

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.25/8

16 December 1968

Limited Distribution

CONTRACTING PARTIES
Twenty-Fifth Session

Page 133

SUMMARY RECORD OF THE EIGHTH MEETING

Held at the Palais des Nations, Geneva
on Monday, 25 November 1968, at 10 a.m.

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

	<u>Page</u>
<u>Subjects discussed:</u>	
1. United Kingdom import deposits	133
2. Disposal of commodity surpluses	135
3. Italy/Libya Waiver	136
4. United States Waiver/Agricultural Import Restrictions (Report of Working Party)	137
5. Administrative and financial questions - salary adjustment	140
6. Article XXVIII renegotiations	140
7. UNCTAD/GATT Trade Centre	140
8. Report of Committee on Budget - International Trade Centre	146
9. Fellowship programmes and technical assistance	148

1. United Kingdom import deposits

Sir EUGENE MELVILLE¹ said that the United Kingdom delegation wished to inform the CONTRACTING PARTIES of measures announced by the Chancellor of the Exchequer in Parliament on 22 November, with the object of accelerating progress in bringing the United Kingdom balance of payments into surplus particularly in view of the international events of the week.

The measures included fiscal arrangements designed to restrict consumption; imposition of a more severe limitation on credit, under which the ceiling of 104 per cent of the total bank lending at mid-November 1967, which was imposed in May 1968, would be reduced to 98 per cent up to and until March 1969; an import deposit scheme.

¹The text of the statement was circulated in document L/3140.

The main elements of the import deposit scheme were (a) before importers could obtain clearance of goods through the ports they would be required to make an interest-free deposit with Her Majesty's Customs; (b) the rate of deposit would be equal to 50 per cent of the value of the imported goods; (c) the deposit would be lodged with Her Majesty's Customs for a period of six months from the time of clearance through port, and would be repayable at the expiry of that period; (d) the deposit would be paid on imported goods from whatever source of supply, excluding only other ports of the United Kingdom of Great Britain and Northern Ireland itself; (e) the scheme would cover manufactured goods, but would except food, feeding stuffs, oil and oil products, raw materials, and certain categories of goods imported mainly from developing countries. It would not include coir yarn, hand-made knotted carpets and rugs: coir mats and matting: and jute sacks and jute bags. The field of application of the scheme thus amounted to about 40 per cent of the United Kingdom's total imports.

To give effect to this scheme, a resolution was being introduced into Parliament. Deposits would be made payable on goods coming into the United Kingdom on and after 27 November. The legislation would be in force for one year with provision for this period to be reduced, or for the rate of deposit to be reduced, but not increased, by statutory instrument.

It was made clear that no kind of levy or duty was being imposed. The deposit was repayable after six months. It was in effect a temporary freezing of funds. The deposit scheme was essentially a measure of monetary restriction which had been devised for a limited and transitional purpose.

The circumstances in which the measures were being taken had combined not only the remaining balance-of-payments difficulties of the United Kingdom but in addition severe strains resulting from speculative movements, and the United Kingdom had found itself in a position in which it was not possible to refrain from action essential to its vital interests. The method adopted had been chosen so as to cause less interference with the volume and pattern of international trade than either the introduction of quantitative restrictions or an import surcharge, and so as to achieve a rapid effect.

Sir Eugene Melville added that, although in the exceptional circumstances that had now arisen his Government had found it essential to take this temporary measure in order to protect its vital interests, it had no desire to depart from the objective of liberalization of world trade which had been the basis of its commercial policy. It was sure that its trading partners would recognize these difficulties, as it had shown them that the health of the United Kingdom's balance of payments was, of course, in their own long-term interest.

The CHAIRMAN suggested that a working party be established with the following terms of reference:

"To examine the Import Deposit Scheme introduced by the United Kingdom and its implications; to present a first report to the Council by 21 January 1969, and to continue to be available for consultation as necessary."

This was agreed and Mr. Besa (Chile) was appointed Chairman.

Contracting parties wishing to be members of the Working Party were invited to inform the secretariat before the close of the session.

2. Disposal of commodity surpluses (L/3109/Rev.1)

The CHAIRMAN recalled that the CONTRACTING PARTIES, in an earlier discussion of this item, had supported the proposal by the Director-General that the Agriculture Committee be requested to work out procedures for notifications and consultations under the Resolution of 4 March 1955. The proposal, with some modifications in paragraph 8, had now been redistributed as document L/3109/Rev.1.

Dr. OJALA (Food and Agriculture Organization) describing the action which his organization was proposing in this area, recalled that the FAO Consultative Sub-Committee on Surplus Disposal had, since 1954, supervised the implementation of the FAO principles of surplus disposal and associated guidelines, and had developed machinery for prior consultation on proposed disposal transactions referred to it, between the exporting, the recipient and other interested countries. While this activity had in general given satisfaction, a number of developments in recent years had created some uncertainty in the Sub-Committee. These developments included the divergent interpretations of the term "surplus disposal" in the contemporary environment; the changes in the nature, extent and location of surpluses, the existence of new institutions concerned with food aid, in particular the Food Aid Committee under the International Grains Arrangement, and an increase in extra-commercial transactions associated with the existence of abnormal stocks. The Sub-Committee had therefore re-appraised its rôle in a report which had very recently been considered by the FAO Committee on Commodity Problems. The Committee had decided to set up an ad hoc Working Group to consider the rôle and terms of reference of the Sub-Committee on Surplus Disposal, and also to consider whether there was a need for machinery for assembling, analyzing, and distributing information on food aid operations, and if so, on what organization it should be centered and which commodities and types of transactions should be reported; to consider, in the light of developments in commercial transactions having an impact on commercial trade, what action on the part of member countries subscribing to the FAO principles on surplus disposal should be regarded as meeting the consultative obligations under those principles; and to report and make recommendations so as to enable governments to take decisions at the next session in September 1969. The Director-General of FAO had formally invited the Director-General of GATT to be associated with the work of the Working Group. He had also invited him to submit a statement on the rôle and activities of GATT that were relevant to the work of the Working Group, for circulation to its members before its first meeting scheduled for February 1969. A second meeting towards the middle of 1969 may be required to complete the report. As this activity was related to that of the CONTRACTING PARTIES on the disposal of agricultural surpluses, his organization hoped that the GATT would be associated with it.

Mr. DUNNETT (United Kingdom) noted with satisfaction that the revised proposal enabled the Council to decide, on the Agriculture Committee's recommendations, what procedure should be established. This accorded fully with the Agriculture Committee's terms of reference. He welcomed the emphasis placed by the

Director-General on the need for the Agriculture Committee to take account in this connexion of the work of the FAO and its Sub-Committee on Surplus Disposals, as well as of other bodies such as the Food Aid Committee of the International Grains Arrangement; he also welcomed the statement just made by the representative of the FAO. He considered it highly desirable for the GATT and FAO secretariats to consult together before any detailed proposals were considered in the Agriculture Committee. His delegation supported the Director-General's proposal.

Mr. EASTERBROOK-SMITH (New Zealand) stated that his delegation accepted the proposal; it did so with reluctance, but for the sake of progress on the problems concerned. It was his expectation that the Agriculture Committee would submit its report to the Council as soon as possible, so that it could be transmitted to the CONTRACTING PARTIES at their twenty-sixth session.

Mr. BRODIE (United States) supporting the representative of New Zealand, was concerned that no date had been set for reporting to the Council. He hoped that, in spite of this, recommendations and conclusions would be agreed upon before the next session of the CONTRACTING PARTIES.

The CHAIRMAN noted the requests for speedy work by the Agriculture Committee.

The amended proposal was adopted.

3. Italy/Libya Waiver (L/3121)

The CHAIRMAN said that in the latest extension of the waiver granted to the Government of Italy, permitting special customs treatment for certain products imported from Libya, the Government of Libya had given an assurance that it would "continue in its efforts to promote economic development and to raise the standard of national production so that Libya will be able to participate in international trade on a normal competitive basis". The waiver would expire at the end of 1969, but the situation was to be reviewed by the CONTRACTING PARTIES at this session "with a view to examining the efforts made by the Government of Libya to improve national production in the sectors enjoying special customs treatment". A report by the Government of Libya had been distributed in document L/3121.

Mr. RAGEL (Observer for Libya) said he had little to add to the annual report and statistical data submitted by his Government. His Government's request to end the Italian special tariff treatment one year before the expiry date of the waiver was due to the fact that the volume of Libyan exports was declining rapidly. This was due to the increase of domestic demand and to the creation of infant industries. His Government therefore wished to put an end to this privilege which no longer had any significant effect. Libya's main export was oil which was giving it a large income. The bulk of this income was allocated by the Libyan Government to the agricultural and industrial sectors. Finally, he wished to express his Government's appreciation and thanks to the contracting parties and to the Italian Government for the assistance and help given to his country.

Mr. FRANCAVIGLIA (Italy) said that Libya's increasing prosperity was due to the important development of its petroleum production and the progressive increase of its domestic consumption of those products which used to be exported; this had reduced the exportable surplus even for those products which had a special customs régime in Italy. It was striking that Libyan exports were actually made up largely of a single product, namely petroleum. Thus it was understandable that the special Italian customs régime for Libyan products had lost its significance even before the expiry of the waiver. He thanked the contracting parties for their understanding, which had made it possible for his Government to obtain a waiver since 1952, and thus contribute to a solution of Libya's trade problems. He also expressed his Government's best wishes for the industrialization of Libya and its hope that this would soon lead to an efficient diversification of Libya's economic structure.

The CONTRACTING PARTIES took note of the report and of the fact that the special customs treatment permitted under the waiver would cease to be applied after 31 December 1968.

4. United States Waiver/Import Restrictions on Agricultural Products. (L/3137)

The CHAIRMAN said that the Working Party, appointed to examine the thirteenth annual report submitted by the Government of the United States (L/3098) under the waiver permitting the maintenance of import restrictions on agricultural products, had submitted its report in document L/3137.

Mr. KENNAN (Ireland), Chairman of the Working Party, said that in accordance with its terms of reference the Working Party had examined the report submitted by the United States, on 18 and 21 November. The discussions had been very detailed and the members had welcomed the opportunity afforded them of examining together the very complex issues in question. While the report was self-explanatory and required no comment by him, he wished, on behalf of the Working Party to thank the representative of the United States for his co-operation. He submitted the Working Party's report (L/3137) to the CONTRACTING PARTIES.

Mr. MEERE (Australia) said the report reflected the concern of the members of the Working Party regarding the continued maintenance of import restrictions on agricultural products imposed by the United States, and their disappointment that the United States had found it necessary to introduce further restrictions on imports of dairy products, especially at a time when world trade in these products was encountering great difficulties. The report drew attention to the fact that these restrictions had frustrated tariff concessions previously negotiated, and to the low levels at which import quotas had been set. The Australian delegation urged the United States Government to give serious consideration to the report of the Working Party, and hoped that they would, as a matter of urgency, consider policies of assisting the domestic dairy industry without the need for stringent import restrictions. At the same time he hoped that rapid progress could be made on a multilateral basis in finding solutions to the problems facing international trade in dairy products.

Mr. EASTERBROOK-SMITH (New Zealand) said that once again the report showed that no progress had been made on dairy products. While again recognizing that since 1955 the United States had reduced the range of agricultural products subject to quotas, he expressed considerable disappointment at the further deterioration in respect of dairy products. To blame only imports for the extension of import quotas was to take a narrow and unbalanced view of the situation. The United States could certainly not be expected to open its market to the massive surpluses produced by others, but this was no excuse for not bringing its production and consumption into better balance in order to establish reasonable trading conditions. The existence of surplus dairy products in other parts of the world did not determine the situation of the United States market. There was thus no assurance that even without surpluses in other parts of the world exporters who followed fair pricing practices without subsidizing their exports would be allowed to expand their sales in the United States under present domestic policies. He therefore urged the United States Government to review and adjust its support policies so as to develop a sound dairy industry and domestic market, which would enable a more liberal trading policy to be followed. This could be done while solutions to the world dairy problem were sought in the longer term. He noted that in its report and in the Working Party the United States had expressed the desire to avoid affecting normal trade and unsubsidized supplies, and pointed out that in the past New Zealand's dairy trade had been severely affected by the quota system. The import restrictions had been imposed and operated in a way that penalized exporters who had followed reasonable and fair trading and pricing practices. He wished, in particular, to draw the attention of the United States Government to the passages in the Working Party's report which stated that the quotas for certain dairy products did not reflect the fact that some suppliers had restrained their exports (paragraph 20), and that the United States should be asked to reconsider seriously the restrictions on certain dairy products and to try to find a solution which would give reasonable access for suppliers who did not disrupt the market or at least for those who did not subsidize. New Zealand maintained that the waiver should not be used to protect the United States dairy industry against dumping and subsidized exports. Although the use of normal procedures to deal with such exports might raise certain problems, the quota system and the unselectiveness of the progressive extension of import restrictions had been even more damaging to normal commercial trade. He stressed again that whilst the United States maintained its present policies, the import quota system and the waiver would remain a permanent feature. The consumers would be unable to buy reasonably priced dairy products, the dairy industry would remain dissatisfied and structurally unsound, and traditional exporters would be unable to promote their products on a normal commercial basis in that market.

Mr. KIRKWOOD (Canada), recalling that the waiver had been in existence for thirteen years, said that some of its general aspects had given his Government continuing concern; among its more serious implications he noted the precedent it had created and the antagonism it had produced among Canadian and other producers, who found it difficult to understand that one country had broad authority under its international obligations to restrict imports while their own Government could not do so. Canada and the United States were major trading partners in agricultural products. The Canadian market, being much the smaller

of the two, was particularly influenced by imports from the United States. When occasional problems arose it was very difficult to explain to Canadian producers that their Government did not have the authority to control imports that the United States had, or to assuage them by the fact that the United States had not made extensive use of its rights granted under the waiver. The very existence of the waiver and the broad scope of its coverage had produced pressures for increased protection and had probably had as adverse effects as the actual restrictions under it. Recalling that the United States representatives had many times suggested that at least some of the protective measures could be justified under the GATT even in the absence of the waiver, he hoped that the United States Government might consider whether one positive and pragmatic example of trade liberalization could be the relinquishing of the broad and open-ended waiver. It was unfortunate that after years of not intensifying restrictions, the United States had found it necessary to impose new restrictions on dairy products. Everyone was aware that this action had been due at least partly to the serious situation in the world dairy market; but this situation had affected other countries even more. He joined in the hope of the Working Party that solutions to the problems affecting the world dairy sector could be found in the multilateral context of the GATT Working Party on Dairy Products and the Agriculture Committee, and that this would diminish the need for the United States to maintain its restrictions. Unless general solutions were found to current problems such as export subsidization, pressures for restrictive action would intensify. His delegation hoped that some of the current problems could be identified and manageable solutions worked out without waiting for the development of long-term programmes.

Mr. BRODIE (United States) stated that he would bring to the attention of his authorities the concern which had been expressed about the United States waiver on agricultural imports, in particular the concern registered by some contracting parties at the most recent restrictions on cheese and other dairy products. Commenting on the remarks about the number of years of the waiver's existence, he pointed out that the United States had at least requested a waiver and that the restrictions applied under it were thus consistent with the GATT; many countries applied similar restrictions without reporting them to GATT and without requesting a waiver. The United States had conscientiously been trying to solve the basic problem of imbalance in the agricultural market so as to become less dependent on this waiver. For example, between 1965/66 and 1966/67, United States cotton production had been reduced by almost 30 per cent. The United States had single-handedly been responsible for restoring balance to the world cotton market and measurably improving the price situation; similar action had also been taken in the case of other commodities. At the same time, other countries had continued to expand their production. As regards dairy products, previous speakers had recognized that the United States had not been expanding its production. United States milk production had in fact declined, while it had expanded rapidly in other regions. The United States Government did not view as rational the policy of other countries which continued to expand their output knowing that there was no market for it. In such a situation the United States could not expose its market to surplus dairy products dumped at highly subsidized prices, because of the extremely serious impact on domestic producers. He agreed that the only solution to the dairy problem and other agricultural problems was a

multilateral solution. No country could be expected to solve these problems alone, and the responsibility for the situation by no means lay with the United States.

The CHAIRMAN noted that the issues discussed were closely linked with other important items of the agenda.

The report was adopted.

5. Administrative and financial questions - salary adjustment (L/3126)

The CHAIRMAN said that the Director-General had distributed in document L/3126 a note informing the CONTRACTING PARTIES of a decision in the United Nations affecting the salary scales of officers in the professional and higher categories. The Director-General proposed (assuming that the Fifth Committee's decision was endorsed by the General Assembly) that the adjustments be made effective for GATT staff as from 1 January 1969, and that the additional cost to the 1969 budget be financed by savings or transfers, or if necessary, by recourse to the Working Capital Fund. He drew attention to the fact that the additional expenditure would be in the order of \$64,000.

The proposal of the Director-General in document L/3126 was approved.

6. Article XXVIII renegotiations (W.25/8)

The CHAIRMAN said that some of the bilateral negotiations for the modification or withdrawal of concessions, which were notified in 1966 in terms of paragraph 1 of Article XXVIII, would not have been completed by the end of the session when the time-limit expired. A further extension was proposed in document W.25/8.

It was agreed to extend the time-limit until 30 June 1969.

7. UNCTAD/GATT Trade Centre (ITC/AG/2, L/3100, L/3110)

The CHAIRMAN recalled that under the arrangement agreed upon a year ago the International Trade Centre had operated since the beginning of 1968 as a joint UNCTAD/GATT body. The report of the Joint Advisory Group, convened in May 1968 to review the work programme and recommend a programme for 1969, had been distributed as document ITC/AG/2. Attention was also drawn to the note by the Director-General (L/3100).

Mr. BARTH (Norway), in the absence of Ambassador Boyesen, Chairman of the Advisory Group, introduced the report. The recommendations contained therein were intended to lay down the broad framework for the Centre's programme in 1969 and criteria to be applied in developing various elements of the programme, having regard to requests by governments, and to list major projects under the main areas of the activities of the Centre. In general, the Advisory Group welcomed the joint operation and hoped this would lead to a more rational and effective use of the resources; it expressed support for the 1969 work programme

proposed (ITC/AG/1), and considered that it represented a minimum increase in present levels of assistance. There were two principal policy modifications among the specific recommendations of the Group. First, there should be a progressive shift from information on markets and promotional techniques to the provision of assistance in setting up national export promotion services in developing countries. Secondly, assistance to individual countries was to take increasingly the form of a package, designed to meet all the needs in the various areas of the Centre's activities.

The Advisory Group attached importance to appropriate arrangements for co-ordination between the Centre and other bodies operating in related fields so as to avoid duplication. A suggestion had been made for evaluation of the work of the Centre with a view to determine the scope and orientation of future work programmes. Though the Group's task was not to make recommendations on the Centre's budget, it had been aware that implementation of the programme depended on the availability of appropriate resources, both budgetary and unilateral. The Group had expressed appreciation of the major rôle played by unilateral contributions in the financing of some operational activities and in the provision of additional personnel for Centre-based operations.

In the ensuing debate all representatives of both developed and developing countries who spoke under this item, expressed their great satisfaction with the work of the Centre and generally endorsed the work programme for 1969 as recommended by the Advisory Group.

Mr. NISIBORI (Japan) stated that his Government had contributed to the training programme of the Centre and envisaged making personnel available. The Centre was a token of the success of the co-operation in which GATT and UNCTAD had engaged themselves. Export promotion was an essential element in achieving the benefits resulting from expanded exports from developing countries. He referred to the recommendation adopted by the UNCTAD Board at its seventh session that UNCTAD should become a participating agency of the UNDP, and hoped that the Centre would be in a position to make use of the possibilities offered by this arrangement.

Mr. NJOTOWIJONO (Indonesia) felt that the merger of the activities and resources of UNCTAD and GATT was most appropriate and further impetus would be given to the joint operation when UNCTAD became a participating agency of the UNDP. He was grateful for the assistance the Centre had rendered to his Government and referred to the joint mission within the framework of the Trade Promotion Advisory Service directed to six Asian countries, including his own, for the purpose of identifying the type of assistance most urgently needed for the expansion of exports of non-traditional products. He thought it desirable that the market information service should also be extended to such items as handicraft products and similar goods. He stressed the crucial importance of having qualified personnel available to implement programmes and mentioned the advantage his country had drawn from the Centre's training programmes in 1968. Indonesia was going to give increased importance to improving its own national export promotion services and he wished to recommend that future training

programmes might be so arranged as to meet the particular needs of each developing country. Initially such programmes should concern responsible government services, and later they could be extended also to the business community.

Mr. HARAN (Israel) emphasized that his delegation regarded the work of the Centre as of paramount importance, and stressed in particular the Advisory Service and the Training Programme. The work programme and budget for 1969 had considerably increased over the preceding year. The rise in the total budget was, however, justified in view of the increased demand for Centre services which had accumulated over more than a year. The pooling of resources with UNCTAD should enable the Centre to catch up rapidly with the growing needs of developing countries. Though recruitment of additional personnel and the necessary internal organizational adjustments would no doubt pose considerable problems, he expressed confidence that the Director of the Centre and the staff were able to cope with the formidable task of implementing the work programme.

Mr. RIBEIRO (Brazil) said that the Joint Centre had already shown itself to be a most satisfactory example of co-operation between two international organizations concerned with trade as well as an effective instrument for furthering conditions for economic development. Brazil on several occasions had addressed itself to the Centre for advice, fellowship grants and for research work, all of which had proved to be of practical value and worthwhile. He wished in particular to stress the importance of giving attention to the training of personnel, both from government agencies and private enterprises, specialized in export promotion. His delegation felt that the Centre's activities should be encouraged and further enlarged.

Mr. PALMER (Sierra Leone), speaking on behalf of the African countries attending the session, commended the work of the Centre from which the developing countries had benefited in no small way. He wished to thank governments which had contributed materially and stressed the need for the Centre to have adequate resources to cover its programme for the ensuing year.

As regards the Centre's main publication, the FORUM, he would appreciate it if its policy orientation could be made to conform in a large measure with the objectives of GATT and UNCTAD. He pointed to an article on marine insurance that had appeared recently and which, in his delegation's view, did not conform with the objectives of Recommendation A.IV.23 of the First UNCTAD or with Resolution 13(II) of the Second Conference, which both favoured a policy of encouraging insurance industries in developing countries. Articles in the FORUM should recognize the need to encourage rapid industrial and economic development in developing countries.

Mr. PRADHAN (India) expressed his country's appreciation for the unilateral contributions made by several developed countries among which he wished in particular to mention action taken by Sweden and the operation of the Swedish International Development Authority. He further drew attention to the fact that there were now several bodies examining the report of the Advisory Group and the budget of the Centre and he wished to make a constructive suggestion. If the

Director-General of GATT and the Secretary-General of UNCTAD could co-ordinate consideration of the two reports so as to avoid a multiplicity of discussion in several bodies, his delegation was confident that it should be possible to avoid divergent action with respect to the budget, such as the cuts which it had been found necessary to propose this year.

Mr. SANCHEZ GONZALES (Cuba), commending the usefulness and practical benefits resulting from the Centre's work, stressed that adequate financial means were required to carry out the work programme. It was important to enlist increasingly the assistance of developed countries in the form of unilateral contributions and secondment of experts to participate in the work of the Centre.

Mr. HARB (United Arab Republic), pointed out that the work programme should take into account the necessity for co-operation at the international level and especially with the regional economic commissions. He supported the work programme as a realistic minimum and hoped the resources available to the Centre would be sufficient to carry it out. He was happy to note the co-operation between the secretariats of GATT and UNCTAD which was indeed indispensable since the activity of export promotion touched upon many other aspects of commercial policy of developing countries. One of the most important objectives of the Centre was to assist developing countries to draw maximum advantage from new possibilities open to them as a result of international economic co-operation. The work should be inspired by the new principles that had emerged within the framework of international trade policy which was in a process of evolution.

Mr. LJUNGDAHL (Sweden) speaking on behalf of the Nordic countries, stated that the 1969 programme was well balanced and represented a major new effort on the part of the Centre. He felt that the co-operation brought about between UNCTAD and GATT would serve to strengthen the Centre and enable it to meet the sharply increasing demands on its services. The Nordic countries also welcomed the statement made by the UNCTAD Secretary-General in the UNCTAD Board (contained in L/3100) in which the Secretary-General had emphasized that it was the Joint Centre which was responsible for work in the field of export promotion, where the UNCTAD and GATT had no activities of their own.

The Nordic countries, which had given active support to the Centre from the outset, were keenly concerned that it was provided with sufficient financial resources. They realized that the 1969 budget represented a major increase but regretted that subsequent to the meeting of the Advisory Group it had not been possible to get approval for the provision of the necessary resources to carry out the programme which had been given such strong support by the Group. Though resources presently lacking might be made available through voluntary contributions, services as valuable as those of the Centre should be placed on a more secure and stable footing. It was felt that perhaps the reluctance on the part of certain countries to increase the budget above the present level stemmed, at least partly from concern to make sure that the funds of the Centre were used effectively. After four years of activity more attention should perhaps be given to an evaluation of the activities of the Centre. This was not easy and an evaluation on a large scale might not even be possible, but only by seeking

to evaluate the activities would it be possible to ascertain where future priorities should lie. The recommendation, made in the Advisory Group, that the Centre should request its liaison agencies in developing countries to examine and report on the impact of Centre marketing studies on existing ways of marketing, was welcomed. The Nordic countries had so far given, and would also in future continue to give, their active and full support to the Centre.

Mr. RISTIC (Yugoslavia) said that his delegation attached importance to providing for a growth of the Centre's resources commensurate with requests for its services. The voluntary contributions were highly appreciated. No cuts should be made in the 1969 budget if this would result in a reduced work programme.

Mr. BESA (Chile) endorsed what had been said by previous speakers who had praised the quality of the Centre's work.

Mr. DUNNETT (United Kingdom) stressed the importance his country attached to the activities of its Centre liaison officer, who amongst other things was concerned with facilitating the carrying out of market surveys and the three months' training courses in export promotion arranged in London twice a year. He also mentioned help given to the Centre by recruiting marketing advisors. The Centre had achieved much in relation to its size. His delegation accepted wholeheartedly that the Centre should have sufficient resources if it was to carry out its work programme. While the need for growth in the Centre's activities and functions were acceptable, his delegation was aware of the dangers of too rapid growth and had taken note of reservations expressed in other places concerning the risks involved in an excessively rapid expansion of the Centre's staff. His delegation took the view that some economies in total operating costs might be possible without endangering the size and scope of the work programme.

He supported what the spokesman of the Nordic countries had said about evaluation. In paragraph 16 of the report of ACABQ (reproduced in document L/3139) the belief was expressed that UNCTAD and GATT should work out proper procedures for reviewing subsequent budget estimates for the Centre. The ACABQ intended to review this question with UNCTAD and GATT in May 1969 and the United Kingdom delegation wished to suggest that some thought might be given in GATT to this matter in advance.

Mr. KIRKWOOD (Canada) gave his delegation's support to the work programme of the Centre for 1969 and to the budget proposals.

Mr. BRODIE (United States) welcomed the strengthening of the Centre's training activities and believed these had a very valuable potential. He also hoped that as the Trade Promotion Advisory Service strengthened its capacity to backstop technical assistance to developing countries wishing to install or improve their export promotion machinery, more of those countries would deem it appropriate to seek UNDP resources. He was pleased to note from document L/3110 that an evaluation of the Trade Centre's activities had been embarked upon. He believed really effective evaluation of individual activities required a continuing effort from within the Trade Centre itself. Recognizing how difficult it was to assess

such programmes and activities as those of the Trade Centre with objectivity and in depth, he hoped it would be feasible to secure outside assistance for this purpose, perhaps as a unilateral contribution to the Centre.

Commenting on the budget of the Centre, Mr. Brodie referred to paragraph 19, Part B of the report of the Committee on Budget (L/3080) which indicated that the United States had found it necessary to reserve its position with respect to the budget recommendations of the Committee contained in paragraph 18 of the report. This need had arisen in order that the revised estimates on which the Committee's recommendations were based could be examined in detail by his Government. He was pleased to say that as a result of this review his Government was now in a position to lift its reservation. He also pointed out that in making the recommendations with respect to the Trade Centre's budget, his delegation's primary concern had, as always, been to ensure that the programme recommended by the Advisory Group was carried out in the most efficient and economical manner possible. He was, therefore, grateful to the Director-General for his careful review of the original budget proposals which was reflected in the revised budget estimates.

Mr. WILLENPART (Austria) supported the concept of a joint Centre which had permitted UNCTAD and GATT to integrate their activities, and thus had enabled them to avoid a less rational use of scarce resources. He hoped that the two agencies would continue to join efforts and try to avoid duplication or overlapping of the Centre's work. The Centre should to the greatest possible extent be freed from unnecessary administrative work. His delegation had noted with satisfaction the move towards parity between UNCTAD and GATT in the financing of the Centre. Though unilateral contributions played an increasingly important rôle they should supplement, rather than replace, ordinary budget resources. Regular income was indispensable to cover recurrent costs arising from longer-term decisions.

The Austrian Government would continue to give its practical support to the Centre, e.g. by providing experts, fully paid by the Government, for work with the Centre and by offering the services of Austrian foreign trade representatives. He felt that as regarded current activities and the programme for 1969, the establishment of priorities within that programme should be left to the discretion of the Director of the Centre. He stressed the importance of the Centre's rôle as a pool for the dissemination of information on tariffs, commercial policy and market developments.

Mr. FRANCAVIGLIA (Italy) pointed out that the work programme for 1969, as adopted by the Advisory Group, represented a realistic minimum programme, designed to ensure that the Centre would be in a position to provide the most urgently needed services requested by developing countries. He stated that the member States of the European Economic Community felt that in order to carry out the work programme the Centre should have at its disposal the expanded financial resources proposed by the Budget Committee in its report (L/3080). The EEC countries hoped in future to be able to enlarge the scope of their participation in the work of the Advisory Group.

Mr. KIM (Korea) conveyed his Government's gratitude for the various services rendered by the Centre. Continued assistance and further voluntary contributions by developed countries to the Centre could contribute to the expansion of the world trade in the long run.

The CHAIRMAN added his personal congratulations to the Director of the Centre. He proposed that the Review of the 1968 Activities of the International Trade Centre UNCTAD/GATT (L/3110) should be derestricted. This was agreed.

The CONTRACTING PARTIES approved the report of the Advisory Group (ITC/LG/2).

8. Report of Committee on Budget - International Trade Centre (L/3080, Part B; L/3139)

The CHAIRMAN referred to Part B of the report of the Committee on Budget, Finance and Administration (L/3080) which contained the Committee's report on the budget of the International Trade Centre.

Mr. SCHNEEBLI (Switzerland) Chairman of the Committee on Budget, introducing Part B of the report, stated that while the Committee had agreed that the resources of the Centre should be sufficient to deal effectively with its work programme, it had also expressed the wish that all possibilities to make savings in the carrying out of the programme should be explored. Concern had also been expressed that a too rapid expansion of the staff, which was to double as compared with 1968, might lead to problems of quality of performance and management. In the course of its discussion of these points, the Committee had taken into account the report of the United Nations Advisory Committee on Administrative and Budgetary Questions. The Committee had been mindful throughout its deliberations of the need to ensure that whatever budgetary savings might be made, the programme of work as recommended by the Advisory Group should not be endangered. He was glad to be in a position to state that, subject to a reservation made by one delegation, the Committee had been able to carry out its task. It was, in these circumstances, a matter of particular satisfaction that, as the meeting had just been informed by the delegation concerned (see item 7 above), this reservation had been withdrawn.

Mr. CURTIS (Australia) said that with regard to the budget estimates, his country as a member of the Committee supported the recommendations in the report. The very considerable increase in the provision for new posts, amounting almost to a doubling of the establishment, reflected of course the recommendations of the Advisory Group for a substantially expanded programme. It was, however, the view of the Australian authorities that this increase required careful handling to ensure that the high standards associated with the Centre's staff were maintained. It was also his delegation's view that during 1969 the Centre should proceed in an orderly and effective way by progressively consolidating its activities, and that the very rapid expansion envisaged in 1969 should take place on a carefully controlled and logical basis. The very fact of rapid growth meant that there was a real need for periodic stocktaking and assessing the

practical results achieved by the Centre. He noted with considerable satisfaction that this point was in fact noted in the document received from the ACABQ. The Australian authorities intended, therefore, to watch with sympathetic and close interest the Centre's development during 1969 and in particular its success in achieving the very ambitious objectives which it had set for itself in that year.

The CHAIRMAN proposed the approval of the revised budget estimates in paragraph 18 of Part B of the report, pointing out that no confirmation had yet been received from the United Nations as regards appropriation of that organization's part of the budget.

The paragraph was approved.

The recommendation contained in paragraph 21 concerning the sharing of miscellaneous income between United Nations and GATT was also approved.

The CONTRACTING PARTIES thereupon adopted Part B of the report (L/3080).

The DIRECTOR-GENERAL said that document L/3100 described the arrangements made concerning the work programme, budget and administration of the International Trade Centre following the decision adopted last year to bring the Centre under joint administration by UNCTAD and GATT. He wished to make some comments on one aspect of those arrangements.

The GATT Working Party which had examined the question last year had noted that the arrangements for 1968 would inevitably be of an interim character. Permanent procedures would be determined on the basis of proposals made in the light of experience by the Secretary-General of UNCTAD and by the Director-General of GATT.

Clearly, before being able to define permanent procedures, longer experience in operating the Centre would be necessary than was currently the case.

Nevertheless, in connexion with procedures for examining the budget of the International Trade Centre UNCTAD/GATT, contracting parties had been able to see that certain difficulties had arisen to which attention would shortly have to be given.

Those difficulties were essentially due to the fact that the budget of the International Trade Centre UNCTAD/GATT was examined separately by the United Nations Advisory Committee on Administrative and Budgetary Questions, on the one hand, and by the GATT Budget Committee, on the other.

Thus, the Centre's budget for 1969 had been examined first by the United Nations Advisory Committee, which had suggested that certain economies could be made but without recommending any specific areas of reduction. Thereafter the Centre's budget had been examined by the GATT Budget Committee which, taking into account the observations made by the United Nations Advisory Committee,

had made a cut of approximately \$80,000 in the initial budget estimates. The Advisory Committee had, however, reverted to the question three days before the meeting of the CONTRACTING PARTIES and had now expressed the hope that the Centre would make cuts of approximately \$21,000 in addition to the \$80,000 already eliminated during examination by the GATT Budget Committee.

As could be seen, such a procedure was not very satisfactory, and was even likely to give rise to formal difficulties.

The joint administration of the Centre was, of course, still in the experimental stage, since it had been in operation only since the beginning of the current year. For the moment, therefore, he merely wished to reserve the possibility of making appropriate suggestions to the CONTRACTING PARTIES at a later date, after having studied the question with the Secretary-General of UNCTAD.

In order that the Centre could operate effectively in the interest of the developing countries, it was essential that the administrative and budgetary complications inherent in joint administration should not be excessive. It was also essential that the practical operations of the Centre, that is to say the expansion of exports of developing countries, should not be hampered by difficulties of administrative co-ordination between the two organizations responsible.

The CHAIRMAN thanked the Director-General for his statement. He was certain that he spoke on behalf of all contracting parties in wishing the Director-General every success in his efforts to obtain, in agreement with the Secretary-General of UNCTAD, improved procedures for dealing with these difficult problems of co-ordination.

Mr. COIDAN (UNCTAD) stated that the Secretary-General of the United Nations and the Secretary-General of UNCTAD were also prepared for their part to examine together with the Director-General of GATT the machinery and procedures which now applied to the examination of the budget of the Centre. Any suggestions which these consultations might lead to would, of course, be submitted for examination and approval to the appropriate bodies of the two organizations.

9. Fellowship programme and technical assistance (L/3108)

The CHAIRMAN said that the Director-General had distributed a report (in document L/3108) on the commercial policy courses provided by the secretariat in Geneva and in Africa for officials from developing countries and on assistance offered by the secretariat to developing countries in connexion with commercial policy problems.

The DIRECTOR-GENERAL said that, in his opinion, the efforts of the secretariat in the field of training courses had an important and useful place in the overall activities of the contracting parties. These courses were for

officials who already had, or would have, responsibilities in the formulation and conduct of the foreign trade policies of their respective countries and were designed to provide them with information, and to increase their knowledge and experience of trade policy and international trade matters.

Last year there had been two courses in Geneva, one in English and the other in French; the fellowships for these courses were granted under the United Nations Development Programme. There had also been two courses last year in Africa, one for English and the other for French-speaking officials; these had been arranged in collaboration with the United Nations Economic Commission for Africa and with financial support from United Nations technical assistance funds.

On the basis of its past experience, the secretariat intended to give these courses an increasingly practical character in the future. For example, trainees would be given more opportunities of working within the secretariat on problems of particular interest to them and to their countries.

He thanked the Office of Technical Cooperation of the United Nations for providing fellowships for the courses and expressed his gratitude to the United Nations Economic Commission for Africa and to the African host governments for their collaboration.

The secretariat had also extended assistance to developing countries in connexion with commercial policy problems. It was his feeling that the secretariat should provide such assistance in fields which were of interest to the contracting parties where they had a responsibility.

The CONTRACTING PARTIES took note of the report.