to take the necessary steps to enter into normal GATT relations with Japan on the occasion of their participation in the Kennedy Round of trade negotiations.

Mr. EVANS (United States) said that the charter for the trade of developing countries, which was being launched, was the product of all the contracting parties and belonged to all of them. Nevertheless, his delegation should be pardoned if it were recalled that the United States had submitted the draft that formed the basis for the hard work that finally resulted in the approved version of the new Part IV of the General Agreement. In the preparation of that draft, many of the

ideas were inspired by the Executive Secretary, but the final product was the work of all. He doubted whether there was a contracting party which did not contribute to the formulation or negotiation of some part of the text. Developing countries in Asia, Africa and Latin America provided not only the motivation for this work but many concrete proposals. The special problems and conditions of each area had found reflexion in the text and, happily, these developing countries participated not only as prospective beneficiaries but as full partners themselves undertaking the obligations within the limits of their ability. It was a contract involving commitments by all and as such the prospects for the serious observance of its provisions was greatly improved. The industrially advanced countries, too, of Europe, North America and the Far East had each left their imprint on the text and traces even of their differing backgrounds and outlooks. No one would claim that the text was perfect since no one was the single author, but all would recognize that it was a good text and truly recorded the maximum progress on which agreement could be reached at this time.

What did that progress consist of? The new Part had crystalized some concepts - some concrete methods for assisting the trade and development of less-developed countries - which had not previously gone much beyond classroom discussions or the lecture hall. Even if this new charter did no more than codify concepts which many governments had accepted and tried to apply in the past, the job was still very much worth doing; for the ability of any one contracting party to apply these concepts consistently in practice must be limited by what other countries, similarly placed, were prepared to do. It was not enough to recognize objectives. What counted was performance, and without common agreement and common commitments performance was bound to be weak.

While awaiting the entry into force of the Protocol, it was the firm resolution of the United States Government to be guided by its provisions and to do everything possible to accelerate the attainment of the objectives on which agreement had been reached. The GATT had passed another stage in a continuing test. The ability of any institution to adapt to changing conditions and needs was the true mark of its vitality and the gauge of its continued usefulness. The GATT - in changing to reflect new needs - had met this test well and placed itself in a position to concentrate on action to improve the export earnings and the economic growth of the developing countries.

Mr. VAN OORSCHOT (Kingdom of the Netherlands) expressed satisfaction at the drawing up of the text of the new Part IV of the GATT. His delegation was particularly pleased since it represented also the Netherlands Antilles and Surinam, two typically under-developed countries whose general destiny was closely linked to the rest of Latin America, where they were geographically located. For these two countries the opening up of new markets, both in developed and less-developed parts of the world, would be an essential part of their further development. They looked forward to the contribution of the new GATT to that objective. The new Part IV marked the end of a negotiation, and the beginning of a new era. The GATT could no longer be accused, as it had been in the past, rightly or wrongly, of being an instrument serving the interests of developed countries only. For the first time in history a multilateral trade agreement embodied specific provisions regarding the relations between developed and less-developed countries. As had been pointed out by previous speakers, the new Part IV was not perfect. It bore the stamp of being a negotiated compromise. It was negotiated and not voted by a majority, because GATT derived its strength from being a forum for negotiations. The new Part was a compromise which carried a promise: the promise that trade and development in mutual interdependence would receive all the attention they deserved. His delegation sincerely hoped that all contracting partners, including the less-developed countries which were now likely to join GATT, would find the new GATT a satisfactory instrument to promote their trade and development.

Mr. van Oorschot stressed that while the new Part IV was an element in the gradual adaptation of the world trading system to the requirements and problems of the less-developed countries, as was the intention of the Ministers who requested modifications of GATT, fundamental changes were being witnessed at the same time in the trade relations between developed countries. These changes were one of the principal factors confronting those which were participating in the Kennedy Round. When the results of the Kennedy Round were known and some experience on the application of this new Part IV obtained, it might be necessary once again to review the trading system as it will have emerged. Thus, in a world of continuous movement GATT would fulfil a dynamic rôle.

Mr. CARMODY (Australia) said that it was to the credit of the General Agreement that it had made this effort to meet the particular international trading needs of the world's less-developed countries. The Australian Government was in complete accord with the objective the GATT had set itself of finding special solutions for the trading problems of less-developed countries. Not only in GATT, but in many other forums, Australia

had consistently expressed its understanding of the nature of the urgent and tremendous trade problems confronting the young and emerging countries of the world. Australia had a good record in the treatment of imports from less-developed countries. It had virtually no quantitative restrictions on imports. The bulk of its imports from less-developed countries enter free of duty, even of revenue duties, or at very low rates of duty. Australia recently abolished import duties on tea and cocoa, two products of great importance to less-developed countries, and subject only to conditions for the benefit of Papua/New Guinea granted free entry for coffee. None of these three commodities was subject to internal revenue duties. More imports could be given free entry if the Agreement were to provide for the introduction of selective preferences in favour of less-developed countries. Australia's internal commodity and transaction taxes were relatively low and hence had little effect on imports of products of interest to less-developed countries.

His delegation welcomed the insertion in GATT of provisions which would make a contribution to the solution of the trade problems of the less-developed countries. However, the specific text which had emerged acknowledges only two categories of trading nations - the developed and the less-developed. Whilst it recognized the needs of and proposed improvements for one category - the less-developed countries - it completely overlooked the difficulties which the proposed new commitments presented for a country like Australia which was in neither of the categories specified in the articles. Australia relied on the selective use of the tariff to foster development of new industries and the diversification of its existing but not yet mature, manufacturing industries. In these Articles Australia was being asked to take a blanket commitment not to take action to foster by tariff protection industries across a wide range of unspecified products; this range being quite indeterminate in advance. In effect they were being asked to contract out of using the tariff to develop segments of industry which might be of interest to less-developed countries. Most of those industries were already developed in the industrial countries of the world, and it was those countries which would probably receive the main benefit from any such concessions with the resultant disruption of Australia's industrial development. The older industrialized countries, true developed countries in the sense of these articles, had large established industries with all the cost advantages of large-scale operation. Australia's industries were still small by comparison, exports of manufactures were negligible and manufacturing industries suffered the serious cost disadvantage of producing for a small domestic market. Again, industries in many of the older countries

were established across the whole range of manufactures and produced a great variety of products. Australia was in the early stages of industrialization and there were great gaps in the structure of industry and in the variety of products manufactured. In addition, in many of the older countries the sheer lapse of time, the closeness of those countries to major markets and the size of their own home markets had allowed the development of specialized industries. Specialization was developing in Australia but as yet the growth was slow.

The establishment of manufacturing industries in Australia frequently necessitated protection against the intense and damaging competition of imports from the huge enterprises of the older industrial countries. To protect its industries Australia used not quantitative restrictions but tariffs, the internationally accepted method for giving protection. Tariff assistance was granted only after enquiry and report by the independent Australian Tariff Board. It was a feature of Australia's system of protection that tariffs were varied - up and down - only as much as was necessary to meet the needs of efficient Australian industry at particular times. When the tariff was used as a flexible and basic technique for fostering industrial development, it was inevitable that there would be changes in Australian tariffs over a period. Australia's aim was to keep the protection it gave as low as possible and as selective as possible consistent with encouraging the growth of industry. This had the effect of increasing the number of tariff changes because individual tariff increases when granted were limited to as narrow a range of production as possible. Any subsequent request to extend the protection to a wider range of production was examined as a separate case on its own merits. It was significant that about three quarters of Australia's imports entered free of duty or at non-protective rates.

The GATT review in 1954 recognized the basic differences between economies like that of Australia and those of industrial countries. Australia's position was recognized in Article XVIII, whilst Article XXVIII by establishing the mechanism to enable Australia to make adjustments to its tariff bindings, recognized that Australia at its present stage of growth could not operate within the same rules and conditions that may be suitable for the older countries with their relatively static tariffs. This recognition had not been preserved in these new articles. They did not acknowledge that Australia must have flexibility in its tariff. It was inevitable that Australia would, on occasions, find it necessary to introduce protective duties on products of interest to less-developed countries. Usually these duties would be required only to protect its industries against imports from the highly industrialized countries. But so long as the GATT made no provision for new preferences Australia had no choice but to apply the duties also to less-developed countries.

The difficulties Australia had encountered with the new Articles, arose, therefore, from the nature of the Australian economy and the stage of its industrial growth, and not from any lack of desire to help the less-developed countries. Australia was willing to help less-developed countries in its own way and within its own capacity. Australia was a country of high living standards, high national income per head and with many of the other attributes of developed countries. It was clear that Australia was not a less-developed country. But it was far from being developed in the sense of being fully industrialized or being able to compete with many of the products of the highly developed and diversified economies of most industrialized countries without the benefits of tariff protection. While Australia intended to do all within its powers to help the less-developed countries, this did not mean that Australia could accept that she must give the same kinds of help or give particular help in the same way as do the older industrialized countries. Australia had endeavoured to have its difficulties accommodated by an appropriate paragraph or interpretative note in the new articles. Primarily because of the attitude of a few industrialized countries, its proposals had not been accepted.

The acceptance of these new articles was a very important matter on which the Australian Government would not take its decision lightly. The Australian Government would not be prepared to accept commitments and give assurances which subsequent events might show it was unable to carry out. Australia had never done this and would not start doing it now. It had too often experienced the results of that kind of commitment-taking by others in the past. In reaching its decision on the new Part IV the Australian Government had regard to its particular responsibilities in relation to the development of Papua and New Guinea, being charged with direct responsibility for the development of this area. To honour this responsibility, Australia relied on the provisions of the GATT waiver to give tariff preferences to Papua and New Guinea products entering the Australian market. In due course the Australian Government would advise its decision on the question of acceptance of the Protocol of Amendment and of the Declaration on the de facto implementation of the Protocol. Whatever the decision, less-developed countries should be assured that Australia accepted full responsibility for making its contribution to the solution of the difficulties of less-developed countries, and was prepared to explore diligently and sincerely all possible ways of doing this. The Australian Government was completely in accord with the objectives of selecting for special treatment the trade problems of the lesser-developed countries. As already indicated, products from these countries received, to a large measure, duty-free entry into Australia. However, Australia could ignore the difficulties which the proposed Part IV would cause a country which had special needs as regards the use of the tariff-needs which had hitherto been recognized in the GATT but were now ignored in the new Articles. All the more so, since there was no provision in the GATT enabling Australia to accord tariff benefits to the less-developed countries without giving them in such a form that the industrialized countries would obtain most of the benefit.

Mr. RAE (Canada) said that the new Part IV was a most important development in the history of the General Agreement, and was designed to bring the structure of the GATT into closer conformity with what had increasingly become one of its major preoccupations. Ever since its participation in the elaboration of the Bretton Woods agreements, which established the International Monetary Fund and the World Bank, Canada had taken an active interest in the problems and the needs of the developing countries. This had led to its sharing with others in aid and assistance programmes - both bilateral and multilateral - and to active participation in the attempts which were continuously being made, both in the GATT and in other international organizations, to find adequate solutions to the complex and difficult problems posed by the urgent need for development of such vast areas of the world. It was Canada's hope and belief that the introduction of a new Part, by providing a more precise treaty framework that had so far been lacking, would greatly facilitate the common efforts to accelerate the solution of these problems in the GATT. It was in this spirit that Canada would sign the Protocol amending the GATT to introduce the new Part IV on Trade and Development. Mr. Rae expressed appreciation to all those who had worked painstakingly, and with great sincerity of purpose, to reach accord on this important extension of the Agreement. His delegation was proud that a Canadian, Mr. J.H. Warren, had served the GATT, during this difficult and challenging period, as Chairman of the CONTRACTING PARTIES.

Mr. ONYIA (Nigeria) said that the new Part IV was probably the first step in a series towards the widening of the General Agreement to accommodate the urgent trade problems and needs of the less-developed countries, most of which were newly-emergent countries and had, unfortunately, not been parties to the original negotiation of the General Agreement. He associated his delegation generally with the views and points that had been raised on these issues by previous speakers from the less-developed countries. The new Part IV was by no means perfect. It had not provided for the most important problem facing countries like Nigeria which depended on export of primary products for the foreign exchange they required for their development needs. Everyone was aware, as was brought out in the Haberler Report, that fair and remunerative prices were the key to the development of such countries.

The finding of markets was essential for the less-developed countries which were already moving into the field of semi-manufactured and processed goods. This was however not Nigeria's major problem. His country, like many less-developed countries, could sell all the primary products which could be marketed. The last few years had shown an encouraging increase in consumption and sales to traditional markets and in new ones. But despite this, there had continually been a decline in total receipts. There was, however, room to deal with this matter within the Committee on Trade and Development and his delegation looked forward to full co-operation and action from all concerned. Indeed, Nigeria would be looking forward to it as an opportunity of observing the transmission into reality

of the expressions of amity and goodwill which had been made over the years by the industrialized countries. It was in the interest of the industrial countries to ensure that the economic development of the less-developed countries grew smoothly and at a reasonable rate, since the purchasing power of the latter necessarily depended on their level of economic activity and on their export earnings. The Nigerian Government would be watching with keen interest, events and developments in the Kennedy Round negotiations which would include trade in tropical products. It was hoped that the new Part IV would be the beginning of a new era so that henceforth the GATT would not be thought of as a club of industrialized countries but as something wider for all countries.

Mr. TREU (Austria) said that his Government had followed the elaboration of the new Part IV with great attention and sympathy, and was gratified to see the GATT taking an effective step towards the solution of the problems of the developing countries. The procedure required under the Austrian constitution for signature of the Protocol was already underway but had not yet been concluded. The signature of the Protocol, by Austria, would therefore have to be affixed at a later date. However, as a token of Austria's agreement with the objectives of the Protocol, Austria would immediately sign the Final Act of the Special Session and agree to the Declaration on the de facto implementation of Part IV.

Mr. HIJZEN (Commission of the EEC) said that the European Economic Community, as such, had not yet taken a stand on the three texts before the Session. He added that this statement did not affect matters within the competence of the member States individually.

Mr. AYUB (Pakistan) said that the statement made by the delegate of Peru on behalf of his own country and a number of other countries, reflected faithfully and eloquently the feelings of other less-developed countries. He was therefore happy to associate his delegation with that statement. His delegation was also in general agreement with the observations of the delegates of India, Yugoslavia and Nigeria. It was indeed a matter of satisfaction that the CONTRACTING PARTIES had been able to give legal shape to an important part of the concensus that had emerged after years of effort, both here and in other forums, to draw up a code of rules for the conduct of international trade taking account of the problems and needs of the less-developed countries. In his view the new Part IV represented a valuable expression of the concern of the CONTRACTING PARTIES regarding the wish of the less-developed countries to expand their trade and strengthen their economies.

His delegation welcomed the new Part IV for the advance it represented over the existing situation. At the same time one could not overlook its deficiencies and short-comings. There were at least three major deficiencies in the new Part IV. Firstly, the provisions with regard to temperate agricultural products were inadequate. It was hoped that the assurances given in earlier declarations

regarding the inclusion of agricultural products in the Kennedy Round of trade negotiations would be fulfilled. Secondly, Part IV contained no provisions with regard to the granting of preferences to less-developed countries. This was indeed a disappointing omission. Thirdly, Article XXXVII stated that the commitments would be implemented to the fullest extent possible "except when compelling reasons which may include legal reasons make it impossible". He hoped that it was not the intention of the developed contracting parties to utilize this language as an escape clause from their obligations. In this connexion the reassuring statements made by the delegates of the United States, Canada and other developed countries were welcomed.

The new Part IV was not the end of the task before the CONTRACTING PARTIES, but only a beginning. It was hoped that this beginning would prove to be fruitful and would have an immediate impact on the current Kennedy Round of trade negotiations, and that concrete programmes of action would be drawn up and implemented towards fulfilment of the principles and objectives set out in Article XXXVI. More particularly great importance was attached to the action to be taken in the new Trade and Development Committee for strengthening the import capacity of the less-developed countries through measures aimed at the stabilization and improved conditions of world markets in primary products including measures designed to attain stable, equitable and remunerative prices for exports of such products. His delegation urged that the new Committee on Trade and Development give priority to the question of preferences and make its best endeavours to reach an early solution of this important matter.

In conclusion the Pakistan delegation considered the new Part IV as an important stage in the adaptation of the General Agreement to the emergence of the less-developed parts of the world as independent states. It was the sincerity of purpose of the CONTRACTING PARTIES that had brought this agreement into being and would lead to the fulfilment of the promise inherent in it. In the wider context of universal multilateral co-operation the new Part IV had given expression to some of the important recommendations of the United Nations Conference on Trade and Development. The Pakistan delegation therefore attached importance to the establishment of close co-operation between the CONTRACTING PARTIES and the United Nations Conference on Trade and Development.

Mr. PRESS (New Zealand) joined in the general satisfaction that the CONTRACTING PARTIES had been able to agree on a text which gave legal recognition to the important place which the trade problems of the less-developed countries had in their work. New Zealand had always regarded an amelioration of the economic situation of the less-developed world as a prerequisite to a healthy world economy. The contracting parties had now set out the principles and objectives of action in this field in legal form, and it was hoped that this would provide the impetus to action which had sometimes appeared to be missing in the past. The point had been well made that Part IV was the result of a co-operative effort and that it embodied concessions by all concerned. It was in this spirit of co-operation that New Zealand was prepared to adopt the Declaration and to sign the Protocol. New Zealand too had made a concession.

New Zealand had many times both in the GATT and elsewhere registered its rejection of the idea that the world could be divided into two mutually exclusive halves - developed and less developed. It was understandable that these terms had been used as a convenient form of short-hand for everyday business, but they did not in New Zealand's view constitute an adequate legal terminology. In the real world countries were diverse in their size and in their economic structure, and their capacity to contribute to the solution of the trade problems of others must vary according to these factors.

New Zealand had already expressed its disappointment that texts conveying this thought were not acceptable to CONTRACTING PARTIES as a whole. His own country did not fall conveniently into either of the two categories recognized in Part IV. With a population of $2\frac{1}{2}$ million and dependent for over 90 per cent of its export income on three primary products New Zealand did not consider itself a "developed" country. It was in the early stages of industrialization and could not consider it realistic or reasonable to be categorized with the industrialised nations. His delegation therefore reserved the right to reopen this issue at some later date and wished to record that they did not consider New Zealand to be either a "developed" or a "less-developed" country. For the purposes of Part IV only, New Zealand was, however, prepared to accept the commitments of developed contracting parties and would give effect to the provisions of Article XXXVII:(a), (b) and (c) "to the fullest extent possible". In considering action in accordance with this paragraph New Zealand must interpret, in its special circumstances, "compelling reasons" as reasons concerned with its very large dependence on the export of primary products and New Zealand's very low place on the world ladder of industrialization. Developing countries could be assured that when it came to action in specific cases, they would find that New Zealand's contribution was not insignificant.

Mr. TZIRAS (Greece) joined previous speakers in expressing satisfaction at the fruitful conclusion of the laborious negotiations which had led to the addition to the text of the General Agreement of new provisions for the benefit of the less-developed countries. He said that signature by the Greek Government of the Amendment Protocol could not be invoked as conflicting with the rights and obligations deriving from the Agreement of Association between Greece and the EEC, and to actions and measures taken in implementation of that Agreement.

Mr. BAZARRABUSA (Uganda), speaking on behalf of Uganda, Tunisia, Jamaica, Ghana and the United Arab Republic, expressed appreciation for the work of those who had made it possible to produce the new Part IV on Trade and Development and supported the remarks made by the delegates of Peru, India and Yugoslavia regarding the historic and initial stage in the process of adapting the framework of GATT to recognize the special needs of less-developed contracting parties.

Mr. RAZAFINDRABE (Madagascar) said that the present ceremony marking the fulfilment of efforts to improve the situation of the developing countries, was welcomed by his Government. He recalled that the developing countries in general derived the major part of their earnings from agriculture, and that despite all the efforts made the situation in that sector continued to deteriorate. The case of coffee and sugar, products which were of direct interest to Madagascar, were examples. It was therefore urgent that measures such as those envisaged in Article XXXVI:4 were taken. His delegation welcomed the new dynamism displayed by the GATT. The work which had just been done represented a substantial evolution. He was glad that the contracting parties had agreed not to require reciprocity from the less-developed countries as regards commitments entered into in trade negotiations. But as in all human endeavours, whatever could be improved, should be. Some sectors were still insufficiently explored, for example, that of the organization of markets. In some cases - and coffee was an eloquent illustration of this - an agreement or a desire for price stabilization was not enough. Someday the coffee market would have to be placed on a rational basis, a need which was equally obvious in the case of sugar and cocoa. The implementation of the provisions on the elimination of customs duties should be modulated by experience, taking into account the special situations of certain States and their prior commitments. He hoped that the new initiative of the GATT would win the support of many States, and that in particular, most, if not all, of the less-developed countries would become interested in GATT's work.

Mr. PAVLIK (Czechoslovakia) said that the contracting parties were now dealing with a problem of fundamental importance the solution of which could contribute substantially towards the gradual reduction and elimination of the economic and social disparities still existing between different parts of the world. For this reason the Czechoslovakian delegation had carefully and sympathetically studied the report presented by the Committee on the Legal and Institutional Framework, the conclusions reached by the Council on these problems and the preliminary discussions which took place last November. As an industrially developed country, Czechoslovakia was prepared, in accordance with its economic situation and its capabilities, to help in the creation of the conditions necessary for an accelerated growth of the foreign exchange earnings of developing countries, not only from exports of traditional products but also from the exports of new industrial products. In this context it should be emphasized that as far as Czechoslovakia was concerned, its readiness to contribute was reinforced by its own economic requirements. Indeed specialization of the economy had been and would continue to be an aim of Czechoslovakia. Czechoslovakia would not close the door to reasonable structural changes in its economy. This policy was declared at the United Nations Conference and Czechoslovakia would be prepared to pursue this approach in any other organization dealing with trade problems of less-developed countries. His delegation had voted in favour of the new principles for commercial policy which were adopted at the United Nations Conference on Trade and Development, and was prepared to apply these principles in its trade relations with the developing countries.

His delegation welcomed the fact that it had been recognized in principle that positive efforts must be made to ensure that in international trade the rôle of the developing countries corresponded to their economic needs. However, the measures provided for in Article XXXVII paragraph 3(b) did not seem sufficiently well-balanced in comparison with the other paragraphs relating to so-called conventional measures. The Czechoslovakian delegation considered the new Part IV as a step in the right direction, and was prepared to observe its principles and objectives and to carry out the obligations contained in it, particularly those in paragraph 3 by ways and means appropriate to its economic system.

The work in connexion with the GATT Action Programme had shown that Czechoslovakia had not only suspended duties on products of special interest to developing countries but had taken other appropriate measures corresponding to its planned economy system, which had had the result of increasing imports. Mr. Pavlik stressed that it was desirable and necessary for the new Committee on Trade and Development to take due account of the objectives and principles adopted at the United Nations Conference on Trade and Development as well as of the future institutional mechanism of the United Nations in questions relating to the problems of developing countries.

His delegation was well aware that the new Chapter had some shortcomings and did not entirely meet the needs and requirements of the developing contracting parties. The provisions of the new Part IV should therefore not be considered as a doctrine which once and for all relieved all contracting parties of responsibility with respect to developing contracting parties. The Czechoslovakian delegation felt that there should be periodic reviews of the situation of less-developed contracting parties and shared the view that within the framework of such an approach the dynamism of new developments and ideas in general would find a proper expression in the text of the General Agreement.

SIR EDGAR COHEN (United Kingdom) delivered a message on behalf of the President of the Board of Trade who had been unable to attend the meeting. He said that the agreement reached on the text of a new Part IV of the General Agreement was a matter of great satisfaction to the United Kingdom Government, and marked an important milestone in the progress made by the CONTRACTING PARTIES in helping the less-developed countries to tackle the problems facing them in the field of international trade. For the first time specific obligations for assisting the trade and development of less-developed countries were to be incorporated in an international treaty to which countries responsible for most of the world's trade were parties. This could fairly be described as an historic event. This agreement was a point of achievement and not the end of a journey. The patience, determination, understanding and goodwill which enabled agreement to be reached would be needed in even greater measure in the months and years to come, as work was continued towards the common objectives which had been set.

The United Kingdom Government would continue to give full support to this work. Its own temporary difficulties did not in any way affect this resolve. A heavy weight of responsibility fell on the new Committee on Trade and Development, and the United Kingdom Government pledged its full co-operation in the common efforts to achieve its success.

Mr. ROSE (Trinidad and Tobago) welcomed the fact that the CONTRACTING PARTIES would seek appropriate collaboration in matters of trade and development policy with the United Nations and its organs and agencies, including any institutions that may be created on the basis of recommendations by the United Nations Conference on Trade and Development. He said while all that was desired had not been achieved particularly in respect of the extension of preferences by developed countries to the less-developed countries with the qualifications that his delegation had constantly advocated, nevertheless his Government welcomed the new Part IV as a beginning. He hoped that the spirit of compromise which had made this possible would continue in its implementation by all the signatories to the Protocol and that practical benefits would ensue to all their peoples. His delegation looked forward to the work of the Committee on Trade and Development and pledged its support in the hope that through time this beginning would lead to the expansion of export facilities which less-developed countries, and particularly smaller ones like Trinidad and Tobago, urgently desired in order that the standard-of-living of their peoples would be improved and more opportunities for employment would be created within their countries. His delegation wished to record its gratitude to all those who had worked so diligently to enable the present phase to be reached.

Mr. SKAK-NIELSEN (Denmark) said that his Government had taken a keen interest in the work on Part IV and welcomed the agreement reached on this valuable new addition to the General Agreement. A solid foundation had now been created for the work inside GATT and for trade relations between less-developed contracting parties and developed contracting parties. It was the firm hope of his Government that the liberal approach inherent in the new Part IV would prove to be a major contribution to the economic expansion of developing countries. The Danish Government was therefore ready to agree to a de facto implementation of the provisions of the Protocol pending its formal entry into force and it was their intention during the current month to propose to parliament that Denmark accept the Protocol. It was therefore expected that Denmark would sign the Protocol in the very near future.

Mr. VAN SYDOW (Sweden) said that the rules embodied in the new Part IV reflected the need of the less-developed countries and the importance of further increase in world trade for the benefit of all contracting parties. As Sweden saw them, the rules also took account of the problems of industrialized countries with regard to their relations with the less-developed contracting parties. The readiness of the less-developed countries to collaborate in drafting the new provisions had given hope for the future common work of the GATT. There was still a long way to go on the new road on which the GATT had embarked. The difficulties

which all industrialized countries meet in one sector or another regarding liberalizing trade could not be overlooked. To Sweden and many other contracting parties, the agricultural sector offered special problems requiring some governmental freedom of action, but nevertheless all industrialized countries should find it possible to move ahead in most fields. In fact this was a necessity if it was desired that the GATT should remain strong. The CONTRACTING PARTIES would have to prove to the world that the legal work that had been done corresponded to real intentions. Sweden was prepared to cooperate actively in ensuring that the new legal provisions served as a sufficient basis for the development of closer trade relations between the less-developed countries and the rest of the world.

Mr. EMYRE (Turkey) also expressed appreciation for the work accomplished within the framework of GATT in connexion with the problem of expanding the trade of less-developed countries. He said that it had been a source of great satisfaction in Ankara to observe that the CONTRACTING PARTIES were giving their active and concrete attention to the problem of trade and development. The Turkish Government stood ready to accept and give its support to the new Part IV which was, in their view, a joint enterprise of great importance both to developed and developing countries.

Mr. TALVITIE (Finland) supported the views expressed by the delegates of Denmark and Sweden on the importance of the new Part IV. His Government felt that the acceptance of the new Part would remain the most important event in the annals of GATT, for it reflected a new attitude and approach towards solving the urgent problems of trade and development. The results of the work done was a compromise between differing interests and for that reason one could of course question whether the new Part on Trade and Development had met all the hopes and anticipation attached to it. Its implementation was also likely to give difficulty to some so-called industrialized countries - countries with economies still in the process of further industrialization and diversification. However, taken as a whole he felt that a reasonable balance of interest had been reached in the new Part, whose terms were realistic and based on recognition of existing facts.

Mr. GIMINEZ-ARNAU (Spain) said that his delegation was in complete concurrence with the spirit which prevailed during the formulation of the new Part IV and supported the principles underlying it. Spain was confident that in interpreting the provisions adopted, the contracting parties would cooperate effectively and positively in such a way as to ensure the fullest possible achievement of the objectives set forth in the new Article XXXVI as one further step in the co-operation of the developed countries for the economic development of those countries which were not yet fully developed. Referring to the Declaration on the de facto implementation of the provisions of Part IV, he said that his country intended to apply the provisions on a de facto basis, to the extent permitted by existing legislation. His delegation subscribed to views expressed by the delegate of Peru on behalf of six Latin American countries.

Mr. TOURE (Ivory Coast) concurred with earlier speakers that the signature of the Amendment Protocol was a very important and essential matter. He, however, emphasized that account should have been taken of certain aspects such as organization of markets and the problem of linking aid with trade.

2. Declaration on the de facto implementation of Part IV (2SS/5/Rev.1)

The CHAIRMAN said that the declaration on the de facto implementation of the provisions of Part IV constituted an undertaking by individual governments that, pending their acceptance and the entry into force of the Protocol, they would implement the amendments on a de facto basis to the extent allowed by existing constitutional and legal possibilities. He explained that one change had been made in the text of the Declaration, as approved at the last meeting, namely the words "represented at the session", which had appeared at the end of the first paragraph, were replaced by "assenting to this Declaration". This change had been necessitated by the information, which had now been confirmed, that one of the contracting parties represented at the present meeting was not, at this stage, in a position to indicate its decision. One other government had advised that it was in a similar position. Further, some contracting parties were not represented at the present meeting. The Chairman suggested that the Executive Secretary be asked to request these governments to advise whether they would be prepared at an early date to declare their intention to implement the provisions of the new Part IV on a de facto basis pending their acceptance of the Protocol and its entry into force.

The Declaration was adopted.

3. Establishment of Committee on Trade and Development (2SS/6)

The CHAIRMAN recalled that at the fourth meeting of the Session it was agreed to establish a Committee on Trade and Development for the principal purpose of keeping under continuous review the application of the provisions of the new Part IV. The terms of reference were approved at that meeting and were set out in document 2SS/6. This document also contained the recommendations of the Council on the membership and chairmanship of the Committee. It was proposed that the Chairman of the Action Committee should preside at the meetings of the new committee until a chairman was elected by the CONTRACTING PARTIES at the twenty-second session to hold office during the following year.

The CONTRACTING PARTIES approved the recommendations by the Council and formally established the Committee on Trade and Development with the following membership:

Argentina	Greece	Pakistan
Australia	India	Peru
Austria	Indonesia	Portugal
Belgium	Israel	Rhodesia
Brazil	Italy	Spain
Cameroon	Ivory Coast	Sweden
Canada	Jamaica	Switzerland
Central African Republic	Japan	Tunisia
Ceylon	Kenya	Turkey
Chile	Luxemburg	Uganda
Cuba	Madagascar	United Arab Republic
Czechoslovakia	Mauritania	United Kingdom
Denmark	Netherlands	United States
Dominican Republic	New Zealand	Upper Volta
Finland	Niger	Uruguay
France	Nigeria	Yugoslavia
Germany, Fed.Rep.	Norway	

The Commission of the European Economic Community was invited to participate in the work of the Committee.

The Chairman announced that the Committee would hold its first meeting the following day. The Committee would hold further meetings during the twenty-second session of the CONTRACTING PARTIES.

4. Signature of the Final Act

The Chairman recalled that, in order to facilitate approval of the Protocol in the parliaments of Spanish-speaking countries, the Council had agreed at its last meeting that the text of the Protocol should be made authentic in Spanish as well as in the English and French languages. The Spanish text was, however, not ready for authentication at the present meeting and the Final Act had been amended to provide for this to be done during the twenty-second session of the CONTRACTING PARTIES.

The Final Act of the Second Special Session authenticating the text of the Protocol was signed by the representatives of the forty-eight contracting parties and five governments which had acceded provisionally participating in the meeting.

5. Signature of the Protocol

The CONTRACTING PARTIES opened for acceptance the Protocol Amending the General Agreement to introduce Part IV on Trade and Development.

The Protocol was signed by representatives of the following governments:

Cameroon	Nigeria
Canada	Rhodesia
Central African Republic	Trinidad and Tobago
India	Uganda
Kenya	United States
Mauritania	Yugoslavia
New Zealand	

Representatives of the following governments signed the Protocol "subject to ratification" or "ad referendum":

Argentina	Luxemburg
Belgium	Madagascar
Chile	Kingdom of the Netherlands
Finland	Niger
Federal Republic of Germany	Norway
Greece	Peru
Israel	Upper Volta
Italy	