

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Twenty-Sixth Session

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## SUMMARY RECORD OF THE SECOND MEETING

Held at the Palais des Nations, Geneva,  
on Tuesday, 17 February 1970 at 10 a.m.

Chairman: Mr. SULE KOLO (Nigeria)

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### 1. Expansion of trade (L/3320, L/3335, SGTP/15, L/3290 and COM.IND/13)

The CHAIRMAN recalled that in his opening address, he had reviewed some important elements of the various subjects which were comprised in the comprehensive programme for the Expansion of International Trade. It was now proposed to begin consideration of this major item on the agenda by receiving reports from the Chairmen of the five Committees concerned.

#### (a) Presentation of reports

##### (i) Agriculture Committee (L/3320)

The DIRECTOR-GENERAL, Chairman of the Agriculture Committee, said that the report had been approved by the Council on 12 February 1970. The report, and in particular paragraph 5, showed that the Committee had very largely met the request made to it by the CONTRACTING PARTIES at the twenty-fifth session, to proceed rapidly with the identification of the problems affecting agricultural production and trade so that the Committee could begin the essential task of seeking mutually acceptable solutions to those problems (BISD, Sixteenth Supplement, page 14, paragraph 15). He expressed the hope that the

CONTRACTING PARTIES would approve the Committee's programme so as to undertake its execution in the coming months. He also called attention to paragraph 17 of the report where the Committee, with two delegations reserving their position, had recommended that the CONTRACTING PARTIES adopt a resolution on concessional transactions which was set forth in an Annex to the report. He noted, however, that adopting the resolution would not settle the question of any amendments that might be made to the 1955 Resolution on the Disposal of Commodity Surpluses. He added that Group 1 of the Agriculture Committee would examine the question of whether that Resolution could be amended with respect to its scope of application and harmonization of notification procedures.

(ii) Committee on Trade and Development (L/3335)

Mr. A. PAPIĆ (Yugoslavia) presented the report in the Chairman's absence. Mr. Papić said that since the twenty-fifth session the Committee on Trade and Development had continued to review regularly the implementation of Part IV of the General Agreement. It had also given close attention to the initiation of consultations, where appropriate, in respect of tariff and non-tariff barriers and related problems affecting developing countries not elsewhere under examination in GATT, and to follow closely the work in progress in other GATT organs. The Committee had taken certain initiatives regarding problems affecting trade in tropical oils and seeds. The Committee intended to carry out a detailed examination of the difficulties encountered in the implementation of Part IV. It was hoped that the exchange of views which had taken place on this matter would serve to facilitate a more effective implementation of the General Agreement as far as developing countries were concerned.

Mr. Papić expressed satisfaction that, since the Committee's previous report to the CONTRACTING PARTIES, five governments had accepted Part IV. He expressed the hope that the four remaining contracting parties which had not yet accepted Part IV would make every effort to do so as early as possible.

He drew attention to the views expressed by members of the Committee on the situation in the tariff field, in particular on current work on the analysis of tariff problems of interest to developing countries, and to the hope expressed regarding early agreement on issues outstanding on the question of preferences.

With regard to the non-tariff sector he stated that the Group on Residual Restrictions had been carrying out a detailed examination of selected groups of products. The Committee had noted that the Council had established a Joint Working Group to conduct consultations on the maintenance of quantitative restrictions and had expressed the hope that, in the work of the Joint Group, detailed attention would be given to the removal of barriers affecting products of more particular interest to developing countries. He indicated that discussions had taken place in the Committee on the work carried out in the Committee on Trade in Industrial Products, and in the Agriculture Committee. The Committee on Trade and Development had expressed the hope that, in the search for solutions, the special problems of developing countries would be given urgent attention.

He also drew attention to the question of border tax adjustments.

He noted that the Committee had, through its Group of Experts, reviewed and examined recent developments in the field of adjustment assistance. Many members felt that governments should continue periodically to furnish information on measures taken by them in this area.

He referred to the discussions which had taken place on the question of trade in tropical oils and seeds. He also noted that the Committee had recommended that governments give urgent consideration to the problem of trade in tropical products with a view to finding concrete solutions as early as possible.

He referred to the Committee's examination of the implementation of Part IV, noting that it was agreed that it was not necessary to attempt a modification of the text of Part IV or to establish new machinery, and that the Committee itself could make appropriate arrangements to facilitate more effective consultation procedures. The Committee would continue its discussions on procedures for effective consultations under Article XXXVII:2 on the basis of suggestions prepared by the secretariat in the Annex to the Report.

Finally, the Committee hoped that the CONTRACTING PARTIES, in establishing directives for future work, would give full weight to the Conclusions adopted by them at the twenty-fifth session that there was need to give priority consideration to, and to take immediate steps towards, solving the trade problems of developing countries.

(iii) Trade Negotiations Committee of Developing Countries

The DIRECTOR-GENERAL, Chairman of the Trade Negotiations Committee of Developing Countries, recalled that at their twenty-fifth session the CONTRACTING PARTIES had confirmed their intention of considering the results of negotiations among developing countries in a constructive and forward-looking spirit. He said that since then the work of the Committee had progressed and that to date fourteen of the thirty-three governments participating in the exercise had presented lists of specific requests to other participants. Moreover, other member countries of the Committee had indicated that they would be ready to decide on their participation in negotiations and to present their own lists of requests once the essential rules and procedures for the negotiations had been agreed upon by the Committee. Following the Committee's meetings, the most recent of which had taken place only the previous day, the delegations represented in the Committee had reached broad consensus on certain working hypotheses on the basis of which requests and offers could be formulated and discussed. Thus, while certain delegations might have a certain position on one or two individual points, it should be possible for the participating countries to move rapidly into the substantive phase of the negotiations and to consider what concessions they could appropriately seek from or offer to one another.

He said that the task of the Committee in working out multilateral arrangements, the benefits of which would be widely diffused among a broad group of developing countries, would be considerably facilitated if the countries which had not yet participated in the Committee's work could participate effectively in it. He said that he had already addressed invitations in this sense to governments of developing countries, whether or not they were contracting parties. Although progress thus far had been slow and there remained many elements in the negotiations which still had to be dealt with, he believed nevertheless that some encouragement could be taken from the serious manner in which the Committee had approached problems confronting the participating countries, and that the future of this exercise could be looked upon with confidence.

(iv) Special Group on Trade in Tropical Products (SGTP/15)

The DIRECTOR-GENERAL, Chairman of the Special Group on Trade in Tropical Products, recalled that the Special Group had been reactivated at the twenty-fourth session "to examine problems affecting trade in tropical products, and to report on ways and means to overcome these problems". It had been agreed that the Special Group would in the first place examine problems related to six specific items. By the twenty-fifth session the Group had considered certain proposals by governments concerning the scope and nature of its work. In the beginning of 1969 the Special Group had been requested by the Committee on Trade and Development to take up, on a priority basis, outstanding problems related to vegetable oilseeds and oils of particular export interest to developing countries. The Group had examined these problems at its meeting in May. It had emerged that whereas tariffs on oilseeds were not a major barrier to trade, vegetable oils faced tariff barriers of significant proportions. Moreover, the products were also affected by quantitative restriction in certain industrial countries.

The Group had noted the problem of access to markets and the concern expressed by the developing countries exporters of tropical oilseeds and oils. Certain importing countries had pointed to the difficulties in taking action at present with respect to these particular commodities independently of the overall programme being carried out in the Agriculture Committee. The Committee on Trade and Development had accordingly requested the Agriculture Committee to take up the matter on a priority basis in the light of the report of the Chairman of the Special Group.

The discussions that had taken place in the Agriculture Committee, particularly in relation to certain specific proposals put in by Nigeria and Ceylon for removal of tariff and non-tariff barriers on certain vegetable oils and oilseeds, had been reported to the Council and the CONTRACTING PARTIES by that Committee in document L/3320. It was to be

noted that the Agriculture Committee would revert to the matter after taking into account, inter alia, the discussions at the recently concluded special session of the FAO/UNCTAD Study Group on Oilseeds, Oils and Fats.

The complex problems of inter-relationships between tropical oils and oilseeds and other vegetable oils and oilseeds and between production measures and measures at the frontier, which were mentioned by some contracting parties as interfering with the search for solutions in this sector, did not affect the other tropical products falling within the mandate of the Group on Tropical Products. Therefore, it was specially disappointing that, as brought up in the survey prepared by the secretariat, in SGTP/15, there should have been such little progress in removing or reducing fiscal levies and trade barriers affecting consumption, growth and access to markets for these products. The secretariat note also indicated that there were prospects of a fairly broad movement towards reduction of barriers on certain tropical products in the context of proposals for the introduction of generalized preferences in favour of developing countries. The scope for such action depended at the present time however on satisfactory solutions being found for certain issues mentioned in relation to these proposals.

In past discussions on tropical products contracting parties had been repeatedly urged to take both individual and, particularly where this would help to conciliate conflicting interests of different supplying countries, joint or parallel action to find solutions for problems affecting their trade in these products. This exhortation remained a necessary and timely one. The Group for its part, stood ready to carry out further work in respect of any matters falling within its terms of reference on which governments would wish to resume consultations.

(v) Committee on Trade in Industrial Products (L/3298, COM.IND/13)

Mr. STUYCK (Belgium), Chairman of the Committee on Trade in Industrial Products, recalled that at the twenty-fifth session it had been decided that the Committee should move rapidly from the state of study to that of seeking mutually acceptable solutions.

The Committee's report on its work on non-tariff barriers (L/3298) had been presented to the Council on 23 January 1970. The report of the Group of Technical Experts on the Tariff Study (COM.IND/13) which it had been agreed to consider as a report of the Industrial Committee, had been presented to the Council on 12 February 1970. The report as a whole, comprising both documents, had been approved for submission to the CONTRACTING PARTIES subject to reservations by two countries with respect to paragraphs 19 and 20 in L/3298. Because of those divergencies of view, he had been asked to include those points in his presentation of the report to the CONTRACTING PARTIES.

In its work on non-tariff barriers, the Committee had selected around thirty categories of notified measures as illustrative areas where some type of action might be required. These categories would be examined during the period January-June by five Working Groups, each dealing with one part of the List with the object of expediting action looking towards the reduction and removal of such barriers. The Groups would report to the Committee in June or July and at that time, or at the latest early in the autumn, the Committee would need instructions from the Council on how to continue its work. This period would clearly be of great importance for the whole non-tariff barrier programme since in the autumn the Committee would not only have to discuss what type of action, but possibly also when and how, such action should be taken.

Another major topic of the Committee's Report was the proposal by the Director-General that the time had come for the CONTRACTING PARTIES to consider the adoption of some form of standstill, as was customary when significant trade policy actions were being prepared. A draft declaration of intent on this matter, prepared by the secretariat and contained in Annex II to L/3298 had been discussed both in the Committee and in the Council. Several delegations had stated that they were not in a position to undertake legally binding commitments at this stage, mainly because the definition of non-tariff barriers was not sufficiently clear and also because the preparatory work undertaken so far had not advanced sufficiently. However, there had also been considerable support for the idea that, in one way or another, the CONTRACTING PARTIES should clearly and firmly state their intention to act on elimination of non-tariff barriers as part of their co-ordinated programme of work. Assurances to the world trading community that contracting parties intended to avoid the introduction of new non-tariff barriers would make an important contribution to the creation of a satisfactory point of departure for future action.

Another matter concerning the objectives of the non-tariff barrier exercise was brought up in the Council by the representatives of some developing countries. They considered it desirable and feasible to give priority consideration to those non-tariff barriers which discriminate against developing countries. In their view, it was the developed countries who maintained that, since the barriers in question for the most part affected both developed and developing countries, any negotiations for the removal of barriers would have to be general in character. They emphasized that barriers of more particular concern to them should be given special consideration. They felt therefore that paragraphs 19 and 20 of the Report did not accurately convey the views of developing countries and consequently two delegations had reserved their position.

Work on the tariff study had been initiated in May 1968 under the guidance of a Group of Technical Experts. The Group had compiled tabulations of average duty rates in the United States, the EEC, the United Kingdom, Japan and Sweden. The Group's recent report described the progress it had made in the field of the tariff study and reported agreement on the most suitable methods of work to be adopted. The Group hoped to agree at its March meeting on a tabulation illustrating the tariff situation in sectors of more particular interest to the developing countries.

In the course of the spring, the secretariat would have ready tabulations for all countries included in the tariff study, so that before the summer recess the tariffs of some sixteen countries would be available to the Industrial Committee for a meaningful study. In this connexion, he mentioned the repeated emphasis that had been laid on the relationship between the tariff study and the non-tariff barrier exercise by members of the Industrial Committee.

(b) Introductory statement by the Director-General (L/3348)

The DIRECTOR-GENERAL made an introductory statement on the expansion of trade in which he reviewed the programme of work, import restrictions, and trade and development, and outlined conclusions to be drawn for the future. The full text of this statement was distributed in document L/3348.