

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE FIFTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 19 February 1970 at 10 a.m.

Chairman: Mr. SULE KOLO (Nigeria)

Subjects discussed: Expansion of International Trade

Speakers: Japan
Pakistan
New Zealand
Austria
Korea
Israel
Yugoslavia
Turkey
Poland
Australia

Mr. NAKAYAMA (Japan), said that the past fifteen months had seen a number of important events for international trade: the system of special drawing rights had come into effect to tide over problems relating to international liquidity, exchange rate adjustments had been undertaken by two important trading nations, and advanced implementation of Kennedy Round concessions had been effected by certain countries. He also referred to the steady progress that had been made in trade relations among countries with different political and economic systems, as well as the preparations that were under way to bring about a general scheme of preferences. He regarded these measures as a manifestation of the contracting parties' desire to ensure a healthy trend in world trade. The marked expansion of world trade in the past year of nearly 13 per cent in value over the preceding year was encouraging.

The GATT had made considerable progress in its preparations for the reduction and dismantling of barriers to trade. In the field of industrial products he noted that the preparatory work had advanced sufficiently, and that exploratory work had already been started towards finding mutually acceptable solutions to non-tariff barriers. The Agriculture Committee had reached agreement to explore components of solutions to various problems while recognizing the need for a further identification and analysis of these problems. The Joint Working Group which had been set up to

deal with the question of import restrictions was to start its work almost immediately after the session. He also referred to the successful conclusion of an international arrangement on skimmed milk powder which, although limited in scope, was a new experiment.

He said that he had been particularly inspired by the view expressed by the Director-General on the possible timing of the coming phases of work. He had noted with attention the suggestion made by the Canadian delegation with regard to the conduct of future negotiations by sectors. His delegation would give fuller attention to this suggestion when more information was available.

Japan was aware of the need to tackle the problems of non-tariff barriers and had made efforts towards trade liberalization. For instance, in October 1969 Japan had announced its decision to dismantle import restrictions on fifty-five items, which were to be implemented by the end of 1971. Eleven of these fifty-five items had already been liberalized, and his Government was considering adding further items to the list. In this connexion, he observed that effective liberalization of trade could be carried out only if all parties concerned made concerted efforts towards this end. Japan stood ready to co-operate with other countries in the joint task of realizing freer trade.

Turning to Japan's agricultural policy Mr. Nakayama said that it was about to undergo an important change. Rice production, which amounted to almost half of the total agricultural production of the country had shown a continued increase in recent years. This increase in production, coupled with the decrease in demand had caused an enormous surplus, which created a serious political and economic problem. To cope with it, the Japanese Government had decided to take measures designed to curtail production of rice by more than 10 per cent, mainly by means of shifting production to other sectors of agriculture. His Government was now studying how it could best deal with the effects of this adjustment in other sectors. He gave assurances that his Government would continue to carry out the reductions and removal of import restrictions on agricultural products.

Japanese imports from developing countries had increased remarkably in recent years, and showed an annual increase of 15 to 17 per cent, reaching over 40 per cent of total imports. By the end of 1971 import restrictions would be lifted on a considerable number of items of interest to developing countries, including products such as tea, groundnuts for oil extraction, and vegetable oils. To make such liberalization more meaningful, his Government had decided to reduce duties on a wide range of products.

He drew attention to a resurgence of protectionism in certain countries. This move had reached a point where the introduction of restrictive measures was being contemplated, even in sectors of the economy which had shared in the general trend of the economy. He also noted with regret that in certain instances Kennedy Round concessions were threatened with being withdrawn. In his view, these moves constituted a danger to the achievements of the GATT and would result in a contraction of international trade. His delegation hoped that the proponents of liberalism would prevail in such countries.

Another cause of apprehension was the trend towards regionalization of international trade, whereby groups of nations granted discriminatory preferences to a limited number of countries, both developed and developing. The General Agreement laid down certain conditions for the formation of a customs union or a free-trade area; such regional arrangements should be consistent with the letter and spirit of the General Agreement. Regional arrangements which did not meet the requirements of GATT had discriminatory effects on third countries and could lead to the compartmentalization of international trade. This ran counter to the efforts made so arduously in the past towards liberalization of trade on the principle of non-discrimination. For the sake of ensuring the free flow of world trade and enhancing the prestige of GATT, it was incumbent on all contracting parties to uphold and adhere to the principles of the General Agreement.

In concluding, he echoed the remarks made by the Director-General that "the onus is on the principal trading nations to give the necessary leadership and to continue to support trade policies and the kind of international action in GATT that had brought such rich economic rewards over the past twenty years". Japan, for one, would continue to support the activities of GATT with a view to promoting the expansion of world trade.

Mr. AHMED (Pakistan), recalled briefly the various components for the Programme for the Expansion of Trade and the work accomplished in its different Committees. His delegation was aware of the complex nature of the problems in the industrial and agricultural fields, which were receiving consideration in two committees. He commended the work done on the inventory of non-tariff barriers. The Committee on Trade in Industrial Products had also done important work in conducting the first examination of notified non-tariff barriers. It had enabled it to move to the next stage of its work, to explore possibilities for concrete action, and to set up five Working Groups each in charge of the examination of a limited illustrative list of items. He hoped that urgent and separate consideration would be given to finding satisfactory solutions to the problems which affected industrial exports of developing countries. He trusted that the Working Groups would not leave possibilities of part solutions unexplored where problems of developing countries lend themselves to such solutions.

Turning to the Tariff Study he recalled that the CONTRACTING PARTIES had agreed that this Study should cover on a priority basis the following problems of particular concern to the developing countries, and indicate possible lines for future action in these and other fields: (a) tariff differentials, (b) specific duties, (c) peak tariffs, and (d) tariffs on industrial raw materials. This was work of a highly technical nature, but considering the priorities allotted by other contracting parties, he hoped that the Tariff Study would bring out all those aspects in the form of a separate tabulation, in such a way that the problems of developing countries could be readily identified and understood. This would facilitate their early solution.

Turning to the Agriculture Committee he noted that it had agreed to move forward in seeking mutually acceptable solutions to the problems of trade in agricultural products, and that it had set up four Working Groups to deal with measures which affected exports, imports and production and other relevant measures. He hoped that these Groups would make substantial progress by way of suggesting all possible solutions by the target date. The Agriculture Committee had also agreed to examine non-tariff barriers facing exports of agricultural products not included in the eight major commodity sectors already selected for examination. His delegation expected to notify a few non-tariff barriers in due course.

In the field of non-tariff barriers, the sector of import restrictions deserved particular attention. Although work to liberalize import restrictions had been continuing for the last two decades it had been recognized by all that more remained to be done. It was gratifying to note that on the basis of a proposal by the Director-General a Joint Working Group has been set up to review the whole range of import restrictions maintained by developed countries. His delegation shared the Director-General's hope that "a real effort would be made in 1970 to sweep up the debris of the past and to get rid of these restrictions". He also noted that the Group on Residual Restrictions of the Committee on Trade and Development had carried out useful work in the field of residual import restrictions maintained by developed countries.

He stressed that the most important and pressing issue for the developing countries continued to be the early implementation of a general scheme of non-discriminatory and non-reciprocal preferences. This question was under consideration in GATT, UNCTAD and the OECD. His delegation hoped that the CONTRACTING PARTIES would play a constructive rôle in this important matter. There was need for "greater progress in the access to world markets for exports of developing countries". It was his delegation's hope that the CONTRACTING PARTIES would double their efforts to secure further liberalization of trade. The attainment of this objective at an early stage of the Second Development Decade would materially help the developing countries realize their development goals.

Pakistan was constantly striving to expand its trade with other developing countries on the basis of mutual benefit. For this purpose, his delegation continued to explore all possible avenues, including the sponsoring of trade delegations, participation in trade fairs and exhibitions, conclusion of trade agreements, strengthening of existing trade offices and the opening of new ones. Pakistan was also co-operating on a regional basis with Iran, Turkey and Indonesia. His delegation would continue to take an active part in the negotiations which were under way in the Trade Negotiations Committee under the auspices of GATT.

He welcomed the fact that more and more countries were showing an interest in joining the GATT; this was an indication of the important work being done in this forum. Accession of these countries should be facilitated.

Turning to the International Trade Centre, he commended the work that it was doing for developing countries. His delegation supported the approved Work Programme of the Centre for 1970 and expressed its appreciation for the extra-budgetary contributions made by a number of developed countries.

Mr. NORRISH (New Zealand) said that his remarks would be confined to problems of importance to a predominantly agricultural producing country. He emphasized the need in the forthcoming round of negotiations for a balanced approach between industry and agriculture, combined with priority attention to the interests of developing countries. In his view, it would be difficult for a number of countries to enter negotiations unless it was clear from the outset that benefits could be anticipated in agriculture, commensurate to those in industry. His Government endorsed the Director-General's proposal for rapid action to solve the problems of trade in agriculture, and agreed that countries should be discouraged from seeking self-sufficiency in agriculture with the aid of heavy protection. It was true that Governments had hitherto lacked the will to engage in international action aimed at agriculture and that the problems in this field were rooted deeply in national systems of farm support.

National and regional agricultural policies had been formulated without regard to their consequences on international trade. While undoubtedly important, national or regional objectives should not take precedence over all other considerations. He considered that one of the purposes of the GATT was to restore a fitting balance between the needs of national agricultural policies and the needs of international trade. Consideration should be given to writing into the conclusions of the CONTRACTING PARTIES the principles on agricultural trade proposed by the Director-General.

The Arrangement drawn up regarding skimmed milk powder required the signature of only one more contracting party in order to enter formally into force. He was confident that the signature would be forthcoming in the near future. It was a cause for some satisfaction that at least one positive result had been achieved by the Working Party on Dairy Products. Nevertheless, it represented but a small achievement, and order had still to be restored in trade in dairy products. The possibilities for further progress could more easily be judged when the Working Party would deal with the problem of butter and butterfats in April.

He recalled that New Zealand had often pressed for action against restrictions maintained inconsistently with the provisions of the General Agreement. He considered it important that the establishment of the Joint Working Group should not blur the distinction between legal and illegal restrictions. He drew attention to the fact that most of the restrictions to be studied by the Group were in the agricultural field, protecting large potential markets in some cases, over the previous twenty years. The disturbing possibility existed of a more extensive use of illegal restrictions unless the GATT adopted a less lenient attitude on this matter. He said that the time had now come when contracting parties should indicate their proposals for the liberalization and eventual elimination of major trade barriers. His country would respond positively to the Director-General's appeal for a constructive dialogue in the Group.

Mr. WILLENPART (Austria) said that, in the view of his delegation, the work programme of GATT had already led to encouraging results. The Committee on Trade in Industrial Products had carried out an examination of the inventory of some 800 non-tariff barriers notified by contracting parties. Furthermore, the first of the five sub-groups set up by the Committee had done useful exploratory work.

Commenting on the draft Declaration of Intent, Mr. Willenpart repeated his Government's support already expressed on other occasions, for the Director-General's proposal that contracting parties should refrain from introducing new, or reinforcing existing non-tariff barriers. However, in drafting such a declaration various aspects should be borne in mind, in particular those of a legally binding nature, as had been mentioned by various countries including Austria. The Austrian delegation believed that the Declaration should express the willingness of contracting parties to endeavour not to increase the present level of protection through non-tariff or para-tariff barriers.

Austria had followed the work of the Expert Group on the Tariff Study and had taken note of the manifold problems. The necessary decisions on the principles which should guide the Tariff Study should be taken soon; and they should be simple and clear, so as to avoid an overly complicated procedure.

Concerning the report of the Agriculture Committee, Mr. Willenpart said that Austria welcomed the establishment of the four Working Groups which were to deal with measures affecting exports, imports, production and other relevant measures. His delegation had taken note of the exploratory nature of the forthcoming work of these Groups. Some problems might require further identification before acceptable solutions could be envisaged. As no precise rules and directives for the work had been established in advance, the Chairman of the Agriculture Committee and the Chairmen of the Sub-Groups and the Groups themselves would have to bear the main burden for the proper operation of these Groups.

One of the tasks of these Groups would be to deal with the notifications of non-tariff barriers transferred by the Industrial Committee to the Agriculture Committee. He hoped that these notifications could be satisfactorily dealt with in the relevant Sub-Groups of the Agriculture Committee, and would not have to be referred back to the Industrial Committee. His delegation was of the opinion that the Agriculture Committee was the right forum for considering the relevant factors in the agricultural field.

In connexion with the proposals put forward by two developing countries for the reduction and elimination of tariff and non-tariff barriers to trade in tropical oilseeds and vegetable oils, he pointed out that nearly all Austrian imports of tropical vegetable oils and fats were free of duty and of quantitative restrictions.

The Austrian delegation was in a position to support the draft resolution relating to concessional transactions annexed to the Report of the Agriculture Committee.

His delegation welcomed the establishment of a Joint Working Party on import restrictions. As to the tasks ahead in this field, the difference between problems with respect to restrictions applied in the industrial sector and those applied on agricultural products should be kept in mind. It was hoped that in the industrial sector rapid progress could be achieved in dismantling residual restrictions. Progress should also be made on quantitative restrictions in the agricultural field, but Austria had always underlined that action on these restrictions should not be taken separately without - at the same time - paying due attention to other agricultural trade obstacles applied by contracting parties. Austria had also taken note of the aim to provide a potential liberalization programme intended to be used in a balanced package of multilateral concessions comprising any kind of trade barriers.

With regard to the operation of Part IV, the Austrian delegation shared the view of the Committee on Trade and Development that consultations could usefully contribute to finding solutions in concrete cases. The Committee could give the necessary directives on how individual problems should be dealt with, preferably in a working party. The consultations should be based on concrete complaints. All necessary documentation should be provided, in order to have a clear picture

of the subject on which contracting parties were expected to consult. As far as tariff problems were concerned, the Austrian delegation wished to refer to the scheme of generalized preferences which was being elaborated in various organizations. His delegation believed that in implementing this scheme some of the problems in the tariff field could be solved.

Referring to quantitative import restrictions applied to products of particular export interest to developing countries, he noted the work done by the Group on Residual Restrictions and added that Austria had already eliminated restrictions on all products so far examined by the Group.

He concluded by expressing Austria's continued support for an effective pursuit of the programme of work aimed at reducing or eliminating barriers to trade.

Mr. PARK (Korea), pointing out that previous negotiations had resulted in benefits both to world trade and to national economies, stressed the need for finding solutions to the problems of non-tariff and other barriers affecting international trade. In his view, the various Committees set up by the CONTRACTING PARTIES had now completed, to some extent, the necessary preparatory work; and he was pleased to note that GATT was prepared technically to explore possibilities for concrete action.

He said that the growth rate of the earnings of developing countries was declining compared to the growth of world trade. He said the share of their trade as a proportion of world trade had steadily decreased from 30 per cent in 1948 to 18 per cent in 1968. At the same time, however, their imports had shown a steady rate of increase. The result of the two trends was a growing trade deficit.

Satisfactory progress had not been made in implementing the conclusions of the twenty-fifth session regarding the need for priority consideration and immediate steps towards solution of the trade problems of developing countries. Quantitative restrictions, in particular, seriously distorted international trade and hampered the trade of developing countries. His Government approved of the proposal to deal with illegal quantitative restrictions put forward by New Zealand, and also supported fully the establishment of the Joint Working Group. It favoured, in principle, the Draft Declaration of Intent on non-tariff barriers, provided that due consideration be given to the problems of developing countries.

He expressed the hope that progress would be made in 1970 towards successful negotiations in the Trade Negotiations Committee of Developing Countries. He urged greater implementation of Part IV of the Agreement.

He said that developing countries were becoming increasingly concerned at the possibility of a trend towards protectionism in some developed countries. While some countries undoubtedly faced difficulties, particularly with their balance of payments, they should bear in mind that progress in the past two decades had been achieved on the basis of expanding trade within the framework of the GATT. It was important to prevent a resurgence of protectionism which could weaken international co-operation and paralyze future progress in the multilateral trading system. It was to be stressed that unless the markets of developed countries remained open, developing countries could not earn the foreign exchange necessary to import from developed countries. In his view, the new decade demanded an impetus towards a freer and more equitable trade, together with the readiness to employ trade expansion as an instrument of development. His delegation endorsed the work programme and hoped that within two years a round of trade negotiations would have been successfully completed.

Miss HARELI (Israel) said that in the opinion of her delegation the CONTRACTING PARTIES' decision at the twenty-fifth session to delegate a wider range of work to the Council had made possible timely and effective action on various problems as they arose.

The Industrial and Agriculture Committees had made real progress in assembling information during the past year, which was an indispensable requisite for future action. The Director-General's suggestion at the twenty-fifth session, that the feasibility of multilateral non-tariff barrier negotiations might be examined, had now become a distinct possibility.

Her delegation had listened with particular interest to the concept put forward by Canada, to negotiate tariff and non-tariff barriers sector by sector, in an all-out concerted effort. The proposal needed detailed study in order to see how it would work in practice. Her authorities would give it their full attention.

Her delegation felt that the method adopted by the Industrial and Agriculture Committees, by which working groups would deal with different types of problems, was a practical one which promised results. Her delegation intended to follow-up its participation in those groups working on matters that concerned Israel.

Even in the early stages of the non-tariff barrier exercise, which had been devoted to identifying problems, it had been possible to obtain some results. For instance, it had been brought to light that some barriers were maintained for historical reasons, but that no present need or justification existed. Some of these barriers had since been abolished, simply because they had been discovered. Despite such results, however, the contracting parties should not delude themselves, since the larger and really difficult problems still remained to be tackled.

She noted that the Committee on Trade and Development had given attention, inter alia, to the procedures for remedial action which might be taken under Article XXXVII:4, and was on the point of reaching agreement regarding the procedure to be followed. Her delegation's view had been that the approach to this problem should follow the traditions already established in the GATT. The General Agreement could today only be understood in the light of the case history which had grown up around it. In the same way Part IV must become meaningful through the experience of specific cases. To this end it was essential that less developed countries no longer hesitate to bring concrete problems before the Committee.

Her delegation was very pleased to note the breakthrough which had been achieved at the beginning of the week when the Trade Negotiations Committee of Developing Countries had agreed on provisional rules to serve as a basis for negotiations. In this field the turning point had been reached where negotiations could start following a long period of preparatory work.

With regard to a general scheme of preferences, it was probable, and certainly to be hoped, that the CONTRACTING PARTIES would soon have to take action. She felt that the right approach for GATT to deal with this matter was to create a separate and temporary framework and procedure.

She noted that although the subject of trade policies and the international adjustment process were not formally on the agenda, they were on her delegation's mind and would be dealt with during the session. She stated that when the delegate of Israel had raised this matter at the twenty-fifth session he had done so at a moment of acute concern over a number of measures which had been taken by several contracting parties. Her delegation had made no criticism of these measures, in fact, it had stated that they might well have been the most appropriate and least harmful to trade under the circumstances, but that they were not envisaged in the General Agreement. Fortunately the international monetary crisis had subsided and contracting parties were now in a better position to study, from a GATT point of view, the effects of possible alternative measures.

Her delegation had noted a growing uneasiness about the way in which the structure of world trade was developing. It seemed that the forces of free competition on the world market were not enough to satisfy the needs of economic development and trade expansion, and that this was why so many countries resorted to special arrangements, whether in the form of full-fledged customs unions or less comprehensive arrangements. Perhaps the deeper reason for the uneasiness lay in the divergencies between GATT principles, which went back twenty-two years, and GATT reality today, which was the outcome of pragmatic adaptation. She drew particular attention to small countries which were isolated from a trade point of view, and whose home markets were too small to support diversification and industrialization. These countries were nevertheless expected to fulfil all their GATT obligations, while receiving only what was given under strict most-favoured-nation treatment and while being left out of the protection of important waivers

and/or special regional and inter-regional arrangements. She noted that some contracting parties had expressed alarm at certain of these developments because taken together, as they had been sanctioned or tolerated over the years, they now were seen as a threat to the whole structure of GATT. She said that in the present situation an abrupt change of policy would tend to perpetuate the inequality between countries which had achieved a more sheltered position and those which were left out of it. This would create insoluble problems for weaker countries. The CONTRACTING PARTIES had an obligation to pay attention to such problems. This could not be done if a purely formal legalistic attitude were adopted where hitherto a pragmatic approach had been the rule. She noted that the difficulties she had mentioned might concern only a minority of contracting parties, for it might well be that the number of countries benefiting from exceptions to the most-favoured-nation rule, whether sanctioned by waiver or tacitly tolerated, might already constitute a majority of contracting parties. If so, GATT would have to face the fact and take the changed reality into account when contemplating future action.

Mr. PAPIĆ (Yugoslavia) said that the session was confronted with two tasks. In the first place, efforts might be continued at further liberalization of international trade in the interest of all countries. Secondly, the problems of adjusting imbalances in international trade should be tackled, both with regard to the position of developing countries, and to the situation of trade in agricultural products.

The session had been marked by a satisfactory atmosphere arising from the 13.5 per cent increase in world trade in the previous year. However, it was necessary to point out that the share of the developing countries in this increasing world trade showed a continuous decline. Moreover, a decline had occurred in the share of primary commodities in world exports. These products had accounted for 44 per cent of world trade in 1960 but now represented only 31.5 per cent. Furthermore, the terms of trade had deteriorated for developing countries. The increasingly unfavourable terms of trade had involved losses of \$17.3 billion in the period 1961 to 1967, equivalent to 42 per cent of all official aid to developing countries. Urgent measures were needed to redress this situation.

He pointed out that the principle of comparative advantage was being enforced only with respect to production of industrial goods and was ignored as regards agricultural products. His delegation considered it important that priority be given to the problems of commodities, especially tropical products, for which urgent solutions should be sought.

He felt that the time had arrived for finalizing the scheme on generalized preferences. He expressed the hope that developed contracting parties would harmonize their opposing viewpoints and arrive at a solution to their problems in this regard. The CONTRACTING PARTIES should in the course of 1970 be ready to take the necessary steps to give legal cover to the proposed scheme.

His delegation had followed with great interest the activities of the Industrial Committee on non-tariff barriers and had supported basically the organization of work in that Committee. He pointed, however, to an apparent inequality, both in the treatment for developing countries compared to that for developed countries, and as between agriculture and industry. In his view, non-tariff barriers in agriculture should be given equal attention to those in industry. He welcomed the statement by the Chairman of the Industrial Committee which had corrected an apparent imbalance in the Report of that Committee. His country supported the Declaration of Intent, although it should be pointed out that from the point of view of developing countries it reiterated the existing provision in Article XXXVII, calling for a standstill on restrictions against developing countries. He also supported the creation of the Joint Working Group on Import Restrictions.

He remarked that the question of priority and separate consideration of trade problems of developing countries had been pursued in the course of 1969. In 1970, efforts should be made to fulfil completely the spirit of Part IV, which he saw as an essential prerequisite to the solution of problems in all of the GATT Committees.

He was conscious that developing countries had not availed themselves of the advantages of negotiating trade concessions among themselves. He expressed the hope that the proposals of the Director-General regarding the Trade Negotiations Committee would be implemented during 1970, and he gave the assurance that his delegation would continue to play an active part in the Committee. The expected decline in the growth of international trade, allied with the possibility of new protectionist measures, could have adverse effects, particularly on exports of developing countries. His delegation felt the need for efficient and urgent action to counter these threats in the course of 1970.

Mr. PASIN (Turkey) said that the beginning of the Second Development Decade should mark a turning point in the history of GATT. As the General Agreement had grown from the small club it was in the fifties, it had responded to new needs and problems by the adoption of Part IV, which was a recognition of the special problems of developing countries. He noted that the first Development Decade had been characterized by a substantial level of concessional aid to developing countries, given in support of their domestic development efforts. However, since the volume of aid had not been sufficient for the requirements of developing countries, they had had to rely on the growth of trade to accelerate their development. He stressed that the new decade would demonstrate whether developing countries could accelerate their growth through trade.

Developing countries were faced with the problem of finding appropriate markets for their products and easier access to markets. The diversification of developing countries' exports and the promotion of new industrial exports could not be achieved as long as artificial barriers continued to distort the normal

flow of trade. The Second Development Decade should achieve the elimination of protective walls, quantitative restrictions and other barriers to trade; it was only in this way that developing countries could hope to earn the foreign exchange they required for their development. In this regard the GATT had a crucial rôle to play.

He associated himself with other speakers in commending the International Trade Centre on its efforts to promote the trade efforts of developing countries, and expressed the hope that additional resources would be made available to it to enlarge the scope of its work.

He pointed out that to enable the GATT to play an effective rôle in promoting an increase in trade in the seventies, it had to adapt its rules and procedures to the changing circumstances and maintain its present momentum. Moreover, the contracting parties should have the political will needed to carry out the GATT's far-reaching programmes.

The challenge of the new decade should be borne by both developing and developed countries, but more particularly by the latter, upon whom devolved the responsibility of helping remove existing barriers to trade. He noted that contracting parties were passing from the phase of identification of problems to the more constructive one of seeking mutually acceptable solutions, and that it was essential that the problems be tackled simultaneously in the various sectors so that quick progress could be achieved.

Reviewing the work programmes of the Committees, he urged the Committee on Trade in Industrial Products to proceed assiduously with its programme of work. With regard to the Agriculture Committee, he emphasized the importance of agriculture for developing countries, pointing out that despite the increased export of manufactures, agriculture still remained the main foreign exchange-earning sector for these countries. He stressed that in view of this, it was of utmost importance to give priority to the removal of present barriers facing the agricultural exports of the developing countries.

Turning to the Committee on Trade and Development he said that his delegation attached great importance to the acceptance of a new mechanism designed to put the provisions of Part IV into operation, and urged that attention be directed towards the necessity of pushing ahead rapidly with the work of the Committee.

He noted the progress achieved with regard to the preparations for trade negotiations among developing countries, and expressed the hope that the existing rules of the GATT would be adapted to the new circumstances.

He welcomed the setting up of a Joint Working Group on Import Restrictions, and emphasized the need to maintain the momentum and sense of urgency which had been generated in GATT in approaching the work of the Group. He concluded by stating that the comprehensive efforts now being made to eliminate obstacles to trade allowed one to hope that the optimism with which the new decade had begun would not be ill-founded; he urged contracting parties to pledge their efforts towards the realization of the work programme.

Mr. RURALZ (Poland), expressed his delegation's appreciation for the activities of GATT during the last two decades. Many problems however, remained to be solved, and these should be thoroughly examined. It therefore seemed more reasonable to seek even limited and fragmentary solutions, where possible, than to wait until a global solution could be found.

He noted with satisfaction the progress of work in the Committee on Trade in Industrial Products. The information gathered by the Committee was valuable; and the proposal by the Director-General, that no new non-tariff barriers be introduced as from 1970, seemed to have met with a favourable response.

The Polish delegation considered this initiative as a bold and practical effort towards continued progress, and found the draft declaration acceptable.

His delegation fully shared the Director-General's view that trade in agricultural products, continued to be "one of the darkest - if not the darkest - spots on the international trade scene". His delegation felt it was almost ironical that in the second phase of the industrial revolution, in which many countries participated, the most insoluble problems seemed to be those of agriculture. For the time being, the only concrete action which might be taken was the adoption of a Draft Resolution relating to concessional transactions. The Polish delegation found this acceptable.

His delegation appreciated the fact that the Director-General had firmly pushed forward the idea of declaring the final battle against import restrictions. He added, however, that discriminatory restrictions should not be forgotten. Although import restrictions had to a great extent lost their former importance, they were nevertheless more archaic and less justified under present circumstances. The Polish delegation therefore associated itself with the Director-General's words that this problem be the object in 1970 of a real effort.

With regard to the problem of trade and development, his delegation fully subscribed to the Director-General's words that although progress had been made in the past "it was inadequate when measured against the magnitude and urgency of the problems confronting the developing countries".

The Polish delegation was concerned by the slow progress of work in the Trade Negotiations Committee of Developing Countries. In its view the expansion of trade between the developing countries required far more attention. It was a well-established fact that the trade of market economy countries and that of Socialist countries of Eastern Europe was concentrated mainly within their respective areas. This was not so for the trade of developing countries.

His delegation was of the view that should an overall scheme not be possible for the time being, smaller schemes such as the trade arrangement between India, the United Arab Republic and Yugoslavia, should be encouraged.

The Polish delegation also believed that the GATT should attract as many developing countries as possible. It noted with satisfaction the desire expressed at the last Council meeting by the representative of the Democratic Republic of the Congo to accede to the General Agreement. It also fully supported the United Arab Republic's request for accession.

Poland was far from suggesting that the strict rules of the General Agreement be loosened to the extent that no rules would remain. At the same time, however, it had to be emphasized that the problems of developing countries were special ones, which were reflected in Part IV of the General Agreement. But the complexity of these problems went beyond any of the Articles of the General Agreement. Therefore, without advocating any leniency, Poland was a strong supporter of flexibility when it came to the membership of developing countries.

Mr. FOGARTY (Australia) recalled the Australian position, as stated in 1967 by Mr. McEwen, Deputy Prime Minister and Minister for Trade and Industry, that Australia wanted for primary products the same law and order which governed trade in industrial products. This meant, in the sector of primary products, conditions of access and conditions of trade which protected the buyer in respect of his own domestic production and the prices he paid for imports, but which at the same time provided the seller with predictable market opportunities at fair and reasonable prices. These conditions did not exist today and, as the Director-General had pointed out, the situation had even deteriorated. GATT therefore was bearing a heavy responsibility to achieve a change for the better in this state of affairs. He endorsed the remarks of the Canadian delegation that early and comprehensive negotiations would be one means of mitigating the trade diversion effects involved.

He pointed out that countries which were to a large extent dependent on agricultural exports and a large part of whose agricultural production was exported, had frequently found themselves facing increasing barriers to their exports in industrialized countries which had been pursuing policies of price supports for their own primary producing sectors. In addition, these policies had often resulted in the creation in those industrialized countries of commodity surpluses which had been disposed of in third markets, where they caused further disruption to the trade of traditional (and efficient) suppliers. Under such circumstances, it would be inequitable to expect traditional agricultural exporters to refrain from taking measures to maintain the well-being of their efficient primary producers. The Australian delegation therefore gave full assurances that the Australian authorities would co-operate fully in the arrangements proposed for the carrying forward of the work of the Agriculture Committee and of all other Committees.

In connexion with the Working Party on Dairy Products, Mr. Fogarty noted that it had drawn up a minimum import price arrangement for skimmed milk powder. While this could be considered a faltering step forward, it marked the first substantive progress by the GATT since the Kennedy Round. It was also historic, because it was the first international arrangement on dairy products under GATT auspices. Australia had signed the Arrangement and was now applying it. It hoped that countries concerned would indicate as soon as possible their acceptance of the Arrangement. The delegation supported very strongly the appeal for early adherence of the one additional contracting party necessary to bring the Arrangement into force. The Arrangement on skimmed milk powder was just a beginning; and Australia looked forward to the Working Party on Dairy Products for arrangements on such products as butter, butter-oil and butter-fat products, the trade problems of which very urgently needed solution.

Australia was also pleased that substantial agreement had been reached in the Agriculture Committee on the terms of a resolution covering the disposal of commodity surpluses. In principle Australia supported this resolution and looked forward to its adoption.

The Australian delegation had been pleased to note that significant progress had been made in the Committee on Trade in Industrial Products which had now moved from the identification stage to a position of seeking solutions to the problems in international trade arising from non-tariff barriers.

The Australian delegation acknowledged the validity of the objective of the Draft Declaration of Intent, but was concerned about its legal framework, which could give rise to difficulties for a number of contracting parties.

In discussing the problems which faced the developing countries he emphasized that his Government fully supported the efforts being made in the GATT to assist developing countries in the Committee on Trade and Development, in the work of the International Trade Centre, and in the training courses conducted by the GATT secretariat. Australia had been very pleased to provide lecturers for training courses conducted both by the GATT and by the International Trade Centre. Australia conducted, under its aid programme, regular courses on trade promotion for the benefit of both officials and businessmen from developing countries, and it assisted developing countries in many other ways through various bilateral and multilateral aid programmes. Assistance to agriculture, especially in the countries of Asia, had been a feature of its aid programme since 1950. In the industrial field it had established a number of technical assistance courses in Australia, ranging from observation visits at the executive level to apprentice-type training courses in factories and at technical colleges. In the developing countries themselves, Australia assigned experts to help develop on-the-spot trade promotion techniques and agricultural and industrial skills. It furthermore provided the equipment necessary to build up local educational institutes on which the developing countries depended heavily for the supply of skilled labour for their industrial development.

Finally, with respect to the question which the Director-General had posed, that 1971 should see the contracting parties at the negotiating table engaged in a concerted effort to secure the further reduction of barriers to trade, he said that the Australian delegation had for many years been anxious to see meaningful and comprehensive negotiations to improve international trade in agricultural products. Accordingly it fully supported the idea of beginning negotiations in that year. It had to be recognized, however, that if negotiations were to be meaningful they should have the support and active co-operation of major trading countries. Whether these conditions could be met by that date was a matter which would largely be determined by the attitude of the countries concerned.

The meeting adjourned at 12.50 a.m.