

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## DEVELOPMENTS AND ACTIVITIES IN OTHER INTERNATIONAL ORGANIZATIONS

### Note by the Secretariat

1. In accordance with established practice, the secretariat has prepared the following background notes on developments and activities in other international organizations relevant to the provisions and objectives of Part IV for reference by the Committee in reviewing the implementation of Part IV at the twelfth session.

#### United Nations Trade and Development Board

2. The Trade and Development Board held its seventh session from 2 to 24 September 1968. The Board agreed that the Conference, the Board and its Committees should form a coherent network for purposeful and continuous intergovernmental co-operation and consultation. The Board further recommended that UNCTAD should become a participating agency of the UNDP. It was also agreed that contacts and consultations should be maintained between UNCTAD and GATT in order to facilitate the harmonious development of their activities.

3. The Board took note of reports on the UNCTAD/GATT International Trade Centre; it noted progress made in co-ordinating the activities of UNCTAD with those of other bodies in the field of trade and development, including GATT, and on negotiations in individual commodities. The Board welcomed the establishment in the UNCTAD Secretariat of a special programme on trade expansion and economic development among developing countries and decided to consider on a priority basis at its eighth session in January 1969 the question of permanent institutional arrangements as set out in the "Concerted Declaration" adopted at the Second Conference. The Board enlarged the Intergovernmental Group on Supplementary Financing from fourteen to twenty-six members, and adopted a resolution calling for contributions at a pledging conference of the United Nations Capital Development Fund to be held in New York in October 1968.

#### United Nations Cocoa Conference

4. The failure of the United Nations Cocoa Conference in 1963 and a second conference, held under the auspices of UNCTAD in 1966, to reach an agreement led to prolonged discussions and consultations among the major producing and consuming countries in the succeeding two years. In September 1967 the Cocoa Consultative Committee succeeded in negotiating a Memorandum of Agreement among the fourteen major producing and consuming countries, providing for the minimum and maximum prices and the quota mechanisms operating at different price levels as well as the sales from buffer stocks at an "upper intervention price". Following the adoption of this Memorandum, a Cocoa Conference was held from 28 November to 19 December 1967, in which agreement was reached on several points. However, agreement could not be reached on some other vital points, which resulted in the suspension of the Conference.

5. The second session of UNCTAD recommended that the Cocoa Conference should be reconvened immediately after that session, not later than the end of June and preferably before the end of May 1968, and, if necessary, be preceded by consultations so as to ensure its success. The fourteen major producing and exporting countries met towards the end of June 1968 but full agreement could not be reached on certain issues. The need for an immediate resumption of negotiations on cocoa was re-emphasized at the Trade and Development Board in September 1968. The major cocoa-producing countries, in particular, urged the reconvening of the Conference before the end of 1968. No decision was, however, taken on the date of the next Cocoa Conference.

#### United Nations Sugar Conference

6. The second session of the United Nations Sugar Conference which was suspended June 1968 due to a lack of agreement on a number of points, was resumed on 23 September after consultations between the main exporting countries - Cuba, Australia, South Africa, Czechoslovakia, Brazil and the EEC - and the Secretary-General of UNCTAD. In the June meeting a broad measure of agreement had been reached by importing countries who in exchange for a package deal committing exporters to a constant supply of sugar to the free market, offered a minimum and maximum price range of 3.25 US cents to 5.25 US cents per pound. No agreement was, however, reached on individual country export quotas.

7. Another United Nations Sugar Conference was held in September/October 1965 but owing to lack of agreement it was again adjourned. A new Conference was convened in 1968 and took place from 17 April to 1 June. Although differences were greatly narrowed, an agreement was still not possible and the Conference was adjourned until September. In a resumed session held from 23 September to 24 October 1968, the Conference succeeded in drawing up a new International Sugar Agreement to come into operation on 1 January 1969 and, if not feasible then, by 1 April 1969. Among the major importers the United States did not take part in this session and the European Economic Community will probably not participate in the new Agreement at present. Basically, the new International Sugar Agreement is aimed at bolstering sugar prices by means of export quotas and some control on the future growth in production and stock-holding in various producing countries.

#### International Coffee Agreement

8. The International Coffee Agreement, which was extended last February for a period of a further five years, became operative on 1 October 1968. An important feature of the new Agreement is the four-fold mechanism whereby the outback in quotas is linked with the fall in price of each of the four types of coffee separately, instead of a blanket indicator price based on the average price of all coffees. To cope specifically with the problem of over-production and to bring a balance in world coffee economy, the member countries have been asked to submit their production goals for 1972-73 to the International Coffee Council by 31 December 1968. A Diversification Fund, initially amounting to \$150 million,

has been set up to help member countries to switch out of coffee production into other fields of production. The Fund is to be financed mainly by the coffee exporting countries, although provision is made for importing member countries also to participate by providing loans to the Fund.

#### International Grains Arrangement

9. The International Grains Arrangement, which was negotiated in 1967, entered into force on 1 July 1968 for a period of three years. The Arrangement, which consists of two parts - the Wheat Trade Convention and the Food Aid Convention - replaces the former International Wheat Agreement.

10. The Wheat Trade Convention lays down minimum and maximum prices for international commercial trade in milling wheat. Under the Agreement member countries undertake: (1) to export wheat at prices consistent with the agreed price range; (2) to import at prices consistent with the same price range; (3) to make sufficient wheat available to meet commercial requirements of the importing member countries; (4) to purchase, when importing, not less than a specified percentage from other member countries in each crop year.

11. The Food Aid Convention lays down the contributions to be made by the participating countries in the form of wheat, coarse grains, or the cash equivalent as aid to the developing countries, amounting to 4.5 million metric tons annually. Grains must be suitable for human consumption and of acceptable quality. Countries acceding to the Convention are to make contributions on such a basis as may be agreed. The obligation of a country to contribute wholly or partly in cash is calculated by evaluating its tonnage contribution (or the portion of it not contributed in grain) at \$1.73 a bushel.

#### Food and Agriculture Organization

12. In November 1967 the FAO Conference endorsed the activities of the commodity study groups operating under the auspices of the Committee on Commodity Problems. The informal international arrangements established under the Consultative Committee on Jute and Allied Fibres have been successfully renewed after a lapse of a year in 1967/68.

13. The Study Group on Rice in May 1968 considered a secretariat study on the feasibility of including rice in a multilateral food aid scheme. The Study Group on Bananas focused its attention on problems of market access. The Study Group on Grains carried out its customary review of the current situation and outlook for production, trade and prices. The Consultative Sub-Committee on Hard Fibres in June 1968 took action to reduce the 1969 global export quotas for sisal and henequen.

14. At its second session in September 1967, the FAO Study Group on Oilseeds, Oils and Fats identified a number of features of the current and prospective market situation which gave rise to concern and laid objectives for action in relation to prices, market outlets and access and productivity. In view of the complex nature of the problem, however, the Study Group was unable at this session to evaluate fully the various possible approaches to international action in this field and set up a Technical Working Party to pursue the matter further.

15. The Technical Working Party met in February 1968 to examine the economic and technical feasibility of a number of possible solutions, with special reference to the problems of developing exporting countries. It considered various possible solutions to the problems facing the developing exporting countries. It recognized that an effective solution might require a combination of measures and recommended that the Study Group should arrange for further examination of such action as appeared to be feasible and effective.

16. At its Third Session in February 1968, the Study Group adopted the report of the Technical Working Party. It selected certain lines of action as meriting further examination and decided to examine at its next session the question of establishing a consultative sub-committee consisting of government delegations from both exporting and importing countries (including representatives of trade and industry), to constitute a regular forum for the detailed examination of the market situation and prospects for major oils and oilseeds, and of possible short-term measures for making progress toward the Group's objectives. In this connexion the Study Group requested the Joint FAO/UNCTAD Secretariat to prepare a working paper proposing terms of reference and procedures for such a consultative sub-committee. The UNCTAD at its second session in New Delhi recognized the urgent need for such a study and endorsed the conclusions of the third session of the Study Group in this connexion. It recommended that these studies be completed before the end of October 1968 and that an intergovernmental consultative committee be set up before the end of October 1968 to propose short-term measures to improve the market situation of oilseeds, oils and fats and to examine the results of the studies referred to above, as well as to submit practical proposals on long-term measures for intergovernmental arrangements in this field.

United Nations Industrial Development Organization

17. The Industrial Development Board held its second session in April-May 1968. It adopted resolutions on co-operation between UNIDO and the regional economic commissions, on the activities of the UNIDO regional advisers and on review and co-ordination of industrial activities.

The United Nations Economic and Social Council

18. The forty-fifth session of the Economic and Social Council, July-August 1968, dealt, *inter alia*, with preparations for the Second United Nations Development Decade, problems of population growth, and trends in the flow of resources to developing countries. It was decided that the Council's Economic Committee should meet from time to time between sessions to review preparations for the Second Development Decade. The Committee was instructed to discuss comments received from governments and organizations on the preliminary outline of an international strategy for development to be prepared by the Secretary-General. The Committee was also requested to formulate an outline for development policy, and organizations in the United Nations system were asked to co-operate with the Economic Committee in this task.

19. In the field of trade promotion, the Council recognized the desirability of increased efficiency in the promotion of exports of the developing countries, and requested the Secretary-General to prepare periodically a report on the export promotion efforts to the UNCTAD Board. Agencies participating in this Programme were asked to take into account the problems of export promotion in trade between developing countries. The Council also invited the Secretary-General to organize, in co-operation with UNCTAD, UNIDO, the UNCTAD/GATT Centre, and the regional economic commissions, seminars at the regional and international level for the purpose of assisting the competent authorities of the developing countries to review the problem of export credit as a means of promoting exports.

United Nations Regional Economic Commissions

20. The Economic Commission for Asia and the Far East, at its April 1968 session established a regional trade promotion Centre which will co-operate closely with the UNCTAD/GATT Centre. The Economic Commission for Latin America sponsored a regional course on trade policy and signed an agreement on a programme for co-operation with LAFTA. In the framework of the Economic Commission for Africa further progress was noted in moves towards the strengthening of the West Africa Community and in efforts towards economic co-operation in the East and North African regions.

The International Monetary Fund, the World Bank, the Industrial Development Association

21. Following resolutions adopted by the Bank and the Fund on 29 September 1967, their staff was invited to prepare a study of the conditions under which these institutions could participate in the elaboration of suitable mechanisms involving balanced commitments for the stabilization of prices of primary products on the part of both producing and consuming countries. This work has commenced and the first part of the study has been made available.