

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Trade and Development

IMPLEMENTATION OF PART IV OF THE GENERAL AGREEMENT

Note by the Secretariat

1. This note brings up to date, and supplements the information contained in document COM.TD/8 and Addenda 1 and 2, which was submitted to the Committee on Trade and Development at its meeting in July this year.

I. Review of the developments relating to the implementation of Part IV of the General Agreement

2. In response to the invitation issued in GATT/AIR/519, of 23 November, reports on developments relevant to the implementation of Part IV of the General Agreement have been received from Austria, Czechoslovakia, Finland, Japan, Denmark, New Zealand and Switzerland. The text of these communications is reproduced in Annex IA to this document.

3. Since it is envisaged that the Committee on Trade and Development will carry out a full review of developments relating to the implementation of Part IV in the early part of 1966, it might be expected that that review would cover both the reports submitted by the Governments mentioned in this paragraph and reports from other governments which have not until now responded to the invitation in GATT/AIR/519. For the purposes of the present meeting, however, it might be stated that the Governments of Austria, Czechoslovakia, Denmark, Finland, Japan, New Zealand and Switzerland have indicated that, during the period under review - generally since 1 July - they have continued to comply with the provisions of paragraphs 1(b) and 1(c)(i) of Article XXXVII, the so-called standstill provisions. No cases involving a breach of the standstill provisions on tariffs and non-tariff barriers on products of interest to less-developed countries have been reported to the secretariat by other countries. It may be noted that measures affecting cotton textiles continue to be the subject of discussion in the GATT Cotton Textiles Committee, which has carried out a major review of the operation of the Long-Term Arrangement on Cotton Textiles at a meeting held from 6-10 December.

4. Since the last meeting of the Committee on Trade and Development a number of measures relating to the reduction or elimination of quota restrictions affecting products of interest to less-developed countries have been notified to GATT. A summary of the existing position in regard to residual restrictions maintained on products of interest to less-developed countries is provided in the documentation prepared for the recent meeting of the Group on Residual Restrictions, documents COM.TD/B/W/1, COM.TD/B/W/2,* and in the report of the Group, COM.TD/B/3. A list of products in respect of which quantitative restrictions have been eliminated by contracting parties since 1 July is contained in Annex IB to this document.

5. For the period under review, no duty reductions or elimination of duties or fiscal taxes on products of interest to less-developed countries have been notified.¹ Governments reporting on the implementation of Part IV have, however, reiterated their intention to give high priority to such action in the context of the current trade negotiations.

II. Developments in the trade negotiations and action in connected GATT bodies

6. Since the last meeting of the Committee on Trade and Development there has been a discussion in the Sub-Committee on the Participation of Less-Developed Countries in the Trade Negotiations, on exceptions made by industrialized countries in respect of items notified as of export interest to less-developed countries. A number of less-developed countries have also since submitted statements of the contributions they are prepared to make to the objectives of the trade negotiations. Developments of interest to less-developed countries in the trade negotiations are expected to be reviewed at a meeting of the Sub-Group of the Trade Negotiations Committee on the Participation of Less-Developed Countries, which will be held on 16 December.

7. It may be recalled that, at its meeting in March 1965, the Committee on Agriculture decided that the Kennedy Round negotiations on agriculture should proceed by means of specific offers on individual agricultural products. Agricultural products, other than cereals, were discussed in the Committee on Agriculture during the period 10 May-2 July 1965 "with a view, inter alia, both to seeking to identify the relevant elements of support or protection which could enter into the negotiations and to exploring the views of the participating countries regarding the type and content of offers required to achieve the objectives of the negotiations". Nearly all of the participants in the negotiations - with the exception of the European Economic Community - have now tabled their agricultural offers. However, some of the offers tabled are only partial offers and remain to be completed. The offers have been exchanged according to previously established procedures.

¹Temporary duty suspensions were put into effect by Austria (further duty reductions on hides and skins) and by the United States (ferro-nickel, unwrought nickel and nickel powder), while Switzerland reduced the duty on slivers of flax and hemp (see FORUM. Vol. I, Nos. 4 and 5).

* Cf. also COM.TD/B/W/2, Corr.1.

8. Following the exchange, on 17 May 1965, of specific proposals, including concrete offers, among members of the Cereals Group, a substantive discussion on the proposals was held in the first half of June 1965 at the end of which the Group agreed to carry out a number of technical studies. This work was carried out during the periods 5-16 July and 20 September-7 October 1965.

9. The Groups on Meat and Dairy Products met during the period 22-29 November 1965, to consider what technical work could usefully be carried out in preparation for the future negotiations, and to establish a programme to proceed with this work. The Groups invited members of the Groups and other countries significant in world production of and/or trade in meat and dairy products, to compile certain information prior to the next meeting of the Groups, scheduled to start during the second half of March 1966, at which time the Groups will consider in what respects the information could usefully be added to in anticipation of the future negotiations and what technical studies if any, they could usefully carry out in preparation for the future negotiations.

10. In accordance with the procedures for the tabling of offers on agricultural products, developed countries - with the exception of the EEC - also tabled on 16 September their offers on tropical products. A procedure has been established for an initial review of these offers in the Group on Tropical Products.

III. Work carried out or in progress in groups established by the Committee on Trade and Development

A.

The following Sub-Groups of the Committee on Trade and Development have met since last July:

1. Ad Hoc Group on Legal Amendments to the General Agreement.
2. Group on Residual Restrictions.
3. Working Group on International Commodity Problems.
4. Group of Experts on Trade and Aid Studies.

Ad Hoc Group on Legal Amendments to the General Agreement

11. A record of the second meeting of the Group, held in October 1965 is available in document COM.TD/F/3. As indicated in paragraph 38 of that document, the Group is expected at its next meeting to formulate conclusions and to draw up a report on the work done in respect of the proposals on Article XXIII, and on the question of surcharges, for submission to the Committee on Trade and Development.

Group on Residual Restrictions

12. The Group has held two meetings, namely from 28-30 June and 18-21 October. In accordance with the decision taken at the July meeting of the Committee, the Group carried out at its October meeting consultations on residual import restrictions maintained by industrialized countries on products notified to the former Committee III, or to the Committee on Trade and Development, as being of export interest to less-developed countries. The Group's report has been distributed in document COM.TD/B/3, and is before the Committee for consideration and endorsement.

Working Group on International Commodity Problems

13. The Working Group had its first meeting on 24-26 November. A secretariat note on the discussions at this meeting has been circulated in document COM.TD/C/2. The Committee might wish to take note of paragraphs 6-9, 15, 18-19, and 21-22 of this document, which contain the suggestions and recommendations of the Group.

Expert Group on Trade and Aid Studies

14. This Group is currently holding its second round of discussions on the GATT studies in respect of the Ugandan and Nigerian Development Plans, with a view to formulating appropriate findings and conclusions in respect of policy measures aimed at promoting export production and export earnings of these countries in the context of their developmental requirements. The findings and conclusions of the Group will be put before the Committee on Trade and Development at its next meeting.

B.

Meetings of the following Groups, set up by the Committee on Trade and Development, were postponed to later dates:

1. Ad Hoc Group on Trade Expansion among Less-Developed Countries.
2. Working Group on Preferences.
3. Group of Experts on Adjustment Assistance Measures.

15. The meeting of the Ad Hoc Group on Trade Expansion among Less-Developed Countries was postponed in view of the interest of members in obtaining fuller data on trade flows among developing countries and on problems affecting such trade as a basis for consideration of the specific issues raised at the meeting of the Group held in June 1965. The secretariat is also presently engaged in an analysis of the possibilities of expanding trade exchanges among less-developed countries through action directed at tariffs and trade barriers.

16. The Working Group on Preferences did not meet during this period. It may be pertinent to note in this connexion that during this period a Working Party has been examining a request by the Government of Australia for a waiver by the CONTRACTING PARTIES to permit the establishment of preferences in favour of developing countries.

17. The meeting of the Expert Group on Adjustment Assistance Measures was also held over to give more time to governments to furnish data on policies and measures relating to adjustment assistance, in accordance with the request made by the experts at their last meeting. A certain amount of data has since become available and the secretariat expects to submit a note on this subject shortly.

C.

Programme of further meetings of Sub-Groups

18. The Committee might wish to adopt an appropriate schedule for the meetings of its Sub-Groups during January and February 1966. It is expected that the following Groups could meet during this period:

1. Group on Legal Amendments.
2. Group on Expansion of Trade Among Less-Developed Countries.
3. Expert Group on Adjustment Assistance Measures.

IV. Other developments of relevance in the context of Part IV

19. Information relating to certain other developments of relevance in the context of Part IV, namely an account of the activities of the International Trade Centre, an index to activities of other international organizations, and a survey of recent developments in the field of commodity trade is contained in Annex II to this document.

ANNEX I

A.

Communications from Governments Relating to
the Implementation of Part IV

The following notifications from Governments regarding the implementation of Part IV of the General Agreement have recently been received:

Austria

With reference to your airgram GATT/AIR/519 of 23 November 1965, concerning the next meeting of the Committee on Trade and Development, I wish to point to the Austrian notification of 29 June 1965¹, no. 2647-A/65, on the implementation of the provisions of Part IV.

I have the honour to inform you that since this notification no new measures falling under the relevant reporting procedures have been adopted by Austria.

¹Reproduced in document COM.TD/8.

Czechoslovakia

Czechoslovakia belongs to those contracting parties of the GATT which have signed the Protocol embodying in the General Agreement on Tariffs and Trade a new part, Part IV on Trade and Development, and which thereby apply the provisions of this new part de jure. Czechoslovakia, which does not apply quantitative restrictions on imports, and which has abolished duties for the importation of a number of primary commodities and semi-finished and some finished products from developing countries, adopted some positive measures benefiting the economic development of developing countries during 1965, in accordance with Part IV of the General Agreement. Total Czechoslovak imports from developing countries rose by 26 per cent in the first ten months of 1965 compared to the same period last year, while Czechoslovak exports to developing countries dropped by 5 per cent. The structure of the Czechoslovak imports from developing countries continued to expand and an ever larger share belongs to semi-finished and finished products such as textiles, electrical appliances, products of the food industry, etc. In accordance with its policy to participate in active stabilization of international primary commodity markets, the Czechoslovak Socialist Republic acceded in 1965 to the International Coffee Agreement and took an active part in the negotiations for the conclusion of the international tin and sugar agreements. The current changes in the management of the Czechoslovak economy whose aim, inter alia, is also to assist to a more intensive participation of the Czechoslovak Socialist Republic in the international division of labour, take into account, in accordance with the potentialities of the Czechoslovak economy, the interests and requirements of developing countries.

More detailed data on the development of trade relations of the Czechoslovak Socialist Republic with developing countries throughout 1965 will be available in early 1966.

Denmark¹

Referring to GATT/AIR/452 concerning inter alia the implementation of the provisions of Part IV of the General Agreement, I beg to inform you that Denmark has complied with the standstill provision set out in paragraphs 1(b) and (c)(i) of Article XXXVII.

In relation to paragraph 1(a) of Article XXXVII, I wish to draw the attention to the Danish notification contained in document L/2336/Add.2 on the detailed plan for the abolishment of the remaining quantitative import restrictions on goods listed in Chapters 25-99 of the Brussels Nomenclature and on some goods listed in Chapters 17-21, which involve that the quantitative import restrictions on a large range of products of export interest to developing countries will be abolished not later than 31 December 1966.

Furthermore, I wish to emphasize that it is the firm intention of the Danish Government in connexion with the current Kennedy Round to seek ways together with other industrialized contracting parties to achieve the greatest possible reduction of tariffs on products of export interest to developing countries. Thus, the Danish Government offered a 50 per cent cut of all tariffs on industrial items without any exceptions and in connexion with her agricultural offers submitted substantial offers of tariff reductions and bindings for products of special interest to developing countries, including tropical products.

¹Communication sent by letter dated 16 November.

Finland

Referring to GATT/AIR/519, of 23 November 1965, I have the honour to forward herewith a notification by Finland under the reporting procedures set out in document L/2410, paragraph 11.

Apart from what was set out in Finland's previous notification (see document COM.TD/8) Finland has, as from 1 August 1965, liberalized a certain number of import quotas which include some products of export interest to developing countries. A full list of the liberalized products is included in document L/2468 and Corr.1.

Japan

With respect to GATT/AIR/519 dated 19 November 1965, I have the honour to inform you as follows:

No action in contravention of the standstill provisions of Part IV has been taken by the Japanese Government since the Declaration on the de facto implementation of the provisions of Part IV has become effective.

With a view to achieving the objectives of Part IV, the Japanese Government is keeping its trade policy under constant review taking into full consideration the export interest of developing countries in products concerned. In particular, the Japanese Government, in formulating its offers in the context of the Kennedy Round, has given high priority to the elimination and reduction of trade barriers over products of interest to developing countries provided for in 1(a) of Article XXXVII of the GATT. Indeed, my Government has tabled offers both in the fields of industrial products and agriculture covering a number of commodities in which developing countries have an export interest.

New Zealand

The following report on the implementation by New Zealand of the provisions of Part IV of the General Agreement is submitted in accordance with the procedures adopted by the Committee on Trade and Development. The information is set out in the form requested in paragraph 11(ii) of L/2410.

Article XXXVII

Paragraph 1(a)

A wide range of raw materials as well as some manufactured goods was released from import control in the import licensing schedule which came into force on 1 July 1965. Ninety items which were formerly subject to import licensing have been added to the list of exempt items which now accounts for approximately one third of total expenditure on imports. Newly exempted items of interest to less-developed countries include bananas, dried fruit, raw coffee, raw cocoa beans, jute fibres, cotton yarn, a wide range of textile piece-goods, wire netting, mineral waxes, processed cheese, unwrought lead, unrefined copper and copper powder.

The New Zealand offer on both industrial and agricultural products in the Kennedy Round has been formulated with the needs of the less-developed countries in mind.

Paragraph 1(b)

New Zealand has not introduced or increased the incidence of customs duties or non-tariff import barriers on products currently or potentially of particular export interest to less-developed countries since the adoption of Article XXXVII.

Paragraph 1(c)(i)

New Zealand has complied with the provisions of this paragraph.

Paragraph 1(c)(ii)

New Zealand Government policy takes full account of the provisions of this paragraph. Very few primary products imported into New Zealand are subject to fiscal measures.

Paragraph 3(b)

New Zealand is participating in the work of the International Trade Centre and among other things is making training facilities in export promotion techniques available in New Zealand to trade officials from less-developed countries.

Switzerland

In accordance with the procedures agreed upon by the Committee on Trade and Development for the presentation of reports on the implementation of Part IV (L/2410, paragraphs 11-13) we wish to inform you as follows:

Article XXXVII

Paragraphs 1(a)-(c)

Switzerland has not presented an exceptions list for the Kennedy Round. It maintains its offer of a linear reduction of duties in the Swiss customs tariff in the industrial sector, provided it can expect an equivalent offer from the other industrial countries. It has also tabled an offer on agricultural products, many of which are of interest to developing countries.

Switzerland has not increased the incidence of customs duties or of any non-tariff barriers which may exist affecting products of interest to developing countries.

No fiscal measures have been introduced. The 5.4 per cent turnover tax, which is levied on Swiss products as well as on imported products, does not hamper the growth of consumption of products from developing countries. Moreover, this tax is not charged on foodstuffs or on products such as coffee, tea, spices, unmanufactured tobacco, etc.

Paragraphs 3(a) and (b)

Since Switzerland is a country with a market economy, paragraph 3(a) is not applicable.

The Swiss customs tariff is in general modest and there are no quantitative restrictions, except on a few agricultural products; the Swiss market therefore offers broad access to products from developing countries.

Switzerland is nevertheless fully prepared to participate in joint action designed to create favourable conditions for expanding imports from developing countries.

ANNEX I

B.

Recent Progress in Import Liberalization

The following import liberalization measures, put into effect since 1 July 1965 in respect of products notified earlier to Committee III or to the Committee on Trade and Development, have been notified, in one context or another, to the secretariat:

Denmark: Liquorice confectionery; rubber transmission belts, etc. and rubber tyres and tubes. Japan: Diesel engines. Norway: Beet and cane sugar. Finland¹: Linseed oil; fatty acids; glycerol; sanitary articles; locks, mountings, fastening equipment and springs; primary batteries; fresh and dried figs; olives; roasted groundnuts; zinc oxide and hydrogen peroxide; certain travel goods; gloves; belts; certain leather articles; certain woven fabrics of coarse animal hair; embroidery; carpets, carpetry and rugs, knotted; various textile items falling under BTN headings 61.07-08-10 and 62.03-05; certain china-ware; electric wire; and parts of pumps and fans. New Zealand: Items newly exempted from licensing in the current New Zealand Import Licensing Schedule include: bananas; dried fruit; raw coffee; raw cocoa beans; jute fibres; cotton yarn; a board range of textile piece works; wire netting; mineral waxes; processed cheese; unwrought lead; unrefined copper and copper powder. United States: ores and concentrates of lead and zinc, unwrought lead and unwrought zinc.

For indications regarding import liberalization, to be effected on given target dates, or envisaged to be put into effect in the near future, in regard of products of export interest to less-developed countries, see COM.TD/R/W/1 and COM.TD/E/2 and Corr.1.

¹Finland applies import controls under Article XII of the GATT.

ANNEX II

A.

Activities of the GATT International Trade Centre

Since the last meeting of the Trade and Development Committee in July 1965, the GATT International Trade Centre has made further advances despite the fact that the delay in recruiting additional professional staff in 1965, on account of the retardation factor in the budget, imposed certain limitations. Since November of this year the Centre has been working with its full complement of officers.

For the sake of convenience the activities of the Centre might be dealt with under the following headings:

(a) Liaison

Since the success of the Centre's work, especially in the field of market information, depends to a considerable extent on the effectiveness of liaison arrangements, particularly in the industrialized, importing countries, a special effort has been made to expand and strengthen the Centre's liaison arrangements in the developed countries. Though the work of commerce ministries and other such governmental agencies in these countries is directed towards promoting their own exports, there are signs of a greater willingness to furnish information to the Centre on import opportunities for products from developing countries. Two Western European countries are already in the process of establishing within their government export promotion bodies units whose special responsibility will be to provide market information on imports from developing countries. Government liaison officials in other countries have shown increasing interest in assisting the Centre's market research officers in field work in their respective countries. Two other Western European Governments have made available to the Centre in Geneva, at their expense, two of their officials to help the Centre in its market research work.

The Centre has also extended its liaison contacts with trade associations and individual firms in the private sector in the developed countries.

One of the general objectives of the Centre is to persuade governments, as well as private institutions, to take a greater interest than in the past in the trade promotion problems of the developing countries. Clearly, a great deal more such active support from the developed countries needs to be canvassed by the Centre.

(b) Market Information Service

The backlog of Market Information Service enquiries of the first half of 1965 is being gradually cleared. Governmental agencies and private traders from a total of thirty developing countries - both GATT and non-GATT countries - have so far turned to the Centre for assistance in the field of market information and export promotion. In dealing with enquiries for market information, the Centre has endeavoured to concentrate on supplying trade information and commercial data that will be of practical value to exporters.

Since some of the commodities in respect of which certain countries requested information appeared to be of general interest to a number of developing countries, the Centre has undertaken market studies in greater depth of three representative types of products: oilcakes (example of traditional primary products), citrus fruit juices (representing processed products), and plywood and veneer (representing manufactured products).

(c) Publications

The Centre's main regular publication, the International Trade FORUM, commences its second year of publication in December 1965. The magazine continues to maintain its policy of publishing information on matters that are of relevance to the export promotion needs of the developing countries. The FORUM has been received well in the developing countries who have shown an increasing interest in contributing articles to it.

Two Supplements to the FORUM have been published - these contain basically information on changes in commercial policy regulations and on trade opportunities.

The three pamphlets referred to in the secretariat's Report to the last meeting of the Trade and Development Committee (export promotion techniques, lists of important trading and manufacturing associations in selected developed countries and a bibliography for an export promotion library) are in the process of being finalized and should be published early in February 1966.

(d) Training

During 1965 arrangements have been made by the Centre with the following national government agencies for the inclusion of twenty-eight officials from developing countries in their respective national training courses, most of which have been specially designed for, or adapted to, the needs of trainees from developing countries: l'Office Belge du Commerce Extérieur; Irish Export Promotion Board; Italian Institute for Industrial Reconstruction; Netherlands Economic Information Service; New Zealand Department of Industries and Commerce and Department of Agriculture; United Kingdom Board of Trade. Candidates from Brazil, Ceylon, Colombia, Congo (Leopoldville), Ethiopia, Ghana, Indonesia, Iran, Nigeria, Rwanda and Sierra Leone, have so far been placed in these courses.

It is expected that in 1966 the number of trainees from developing countries will be more than doubled, as the Governments of France, Italy and Sweden have made tentative offers for additional training facilities.

ANNEX II

B.

Activities in Other Organizations

The information contained in this Annex is intended to provide an index to the more important meetings held, and action taken recently, in the organs and specialized agencies of the United Nations, and other intergovernmental organizations.

UNCTAD

The first session of the United Nations Board on Trade and Development took place early in April 1965, at which time it adopted a calendar of meetings of the various organs of UNCTAD and commodities conferences and groups. By the time of the last meeting of the Trade and Development Committee of GATT, in July, the UNCTAD Special Committee on Preferences, the United Nations Conference on Transit Trade of Land Locked Countries and the Ad Hoc Working Party on the International Organization of Commodity Trade had met in accordance with that calendar, and their proceedings were generally known to members of the Committee.

Since that time, a number of the other subsidiary bodies of the Board have met and a commodity conference has been held.

Committee on Commodities

The Committee on Commodities held its first session from 19 July to 7 August. It reviewed the trends in international trade in primary commodities, giving particular attention to commodities in which the market situation was causing particular concern and to remedial action needed, in the form of commodity arrangements or other specific measures. For this examination, cocoa, sugar and coffee were chosen as commodities giving cause for immediate concern, and copper, cotton, iron ore, lead and zinc, rice, rubber, tea, tobacco and vegetable oils were identified as warranting close attention. The comments made on these commodities were set out in the Committee's report. The Committee agreed on a programme of work and instructed the Ad Hoc Working Party on the International Organization of Commodity Trade to continue its work and submit either an interim, or a final, report to the second session of the Committee.

The Committee also set up a permanent Sub-Committee to carry out, in the inter-sessional period, functions assigned to it.

The report of the Committee is contained in TD/B/21.

Committee on Manufactures

The first session of the Committee on Manufactures opened on 10 August but could not complete its work by 20 August when it had to adjourn for practical reasons. The first session was to resume later in the year. In fact, however, it had to be put off until 1966. The first task of the first session was to examine the report submitted by the Special Committee on Preferences (TD/B/C.2/1). After taking note of the report, the Committee agreed to recommend that a new group on preferences, as a subsidiary body of the Committee, should be set up to continue the work. The Committee adopted a programme of work.

The report of the Committee is to be found in TD/B/22.

Trade and Development Board

The second session of the Board opened in Geneva on 24 August 1965 and adjourned on 15 September. It resumed in the second half of October in New York and closed on 29 October. The major part of the discussion related to the question of implementation of the recommendations of the 1964 conference. This resulted in the adoption of a resolution setting out in seven points the steps to be taken for the implementation of these recommendations.

The session examined the question of adoption of principles governing international trade. Two principal draft resolutions on this subject were before the Board when it decided to adjourn the discussions and to revert to it at its third session.

A calendar of meetings for 1966 was adopted and it was agreed that the second session of the conference, previously envisaged for 1966, should be held in the first half of 1967.

The report of the Board is to be found in the United Nations General Assembly document A/6023 and Addenda 1 to 3.

United Nations Conference on Sugar

The United Nations Sugar Conference 1965, which was the sixth to be held, opened on 20 September and closed on 14 October. The meeting had been convened at the request of the International Sugar Council, and the principal tasks were to review the operation of the International Sugar Agreement of 1958 and to discuss international measures designed to meet the special difficulties concerning sugar. The intention was to prepare a new agreement embodying desirable measures. To the latter end, proposals for a new agreement had been submitted by the Executive Director of the Sugar Council.

After considering the proposals and views expressed by delegations on the proposals, the Conference agreed to adjourn until the spring of 1966 or the soonest possible time thereafter to resume its work. The Secretary-General and the Executive Director of the Sugar Council were asked to arrange consultations with participating governments in preparation for the second session (TD/SUGAR.6/6).

The Conference adopted on 14 October a protocol for the further prolongation of the Agreement of 1958 (TD/SUGAR.6/7).

Committee on Shipping

The Committee was set up by the Board to pursue the work relating to recommendations A.IV.21 and 22 of the 1964 Conference. The Committee met for the first time from 8 to 23 November. The major task of the session was to draw up a programme of work. The results of the deliberations were embodied in a number of decisions relating to: the establishment of national and regional consultation machinery; improvement of port operations and connected facilities; establishment or expansion of merchant marines in developing countries; reviews of current and long-term aspects of maritime transport and other questions. On another question, namely the "level and structure of freight rates, conference practices and adequacy of shipping services" the decision requested the secretariat to present to a Special Session of the Committee, to be held in July 1966, a "report on the study of the above subject, which will be devoted to a description of the approach and methods to be used in the study as well as an explanation of its objective".

The report of the Committee: TD/B/36.

Working Party 1 (prices and quotas) of the United Nations Cocoa Conference

Working Party 1 (prices and quotas) of the United Nations Cocoa Conference met from 18-22 October. The meeting was called in accordance with decisions of the UNCTAD Committee on Commodities and the Trade and Development Board, and its purpose was to consider short-term measures to be adopted to meet the present emergency situation. The conclusions and the programme of work arising from the meeting of the Working Party were noted in the discussions on cocoa in the GATT Working Party on International Commodity Problems (document COM.TD/C/W/4 and COM.TD/C/2).

The report of UNCTAD Working Party: TD/COCOA.1/W.P.1/R.18.

Expert Group on International Monetary Issues

Recommendation A.IV.19 of the UNCTAD, asked the Secretary-General to convene a group of experts "to consider the international monetary issues relating to the problems of trade and development....devoting particular attention to the needs of the developing countries in their trade with one another and the rest of the world". The Group met from 11 to 29 October in New York and submitted a report.

The principal conclusion was to the effect that there is need for a reform of the international monetary system, which should accompany the adoption of trade to aid policies contributing to the solution of structural problems of developing countries; that the general level of reserves is, or may soon be, inadequate; that developing countries need additional liquidity, which should be met through the expansion of national and international reserves; that creation of international liquidity can be limited to the provision of development finance; that the reform should be truly international; and that developing countries should be represented in the discussion on monetary reform and in the operation of the new arrangements in accord with the degree of their interest and concern (TD/B/32).

Committee on Invisibles and Financing Related to Trade

The Committee opened its first session on 6 December. Its competence lies in two broad fields in invisibles (shipping, insurance, tourism, etc.) and international finance relating to trade. Under the latter heading it is to examine such questions as the adequacy of the rates of growth of developing countries, the net flow and effective use of financial available resources, debt servicing, compensatory financing and international monetary issues. (For the last-mentioned item it will base its discussions on the report of the Expert Group mentioned in the preceding paragraph.) The Committee will also have to draw up a programme of work.

At the time of this writing, the Committee, together with its Sub-Committee, is still in session, and is expected to end by 22 December.

Food and Agricultural Organization

Since last July the Council of the FAO has met twice and the Committee on Commodity Problems twice. An important item on the agenda of these two bodies relate to the co-operation of FAO with the GATT and UNCTAD.

The thirteenth session of the FAO conference was held from 20 November to 10 December. It generally confirmed the conclusions of the two organs mentioned above with regard to the arrangements for co-operation with other international bodies in matters of trade.

Regional Commissions of the United Nations

By a decision of the ECOSOC, the United Nations is going to hold a World Symposium of Industrialization. In preparation for this, the regional commissions have been organizing a number of regional conferences on industrialization problems in their respective areas, notably the following:

- Asian Conference on Industrialization - 6-20 December 1965
- African Conference on Industrialization - 27 January-10 February 1966
- Latin American Conference on Industrialization - (date not yet known)

ANNEX II

C.

Developments in International Trade in
Commodities

Set out below - for the information of the Committee - are summary notes on recent developments in the field of commodity trade, intended to bring up to date and, where appropriate, to supplement the information circulated earlier to the Committee as an Annex to the first report under document COM.TD/8. For a more detailed discussion of developments affecting production and trade in primary commodities the attention of the Committee is also invited to the 1964 edition of the GATT publication "International Trade", issued since the Committee last met.

It may be recalled that total export earnings of developing countries had increased by nearly 9 per cent in 1963 and by 8 per cent in 1964. During the first nine months of 1965 their growth rate slowed down to about 5 per cent; this rate was below both the rate of growth of imports into developing countries, which was 6 per cent, and that of exports from developed countries, which was 10 per cent.

The slowing down in export earnings of developing countries between 1964 and 1965 can be largely ascribed to developments in commodity trade. In 1964 the value of world trade in primary commodities had expanded for the second consecutive year by 9 per cent, a relatively high growth rate if compared with that of earlier years. The main underlying factors had been the continued strong economic expansion and a cyclical revival of demand for stocking purposes in most industrial countries, as well as higher prices, reflecting changes in supplies for some foodstuffs, in particular meat and coffee. In 1965, some slowing down in the rate of economic expansion in Western Europe and Japan, which are particularly dependent on imports of primary commodities, tended to reduce these areas' demand for industrial raw materials. Moreover, the market situation for certain foodstuffs, especially under the influence of developments on the supply side, in both exporting and importing countries, was characterized by a pronounced decline in prices so that the average level of prices of all primary commodities (excluding non-ferrous metals) exported by developing countries witnessed a decline of 6 per cent in the first half of 1965 as compared with the corresponding period of 1964. It has also to be mentioned that prices of manufactured goods stood during the first half of 1965 at a level by 2 per cent higher than that in the first half-year of 1964.

During the first half of 1965 prices of foodstuffs exported by developing countries were about 15 per cent lower than in the first half of 1964 (see Table 1), and have tended to weaken further since then. This drop is mostly attributable to the very sharp fall in prices of cocoa and sugar, while prices of other major foodstuffs, like coffee, rice and wheat, were also below their 1964 levels (see Table 2). For raw materials as a group, the 1964 price level was maintained during the first half of 1965, although the price of some commodities like wool and sisal were below their 1964 levels and prices of vegetable oilseeds and oils tended to weaken during the second half of 1965. Prices of non-ferrous metals, in particular of copper and tin, remained generally firm during the first half of 1965.

Table 1

EXPORT PRICE INDEXES BY COMMODITY CLASSES

Base 1958 = 100

		1962	1963	1964	1964				1965	
					I	II	III	IV	I	II
Primary commodities	X	99	105	109	110	108	108	109	108	108
	Y	89	97	98	101	99	96	96	94	94
of which:										
Food	X	100	107	111	113	111	111	112	110	111
	Y	82	100	101	110	104	96	93	89	89
Agricultural non-food	X	99	104	108	110	107	107	107	106	105
	Y	99	100	102	100	102	101	103	102	104
Minerals	X	97	99	102	101	102	102	104	106	105
	Y	90	90	92	91	91	92	93	92	93
Non-ferrous base metals	X	106	106	128	114	121	132	144	138	145
	Y	115	116	147	124	135	151	177	163	179
Manufactured goods		102	103	104	104	104	105	106	106	106

X = indexes representing exports of developed areas.
Y = Indexes representing exports of developing areas.

Source: Monthly Bulletin of Statistics, United Nations.

