

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/8  
8 July 1965

Limited Distribution

---

Committee on Trade and Development

## REPORT BY THE SECRETARIAT

### I. Reports relating to implementation of Part IV

In document GATT/AIR/452 attention was drawn to the reporting procedures adopted by the Committee with a view to ensuring effective implementation of the provisions of the new Part IV of the General Agreement. In that document governments were asked to submit reports under points (i) and (ii) of the procedures set out in paragraph 11 of document L/2410. The following reports have been received by the secretariat:

#### Austria

##### "Ad paragraph 1(a) of Article XXXVII:

Even before the elaboration of the new Part IV, Austria has always endeavoured, to follow, as far as possible, the objectives of the General Agreement with respect to the developing countries. This attitude has, in particular, been responsible for the accelerated realization of the Austrian liberalization programme, the last step of which had been advanced in order to become effective on 1 October 1964.

"By these measures existing quantitative restrictions have been removed from many products of particular export interest to developing countries. As a result, the access of developing countries to the Austrian market has been considerably increased. The reduction and elimination of import duties for coffee and tea which have been notified to the secretariat on earlier occasions, has also been in order to take into account the export interest of developing countries. As to further measures, which should be considered after the Declaration on the de facto implementation of the provisions of Part IV has become effective, the Austrian authorities hold the view that the Kennedy negotiations constitute the framework for such measures. The Austrian authorities are, therefore, ready to take the interests of developing countries into account to the fullest extent possible by means of tariff reductions in the course of the Kennedy negotiations.

"Ad paragraphs 1(b) and (c)(i) of Article XXXVII:

Austria has complied with the standstill provisions of these paragraphs.

"Ad paragraph 3(a) of Article XXXVII:

No measures referred to under this paragraph have been taken. In principle, the Government has no authority under the Austrian legislation to influence trade margins.

"Ad paragraph 3(b) of Article XXXVII:

The Austrian authorities endeavour to improve the export possibilities of developing countries in collaborating with the International Trade Centre."

Finland

"(i) Finland has nothing to notify under Article XXXVII, paragraph 2(a).

"(ii) Paragraph 1 of Article XXXVII:

When gradually planning future liberalization measures relating to import restrictions (removal of quantitative restrictions and global quota expansions), the interests of the developing contracting parties will be constantly borne in mind. The concrete results of these liberalization measures will be notified at a later stage.

"Paragraph 3(b) of Article XXXVII:

As to the adoption of measures designed to provide greater scope for the development of imports from developing contracting parties, Finland has, jointly with the other northern countries, issued a proposal for negotiations aiming at liberalization of barriers to trade in tropical products (see document TN.64/W.4)."

United States

"This is the first such report prepared since the signature of Part IV. It will review the twelve-month period since the submission by the United States of a similar report in accordance with the former Action Programme for the Expansion of Trade of the Less-Developed Countries.

"Part I. General comments

The past twelve-month period, June 1964-June 1965, has been marked by negotiations to establish a legal and institutional framework designed to help meet the needs and deal with the special problems of the less-developed countries, culminating in the acceptance by a large number of contracting parties of the new Part IV, Trade and Development. The acceptance of Part IV was followed by the establishment of the Committee on Trade and Development and its several sub-groups.

"The United States took an active part in the drafting of Part IV and was among the first contracting parties to accept the obligations contained therein. It has also participated fully in the work of the Committee on Trade and Development and of each of its sub-groups.

"The interest of the United States in the economic development of the less-developed countries is underscored by the large and long-standing aid programme financed by the United States Government. It is obvious that neither trade nor aid policies can, of and by themselves, bring about economic development. It is, however, equally obvious that trade policies designed to assist the less-developed countries in expanding their export earnings can add an important impetus to well-conceived programmes of economic development. The United States intends, therefore, to continue to make every effort to seek ways to improve the export opportunities of the less-developed countries within the context of a healthy system of international trade.

"In seeking to achieve this objective and to implement as fully as possible the provisions of the new Part IV of the General Agreement, the United States Government considers that there is great opportunity for progress in the current Kennedy Round of trade negotiations discussed below.

"It should be noted that while the United States is also seeking to take actions outside the context of the Kennedy Round to improve the marketing opportunities of the less developed countries, it has already gone far in lowering tariffs and liberalizing other restrictions on products of special interest to these countries.

"Of the 196 BTN items dealt with in the secretariat survey of commercial policy measures applied by industrialized countries on products of special export interest to less-developed countries (COM.TD/7), the United States maintains quantitative restrictions on only two items (sugar and cotton waste). Almost one half of the items listed are duty free in whole or in part. Finally, the United States maintains no internal taxes on any of the tropical products dealt with in the survey.

"Part II. Action to enlarge access to the United States Market, June 1964-65

A. Kennedy Round developments of particular interest to developing countries.

"During this period the United States and the other developed countries have been engaged in drawing up and tabling their exceptions for the industrial negotiations.

"In so doing the United States has kept very much in mind the commitment contained in Part IV that priority attention would be given to reducing barriers to exports of less-developed countries. On only one or two items has the United States excepted from its linear offer tariffs on items imported in significant quantities from less-developed countries. The progress made so far in the Kennedy Round supports us in our belief that these negotiations will result in a significant reduction of barriers to trade in items of special interest to less-developed countries. In this connexion, special attention is being given to improving conditions of trade in both temperate and tropical agricultural products.

B. The United States action in this field has not been limited to the Kennedy Round, however. The United States has also taken the following action:

1. Tropical hardwoods. The United States Government has taken two steps to enable it to make the maximum reduction authorized by the Trade Expansion Act of 1962. The President issued on 19 February 1965, a supplemental list of tropical agricultural or forestry commodities to be considered for elimination of duties in trade agreements negotiated under the Act, and the administration is supporting a bill now before the Congress to suspend United States duties on certain tropical hardwoods.

2. The United States sponsors several activities related to export promotion of developing countries. It is continuing this year financial support of training in marketing techniques for candidates from developing countries. A summer course of academic training will be followed by visits to representative United States business firms.

"In addition to these unilateral actions, the United States has had a rôle in the following joint efforts:

1. Under the International Coffee Agreement, new procedures have been approved which authorize export quota changes on a semi-automatic basis in response to price changes. These should serve to moderate price swings with benefit to both producers and consumers.

The United States helped to develop the International Coffee Agreement in recognition of the damage which a weak and disorderly coffee market can do to the hopes and plans of many less-developed countries for social and economic progress. Legislation has been passed by the Congress and signed by the President which gives the United States the authority to play its full rôle in making the International Coffee Agreement an effective instrument for stabilizing the world coffee market. The United States intends to use the authority of this legislation to help assure that the Agreement achieves its purpose.

2. The Tin Agreement was renegotiated at a conference held at the request of the Tin Council. The United States, although not a party to the Agreement, participated in these negotiations.
3. It has been recognized that, for many products, study groups or other consultative procedures might be the best form of commodity arrangement. The United States has joined other interested countries in preliminary steps to improve co-operative arrangements for rubber, jute, cotton, bananas, and fats and oils.
4. The United States is actively participating in the current discussions aimed at achieving solutions for the international marketing problems of cocoa, including the meeting of the Committee on Prices and Quotas scheduled for June 21-24."

## II. Restrictions affecting items of export interest to less-developed countries

A list of quantitative restrictions and tariff measures applied to products of interest to less-developed countries was circulated in documents COM.TD/7 and Add.1 and COM.TD/A/W/3 and Add.1 and 2.

## III. Resumé of work done by the sub-groups of the Committee

### (a) Ad Hoc Group for the Examination of Products of Export Interest to Less-Developed Countries (COM.TD/A/2)

The Group has examined the data furnished by the secretariat in documents COM.TD/A/W/3 and Add.1 and 2 on thirty-eight product groupings selected for priority study by the less-developed countries. The Group adopted certain recommendations which appear in paragraph 17 of its report (COM.TD/A/2). The Group has also sought the guidance of the Committee on certain points in its terms of reference.

(b) Group on Residual Restrictions (COM.TD/B/2)

The Group has discussed the procedures to be adopted for the early removal of residual restrictions affecting products of export interest to less-developed countries. The Group agreed inter alia that contracting parties maintaining restrictions inconsistent with the General Agreement on products of export interest to less-developed countries, should be invited to consult with the Group regarding the early removal or reduction of the barriers concerned.

The Group expects to meet again later this year. In preparation for its next meeting, the secretariat has been asked to draw up a document identifying those products of export interest to less-developed countries which appear in document L/2336, and to provide other data relevant to international trade in these items. At its next meeting the Group also expects to return to certain aspects of the question of compensation to less-developed countries for loss of trading opportunities due to the use of restrictions applied by developed countries, contrary to the provisions of the GATT.

(c) Working Group on International Commodity Problems

In the absence of specific proposals for consideration by the Group, the meeting which had been scheduled for 21 to 24 June has been postponed until further notice.

(d) Working Group on Trade Expansion between Less-Developed Countries (COM.TD/D/2)

The Group has had a preliminary exchange of views on the information and proposals before it and has agreed at this stage to transmit the record of its discussions circulated in document COM.TD/D/2 for the interim information of the Committee. The Group proposes to meet again in September to take up in more detail the questions falling under the four points of its mandate including the examination of the specific proposals submitted by the United States and United Arab Republic delegations.

(e) Working Group on Preferences in Favour of Less-Developed Countries  
(COM.TD/E/2)

The record of the discussions of the Group is submitted to the Committee for interim information. The Group agreed to meet again later in the year to continue the discussions on the points raised in the June meeting, and on the proposal which had been put forward by the less-developed countries in the United Nations Special Committee on Preferences.

(f) Ad Hoc Group on Legal Amendments to the General Agreement (COM.TD/F/2).

The record of discussions of this Group is also submitted to the Committee for interim information. Certain technical points were brought out in the Group's first meeting with regard to the proposal for the use of import surcharges for balance-of-payments difficulties. The Group expects to continue discussions at its next meeting later in the year on these points. There has also been an exchange of views in the Group on the amendment of Article XXIII. At its next meeting the Group will also take up the suggestion for streamlining Article XVIII and the legal aspects of the question of compensation to less-developed countries for loss of trade opportunities due to the use of residual restrictions by developed countries contrary to the provisions of the General Agreement.

(g) Expert Group on Trade and Aid Studies (COM.TD/G/2)

The Group has examined studies prepared by the secretariat on Nigeria and Uganda. A note on the discussions will be submitted by the secretariat to the Committee.

(h) Expert Group on Adjustment Assistance Measures (COM.TD/H/2)

The Group considered that in view of the limited information available to it, the discussion at its first meeting should be regarded as being of a preliminary nature only. It was agreed that an attempt should be made to elicit further information from developed countries on the adjustment assistance measures they maintained. The type of information required was set out in the concluding paragraph of the note prepared by the secretariat, on the meeting, (COM.TD/H/2) which is submitted for interim information. The Group also discussed various points arising from the note prepared by the secretariat in document COM.TD/H/W/1.

IV. The Kennedy Round Negotiations

General

Since the last meeting of the Committee on Trade and Development in March 1965, there has been no meeting of the Trade Negotiations Committee, but during this period the various sub-Committees of the Trade Negotiations Committee have been concerned with the implementation of decisions of that body.

In so far as industrial products are concerned, it will be recalled that in January-February 1965 a meeting was held at which the process of justification of exceptions lists in the light of the criterion of overriding national interest was held on a multilateral basis between linear countries. Since that time contacts have continued directly between delegations to follow up in more detail particular points which arose in the meeting.

No further meetings have been held in the period under review, of the various groups set up last year on specific non-tariff barriers on which participants have indicated that they wish to negotiate. A new group on anti-dumping policies has, however, recently been established and is to hold its first meeting on 19 July on the basis of a paper submitted by the delegation of the United Kingdom.

It will be recalled that at its last meeting, the Trade Negotiations Committee adopted a Plan for the participation of less-developed countries in the negotiations. Since that time, many countries have indicated their desire to participate in the negotiations in accordance with the procedures laid down in the Plan. In accordance with the agreed procedures the multilateral examination of the exceptions lists relating to items of interest to less-developed countries will start on 12 July 1965. A further meeting of the Trade Negotiations Committee is likely to be held before the summer recess.

#### Activities on commodities

It will be recalled that at its last meeting the Trade Negotiations Committee adopted proposals for the negotiations on agriculture. It was decided that these negotiations would proceed by means of specific offers on individual products. In accordance with this decision participating governments which are members of the Cereals Group tabled specific proposals including concrete offers on cereals on 17 May. Negotiations on the basis of these specific proposals resumed in the Cereals Group on 10 June.

The Groups on Meat and Dairy Products reconvened in May and continued the process of identification of the relevant elements of support and protection which could enter into the negotiation, and explored the views of the participating countries regarding the type and content of offers required to achieve the objectives of the trade negotiations in the field of agriculture. Similar discussions with respect to other agricultural products commenced on 3 May in the Committee on Agriculture continued in June, and were completed in the first days of July. The next step in the negotiations on these products will be the tabling of concrete offers on 16 September this year.

In so far as tropical products are concerned, it has been decided that the Special Group on Tropical Products is to operate as a negotiating body within the framework of the trade negotiations. The Group held a meeting on 24 June to pursue further the question of trade in tropical products with a view to working out the arrangements and procedures for their treatment in the trade negotiations. The Group will be submitting a report to the next meeting of the Trade Negotiations Committee.



V. Other international activities on commodities

The International Wheat Agreement which is scheduled to expire at the end of this month has been extended by protocol for one year pending discussions in the GATT on a wider agreement on cereals.

The current International Sugar Agreement is due to expire at the end of the year. On the instructions of the United Nations Sugar Conference held in July 1963, the International Sugar Council has been undertaking a study of the bases and framework of a new agreement. A report of a preparatory committee and comments by governments on the report was discussed at the nineteenth session of the Council last April. A United Nations Sugar Conference will meet next September to attempt to negotiate a new international sugar agreement.

The present International Agreement on Olive Oil will expire in September 1967, but can be extended for up to twelve months pending the coming into force of another agreement. At the eleventh session of the Council a set of stabilization proposals designed basically to reduce large year-to-year fluctuations in the quantity of olive oil available to Mediterranean consumers were approved for submission to governments. At the time of the twelfth session of the Council held in May this year only a few governments had formally accepted the proposals.

The operation of the International Coffee Agreement is scheduled to be reviewed at a special session of the International Coffee Council before September this year.

Studies have been continued on other commodities by the FAO and by other commodity study groups. An Ad Hoc meeting on Tea was convened last May to consider the conclusion of a comprehensive study of the commodity being prepared by the FAO and to report to the Committee on Commodity Products on the desirability of establishing a study group on tea. At that meeting the general view was that the present outlook in the world tea economy did not justify the establishment of a permanent international machinery in the form of a tea study group. The Ad Hoc meeting recommended that another meeting of member governments should meet in about eighteen months to review the latest developments in world production of tea, production plans and programmes, trends in world consumption, trade and prices, promotion activities and other aspects of the tea industry and trade.

The FAO Study Group on Jute, Kenaf And Allied Fibres established a Working Party on stabilization in September 1964 to make a "critical study of the practicability of the different possible solutions, national and international". At its meeting in February 1965 the Working Party reached the conclusion that it was premature to undertake the negotiation of a formal international jute agreement along the lines of existing commodity agreements. It favoured an arrangement for regular informal international consultations under the general guidance of the Study Group. The report of the Working Party was considered by the Study Group at its second session last May. The Study Group endorsed the views expressed by the Working Party, and agreed to establish a consultative committee to carry out the consultations. This Committee will meet normally twice a year.

## VI. International developments on other matters of interest to the Committee.

The Trade and Development Board of the United Nations held its first session last April. Several committees including a Committee on Manufactures, a Committee on Commodities and an Advisory Committee were established.

The Committee on Manufactures which is to deal generally with the diversification and promotion of exports of manufactures from less-developed countries, will meet next August and its work will include a study of the report of the Special Committee on Preferences which was held in May.

Among the tasks set out in its terms of reference, the Committee on Commodities is required to co-ordinate activities of all bodies involved in the commodities field including any commodity activities in the GATT. The Committee is to hold its first meeting this month.

The Advisory Committee which will advise the Committee on Commodities and the Board itself, replaces ICCICA. The CONTRACTING PARTIES are requested to nominate one member of the Advisory Committee to hold office for a term of three years.

The Special Committee on Preferences recorded in its report that the differences which still exist on the question of preferences were in no way connected with the objectives of promoting the industrialization and diversification of the production of developing countries; increasing the export earnings of developing countries, increasing their share in world trade. The report recognized that agreement has still to be reached on specific methods to be used to achieve these objects. The report concluded that the discussion had nevertheless highlighted the problems connected with these methods and recommended that consideration of all the aspects of the matter be pursued further.

## VII. Assistance in Export Promotion

The activities of the GATT International Trade Centre have been steadily expanding. The Market Information Service of the Centre, e.g. has so far received requests for market information from some twenty-six countries. While the Centre has received some assistance from national government liaison agencies in operating this service, it has been found that many of these agencies are not yet equipped to provide the Centre with information on import opportunities. The Centre has been advised that a few developed countries are planning to set up within their export promotion bodies, units intended to search out import opportunities for products from developing countries. Meanwhile, the Centre is extending its liaison arrangements for this purpose with private trade associations and individual firms.

The Centre is also producing pamphlets on: export promotion techniques currently utilized by various governments; lists of important trade and manufacturing associations in selected developing countries; a bibliography of key books, directives and periodicals designed to constitute the nucleus of a library for the export promotion service of developing countries.

The International Trade FORUM, which is the Centre's main regular publication, has been directed progressively to the dissemination of information on matters of practical interest for export promotion in the developing countries.

The Centre has arranged for national training courses in export promotion to be offered to personnel from developing countries. The Centre has commenced its own training activities with a seminar on export promotion techniques organized for the benefit of officials from developing countries, attending the current GATT in-service training course.

ANNEXRecent developments in commodity exports<sup>1</sup>

In 1964 the total export income of less developed countries reached almost 34 billion dollars as against 31.4 billion dollars in 1963, an increase of 8.3 per cent. During the same period the value of world exports rose from 153.3 to 170.7 billion dollars, i.e. by 11.3 per cent; the industrialized countries increased their exports by 13 per cent, from 103.2 to 116.7 billion dollars. The growth in the total value of exports from developing countries is mainly attributable to a further increase in volume, prices of primary commodities having only improved from 97 to 98 points (index 1958=100). Of the net increase of 2.6 billion dollars between 1963 and 1964, oil producing countries alone represented 1.2 billion dollars.

The relatively larger increase in exports of industrialized countries is accounted for mainly by the rise in the quantum of exports of manufactures from those countries from 145 points in 1963 to 163 points in 1964.

The slight advance in prices of primary products exported by developing countries came to a halt and was reversed during the first quarter of 1965. The export price index for primary commodities declined from an overall level of 103 in 1964 to 100 (base 1958=100), while the export price of manufactures moved from 104 in 1964 to 106 for the first three months of 1965. Tropical products fell from 87 in 1964 to 82 in January-March 1965, textile fibres from 116 to 111 over the same period. Cereals remained fairly steady, and fats, oils and oilseeds improved further, from 98 in 1964 to 111 in the first three months. (Index 1958=100). Minerals also went up by about 2 per cent.

The table below suggests that the adverse movement in export prices of primary commodities tended to be concentrated to a further degree on commodities exported mainly by less-developed countries.

---

<sup>1</sup>This note is intended to supplement the information contained in Annex 3 to document COM.TD/W/9, in the light of further data which has since become available. See also the 1965 Commodity Review supplied by FAO and distributed to delegations.

ANALYSIS OF EXPORT PRICE INDEXES

Base 1958 = 100

	Code	1959	1960	1961	1962	1963	1964	1965	
								IV Quarters	I
Primary commodities	X	99	99	100	99	105	109	109	108
	Y	95	94	90	89	97	98	95	94
Food	X	99	98	98	100	107	111	112	111
	Y	88	84	82	82	100	101	93	89
Agricultural non-food	X	101	102	103	99	104	108	107	106
	Y	110	114	104	99	100	101	102	103
Minerals	X	95	96	97	97	99	102	104	106
	Y	93	91	90	90	90	92	93	92
Non-ferrous base metals	X	108	111	108	106	106	128	144	138
	Y	117	120	114	115	116	147	177	163

X<sub>1</sub> Indexes representing exports of developed areas.

Y<sub>1</sub> Indexes representing exports of under-developed areas.

Source: Monthly Bulletin of Statistics, United Nations, June 1965.

Foodstuffs

Tropical products prices were further affected by the downward trend recorded in 1964. The imbalance in the cocoa market has continued and prices have registered further declines. Sugar prices have fallen following the 1964 slump under the influence of larger supplies in both exporting and importing countries; a record size crop was announced in Cuba and production has increased considerably in Europe. Coffee export prices declined fractionally from the last quarter of 1964, but the trend affected more severely the Robusta than the Arabica types with consequential effects on the foreign exchange position of coffee producers in Africa. Only slight fluctuations affected tea prices.

Temperate zone products have continued to enjoy during the first quarter of this year, the high level of prices prevalent through the last quarter of 1964. Corn improved and secondary grains remained stable. There was a good demand for oils, fats and oilseeds, and prices moved up to levels generally above the top levels recorded in 1964. As regards meat and particularly beef a gradual return to normality on the supply side has led to some stability in prices and though they declined slightly from the levels of late 1964, they have remained above the average recorded then. Butter and cheese remained unchanged at the high levels attained towards the end of 1964.

Raw materials

During the first quarter of 1965 prices of non-ferrous metals maintained most of the gains of 1964 though minor declines came about as adjustments from the peaks reached at the end of the previous year. Prices of raw cotton, natural rubber and jute remained at the 1964 average. Wool prices have tended to show a downward trend due to a slackening in demand and, lately, to selling pressure arising from devaluations in Argentina and Uruguay.

