

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## SUMMARY RECORD OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva,  
on Friday, 15 November 1968, at 10 a.m.

Chairman: Mr. S. Chr. SOMMERFELT (Norway)

Subject discussed: Expansion of trade

- (a) Trade in industrial products
- (b) Trade in agricultural products
- (c) Trade of developing countries

The CHAIRMAN recalled that discussion of this item had been initiated by the Chairmen of the various Committees and by the Director-General on 13 November. It had been agreed to allow some time for reflection upon the information and suggestions that had been put forward and to resume the discussion today.

Mr. ARCHIBALD (Trinidad and Tobago) said that the only source of change and growth in the GATT to fulfil its rôle in the world situation rested with the CONTRACTING PARTIES themselves and their Governments. The first development decade of the United Nations system had failed to reach its objectives. However, the developing countries had emerged from that period with a clearer understanding of the problems of development.

With regard to "the Expansion of Trade", Trinidad and Tobago considered it as absolutely vital for its economic existence that it should be able to reduce its dependence on the production of two or three major commodities which provided almost all of its export earnings. The country's industrial base should therefore be diversified rapidly. Intense efforts were made towards that goal and Trinidad and Tobago had joined the sister Caribbean territories to form the Caribbean Free Trade Association which was to be discussed at this session. The major problem, however, remained whether the Caribbean region would continue to be faced with lack of access to markets in the developed countries.

Referring to the Kennedy Round results, he said that the situation was not very different from that of the year before, and that most of the results remained to be implemented. He agreed with the Chairman that the goodwill of those developed countries which had made an effort to apply Kennedy Round concessions quickly, to products of export interest to developing countries, should be recognized.

He recalled the Director-General's statements in which he had pointed out that recessions in world trade had had a particularly severe effect on the economies of developing countries. Since developed countries did most of the world trade and controlled the operation of the international monetary system, no argument was required about the extent of their responsibility in the matter. What could be discussed was the extent to which they fulfilled this responsibility, not only on their own behalf, but also on behalf of others. Developing countries owed it to themselves to make known their various points of view on international and economic problems as emphatically as possible. Developing countries which were contracting parties to the GATT had the right of full participation in the negotiations and conclusions of the organization and they should exercise that right.

In conclusion, Mr. Archibald said that there was a vast new world of potential markets still being offered by the unemployed, the undernourished and the illiterate of many countries. It was paradoxical that while men were reaching for the moon, they had never throughout the length of history succeeded in providing adequately for their own human kind on their own planet. What was probably wanted was a clear understanding of the implications of self-interest.

Mr. EASTERBROOK-SMITH (New Zealand) said that the three aspects of the topic of expansion of trade - industrial products, agricultural products and trade problems of developing countries - were closely related. He drew attention to the problem that progress in one field which was not matched by progress in the others could have distorting effects on world trade. It was important that successes of the Kennedy Round were consolidated and built on, but the GATT should now devote special efforts to the fields of agriculture and the trade of developing countries. He did not believe that these were "hard core" problems. He stressed his concern for the problems being tackled by the Committee on Trade and Development.

Limiting his further remarks to agriculture he said that he felt somewhat encouraged by the proceedings in the Agriculture Committee, which seemed to suggest a more general recognition of the need for action. The meetings envisaged for February 1969 should be able to identify the major problems. He expressed interest for the proposal made by Canada in the field of export subsidization and equivalent pricing practices. This proposal merited serious consideration by the Committee.

He agreed that the Agriculture Committee should deal with the fundamental problems, solutions for which might have to be sought in a medium- or long-term perspective. This did not mean that solutions to immediate problems could not be sought urgently. The Committee had restated this clearly.

Referring to the problem of dairy products he said that many aspects of international trade and production could only be dealt with in the longer-term perspective of the Agriculture Committee. But at the same time there was an urgent requirement to prevent the collapse of the international market. He said that throughout the past year dairy products had been on offer in many markets at prices equivalent to less than half the producer price in the most efficient producing countries. This was the result of the massive use of export subsidies. It also reflected the influence of surpluses brought about by production policies which bore no reasonable relationship to the international market situation.

He considered it distressing that the situation had deteriorated dramatically since the CONTRACTING PARTIES had recognized the dairy situation as serious and urgent at the twenty-fourth session. Mr. Easterbrook-Smith reviewed the work of the Working Party on Dairy Products over the past year and stated that it had proved impossible for the Working Party to move on from the technical phase of its work to the substantive phase of negotiation. One of the main participants had remained unable or unwilling to allow real progress to be made.

He said that he had been encouraged by the remarks made by the Director-General in his opening statement that the obstacles to negotiations were at last being overcome. A detailed proposal for an arrangement had been circulated for consideration and the Working Party was due to resume on 11 December. If participants would be in a position to move into negotiations at that time he trusted that a successful result could be achieved without further delay. He felt this was important not only for New Zealand but also in a wider context.

Mr. KIRKWOOD (Canada) congratulated the Director-General on his introductory statement which had set the discussions on the programme for the expansion of trade in correct perspective. He had rightly focussed the attention on the importance, especially at a time when there might be some temptation to wait upon events, of maintaining the momentum of the programme of work initiated at the twenty-fourth session. The future of GATT and indeed the sustained growth of world trade was intricately bound up in that programme of work, and the Director-General had been right to highlight it.

During the past year, contracting parties had prepared the ground for further steps towards trade liberalization in the several committees of the expansion of trade programme. The wealth of information collected should provide a sound basis for formulating future trade policies and thus charting GATT's

course of action for the years ahead. On trade in industrial products his delegation thought that what the Director-General had referred to in his statement as "very tentative ideas" in the area of tariffs were worth further exploration. He welcomed the Director-General's reference to exploration of the sector approach, as Canada favoured the adoption of broadly based programmes of systematically related measures, not confined to tariff action, as offering a promising means of expanding trade in particular areas of economic activity in a manner beneficial to primary producing and advanced manufacturing countries alike. He suggested the establishment of a working group by the Committee on Trade in Industrial Products to determine the feasibility of sector negotiations directed to this end. His Government would also like to see further moves in the direction of free trade, both with regard to industrial materials and through the elimination of what had now become known as "nuisance" duties. In the area of non-tariff barriers, his Government agreed that the Committee on Trade in Industrial Products might usefully carry out an examination of the feasibility of multilateral non-tariff negotiations and the kind of negotiating techniques that might be employed. In the Committee his delegation had put forward the position that no non-tariff barrier notified by the CONTRACTING PARTIES should be excluded from the Committee's work, although lower priorities might be assigned to those already adequately covered by work being undertaken in other GATT bodies. New techniques might usefully be considered in the search for further trade liberalization.

As a major agricultural producer and exporter, Canada was understandably concerned about the deteriorating situation in international trade in agricultural products. His Government fully expected that the Committee on Agriculture would speedily decide upon a concrete and vigorous line of action. The proposed work programme was heavily orientated towards studies; although those were a necessary first stage, they must not be regarded as an end in themselves but rather as a spring-board towards more substantive progress in identifying areas of and instruments for eventual negotiation. In his report, the Chairman of the Committee on Agriculture had made reference to the Canadian proposal to establish machinery to deal with various matters relating to export subsidies.

That proposal, while specific in the sense of being intended to deal with particular and urgent problems in international trade in agricultural products, should not be regarded as closed to modifications. On the contrary, the suggestions of other contracting parties about how best to pursue the objective would be most welcome; his Government was entirely flexible as regarded institutional arrangements to deal with export subsidies, but it did maintain, that this was an area which deserved the immediate attention of the CONTRACTING PARTIES. If it should be considered that the terms of reference of the

Agriculture Committee were not broad enough to encompass such permanent machinery on export subsidies, perhaps consideration might be given to the establishment of a separate body to deal with this problem.

With regard to the problems of the developing countries, the appropriate mechanisms were in place. Provided that the contracting parties maintained solid and sustained efforts towards the goals of the expansion of trade programme they would see real progress in that important area both through action on the problems directly affecting the trade of developing countries and through the more general benefits of further trade liberalization on a broad front.

Mr. PRADHAN (India) said his delegation appreciated the effort of the Director-General to revitalize the activities of GATT toward the expansion of trade. He agreed that the main emphasis now was to be placed on the preparation for action towards future negotiations. He supported the appeal of the Director-General that the best way of carrying out the programme was to work for the full implementation of the results of the Kennedy Round and at the same time prepare the ground for further progress.

Turning to the Kennedy Round results, he said his delegation appreciated the efforts made by certain developed countries to advance the implementation of the results on some products of interest to developing countries without phasing. But he appealed to the CONTRACTING PARTIES to consider how, individually and jointly, they could broaden the area of action in this field. He also emphasized the need not only for having in central focus the trade interest of developing countries, but also for arrangements to enable their full participation in any formal or informal discussion in GATT, on the question of fuller and immediate implementation of the Kennedy Round in other sectors.

On the Committee on Industrial Products he pointed out that the specific tasks assigned to it by the CONTRACTING PARTIES were to undertake an objective analysis of the tariff situation after the Kennedy Round as well as to draw up an inventory of non-tariff and para-tariff barriers. With regard to the former, he expressed the hope that when the outline of the study presented to the Committee came to be examined by the group of technical experts, special emphasis would be placed on the problem of peak tariffs, particularly on products of export interest to developing countries. He also emphasized the need for more studies on the effects of differential tariffs and specific duties on products of interest to developing countries, especially in view of the fact that specific duties had in some cases been manipulated to discriminate between imports from different sources.

On the question of non-tariff and para-tariff barriers he pointed at the difficulties experienced, for want of facilities, by India and other developing countries in collecting sufficient information on the barriers to their trade,

and appealed for the assistance of the secretariat in this regard. He suggested that the work of the Committee on Industrial Products in this field could be divided into two main parts, namely consideration of the problem of residual restrictions and of non-tariff and para-tariff barriers. With regard to the latter the Committee could begin by reclassifying the inventory contained in document L/3083 with a view to examining it on a barrier-by-barrier basis. In this exercise there was need for co-ordination between developing and developed countries so that the interests of both could be safeguarded. With this in view he suggested that small working groups of interested countries should tackle each barrier and try to arrive at either negotiated conclusions or agreement as to how to proceed with negotiations.

On the question of residual restrictions he said his delegation had been struck by the Director-General's remark on the inequity of maintaining such restrictions. Although definite progress has been made in the industrial sector, the remaining restrictions were still a cause of grave concern. His delegation supported the proposals made by New Zealand at the twenty-fourth session. The two elements in the proposal, namely the acceptance of target dates for the removal of restrictions, and in the meantime coverage by a waiver, were equally important. He suggested that contracting parties might consider setting up suitable institutional arrangements, including perhaps a special group on monetary barriers, within or without the Committee on Industrial Products.

Coming to the sector of agricultural products he stressed the wide interest of the work of the Agriculture Committee for developing countries. Part IV of the General Agreement referred to the need to provide more favourable conditions of access to world markets for primary products.

He trusted that tobacco and vegetable oils would be examined in depth by the Committee with the view to seeking proper solutions. On tropical products he commended the pragmatic approach of the Special Group on Trade in Tropical Products in examining the problems on a commodity-by-commodity basis and called for co-ordination of activities not only within GATT but with other organizations. He pointed out, however, that in the field of internal charges and duties in which GATT had special competence, not much progress has been achieved since 1959. These still remained at a high level. He called for priority to be given to the problems of tea and pepper in the future work programme of the Group.

With regard to the Committee on Trade and Development, he remarked that it had performed some useful work since its creation in 1965 and especially during the Kennedy Round when it had ensured that the interests of developing countries were looked after. It was necessary for it to be entrusted with appropriate responsibilities in the preparation for the new multilateral negotiations. With this in view it should be kept informed of the progress of work done in other bodies of GATT and be made able to review and guide their work.

He stressed that in the light of the experience of the operation of Part IV, on which adequate information had been collected, it would be appropriate for contracting parties to set up a working party to review the work and machinery of the Committee on Trade and Development. This would help in determining whether there was any need for changes in its terms of reference, and method of work. With regard to the future work programme of the Committee, he singled out three aspects for comment. Firstly, on the question of adjustment measures and adjustment assistance, he pointed out the need for developed contracting parties to carry out certain re-adjustment in the structure of their industries to allow increased importation from developing countries and noted with satisfaction the move by the Committee to reactivate the Group on Adjustment Assistance. Secondly, he underlined the importance of tariff restructuring and reclassification as a tool for finding solutions not only to tariff problems but also to other problems in the field of commercial policy including residual restrictions. Thirdly, with regard to the work of the International Trade Centre, he appealed to contracting parties to make an effort to ensure that it had adequate funds at its disposal to carry out its programme in the subsequent years.

On the work of the Trade Negotiations Committee he expressed the satisfaction of his delegation at the arrangements which had enabled non-GATT members to participate in it. He expressed the hope that the negotiations would result in the creation of new and additional trade among developing countries and that with this in view contracting parties would give attention to the international support measures necessary to ensure that the objectives of the negotiations were fully realized. He also expressed the hope that at the appropriate moment contracting parties would consider how to ensure quick and immediate implementation of the results even if they involved derogation of certain most-favoured-nation obligations and rights.

He concluded by appealing to contracting parties to engage their political will so that technical discussion and preparations could result in fruitful action by the next session.

Mr. HIJZEN (European Economic Communities) congratulated the Director-General on the very clear analysis he had made in his statement and the conclusions he had drawn. He agreed that it was necessary to have a political will for the contracting parties to consolidate what had been done and to carry out further progress in the fields covered by the General Agreement.

He was pleased to see that, generally speaking, Governments were resolutely against the protectionist tendencies which had arisen on several occasions during the year. However, not all elements of concern had disappeared in this respect and contracting parties should reaffirm the commitment they had taken last year to safeguard the results of the Kennedy Round. He stressed the very great importance which the Community attached to the implementation of the agreement

concerning chemicals within the schedule that had been established. He wished to have from the United States delegation information in respect of the prospects concerning the suppression of the American selling price measures. While understanding the problems involved for the United States Administration and Congress he drew attention to the importance which a positive decision in this respect would have, not only in the field of trade in chemicals but on a more general level.

Referring to the Committee on Industrial Products and in particular to the analysis of the post-Kennedy Round tariff situation, he said that despite the technical difficulties involved in this study, no efforts should be spared to complete it as soon as possible so as to have a clear picture of the tariff situation concerning all contracting parties playing an important part in international trade. It was in the light of this information that they would be in a position to examine on a concrete basis the scope and prospects of a number of suggestions that had been formulated by the Director-General on tariff matters. Concerning non-tariff and para-tariff barriers and their study undertaken by the Committee on Industrial Products, he noted that the report drafted by the Committee envisaged six different headings of work and suggested to distribute these headings among three or four working parties to be established. The Community was favourable to this approach. However, it would be necessary to study with care an appropriate and rational distribution of these headings among a limited number of groups but it was up to the Committee itself to organize its work in the manner it would consider most rational.

As regards the Agriculture Committee, he stated that the European Economic Communities considered the recently established programme of work a good basis for constructive work. He referred to the distinction between short-term work relating to urgent problems, and the longer-term tasks in the agricultural field. The EEC did not deny that a solution should be sought to urgent problems whenever this was possible. However, it was only on the basis of a global approach within the Agricultural Committee that lasting solutions could be found.

The Community put great importance on the work concerning the various problems faced by the developing countries. On the question of outstanding acceptances of the Part IV Protocol, he said that without pre-judging the legal situation of each contracting party, the Community, that was all the member States of the Community, as well as the representatives of the Community, were ready to take part in the work of the Committee on Trade and Development and of the groups working under its leadership, including the Group on Residual Restrictions. He had, moreover, noted with satisfaction the report on the progress made in the trade negotiations among developing countries, and stressed the Community's interest for the efforts made by developing countries to further trade among themselves.



He recalled that Item 14 on the agenda, Residual Restrictions, was closely linked with the item under discussion. He was of the view that the substance of Item 14 should preferably be discussed within the framework of the work carried out by committees dealing with industrial products and agriculture. It was already the case for the Committee on Trade and Development. If certain members of the European Economic Communities had not yet been able to abandon completely the application of qualitative restrictions under certain circumstances, it was due to very important economic reasons. Consequently, while taking note of the Director-General's considerations, he believed that a true solution could not be found on the basis of a simple decision of a legal nature, but that it would have to be sought within the framework of the existing committees on the basis of the economic situation of the problem.

He concluded by saying that there was agreement on a number of essential points which represented the basis of future work. He had in mind mainly the application of the results of the Kennedy Round, the work of the Committee on Industrial Products in the tariff sector as well as in the non-tariff sector, the work of the Committee on Agriculture and of the Committee on Trade and Development. The task of this session was to carry out work which would enable the three major committees and the special groups which would be set up to continue their activities on the basis of clear-cut indications concerning the methods as well as the objectives to be reached. This would give the contracting parties the possibilities of preparing for the twenty-sixth session documentation which would enable them to draw a number of conclusions and to take appropriate measures for further progress.

Sir Eugene MELVILLE (United Kingdom) congratulated the Director-General on the clear command which he had already established over the great range of issues before this organization. Emphasizing the importance of the General Agreement to all contracting parties he said that the liberal world trading system, for which the GATT stood, had found its most recent expression in the various agreements constituting the Kennedy Round. His Government attached great importance to the upholding of those agreements and their application. For unless agreements already entered into were duly implemented, the basis for further agreements was inevitably put in question. The work programme for the post-Kennedy Round phase, which had been adopted at the twenty-fourth session, had been well laid and should be continued, as demonstrated by the interim reports of the Committees. There had been no suggestions of amending or interfering with that programme. The discussion of progress made should be directed to clarifying, as necessary, different parts of the programme and perhaps giving to the Committees concerned an indication of priorities and of the time scale

in which the contracting parties looked for results. This work should be a preparation for action to which his Government clearly looked forward, though at this time his delegation could not commit itself either to its character or its precise timing.

With regard to tariffs, his Government awaited the completion, early next year, of the survey of the tariff situation as it would result from the Kennedy Round. Without pre-judging the results it would seem at first sight that the field of conspicuously high tariffs and of very low tariffs might well offer scope for action. It would be essential that the condition for a successful negotiation existed - for example, that a sufficiently wide range of items were brought within the scope of negotiations. The survey might disclose other possibilities of negotiation on tariffs. He did not wish to exclude the possibility that the sector-by-sector approach, for example, might meet the requirements for a successful negotiation. With regard to the non-tariff barriers his Government was in favour of the establishment of working groups to deal with the main categories identified. His delegation was prepared to follow a complementary line of approach suggested by the Director-General, namely, the identification among the long list of non-tariff barriers which the contracting parties had submitted of those to which they would assign priority. It might be that it would be better to deal with the major difficulties after a survey of the whole problem but, by whichever road, his Government hoped the work on non-tariff barriers would be carried forward with speed and vigour. With regard to the question of border tax adjustments his Government would consider any proposals that might be put forward for dealing with the issues which the analysis disclosed. As for agriculture the United Kingdom would certainly participate fully in the continuing work of the Agriculture Committee. The Committee's essential rôle was to carry out a thorough analysis of the problems in the agricultural sector and, subsequently, to report to the CONTRACTING PARTIES, setting out the possible approaches to achieving solutions to the problems. If the Committee should find itself able to agree on a solution to a problem, his delegation would expect the Committee to implement such a solution. This did not mean that his delegation could undertake, at this juncture, any commitment to negotiate in the agricultural sector, but it did indicate the kind of useful work which the Committee could now pursue.

Issues concerning developing countries should also have an important place in the future work of GATT. The work programme adopted at the twenty-fourth session had included a considerable number of items in this field on which work had been continuing. The expanded balance-of-payment consultation procedure, for example, had got off to a useful start in the examination of the problems of Ghana, and his delegation looked forward to playing a similar active part in future consultations of this kind. The contracting parties had also to look

ahead to certain general issues; in particular, the arrangements for accommodating within the framework of GATT the generalized scheme of preferences for developing countries which was being worked out in OECD and UNCTAD. Emphasizing his Government's support in principle for the idea and the active rôle it was playing in the discussions on that question in OECD and UNCTAD, he said that at one stage discussion would need to return again to GATT.

In sectors such as Tropical Products his Government would regard the removal of tariffs as a practical immediate objective. The foregoing indication of the points on which GATT could appropriately concentrate its attention in the coming year amounted to a range of activities of considerable scope. If this was not the moment for launching a major initiative, at any rate on large-scale negotiations, that was not to say that the activities the CONTRACTING PARTIES could pursue were unimportant. To consolidate, administer and supervise the observance of the agreements already entered into was itself a very worthwhile task for the organization. But beside that there remained a number of fields where progress could be made.

Mr. AZEREDO DA SILVEIRA (Brazil) welcomed the statements made by the Director-General and pointed out, in connexion with the failure of UNCTAD II, that while the political will of nations could not be changed by international organizations, governments could and should be influenced by the work which was carried out in these organizations. With regard to the Kennedy Round he said he had to point out that the underlying problems in the trade of developing countries had been left unsolved in the view of his Government as well as in the view of governments of most developing countries which participated in the negotiations. The impact of these negotiations would mainly promote the expansion of trade among developed countries. The challenge which GATT faced at the turning point of its twenty-year history was the crisis of under-development which continued to threaten a disruption in world economic and social structures.

Reviewing the implementation of Part IV the Brazilian delegation had noted that the sporadic, isolated measures taken were hardly sufficient to reach the objective of Part IV. The necessary political will should be generated in order to close the escape hatches and to expand Part IV into a significant chapter on trade and development.

The adoption in the near future of a general, non-discriminatory scheme of preferential treatment for export products of developing countries would be an important decision. But much remained to be done in the field of access to markets alone, much attention would have to be given to elimination of all kinds of non-tariff barriers which affected the trade of developing countries and which might annul the beneficial effects of a preferential scheme. Developing countries would have to increase their efforts to promote trade among themselves,

and to construct a truly operative common policy for the expansion of their trade with the rest of the world. The platform for trade and development adopted at the Ministerial Meeting of Algiers should remain a corner-stone of this common policy. Developing countries therefore should continue to pursue their legitimate aspirations through a vigorous and united action, not only in UNCTAD but in GATT where they now composed more than half of its members.

The speaker welcomed the statement by the Director-General to give the questions of trade and development highest priority. However, the methods of work should be changed, even at the price of some of GATT's renowned efficiency, and the developing countries should no longer be left out of any important decision-making process which would affect world trade.

The Brazilian delegation welcomed the successful operation of the UNCTAD/GATT Trade Centre and was looking forward to a growing co-operation between GATT and UNCTAD. Both organizations should deal with certain questions at the same time since it was often necessary to approach a problem in two or more ways in order to find an optimum solution for it.

Mr. NAKAYAMA (Japan) said that he agreed with the Chairman and the Director-General that GATT had played an important and key rôle in the liberalization of trade. It was the contracting party's duty to ensure that the results obtained in GATT were safeguarded, and to improve conditions for free trade.

In the last year a number of serious problems had arisen. Fortunately, solutions had been found through international contacts in the framework of GATT and other organizations. Despite these problems, large trading countries had implemented the first stage of their Kennedy Round tariff reductions and had undertaken the advance implementation of a large number of products of export interest to developing countries. The GATT had not rested on its success. The contracting parties had worked along the lines set out in the Work Programme drawn up at the last session, and this work had greatly contributed to exploring the possibilities for future progress towards greater liberalization of trade.

One of the rôles of the GATT was to continue to ensure that the results achieved during the Kennedy Round were fully implemented and at the same time to pursue the programme of work for the elimination of non-tariff barriers, for the expansion of trade in agricultural products and for the development of trade among developing countries.

With regard to the future, the Director-General had made some bold suggestions as to the directions which should be explored to find new means of expanding trade. These ideas should be studied further and his delegation was prepared to participate in any discussions on them.

His delegation had been struck by the Director-General's warning not to let technical details and studies become a substitute for action. While it was an ambitious programme to expect all the questions in the Work Programme to pass during 1969 from the stage of study to that of concrete action, his delegation was prepared to co-operate in every way with the contracting parties towards this objective.

Finally, he mentioned the trend towards protectionism which was manifest in certain countries. This was a matter of concern as it could seriously endanger the cause of free trade. It was for GATT to act and to prevent such trends from becoming restrictive measures. In this context he shared the Chairman's view that it was up to governments to elaborate and to pursue policies which would enable the international trading community to reach the objectives of free trade. He agreed with the Director-General that the best way to prevent protectionism was to attempt to explore the possibilities of progress in the direction of greater liberalization of trade. Japan was prepared to join other Members of GATT in their efforts towards constructive progress, and was determined to contribute as far as possible to the realization of this aim.

Mr. SMID (Czechoslovakia) emphasized the importance his country attributed to the results of the major trade negotiations last year in Geneva, and to the programme for coping with those problems which had wholly or partly remained unsolved. At the previous session of the CONTRACTING PARTIES, Mr. Vladimír Babáček, Deputy Minister for Foreign Trade of his country had declared that "Czechoslovakia intends to continue to co-operate and to give its full support to further liberalization of world trade." Referring to the approval his country had given to the work programme adopted at the 1967 session of the CONTRACTING PARTIES, and to its active participation in the work of the main Committees, he stressed once more the sincere intention of his country to contribute as far as possible to the achievement of that programme. Czechoslovakia, as a highly-industrialized country, was closely linked to the world market and therefore fully convinced of the urgent need to continue to develop trade with all interested countries and also with countries with a market economy system.

With regard to the inventory of non-tariff barriers, he said that in the experience of his country, those barriers were not merely of an administrative and technical nature but the result of policies. For example, the volume and structure of liberalized imports from Czechoslovakia in the markets of some contracting parties, were not only limited to products of rather secondary economic importance, but moreover this partial liberalization could be revoked at any time. Satisfactory results could only be achieved if the Committee considered

not only the techniques but also the underlying principles of trade policy. In the field of further liberalization of trade, an important task would be the elimination of import restrictions applied contrary to GATT and not covered by waivers. The proposal of New Zealand was a constructive and forward-looking approach to that question. In the view of his Government positive attention should be drawn to that proposal.

Mr. WILLENPART (Austria) said that after the Kennedy Round, the major task of the CONTRACTING PARTIES was the implementation of the concessions agreed upon and of the Work Programme adopted at the twenty-fourth session. The work prepared since then by the Committees on Trade in Industrial Products, Agriculture and Trade and Development should serve as the basis for further discussions to reach the necessary decision.

With respect to trade in industrial products, his delegation was of the opinion that the tariff study and the work in the field of non-tariff barriers were of equal importance and should be completed as soon as possible and at the same time. The preliminary studies undertaken by the secretariat on differential tariff rates affecting processed goods of export interest to developing countries and the second study on effects of specific duties on the exports of developing countries should be further supplemented and expanded according to the wishes of the Committee on Trade and Development, taking into account the problems of peak tariffs as suggested by the Indian delegation. The studies on the reclassification of tariffs of industrial countries should be further expanded.

His delegation considered the comprehensive inventory of non-tariff and para-tariff barriers drawn up by the secretariat as very useful background material for future work. The barriers should be classified into categories of interrelated trade barriers and each category should be considered in the same body. The work should follow the concept contained in the annex to document L/3083. The revised inventory should only refer to industrial products, which was not always the case with the products listed in document COM.IND/4, whereas agricultural products should be dealt with in the Agriculture Committee. Only after this reorganization would it be useful to begin an analysis of the revised inventory on a barrier-by-barrier basis. The analysis should be carried out by working groups of experts from member countries.

His delegation would like to see certain priorities established between the categories of non-tariff barriers; much attention should be put on specific limitations on imports and exports such as quantitative restrictions. Austria had taken these and the needs of developing countries into particular consideration in its recent liberalization measures.

As to the import restrictions in the agricultural sector, he expressed the readiness of his Government to make efforts aiming at further liberalization, taking into account the particular importance of this sector to exports of developing countries. Bearing in mind that in respect of temperate agricultural products the elimination of restrictions would be primarily to the advantage of other developed countries, further steps in the agricultural sector should take place as a concerted action of all developed countries. In future work all agricultural non-tariff barriers should be included. He considered it useful if this work were transferred as a whole to the Agriculture Committee. Referring to the Agriculture Committee, Mr. Willenpart stated that his delegation could go along with the procedure recently adopted.

Finally, he pointed out that Austria had implemented its Kennedy Round concessions on items of export interest to developing countries in one step. He believed that the problem of granting preferences by developed countries to developing countries should be taken up again at the appropriate time.

Mr. COIDAN (United Nations) recalled the decision on the machinery and working methods of UNCTAD taken by the Trade and Development Council in September last with a view to making it easier to find concrete solutions to trade and development problems by means of negotiation. By a Decision unanimously adopted, the Council had requested the Secretary-General of UNCTAD to hold frequent consultations with the Director-General of GATT so as to harmonize the programmes of both organizations and to enable them to embark on new programmes either jointly or in co-ordination. He expressed the desire that the CONTRACTING PARTIES would adopt a similar decision to that taken by the Trade and Development Council. Without mentioning the fields in which such co-operation could be carried out, he then listed the most important activities undertaken by UNCTAD since the New Delhi Conference.

Reviewing the action taken in the sphere of manufactures, he recalled that, as a sequel to the unanimous Decision of the Conference regarding the establishment of a generalized system of preferences in favour of the developing countries, the detail of the system would be worked out by a Committee on Preferences which would hold its first meeting in the very near future. The Committee on Manufactures had also approved a detailed programme of studies on the removal of tariff and non-tariff obstacles to trade with developing countries; the Committee had also decided to set up a committee of governmental experts to establish separate tariff classifications for products of craftsmanship and for other products which would be named by the developing countries. The representative of the United Nations also mentioned the studies made in the field of restrictive trade practices.

In the field of commodities, he recalled that UNCTAD had begun the implementation of a programme of action entrusted to it by the Conference on a large number of commodities. For instance, after difficult negotiations, a new international agreement on sugar had recently been concluded. The Committee on Commodities had accepted a number of principles connected with the management of buffer stocks; it had reached agreement on diversification programmes and accepted a recommendation on rubber and cotton for improving the competitive possibilities of the natural products. It had also taken effective decisions concerning cocoa and bananas. These developments showed a good example of the methods of co-operation that can be adopted by the international organizations for basic commodities.

The United Nations representative mentioned the recommendation by the Trade and Development Council that UNCTAD should become an institution taking part in the UNDP; he pointed out that, in this context, the UNCTAD/GATT International Trade Centre should also be entitled to the resources which it required. A special programme of trade expansion and economic integration between developing countries had been set up in the UNCTAD Secretariat; he was happy to see the collaboration which had arisen between UNCTAD and GATT in the work done by the Committee on the trade negotiations of the developing countries.

Referring to the efforts made in the United Nations to set up a development strategy as a basis for the second development decade, he pointed out that the rôle of UNCTAD in this common effort would be to define the concrete steps to be taken in the field of trade and the transfer of international resources. For this purpose, co-operation among all the organizations concerned would be necessary.

The representative of the United Nations was convinced that GATT attached great importance to this problem. Referring, in this connexion, to the Director-General's statement regarding a widening of the scope of GATT consultations as regards balance of payments in order to include therein the totality of development problems, he pointed out that UNCTAD and the United Nations were taking a very great interest in the matter.