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GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUMMARY RECORD OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva,
on Monday, 6 November 1972, at 10 a.m.

Chairman: Mr. G. SMOQUINA (Italy)

Subject discussed: 3. Expansion of International Trade

Expansion of International Trade

Mr. BARVE (Kenya) believed that GATT's activities should be reoriented towards promoting a rational international division of labour through the necessary adjustments in the economies and production structures of developed countries. Such readjustments were a prerequisite for the diversification and expansion of the exports of developing countries and for their wider access to the markets of the developed countries.

The benefits of the Generalized System of Preferences to developing countries were being unduly restricted by various limitations imposed in some of the schemes. The imposition of stringent sanitary regulations and internal duties by some developed countries was hampering the expansion of exports of agricultural and tropical products by developing countries. In the case of Kenya horticultural products were also affected. He considered that the lack of progress in the implementation of recommendations in the field of tropical products was very disappointing.

Kenya welcomed the future multilateral trade negotiations and the participation therein of non-GATT countries, but developing countries needed to know the scope and objectives of the negotiations for deciding whether to participate and how to prepare for their participation. The negotiations should focus on increasing the benefits to the trade of developing countries and should not be a substitute for nor cause serious erosion to the Generalized System of Preferences. In the view of his delegation the setting up of a working party to prepare the negotiations and the prompt elaboration of a time-table would be useful.

Developing countries like Kenya maintained as liberal trade policies as was possible in their circumstances. Sometimes, however, some developed countries questioned their trade régimes, in spite of the fact that they were conditioned by developments in other developed countries. Developed countries should rather co-ordinate their policy towards developing countries. In this connexion, he asked why Part IV of the General Agreement had not yet been accepted by all contracting parties.

Sir Frederick MASON (United Kingdom), after referring to the reduced growth rate in the volume of world trade last year, emphasized that the contracting parties should not take for granted the accelerating growth in world trade, but that they should exert a continuing effort to tackle the present problems rationally and constructively. That this was being done in GATT was shown by the parallel progress made in the three areas - industrial products, agricultural trade and the trade of developing countries. The collection of information in GATT was impressive, not only in the agricultural field, but also on tariffs, and the latter would serve as a basis for establishing tariff negotiating techniques. The approach through the study of techniques and modalities provided a particularly valuable basis for the work to come in preparing the multilateral negotiations.

He also felt that throughout this work the special interests of the developing countries had been kept fully in mind and he did not see the interests of developed and developing countries as being distinct, but in relation to many particular commodities and trade barriers the interests of both groups of countries were involved. He felt that it was not appropriate that it should be left to the developed countries to determine the shape of the negotiations and then for the developing countries to be left with the decision whether they would take it or leave it. Rather, through a mutual process of clarification both the developed and developing countries would take account of each others' interests and objectives and move towards agreement on the shape of the negotiations. The real problem was, therefore, the finding of a structure for the negotiations which would serve the interests of both groups of countries and world trade generally.

Mr. de SIQUEIRA FREIRE (Portugal) said that the moment had come when it would be appropriate to broaden and co-ordinate the discussion on the basis of the data collected in the inventories. The question was not in any way one of undertaking hastily definitive commitments, but rather a matter of taking advantage of existing opportunities.

His delegation was aware of the importance of the phase which must precede any major negotiation. The nature of the barriers, the specific objectives of the negotiations and the techniques and modalities were related, the more so as the negotiations were supposed to include trade partners at widely

differing levels of development or belonging to different social and economic systems. As regards the guidelines that would need to be established with a view to continuing the work of the Committee on Trade in Industrial Products and the Agriculture Committee, he noted that it would be unrealistic to believe that the future work of the committees could usefully be pursued except by a process of gradual approximation. Such a course would require the establishment of a free flow of information both ways as between the committees and the work done elsewhere at the level of a broader confrontation of ideas and coordination. A few approach criteria that would be objective, simple, of general applicability and limited in number could conceivably be agreed to. The first would be to identify in the inventories the barriers and the techniques and modalities that must inevitably be the object of thorough discussion or be taken into account, regardless of the way the matter would be settled in the last instance in the negotiations proper. The second such criterion would be to identify those cases where action should be taken with respect to the effects rather than the barriers themselves by relying on codes of conduct or appropriate machinery for international consultation. The third criterion would be to identify those techniques and modalities involving a multiplier effect to the extent that their adoption would make it possible to do without a whole range of other measures which would at once and by the same token become entirely unnecessary.

Mr. EL GOWHARI (Egypt) stated that his delegation viewed the forthcoming trade negotiations as a useful instrument for the liberalization of trade despite the shortcomings experienced in the Kennedy Round negotiations, and specifically in so far as it would help accelerate the expansion of trade and the dismantlement of barriers to the export trade of developing countries. His delegation welcomed and appreciated the new flexible attitude of GATT shown in the invitations to non-GATT developing countries to participate in the forthcoming negotiations.

Egypt shared the view that progress should be gradual, without aiming too soon at objectives or rates of progress that would not be feasible in the short term. His delegation felt, like many other developing countries, that when the initiators of these negotiations had defined their objectives clearly, developing countries, including his own, would accordingly be enabled to define their position. He emphasized that proceeding gradually should not be interpreted as a slowdown in progress of the work or as a postponement of the definition of objectives.

His delegation had found very interesting the proposal for the setting up of a preparatory committee but would appreciate some clarification on its future rôle which should not, at any rate, hinder or overlap with the work of the existing committees. Regarding techniques and modalities, his delegation felt that new techniques and methods should be sought to fill in the gaps evident in earlier

rounds of negotiations. Previous rounds, in effect, had not embraced the non-tariff barriers which had proved to be a great impediment to the expansion of world trade. His delegation was, therefore, inclined not to effect any dichotomy as far as the application of tariff and non-tariff instruments were concerned; instruments of negotiations in his delegation's view, should all be comprehensive and used in all or in part at the option of delegations.

His delegation appreciated the work achieved by the three committees which had provided very valuable, if somewhat abstract, information. The work achieved, however, was still in its preliminary stages but had proved to be useful and stimulating. They also were appreciative for the report of the Group of Three and endorsed the view that concrete action should follow from the recommendations put forward by the Group.

Mr. TAK CHAE HAN (Korea) stated that ad referendum solutions on non-tariff barriers problems had been formulated by the Working Groups of the Industrial Committee and that the time had therefore come to pursue the matter positively through concrete action by governments. Also the question of safeguards deserved the immediate attention of the CONTRACTING PARTIES and it was hoped that the Industrial Committee would further elaborate the implications of the various safeguards for international trade. His delegation shared the view that Working Group 1 should take up countervailing duties, while Working Group 4 should examine quantitative restrictions and export restraints simultaneously.

He expressed gratitude to the Group of Three for the efforts made in identifying various urgent problems facing developing countries and endorsed the recommendations contained in paragraph 46 of the Report. It was encouraging to note that some developed countries had made considerable efforts to implement the recommendations of the Group - and it was hoped that the developed contracting parties would make further effective efforts to implement the relevant recommendations by the Group, in compliance with the spirit of Part IV of the General Agreement. His delegation favoured the renewal of the mandate for the Group of Three so that it could effectively follow up the implementation of the various recommendations.

Mr. WILLENPART (Austria) referring to the work of the Industrial Committee pointed out that tariffs, non-tariff measures and safeguards were closely inter-related. Solutions in one field would be dependent on solutions in other fields and the effects of possible solutions in those closely connected areas should be further explored.

Regarding the work on ad referendum solutions to the problems raised by selected non-tariff measures, he said Austria had already initiated the examination of the two texts on automatic licensing and licensing to administer import restrictions and of the text concerning valuation for customs purposes. Austria also favoured the implementation of ad referendum solutions before the conclusion of the coming negotiations.

Austria supported the proposal, contained in paragraph 76 of the report, that contracting parties notify changes of licensing systems when the annual notifications were made on import restrictions.

His delegation also favoured referring other topics to the working groups for drawing up ad referendum solutions and the examination of countervailing duties as well as of quantitative restrictions and export restraints.

He emphasized the importance of the question of the adequacy of existing safeguard provisions in the forthcoming negotiations. On the basis of the material produced by the secretariat existing provisions should be examined and adjusted to the requirements of a rapidly increasing world trade, so as to find a balance between future progress in liberalization of world trade and satisfactorily working safeguard mechanisms.

Further work to be undertaken on the Tariff Study would facilitate the assessment of the implications of the various possible techniques and modalities for future negotiations.

He expressed again the Austrian view that agricultural policy and the various measures applied must be regarded as a whole. Action on agricultural tariff and non-tariff barriers therefore should take place simultaneously.

The report of the Agriculture Committee contained a survey of various techniques and modalities with a fairly comprehensive list of possible approaches for the forthcoming negotiations. His delegation accepted the idea of taking up pilot studies in order to clarify the practical effects of possible measures.

Referring to the trade of developing countries, he pointed out that Austria had made further efforts to provide improved market access for products of developing countries. It had put into force its general scheme of preferences which covered not only finished and semi-finished products but also a number of primary commodities. Austria had also put into force a law providing under certain conditions for imports of handmade products duty-free or at reduced rates of duty.

His delegation shared the view that in the forthcoming negotiations special attention should be paid to all obstacles concerning trade in tropical products, which in Austria were already fully liberalized and were imported free of duty or included in the preferential scheme.

The report of the Group of Three, contributed further to the understanding of the problems of developing countries. As a consequence of consultations with the Group of Three, it had been possible in many cases to take action in accordance with their recommendations.

Regarding the rôle to be played by developing countries in the forthcoming negotiations, Austria believed that developing countries, whether members of GATT or not, should participate fully in these negotiations and in the preparatory work, with special attention being given to their problems. In this connexion the Group of Three could play an important rôle.

His delegation welcomed the interest shown by non-GATT developing countries in the forthcoming negotiations.

Mr. DUNKEL (Switzerland) stressed the importance that his Government attached to increasingly active participation by the developing countries in the work of the Committee on Trade in Industrial Products and the Agriculture Committee. Those Committees could not carry out their terms of reference unless they dealt with the basic need for greater integration of the trade of the developing countries into world trade.

The work of the Committee on Trade in Industrial Products, as a result of the mere fact that from now on it covered a very wide range of measures and practices, was advancing the stage where it would be possible to make a general assessment of the feasibility of further progress in the dismantlement of tariff and non-tariff barriers.

As regards the techniques and modalities for negotiation that could be envisaged in the area of measures whose effect on the volume of trade could be quantified, he noted that in view of the past experience in this field, further endeavours should be addressed to the choices to be made between the various alternatives with which governments were at present confronted. Such options would be considerably easier if governments had available to them sufficient data to assess the modalities and possibilities of co-operation that would make it possible to eliminate the restrictive effects on trade of non-tariff measures whose repercussions on trade flows were more difficult to quantify. His delegation fully supported the suggestions in the report of the Committee on Trade in Industrial Products that the studies on topics such as standardization should be further elaborated and that the Committee's work should also be extended to cover a further range of non-tariff measures.

Thus, governments would also be better equipped when the time came to determine another aspect of the work now being done, namely what should be the nature of the safeguards. Such safeguards could not be designed per se, because if such was to be the case then there would be a great temptation to frame them in a way that would facilitate decisions of principle with a view to increased liberalization in the tariff and non-tariff fields, but which would deprive them of any practical effects. He stressed the need to strike a satisfactory balance between progress in the elimination of barriers to trade and the safeguards.. Such an approach might at the same time create conditions propitious to the elimination of independent or bilateral measures, the proliferation of which would be likely to jeopardize the overall objectives, in the attainment of which it was just as important to place the existing situation in international trade on a sounder basis as to achieve further progress in dismantling barriers to international trade.

The idea of placing trade on a sounder basis should also be taken into consideration as regards agriculture. It seemed, indeed, that instead of fixing unduly ambitious objectives that did not make sufficient allowance for the specific circumstances obtaining in agriculture, it would be better to proceed by successive approximations. He wondered whether many of the import restriction measures which existed in agricultural trade had not been introduced just as much to counteract the unfavourable effects of a certain degree of disruption in the international agricultural market as to protect domestic production. In that case, it would be necessary to attempt to identify and single out those measures, together with those practices that had given rise to their introduction. The ground would then have been prepared for co-ordinated action leading to their elimination. In particular, this approach could be taken into consideration by the Agriculture Committee if it was to undertake pilot studies. In any case, the Committee, in attempting to determine the practical scope of the techniques and modalities for negotiations in the agricultural sector, would be called upon to study the motivations for the policies and practices applied to trade in agricultural products.

Mr. SAMARANAYAKE (Sri Lanka) welcomed the joint declarations on international economic relations made by some major trading nations, and hoped they would lead towards trade liberalization and meet the special needs of developing countries. The consideration of techniques and modalities had been done without commitments on the part of governments. The work had, thus, proceeded in a theoretical framework. A clear definition and scope of the future negotiations was needed. The developing countries would be unable to put forward specific proposals before the objectives became clearly known to them. The success of the session would depend on whether it would be possible for the developed countries to agree on a clear policy directive.

In the field of agriculture, no new techniques and modalities suitable for developing countries had been proposed. It was necessary to know whether processed and semi-processed agricultural products would be included in the negotiations and to what extent agricultural products of interest to the developing countries would be covered. Both tariffs and non-tariff barriers should be eliminated on a preferential basis. Production support measures, as well as subsidies to the agricultural production of developed countries, should also be dealt with in the negotiations.

He was very disappointed by the inactivity in the field of tropical products for nearly a decade. The problem areas in this field concerned tariffs, quantitative restrictions, internal charges and selective taxes, and market stabilization measures. One of the objectives should be the elimination of tariff escalation on tropical products. This was of particular importance in the field of vegetable oils, where escalating duties protected the crushing industries in certain developed countries. As indicated in paragraph 58 of the report of the Group of Three, the CONTRACTING PARTIES should give full regard to the recommendations on oilseeds, oils and fats made by the Inter-Governmental Group of the FAO in February 1972. Escalating duties were also important in respect of tea, since the processed forms of tea were subject to higher duties than those applied in bulk tea. A similar situation was faced by the new processed forms of natural rubber in the markets of certain developed countries.

Tropical products could be exempted from general consumption taxes like the TVA, as had been proposed in the Special Group on Tropical Products. He was in full agreement with the recommendation of the Group of Three concerning advanced implementation of the measures relative to tropical products, as over 90 per cent of the foreign exchange resources of Sri Lanka came from tea, rubber and coconut products. These foreign exchange resources had increased by only \$13 million between 1950 and 1970, while the volume of exports had increased by about 25-30 per cent. In the same period the population had increased from 7 1/2 to 12 1/2 million inhabitants. The future multilateral trade negotiations should give particular attention to the situation of countries such as Sri Lanka, whose economies were dependent upon a small number of basic commodities.

Action was also necessary concerning the elimination of quantitative restrictions on tropical products, as well as for the adoption of market stabilization measures, but commodity arrangements alone did not meet the problems of tariff escalation and non-tariff measures which restricted the trade of developing countries.

The country studies and technical data being compiled by the secretariat on behalf of developing countries were useful. Developing countries needed this assistance to be able to ascertain the ways and means available to them in connexion with the future negotiations, and to assess the hazards and advantages involved in them.

Mr. BENES (Czechoslovakia), referred especially to discriminatory quantitative restrictions, which had been his country's main concern for some twelve to fifteen years. He stated that this problem could be solved in the most simple way, namely by adhering to the rules of the General Agreement. But, since simple solutions were not always easy to arrive at, Working Group 4 of the Committee on Trade in Industrial Products had concentrated first on the less cumbersome question of licensing procedures. He had been surprised, however, at the difficulties in obtaining a confirmation of the general rule of non-discrimination in this field, because of the position of certain delegations seeking further exceptions to this basic rule.

He then explained why he attached importance to the problem of non-discrimination. In the case of automatic licensing systems discriminatory between sources of imports, importers would prefer to buy from countries, the imports of which would not be subject to licensing, unless they found compensation for the more cumbersome procedure in lower prices. Thus, the discrimination in import licensing constituted in practice a pressure on import prices. On the other hand, lower import prices were usually given as a reason for maintaining discrimination. The best way of solving this problem would be the complete elimination of any discrimination - not allowed under GATT - and finally the elimination of any unnecessary quantitative restrictions. His delegation therefore, fully subscribed to the decision of the Industrial Committee to take up quantitative restrictions, including embargoes, and export restraints in Working Group 4.

In the field of tariffs, he favoured the idea of a complete elimination of tariffs between developed countries as an ultimate goal, with the possible use of the sector approach, but on the understanding that the interests of the developing countries were fully taken into account and safeguarded.

He stated, in connexion with the work of the Committee on Trade and Development, that his delegation supported all actions devoted to the improved access of developing countries' exports to other markets on the basis of non-reciprocity as foreseen in Part IV of the GATT.

As regards Czechoslovakia's participation in the forthcoming multilateral negotiations, he concluded that it was ready to continue to participate in the preparatory work towards further liberalization of world trade, although his

Government had not yet taken any final decision regarding its participation in the negotiations. Such a decision would depend on the concrete scope and objectives of the negotiations.

Mr. KIRCA (Turkey) said that the work done by the various GATT bodies seemed to him to be of fundamental importance for the achievement of the common objectives, namely the expansion and liberalization of international trade. Valuable work to that end had been done by the Committee on Trade in Industrial Products. The discussions in that Committee on the subject of the techniques and modalities that might be employed during the forthcoming negotiations had been most useful and had, for example, provided guidance for the work which the Turkish Government proposed to undertake at the national level with a view to defining its attitude towards the future negotiations. The ad referendum solutions evolved in respect of customs valuation and licensing systems were evidence of the will to arrive at mutually acceptable solutions. His delegation hoped that the non-tariff measures chosen by the selective method would also be the subject of satisfactory ad referendum solutions. Those joint efforts should as far as possible be directed towards the non-tariff measures that created real difficulties for the expansion of trade.

The report of the Agriculture Committee was once again evidence of the complexity of the problems in that sector, and he hoped that the Committee, while basing itself on the work it had already done, would devote its attention henceforward to practical problems, with a view to identifying elements likely to be used in the forthcoming negotiations.

He noted with satisfaction that the problems of the developing countries were beginning to be a subject of major concern to the two committees. He thought that a more practical approach was desirable in order to arrive at a proper evaluation of the difficulties of those countries, and referred to the importance attached to the technical help given by the secretariat in that connexion.

In his delegation's view, the Committee on Trade and Development should direct its activities towards the practical solution of the various problems of the developing countries and should undertake more responsibility in that regard during the crucial phase that was now opening.

With regard to the report of the Group of Three, the Turkish delegation considered that the method of work adopted by that Group was promising.

His delegation welcomed the measures taken to ensure that countries that were not yet GATT contracting parties participated fully in the preparatory work. Another important problem was that of the effective participation of the developing countries as a whole in the preparatory work, and subsequently in the negotiations proper. The developing countries had not been able to participate fully in the

preparatory work. To a great extent that was due to the absence of clear information about the scope and objectives of the future negotiations. He hoped that at the present session it would be possible to define the main political guidelines that would open the way to active participation by all the developing countries in the process that was already under way.

Mr. CHAVARRI (Spain) stated that a decision on his country's participation in the future multilateral negotiations was dependent upon the definition of their scope and objectives and the special techniques and modalities that would govern the participation of developing countries. He believed these views to be shared by other developing countries.

His delegation supported the initiative to create a committee for preparing the future negotiations which should co-ordinate all relevant activities in this field and thereby avoid unnecessary duplication. The Committee should be open to all countries wishing to participate. In the preparatory work special attention should be given to the examination of safeguard measures and the extent to which such measures could contribute to the expansion of trade.

He also referred to the signing of the Protocol of Trade Negotiations among developing countries which had had an important significance as it had broken new ground. He stated that the process of its ratification by Spain was to be concluded shortly.

With regard to the Group of Three he stressed the important rôle the Group could play in the preparation of the future negotiations. Spain supported its activities and the content of its report.

Mr. TOMIC (Yugoslavia) said that although much remained to be done, the work already done by the Committees was appropriate for moving on to a more concrete stage of preparing the objectives of the international trade negotiations. In the future work, it was important and a matter for priority to attain the principles set forth in the report of the Committee on Trade and Development, particularly in paragraphs 17 and 18 concerning the participation of developing countries in the trade negotiations. It was absolutely necessary to define the objectives of the negotiations, and to see what effective benefit the developing countries could secure in order to facilitate their development and increase their participation in world trade, and what were the prospects for access of their products to the markets of developed countries, on a stable basis and in the long term. The techniques and modalities of the negotiations would have to be clarified, as would questions concerning generalized preferences, non-reciprocity and non-discrimination; in addition, certain fundamental rules that were no longer justified and were adversely affecting developing countries would have to be re-examined. Once the objectives had been defined more clearly, Yugoslavia would be able to re-examine

the advantage for it of participating in the negotiations. The Yugoslav delegation strongly supported the participation of developing countries that were not contracting parties, in the preliminary work as well as in the coming multi-lateral negotiations.

With respect to the techniques and scope of the negotiations, the Yugoslav delegation was convinced of the need to continue with the identification in greater detail of the problems of eliminating and substantially reducing customs duties, and to select non-tariff barrier areas that could be the subject of negotiation. That work must be carried on by the Agriculture Committee and the Committee on Trade in Industrial Products.

Yugoslavia's production and exports of various agricultural products to certain European countries had already been substantially affected. Countries could protect their production, but conditions of long-term stability for deliveries must be established. The inclusion of agricultural products in the trade negotiations was of major importance.

With respect to industrial products, it was desirable that countries that had not yet implemented the Generalized System of Preferences should do so, that products not covered by the schemes of certain countries should be included therein, and that any necessary improvements should be made in the machinery to ensure that the system operated to the advantage of developing countries. In the negotiations, the question would arise of the margin of benefit accruing under the Generalized System of Preferences in relation with the new concessions granted.

The Yugoslav delegation believed that the Group of Three should continue to seek solutions to the questions raised in the consultations and should raise new questions concerning the future trade of developing countries in relation with developed countries.

Mr. NAIK (Pakistan) stated that the main task of the Committee on Trade in Industrial Products and the Agriculture Committee had been to examine various techniques and modalities for the future trade negotiations covering both industry and agriculture and tariff and non-tariff barriers, paying special attention to the particular trade interests of the developing countries. This work had not yet provided the technical base from which the necessary decisions could be taken to launch the negotiations. The CONTRACTING PARTIES should, therefore, spell out clearly the intended objectives of the multilateral trade negotiations and their scope and coverage, as well as the particular lines along which benefits would be provided to the developing countries.

As regards industrial products the developing countries looked to those negotiations to provide, inter alia, duty-free entry for their export products, elimination of tariff escalation with the degree of processing, advanced implementation of any phased tariff reduction on products not covered by the Generalized System of Preferences and on a preferential basis, non-reciprocal

grant of concessions by developed countries and special treatment in the matter of non-tariff barriers affecting their exports. The tariff preferences accorded under the Generalized System of Preferences should be maintained with any loss of preference being compensated.

The representative of Pakistan expressed the hope that any guidelines for future work provided by the CONTRACTING PARTIES would adequately reflect the provisions of Part IV of the GATT as this would help evolve special techniques and modalities for the participation of developing countries, and would open the way for the participation of a larger number of developing countries, non-members as well as contracting parties to the GATT. In his view, one way to enhance the utility of the papers on the implications of the various techniques and modalities for developing countries would be to illustrate the practical application of various techniques with reference to specific products of particular interest to the developing countries, both industrial and agricultural, including processed and semi-processed products.

As regards the question of safeguards, he emphasized that adjustment assistance measures should be taken in preference to escape-clause action and that there should be an internationally defined objective economic criteria and an appropriate international consultation procedure to guard against any unjustifiable escape-clause action. The particular trade situation of developing countries should also be taken into account in the elaboration of ad referendum solutions to problems raised by certain selected non-tariff barriers already under consideration in the Working Groups of the Committee on Trade in Industrial Products or which may be entrusted to them in future. The illustrative list of non-tariff barriers should be up-dated and no measure should be excluded from the work of the Committee.

The representative of Pakistan observed that the modest recommendations made by the Group of Three in its first report had, in many cases, not been implemented by the developed countries. He reiterated his delegation's support of the recommendations, particularly those concerning removal of import restrictions, trade liberalization in the field of tropical products, and improved access for temperate zone products such as fruit and vegetables. His delegation also supported the recommendations for easier access for new and speciality items of the developing countries and assistance to them in the field of trade promotion and in complying with technical regulations applied by the developed countries.

The representative of Pakistan suggested that besides its present functions, the Group of Three could be usefully assigned an advisory rôle on behalf of the developing countries in the context of the future multilateral trade negotiations.

Mr. LUNA (Peru) considered the work done by the Committee on Trade in Industrial Products and the Agriculture Committee to be valuable for the future trade negotiations. It was clear from the discussions held that the future negotiations would have an effect on the Generalized System of Preferences. Further studies should be undertaken to examine the implications for developing countries of the various techniques and modalities. Such studies should, in the first place, refer to groups of countries and to products of interest to developing countries, included or not in the Generalized System of Preferences, grouped by sectors. These studies should also deal with tariff escalation problems.

Before further work could proceed it was necessary for the CONTRACTING PARTIES to define the scope and general objectives of the negotiations, keeping in mind the trade interests of developing countries. On the basis of the ad referendum solutions already elaborated in GATT and of the tariff study, new more concrete steps could be undertaken by the Committee on Trade in Industrial Products and the Agriculture Committee. A decision on the participation by his country in the negotiations, as well as the elaboration of special techniques and modalities for the developing countries, was dependent upon the political definition of objectives to be made by the CONTRACTING PARTIES.

He supported the recommendations of the Group of Three and expressed the hope that they would be implemented shortly.

Mr. AWUY (Indonesia) drew attention to the concern of the developing countries with respect to the evolution of their trade. An analysis of the trend in international trade revealed that in 1971 the increase in export earnings of developing countries and the stability of the share of those countries in world exports had been mainly attributable to exports of petroleum; the unfavourable trend in exports by non-petroleum producing countries had therefore continued during the past decade. In addition, the dependence of primary producing and exporting developing countries on the economic activity of industrialized countries had again been demonstrated in 1971. It was necessary to improve that unfavourable situation through appropriate policy measures. The reports of the Committees were helpful for determining which policy measures were necessary.

The Group of Three should continue its work. Although the results achieved fell short of the expectations of the developing countries, the Group had discharged its task effectively. In addition to the removal of trade barriers, the sharing of markets in developed countries for products of interest to developing countries could also contribute substantially to increasing their export earnings. The principle of a sharing of markets was of great interest to developing countries and the Indonesian delegation suggested that the Group of Three, in collaboration with the International Trade Centre, should consider exploring in consultation with the developed countries, either individually or as a group, the possibilities of sharing markets.

Referring to the report of the Committee on Trade and Development the Indonesian representative drew attention to paragraph 11 and invited developed countries to see to it that specialty products for which processing methods were rather simple and not protected by patent rights, were not produced or imitated in their countries.

In their reports, the Committee on Trade in Industrial Products and the Agriculture Committee had put forward many techniques and modalities and indicated their other implications. The fruits of their work were perhaps too theoretical to allow the contracting parties, in particular developing countries, to make appropriate selections in a limited time, especially since the objectives were not clearly defined. Whatever the techniques or modalities used, account should be taken of the need to improve the trading position of the developing countries and to ensure broader access to markets of developed countries for primary products, especially tropical products.

It was difficult for the Committees to continue their work unless the objectives of the negotiations were clearly defined, and the Indonesian delegation hoped that the CONTRACTING PARTIES at the current session would be able to define in concrete terms the principles and objectives of the forthcoming multilateral negotiations and the time framework. With respect to future work, it supported the Director-General's proposal to set up a preparatory committee to facilitate the negotiations and welcomed the fact that countries not party to the General Agreement would be taking part in all the stages of the multilateral trade negotiations.

Mr. HERRERA (Ecuador) expressed satisfaction with the possibility afforded to non-contracting parties, such as Ecuador, to participate in the preparations for the negotiations. He expected that this would also be reflected in the adoption of special techniques and modalities for negotiating by non-GATT countries. The objectives of the future negotiations as well as the status in the negotiations of non-contracting parties, should be determined without delay. He agreed with the suggestion made that the CONTRACTING PARTIES should at this session draw guidelines for the future work of the Agriculture Committee, the Committee on Trade in Industrial Products and other technical bodies of the GATT. He expected that the Committee for the preparation of the negotiations would also be open to non-contracting parties.

Mr. PRYOR (Australia) expressed support for the continued efforts of the three Committees to examine ways to further liberalize trade within the Programme for the Expansion of International Trade. He expressed satisfaction that preparatory work had been carried out in each of the three committees. He felt that progress in the preparatory work on agricultural and industrial trade should be balanced and that the trade interests of developing countries be reflected in that work.

His delegation welcomed the active participation of developing countries in the preparations for the negotiations. This was necessary to ensure that the techniques and modalities of the negotiations would be drawn up so as to take account of their needs and circumstances. All countries, including the developing countries, would be obliged to work out in advance what they individually wanted from the negotiations.

For that reason, his delegation supported continued technical assistance by the secretariat to developing countries to assist them to participate actively in the further work. Obviously the preparations should be such as to provide reasonable hope that all would benefit from the negotiations.

He went on to comment briefly on the work done by the Committee on Trade and Development and particularly the Group of Three, in seeking to advance the trade interests of developing countries in a realistic and practical way. The developing countries as a group had not shared fully in the overall growth of world trade, partly, no doubt, due to their heavy dependence on exports of primary products. The Group of Three and the Group on Residual Import Restrictions had highlighted the particular trade problems of developing countries on which early action by contracting parties was highly desirable. His delegation believed there was scope for residual import restrictions on products identified as of interest to developing countries to be modified or abolished. Australia agreed that insufficient progress had been made in reducing trade barriers on tropical products, and that high consumption taxes on such products called for continual review. His delegation would be pleased to see the Group of Three continue its work on problems of that type.

He commented on the considerable progress made by the Committee on Trade in Industrial Products in the past year. Some aspects in that work had reached the stage where to progress further would be to enter into the area of negotiations, so that, in some sectors appropriate decisions by the CONTRACTING PARTIES were called for. He welcomed the detailed examination of non-tariff barriers through the compilation of an inventory and through the activities of Working Groups. His delegation believed that the work of the Committee's subsidiary Working Groups in preparing a number of draft codes on topics such as standards and import licensing procedures would greatly facilitate the forthcoming negotiations. Australia supported the continuation of work to finalize draft codes on these subjects and on additional ones in due course.

Substantial preparatory work had also been completed on techniques and modalities. The Tariff Study in particular would assist contracting parties in exploring various possible approaches to future tariff negotiations. The Industrial Committee had commenced a study of that question in detail, and he urged that no technique should be excluded which might enable a participant to make a positive contribution to the negotiations.

As the movement continued towards a freeing of world industrial trade, the question of safeguards would become of increasing importance, and he saw a need for the work on this subject to be intensified.

His delegation fully endorsed the view of the Agriculture Committee that it needed guidelines from the CONTRACTING PARTIES to facilitate its further work as the preparatory work was already well advanced. He saw the next step as a closer identification of techniques for negotiation and considered that the only way open to achieve further progress was to undertake pilot studies on a commodity-by-commodity basis with the aim of examining the application of particular techniques to the problems facing each commodity or group of commodities.

Along with all other interested parties, his delegation was disappointed at the relative failure of previous rounds of GATT negotiations in the agricultural field to deal adequately with barriers to the expansion of world trade in agriculture. As a major agricultural exporter, Australia hoped the forthcoming negotiations would pave the way for new initiatives leading to reduction in the various barriers to access to agricultural products and thus to an expansion of world trade in agriculture.

The meeting adjourned at 13.00 hours.