

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE SIXTH MEETING

Held at the Palais des Nations, Geneva,
on Monday, 22 November 1971, at 3 p.m.

Chairman: Mr. Carlos BESA (Chile)

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1. Trade negotiations among developing countries

Mr. ARCHIBALD (Trinidad and Tobago) Chairman of the Contact Group, informed the CONTRACTING PARTIES that the Group had held two meetings on 18 and 19 November and again this morning for an exchange of views on the arrangements resulting from the trade negotiations among developing countries and the draft decision circulated in documents L/3598 and Spec(71)116. A meeting of a number of delegations had been held on 20 November for a more detailed discussion of the text of the decision circulated in document Spec(71)116 and to take note of any drafting suggestions with respect to this text.

At the outset of the discussions, several delegations had indicated that since the relevant documents had been circulated to contracting parties only recently, their governments had not yet had time to consider the matter and to take a position. They had emphasized the important character of the arrangements under discussion and had urged that, in view of the various issues of substance and principle involved, more time should be given for a proper examination. Their participation in the discussions of the Group had been without prejudice to this position of their governments.

On behalf of the participating countries it had been pointed out that the Trade Negotiations Committee of Developing Countries was set up during the twenty-third session of the CONTRACTING PARTIES. At subsequent sessions the CONTRACTING PARTIES had generally been kept informed of its work and they had indeed assured that they would look at the results of these negotiations in a constructive and forward-looking spirit. Members of the Trade Negotiations Committee had made very strenuous efforts to conclude negotiations among sixteen countries which were in a position to do so. They had done so because they had felt that after over four years of work the Committee had to report positive results to the CONTRACTING PARTIES at the twenty-seventh session.

Since the arrangements presented by them had been worked out in GATT and represented a major event they very much hoped that the CONTRACTING PARTIES would bless these arrangements during this session itself.

In the course of the discussions, representatives of contracting parties not participating in these arrangements had sought clarification and had given preliminary reactions and views on a number of points relating to the arrangements and the draft decision. The Group had heard a number of clarifications and explanations on these points from the participating countries and also the replies of these countries to some of the suggestions made informally in the course of these meetings. The discussion had centred on the following principal issues:

1. A number of contracting parties had enquired why the arrangements did not provide for automatic extension of the concessions to all developing countries. In this connexion a reference had been made to the concept of extension of preferential treatment among developing countries on a non-discriminatory basis. It had also been suggested that reciprocal concessions should not be required from the least developed among developing countries. Some representatives of developed countries had regretted that the advantages negotiated were not automatically extended to the other developing countries. Those delegations had expressed the hope that the results of the negotiations would be extended to the fullest extent possible and at the earliest date to all developing countries.

A representative of the participating countries had stated that if they had followed the rule of automatic extension of the concessions there would have been no interest on the part of any country to negotiate concessions. They were endeavouring to build up a system of preferences among developing countries through a process of negotiation and their present arrangement had to be viewed in a dynamic context. The concept of evolving a most-favoured-nation rule for developing countries in GATT could be expected to be attained as more and more developing countries acceded to the Protocol and to that end the participating countries had undertaken to facilitate accession of non-participating developing countries. According to paragraph 14 the Protocol would be open for accession to all developing countries. It also provided that in any negotiations for accession, present and future development, financial and trade needs as well as past trade developments of the applicant developing country would be taken into account. The Committee had also been able to agree to accession taking place without negotiations. According to the participating countries, paragraph 14 would enable them to give, on a case-by-case basis, sympathetic consideration to a request from a least developed among developing countries to accede to the Protocol without negotiations.

2. It had been noted by some delegations that paragraph 14 of the Protocol stated that the Protocol was open for accession to all developing countries but did not make mention of developing dependent territories. They had asked for confirmation that developing dependent territories could take part in these arrangements and had suggested that this be made clear. The representatives of

the participating countries had stated that the Committee to be established under paragraph 4 of the Protocol would study, examine and consider, on a case-by-case basis, the question of accession of developing dependent territories as and when a request for accession was received from any developing dependent territory.

3. Several delegations had noted that the negotiations were intended to cover an exchange of concessions on both tariff and non-tariff barriers and had asked for information regarding the nature of the non-tariff barriers that might be included in any negotiations. These delegations had pointed out that their governments would have particular difficulty in agreeing to the establishment of preferential arrangements with respect to any non-tariff barriers. It had also been pointed out that the derogations from the provisions of Article I of the General Agreement authorized by the CONTRACTING PARTIES had, in all cases until now been limited to tariffs. In this connexion some delegations had felt that the present Decision should be restricted to concessions already negotiated and that no reference to other trade barriers should be made. The representatives of the participating countries had recalled that in the Conclusions adopted at their twenty-fourth session, the CONTRACTING PARTIES had noted that the developing countries were exploring the possibilities of an exchange of both tariff and trade concessions. They had included reduction and elimination of tariff and non-tariff barriers as one of the objectives of their negotiations. They had recalled that non-tariff barriers had also been included within the scope of the Kennedy Round negotiations. They had felt that even if at this stage no concessions had been exchanged with respect to non-tariff barriers in the negotiations carried out thus far, it was essential that the possibility of negotiating such concessions should remain open to the participating countries. This would be consistent with the objectives of GATT.

4. Questions had been put regarding the relationship of the Tripartite Agreement between Egypt, India and Yugoslavia to the Protocol. The representatives of the tripartite countries had indicated that in pursuance of their commitments in terms of the relevant decision of the CONTRACTING PARTIES they had included in their schedules of concessions thirty-four tariff headings covered by the tripartite arrangement. Any decisions concerning the future of the tripartite arrangement would be taken in terms of the relevant provisions of that Agreement at appropriate time, taking into account the results of the Trade Negotiations Committee's work and further evolution of the arrangements. The CONTRACTING PARTIES would be kept informed.

The Contact Group had also touched upon certain other questions such as the possibility of provisional application of concessions to non-participating countries until they had had time to accede and the implications for the arrangement of participation in the Protocol by developing countries who were members of free-trade areas or customs unions which included developed countries.

In looking at the text of the draft decision circulated in document Spec(71)116, the Group had noted that the draft text had been drawn up by the secretariat as a basis for discussion in response to the request made to the secretariat by the participating countries and that it did not commit any contracting party at this stage. In the light of the discussions on the points mentioned earlier, several revisions had been made with respect to the text of the Decision.

In the fourth Preambular paragraph, reference had been made to an exchange of tariff and trade concessions rather than to the reduction or elimination of tariffs and non-tariff barriers.

An additional Preambular paragraph had been added expressing the hope of the CONTRACTING PARTIES that all developing countries which had not participated in the arrangements would consider acceding to the Protocol.

As far as the operative paragraphs were concerned, paragraph (a) had been modified to permit according preferential treatment as provided in the Protocol with respect to products originating in other parties to the Protocol, and there would be a proviso as a sub-paragraph to operative paragraph (a) to the effect that such preferential treatment shall be designed to facilitate trade between participants and not to raise barriers to the trade of other contracting parties. Operative paragraph (e) would provide for a major review by the CONTRACTING PARTIES at the end of the fifth year of the operation of the Protocol and would further state that before the end of the tenth year of operation, the CONTRACTING PARTIES would undertake another major review with a view to deciding whether the Decision should be continued or modified.

In conclusion, he drew particular attention to two passages of the statement he had just made. The countries participating in the negotiations felt that the CONTRACTING PARTIES would wish to have them on record, namely their statement that the Protocol would be open for accession to all developing countries and that according to the participating countries paragraph 14 would enable them to give, on a case-by-case basis, sympathetic consideration to a request from a least developed among developing countries to accede to the Protocol without negotiations; and secondly, that the representatives of the participating countries had stated that the Committee to be established under paragraph 4 of the Protocol would study, examine and consider, on a case-by-case basis, the question of accession of developing dependent territories as and when a request for accession was received from any developing dependent territory.

The CHAIRMAN thanked Mr. Archibald (Trinidad and Tobago) for his efforts to solve favourably this item of the Agenda, and all who had participated in the effort. He indicated that a divergence of views remained with regard to one item only, viz the question of non-tariff barriers. The questions of automatic tariff extensions and of dependent territories had been solved satisfactorily.

Mr. PROPPS (United States) first recalled his Government's position that the decision regarding the trade negotiations amongst developing countries deserved careful study in a working party, where a record of the problems which were of concern to the various governments could be made, as a preliminary to drawing up whatever decision might appropriately be taken by the CONTRACTING PARTIES in the light of such detailed and careful examination.

His delegation's understanding was that so far negotiations on non-tariff barriers had not been successful and therefore were not contained in the Protocol and the Schedule of Concessions thereto. One point of view could therefore be that the draft decision need not include a waiver from obligations concerning non-tariff barriers, but should cover only the negotiated schedules of concessions. It was evident, however, as provided for in the Protocol, that developing countries intended and hoped to exchange concessions other than tariff concessions.

The question could, therefore, be raised whether the CONTRACTING PARTIES should take a prospective decision, i.e. without knowing the outcome of the negotiations on the elimination of non-tariff barriers between developing countries to permit them to apply such concessions on a discriminatory basis.

His delegation's point of view was that this particular matter needed full and careful study because not all non-tariff barriers were of a uniform nature. In taking an extreme example, he stated that it should not be possible for developing countries to eliminate sanitary restrictions amongst one another on a discriminatory basis. If there was need for these measures at all, they should be applied in a non-discriminatory way. He indicated in this connexion that also with regard to quantitative restrictions established on the basis of balance-of-payments problems the GATT philosophy had always been that they should be applied in a non-discriminatory manner.

He repeated the need for a working party, which after careful consideration of the problem in capitals, should attempt to arrive at a clear view on the elements contained in the decision.

Mr. FOGARTY (Australia) pointed out that his delegation had participated in the Contact Group on a personal basis, without any instructions from its Government. While he understood that, after four years of difficult negotiations, the participating countries were anxious to see results, he was of the view that adequate time should be provided for a further and serious examination of the draft protocol, especially the provisions regarding non-tariff barriers. He shared the views of the United States representative that some confusion existed in that the reference to negotiations on non-tariff barriers had been replaced in the draft decision by trade negotiations but still remained in the text of the Protocol itself. Negotiations on non-tariff barriers were a new area of work for the CONTRACTING PARTIES and their prospective elimination on a discriminatory basis was a matter warranting serious attention.

Mr. SCHWARZMANN (Canada) expressed satisfaction with the important initiative taken by the developing countries to promote trade amongst one another. He nevertheless had some genuine concerns as to the departure which would be made from the most-favoured-nation principle. This departure was a novel approach and

fully warranted a careful examination of the terms and conditions under which the concessions were to be granted. In particular due consideration should be given to a possible departure from the most-favoured-nation principle as regards non-tariff barriers, because this would set a new precedent in GATT.

Traditionally, preferential arrangements had always referred specifically to the tariff. Non-tariff barriers, on the other hand, covered a wide range of different measures. Some of them were being applied non-discriminatorily; some were of questionable legality under the General Agreement; others again referred to balance of payments and the maintenance of the exchange rates. His Government had always been concerned over the compatibility of all those measures with the General Agreement. The whole matter was a very complex one with regard to which it would be difficult to make a quick judgment. It was, therefore, in the interests of all contracting parties that a careful study be made so as to ensure that the possible implications of a precedent would be minimized. At present, he could not fully approve the proposed decision, but was ready for further consultations.

Mr. PRADHAN (India) said that his delegation had been taken by surprise by the questions that had just been brought up in regard to the inclusion of non-tariff barriers in the negotiations. He thought that his delegation had made a suggestion in the informal contact group that had overcome this difficulty. Non-tariff barriers had been included in the negotiations in keeping with the objectives of the Programme for the Expansion of International Trade. He did not think any contracting party objected to the inclusion of non-tariff barriers in the negotiations, but only to the techniques and the manner by which they would be eliminated within the context of the Trade Negotiations Committee's future work. In this regard it was necessary to be realistic; after twenty-five years the CONTRACTING PARTIES had only just identified what constituted non-tariff barriers and were presently struggling to develop techniques to negotiate their removal. In that case, it seemed unlikely that the developing countries, themselves contracting parties, could now immediately undertake to negotiate on non-tariff barriers.

In any case, his delegation had suggested that the term "non-tariff barriers" not be included in the final decision by the CONTRACTING PARTIES, but that reference be made to "an exchange of tariff and trade concessions directed towards the expansion of mutual trade" - wording that had been agreed upon at the twenty-fourth session where the Trade Negotiations Committee was established.

The Trade Negotiations Committee would certainly take into account the views and interests of other contracting parties who would, in any case, have opportunity to review the operation of the Protocol and had access to adequate safeguards. He was of the view that any remaining difficulties might disappear once the CONTRACTING PARTIES had had an opportunity to see the redrafted version of paragraph 4 of the draft decision.

Mr. LUYTEN (European Communities) noted that at present the concessions exchanged were exclusively in the tariff field. In the view of the Community, preferences of that kind could cover the tariff field in the broad sense, namely the tariff and trade field. The fact of exchanging tariff concessions was not of much significance if their effect was nullified by other measures. If one could exchange tariff concessions in order to obtain a preferential advantage, then the other measures that would neutralize the advantage must be eliminated.

The speaker noted that the waiver concerned only Article I and that the CONTRACTING PARTIES had had a very precise interpretation of its provisions. The text of the Protocol was not under consideration, because the waiver decision was based on the draft decision, not on the Protocol. He asked what the Community's rights would be if, at a given moment, it considered that one or other of the signatories of the Protocol should not, or should no longer, be deemed to be a developing country.

Those points would have to be clarified in the record when a decision was made. It would be desirable, as some delegations had requested, to have a little more time for reflection, but the Community's position would not be changed if the principal parties concerned considered that the decision should be made in the current week.

Mr. APOSTOLIDIS (Greece) said that many of the difficulties seemed to stem from an inadequate understanding of the problem: the waiver request concerned not only the concessions included in a first stage, but also a particular scheme for trade liberalization, parallel to the trade liberalization attained within GATT. The Preamble to the Protocol constituted an introduction not merely to the concessions already exchanged, but to all the liberalization measures that should follow in the tariff field and in other areas of trade barriers.

Referring to some remarks made by other speakers, he pointed out that the principle of general liberalization, covering tariff and trade barriers, had been accepted by the participating countries because it was all the easier to eliminate barriers to trade where the countries concerned were at an equivalent level of development. Liberalization of world trade as a whole would be facilitated by liberalization achieved, in an initial stage, among countries that were at an equivalent level of development. He could not accept the idea that there was any discrimination. The elimination of barriers to the trade of certain countries only was not discrimination, but rather liberalization adapted to economic realities. That concept was to be seen in all the efforts made to date, and it was sufficiently concrete and clear to be taken into consideration within the framework of the GATT; moreover, Part IV recognized that principle.

The speaker pointed out that the amendment introduced in the Preamble and the reference to tariff and trade concessions eliminated all the technical problems.

Mr. KITAHARA (Japan) said that the work being done was very useful in the context of Part IV of the General Agreement, and that his delegation could accept the Indian proposal concerning the duration of the waiver. He hoped that a satisfactory compromise solution could be found to the difficulties still remaining; considering, however, that some delegations had not yet been able to define their position, he would support the idea that, if necessary, examination of the problems should be continued at the next meeting of the Council.

Mr. LAM (United Kingdom) expressed satisfaction that the question of possible accession of developing dependent territories had been made clear and said that applications from dependent territories should be considered on the same basis as applications from other developing countries. He had noted the statement made by participating countries in this regard and also welcomed the special provisions inserted with a view to assisting the least developed among the developing countries. His delegation was also satisfied with the statement made with regard to the Tripartite Agreement.

He agreed with the view of the representative of Greece that there might be circumstances where a net gain to world trade could result from the exchange of reciprocal concessions by developing countries outside the tariff field. On the other hand, there certainly would be situations where a trade diversion resulted from such concessions. There was therefore, sufficient cause for further consultation of this matter before a final decision was taken by the CONTRACTING PARTIES.

Mr. VALENZUELA (Chile) said that answers to the questions of some of the contracting parties had been given on behalf of the participating countries by the representative of India. He emphasized that all the efforts made by the participating countries to come to an acceptable solution with regard to the doubts expressed by some of the contracting parties had been made on the understanding that the decision they had requested would be approved during this session of the CONTRACTING PARTIES.

Mr. VEGA (Observer for the Philippines) expressed his surprise that complications had arisen in approving the draft decision. His delegation, in participating in the negotiations had, from the outset, been of the understanding that the terms of reference of the Trade Negotiations Committee embraced the field of non-tariff barriers. He referred to conclusions in a report of the UNCTAD Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries which showed that inter alia the preferential elimination of tariffs and non-tariff barriers among developing countries had been supported in principle by the developed market-economy countries and the socialist countries of Eastern Europe. He expressed the hope that the draft Protocol would be approved at this session so that it could immediately be implemented.

Mr. KOMAORE (Upper Volta) said that his country was not yet participating in the new scheme proposed by certain developing countries, but was prepared to approve the draft decision and the Protocol because the general principle underlying the General Agreement was the expansion of international trade and the development of all contracting parties. The problem was one of principle, and it was important to show resolve to reach a successful outcome. If GATT was to remain an international organization of interest to all countries, then, to the extent that its objectives were respected at international level, it must support any proposal tending to strengthen the position of the less developed contracting parties.

Mme ZAEFFERER DE GOYENECHE (Argentina), while recalling that her delegation had not been able to participate in the negotiations, expressed her disappointment at the attitude of some delegations. At this moment when international trade was menaced by protectionist initiatives and when everything achieved by GATT was in danger of being erased, the best way of recognizing that the spirit and aims of GATT still existed would be to approve the results of the negotiations among developing countries.

Over the years, the application of Article I of the General Agreement had been modified due to economic, political, and social realities which had been recognized by all contracting parties, as the adoption of Part IV had demonstrated. In this context, she urged the developed countries to reflect upon the circumstances facing the developing countries and to take a decision approving the Protocol during the twenty-seventh session.

Mr. BARRON (Observer for Mexico) said that his delegation shared the disappointment expressed earlier by the representative of the Philippines and other delegations over the intentions of the developed countries to postpone a decision on a point which was of fundamental importance to developing countries. He hoped that the developed countries would recognize the necessity of taking a decision during the present session, thus opening the way for the implementation of the concessions negotiated.

Mr. AMIN (Pakistan) recalled that at the twenty-third session the CONTRACTING PARTIES had recognized that preferences among developing countries, appropriately administered and subject to the necessary safeguards, could make an important contribution to the expansion of their mutual trade as well as to the attainment of the objectives of the General Agreement. After four years of work the Trade Negotiations Committee had come up with modest results. However, the results accomplished in 1947 by the twenty-three original GATT contracting parties had also been rather modest. The objective of the Trade Negotiations Committee was to initiate a continuing exercise leading to the ever-increasing expansion of trade among developing countries, which was one of the objectives of the GATT.

He was of the opinion that the replacement in the draft decision of the term "non-tariff barriers" by terminology which had been approved at the twenty-fourth session had largely eliminated the last point of disagreement. He called upon the goodwill and understanding of the developed countries in order that the CONTRACTING PARTIES could give their approval to the scheme during the twenty-seventh session.

Mr. STEWART (New Zealand) took the view that the Contact Group had been most useful in helping clarify some of the problems raised by the proposed scheme. Other issues had, however, remained obscure and the process of consultation should, therefore, continue. In particular, adequate time should be granted to governments to examine the detailed provisions of the scheme. His delegation was, at this particular stage, not in a position to take a decision.

Mr. ARCHIBALD (Trinidad and Tobago) reminded contracting parties that the Trade Negotiations Committee had been established by the CONTRACTING PARTIES with the specific mandate to conduct trade negotiations among developing countries. This had now been done. He also recalled that there had been unanimous appreciation of the importance of this exercise, which was dependent on the efforts of the developing countries themselves. It had been conceived as one of mutual benefit. Having regard to the objectives of the arrangements, to expand trade among developing countries through trade negotiations, it was impossible to apply the concessions to all developing countries on a most-favoured-nation basis. The Protocol made provision for the accession of least developed among the developing countries. In his view, the different levels of development existing among developing countries could not be taken into account if one had applied a most-favoured-nation principle. He approved of the principle of non-reciprocity to be applied to the least developed among the developing countries.

His delegation, when deciding to support the scheme of the developing countries, had had in mind that the general interests of the contracting parties, as a whole, had been taken into account.

Mr. KIRCA (Turkey) observed that, for reasons concerning the wording of certain phrases in the draft waiver and not its actual substance, GATT was on the point of suffering substantial delay in implementing the preferential scheme among developing countries. His delegation, as one of the most active participants in the negotiations, was well aware of the disappointment that developing countries would feel over the delay, and urged all delegations concerned to join their efforts in order that an agreement might be reached before the end of the session.

Mr. LINDENBERG SETTE (Brazil) recalled that in the informal contact group one developed country had expressed the view that an immediate decision in favour of the scheme would be too hurried and might reflect a lack of seriousness in approaching the issue. He pointed out that frequently both the letter and spirit of the GATT were being violated by developed countries without any corrective action being taken, and noted that a very small step forward by the developing countries was now being blocked by the developed countries.

Mr. SOLARI TUDELA (Peru) said his delegation was surprised by the situation. The developing countries had made various concessions to satisfy the requests of the developed countries on the understanding that a decision was going to be taken at this session. A new draft decision had been submitted on which there were practically no points of disagreement, with the exception of the distinction between tariff and non-tariff barriers. They thought agreement generally existed and believed that disagreement on this one item did not justify postponing a decision. In his delegation's view a final effort could and should be made to come to a compromise formula. He invited the representatives of the developed countries to reflect on the significance that a non-approval of this Protocol would have.

Mr. FOGARTY (Australia), speaking on a personal basis, expressed appreciation for the consideration given to the question of dependent territories by the Contact Group. He had taken note of the statement of the Chairman of the Group on this matter.

Mr. PANDELAKI (Indonesia) said that although his delegation had not participated in the negotiations due to technical difficulties, he strongly supported the scheme and urged the CONTRACTING PARTIES to approve the draft Protocol at the session.

Mr. PENA (Spain) stressed that there was general agreement as to the principles embodied in the Protocol. Only questions of detail that were of concern to some delegations were remaining. The subject was ripe enough for a final decision at this session.

Miss HARELI (Israel) hoped that delegations could agree with the text of the decision as it stood now. She recalled in this connexion the conclusion of the CONTRACTING PARTIES at their twenty-fourth session that the developing countries should try to expand their mutual trade through an exchange of tariff and trade concessions and thought that there could be no reason not to reaffirm this conclusion at the present session. Although she was aware that the field of non-tariff barriers was a complex matter which might need more thorough examination, she felt that this issue should not hold up the approval of the draft decision at the present session.

Mr. SANG YONG PARK (Korea) said that the Contact Group had been able to reach agreement on all points, except on one expression in the Preambular paragraphs to the draft decision. This expression was of a technical rather than legal nature. The wording contained in the re-draft of the draft decision (W.27/2) was consistent with that agreed upon at the twenty-fourth session.

He shared the position of other delegations in urging the CONTRACTING PARTIES not to postpone approval of the Protocol which represented a pioneer work on the part of developing countries. Any serious problems that might arise in the future could be dealt with under Article XXII of the GATT. He asked all contracting parties to approach the matter carefully and realistically.

Mr. MANSOOR (Egypt) said that the remarks made by representatives of some developed countries had caused him great disappointment. The CONTRACTING PARTIES had agreed that the work should be undertaken; furthermore, the presence of most of the developed countries at the meetings of the Contact Group had given the developing countries to understand that by arriving at a compromise solution they were reaching the end of their efforts. If the co-operation among developing countries could not be given concrete form by the CONTRACTING PARTIES at the present session, the hopes that those countries had placed in GATT would be disappointed.

Mr. DUNKEL (Switzerland) recalled that he would wish to see the arrangement cover the community of developing countries as a whole. Extension of the concessions negotiated to the other developing countries seemed to be the most direct way; it had been pointed out, however, that for non-participating countries such an extension might diminish their interest in participating in the Agreement and in negotiating. Although the Preamble now contained a provision calling for enlargement of the arrangement, he feared that a true balance had not yet been found between that interest and the conditions for entry as laid down in paragraph 14.

The speaker said that he had noted that the parties to the Protocol intended to make a declaration confirming their desire for the arrangement to be open-ended. He wondered, however, whether the question of the geographical extension of the arrangement should not be studied on the occasion of the review provided for in the waiver, at the end of five years, and he hoped that the time still available for reflection in the current week would be used for examining those problems.

Mr. TOMIC (Yugoslavia), noting the responsibility incumbent on the CONTRACTING PARTIES, said that it was understandable that some delegations had not yet been able to define their position, but he thought that the general feeling was favourable to the decision to be made concerning the very positive work that GATT had carried out during a difficult period.

In the view of his delegation, the delegations concerned should be allowed sufficient time for reflection and consultations; grave consequences would ensue, however, if the decision was not made before the end of the session.

The CHAIRMAN thought it was necessary to give delegates further time to consider this item. In his view, it was obvious that not only a technical, but also a political problem was being faced. Any decision would have political implications for the organization. The item would remain open for discussion until in his view the time for a decision had arrived.

2. Progress under Programme of Expansion of International Trade

Mr. SOLARI TUDELA (Peru) expressed his delegation's satisfaction with the work of the Committee on Trade in Industrial Products as regards tariff and non-tariff barriers. In their view the examination of non-tariff barriers should be done product by product, bearing especially on products of interest for the exports of developing countries. He also was appreciative for the Report of the Group of Three. The Group had done important work in defining the problems correctly. Their solution required a political will on the part of the developed countries to adopt the necessary measures. He also referred to the application of a surcharge to imports by the United States and Denmark which was an important setback for developing countries. He noted that in the case of Denmark, the measure did not prevent the implementation of the Generalized System of Preferences as of 1 January 1972 and he hoped that the Danish authorities would take the necessary measures to exempt imports originating in the developing countries from the surcharge. The measure taken by the United States was of greater concern to them, due to the large share of their trade with that country and because such a measure involved postponing the implementation of the Generalized System of Preferences. As the Group of Three had pointed out, this fact could jeopardize the whole Generalized System of Preferences. He hoped this matter would be considered with due attention by the Government of the United States. He also stated that the discriminatory practices which were still being applied by two highly developed countries and which were mentioned in the Report of the Group of Three, were inadvisable. These practices affected a number of developing countries, among them Peru, and should be promptly eliminated. He was pleased by the decision to keep the Group of Three in existence.

Mr. AMIN (Pakistan), expressed appreciation for the extensive work which had been done in the various Committees, but regretted that so little progress had been made in finding solutions. He expressed particular disappointment with regard to the lack of achievements to solve the trade problems of the developing countries. In the light of general frustration felt by these countries, it had therefore been a wise decision of the Committee on Trade and Development to set up the Group of Three to present proposals for concrete action in this field. He found the Report by this Group a valuable document and its recommendations precise and definite. The recommendations deserved serious consideration by the CONTRACTING PARTIES and offered an opportunity to take decisions in various areas. The implementation of these recommendations was urgent, as the trade problems of the developing countries were continuously aggravating. Concrete action was requested on a very short term with a view to abolishing the surcharges imposed by the United States and Denmark, the non-tariff barriers on products of interest

to developing countries and the discriminatory country classifications applied by France and the Federal Republic of Germany. Further, he stressed the importance of undertaking the recommended special study on textiles and the individual country studies.

The measures with regard to the elimination of non-tariff barriers should be taken before the end of 1972 in accordance with the provisions made in the International Development Strategy for the Second Development Decade.

In concluding, he requested that Part IV of the General Agreement be urgently accepted by the remaining three contracting parties, that its implementation should be made more meaningful and that where no action could be taken, notification should be given by the developed country concerned.

Mr. DELGADO (Senegal) said that the report of the Group of Three provided a concrete framework for action toward solving specific trade problems of developing countries. His delegation supported the recommendations on the four types of problems indicated in paragraph 8 and, in particular, those concerning vegetable oils and oilseeds (paragraphs 41-45). Concern was felt over the high duties applied by developed countries on vegetable oils, the difference in production prices and the competition from oils coming from developed countries. In the speaker's view, the problem was primarily one of price stability, and more specifically of stability of prices at a more remunerative level. Although that question was not basically within the purview of GATT, he believed that the problems were closely inter-related and hoped that concerted international action could remedy a situation that was alarming for a country like Senegal, 79 per cent of whose exports consisted of groundnuts and vegetable oils. A major effort seemed necessary, despite the inherent difficulties. The speaker referred to efforts made in other organizations and suggested that in the context of the activities of the Group of Three, more detailed solutions might be found.

The CHAIRMAN recalled that at the end of the Fourth Meeting he had tried to summarize the main elements of the constructive discussion of the work of the Committee on Trade in Industrial Products and its future activities. He had noted at that time that while there was much support for certain proposals on the additional work to be done on non-tariff barriers there remained some differences and that there was need for further reflection. His discussions with delegations since then indicated that somewhat more time was needed to reflect on the problems. He therefore proposed that the CONTRACTING PARTIES return to this matter later in the week.

With regard to the Group of Three he felt that the CONTRACTING PARTIES had welcomed the indication given by several contracting parties of measures under consideration by their governments to implement specific recommendations made by the Group. They had expressed the hope that contracting parties who had not yet completed their review of the Group's recommendations would do so as soon as

possible. Where governments had noted certain problems in adopting measures in pursuance of the specific recommendations addressed to them, they should consider individually and wherever necessary and helpful, in consultation with other contracting parties, what may be done to resolve these problems.

The Group of Three should be retained in order to ensure follow-up action of the Report. It should explore with contracting parties concerned the possibilities for dealing with difficulties connected with the implementation of its recommendations and the progress made in implementing them. In the light of discussions held in the relevant GATT Groups and Committees, the Group of Three might also make recommendations or suggestions aimed at facilitating the implementation of Part IV of the General Agreement. The Group should report, in the ordinary course, to the Committee on Trade and Development and the CONTRACTING PARTIES.

In the light of the recommendations made by the Group of Three and the views expressed by delegates the secretariat should compile for individual developing countries, information which would show the tariff and non-tariff barriers applying to its exports and the volume of trade covered.

As regards trade in tropical products he suggested that the proposals for consultations among all interested contracting parties, with a view to exploring the possibility of concerted action to liberalize trade in vegetable oils and oilseeds on a multilateral basis, should be pursued and the necessary initiative towards this end taken in the appropriate GATT body.

Turning to the Committee on Trade and Development he felt that in preparing for multilateral action to deal with specific types of non-tariff barriers, the Committee on Trade in Industrial Products and its various sub-Groups should continue to give particular attention to the special trade problems of the developing countries and to the resolution of these problems within the framework of the solutions worked out in these bodies.

Contracting parties should continue to pursue possibilities for such priority action to remove or reduce barriers affecting the trade of developing countries in both agricultural and industrial products as can be taken outside the framework of the multilateral solutions being worked out in the main GATT Committees.

The meeting adjourned at 18.00 hours.