

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Trade and Development

PROCEEDINGS OF THE FOURTEENTH SESSION

Note Prepared by the Secretariat

1. The fourteenth session of the Committee was held from 3 to 5 June 1969 under the Chairmanship of Mr. T. Swaminathan (India). The Committee adopted the provisional agenda proposed in COM.TD/W/100.
- I. Examination of the operation of Part IV
 2. At its thirteenth session, the Committee had continued discussion of the proposal for an examination of the implementation of Part IV of the General Agreement. The Committee had decided that contracting parties should be invited to submit statements of difficulties that they considered had been encountered in the implementation of Part IV and suggestions on how to ensure more satisfactory and effective operation of its provisions, and that, at the present session, the Committee should, on the basis of this documentation, review the problems involved and decide how the further examination of these problems and the formulation of recommendations might best be arranged (cf. COM.TD/65, page 2).
 3. The Committee noted that, in response to its invitation, a number of governments had sent statements; these were circulated in COM.TD/W/97 and addenda. The Committee also had before it secretariat papers outlining past discussions and the main points covered in the statements sent by governments (COM.TD/W/91 and COM.TD/W/101) and a note presented by some developing countries on the approach that might be made to the examination of Part IV (COM.TD/W/101/Add.1). At the request of the Committee, the secretariat attempted a consolidated "check-list" of points made in the written submissions as well as those made by representatives during the initial stage of the discussion at this session (COM.TD/W/103).
 4. Representatives of developed countries drew attention to the efforts they had made in the Kennedy Round or otherwise to facilitate the expansion of the exports of developing countries, and reaffirmed their intention to continue to pursue this objective in accordance with the provisions of Part IV and the Conclusions reached at the twenty-fourth and twenty-fifth sessions of the CONTRACTING PARTIES. In this connexion, the representative of the United States mentioned that the review of foreign trade policy which was being carried out by the new administration would, inter alia, identify substantive areas in which the United States believed it could work with its trading partners towards further liberalization of trade. He stated

that this review would take fully into account the interests of developing countries. The spokesman for the member States of the European Economic Community referred to recent measures taken by the EEC in regard to certain products to assist the trade of developing countries. (The statements made by the United States and EEC representatives are reproduced in COM.TD/W/97/Add.8 and COM.TD/W/97/Add.10 respectively.)

5. The representative of Canada announced that his Government had decided fully to implement, with effect from 4 June 1969, all Kennedy Round concessions granted by Canada with the exception of that on one product, namely shoeboard. The representative of Poland stated that, if it were considered that this would facilitate the expansion of the trade of developing countries, his Government was prepared to cancel all its clearing agreements with GATT countries; such agreements would not be retained except at the request of the countries concerned.

6. Representatives of developing countries welcomed the indication given by developed countries of their desire and determination to make the fullest efforts to facilitate the expansion of the trade of developing countries. They expressed appreciation for the step taken by Canada to effect immediate implementation of its Kennedy Round concessions and expressed the hope that other developed countries would be able to take similar action, individually or jointly, in accordance with the Conclusions of the twenty-fifth session. Certain developing countries, however, expressed their disappointment regarding certain actions taken by developed countries which were considered by them not to be consonant with the objectives and provisions of Part IV. Some developing countries referred to action by their governments to implement the provisions of Part IV. The representative of Brazil announced that the President of Brazil had formally approved the application of Brazil's Kennedy Round concessions which had, up to now, been applied on a provisional basis.

7. The representatives of certain developing countries mentioned a number of points relating to the operation of Part IV which might be more fully stated or amplified in the statement of views expected from their governments. These included, inter alia: the application of the principle of non-reciprocity in Article XXVIII renegotiations; the undertaking of obligations by centrally-planned economies to obtain a certain proportion of their imports from suppliers in developing countries; discontinuation of the Cotton Textiles Arrangement and the avoidance of similar arrangements for other textiles. Some of these representatives also alluded to specific instances where their trade in certain products was affected by the non-implementation of the provisions of Part IV by developed countries.

8. The Committee had a preliminary exchange of views on the points made in the written statements submitted by governments and the oral statements made at this session (COM.TD/W/97 and Add.1-11) and in the background papers and check-list supplied by the secretariat (COM.TD/W/91, 101 and 103), and considered how the further examination of the matter might best be pursued. It was felt by several members that the submissions by developing, as well as developed, countries raised a wide range of broad and substantive issues which required careful reflection. It was pointed out, furthermore, by some delegations that some of the views and the proposals touched on matters which were being discussed in other GATT organs, and that care should be taken to ensure that duplication of work was avoided; that inconsistencies seemed to exist between some of the proposals, for example, the desire for general tariff liberalization and the proposal for a general system of preferences for developing countries; and that it would be inopportune for this Committee to discuss questions relating to the general preference scheme while the matter was being actively pursued elsewhere. In general, these representatives felt that some time was needed for governments to consider and reflect on the views and the proposals which had now been put together and placed before the Committee. Some representatives also stressed the need for more precise information from governments on the specific problems or difficulties that had been encountered in the operation of particular provisions of Part IV so that the further examination of this matter could proceed with reference to concrete situations.

9. Some members felt, however, that the issues raised in the statements from governments were, for the most part, well-known and that further reflection or further statements were hardly needed. Some of these members felt that what was required was a discussion in the Committee or in a subsidiary body established by it on how the best use might be made of the consultation procedures provided for in Article XXXVII:2 to deal with difficulties encountered by developing countries. They suggested that such consultations, which should relate to specific problems arising from non-observance of Part IV provisions and which should involve the examination of detailed factual and other data supplied by the developing countries concerned, would best be carried out by a subsidiary body of the Committee, preferably an ad hoc group established for each case. Some developing countries considered that such mechanism should be established as soon as possible.

10. Certain members, while noting that governments needed more time for reflection on the substantive problems, considered it desirable that effective machinery to deal with such problems should be established as soon as possible through the setting up of appropriate procedures under Article XXXVII:2. They felt that the Committee should take up this question while awaiting details on specific difficulties which would constitute the material for discussion in any subsidiary bodies set up.

11. After further discussion, the Committee agreed that (a) the statements by governments and representatives, mentioned in paragraphs 8, 9 and 10 above, and the information adduced in the course of the discussion, as noted in the present

secretariat note on the proceedings, should be forwarded as soon as possible to governments for careful consideration; (b) developing countries, as well as developed countries, which had not yet submitted statements should be invited to do so at an early date. To the extent possible, the further statements from governments should refer to specific instances or situations involving non-compliance with the provisions of Part IV; (c) the Committee would, at its fifteenth session, to be held later this year, enter into a detailed and substantive examination of this matter on the basis of the above-mentioned material; and (d) in the meantime, members of the Committee would continue informal consultations with a view to deciding upon the most practical manner and the most suitable mechanisms for carrying forward this matter.

II. Residual import restrictions

12. At the request of the Committee, the Group on Residual Restrictions had met in April 1969 and had submitted a report to the Committee (COM.TD/66). The Chairman of the Group, Mr. G.J. Hall (Australia), in presenting the report, observed that, while certain steps of liberalization had been reported to the Group, a substantive number of restrictions remained in force as might be seen from the list in COM.TD/67. The representatives of developed countries had indicated various reasons why the restrictions were maintained and had undertaken to bring to the attention of their governments representations regarding particular restrictions made in the Group. The Group had noted that some of the products in question were currently receiving attention in other GATT bodies and had decided to concentrate its attention at the forthcoming meetings on a few selected items. At the next meeting of the Group it would focus attention on the possibility of making progress towards the liberalization of restrictions on these selected items, to be chosen through informal consultation from a list prepared by the Group.

13. During the discussion, some members of the Committee expressed the view that the Group on Residual Restrictions should avoid duplication of the work of other bodies; in their view the Group should at this stage direct its attention to restrictions on products not currently receiving attention in those bodies. The Committee noted in this connexion that it would be appropriate for the Committee and its subsidiary bodies to examine problems relating to any product which was of interest to developing countries in terms of the provisions of Part IV, the aim being to explore whether any limited action outside the overall efforts to deal with problems relating to particular sectors of international trade could be undertaken.

14. The Committee approved the report of the Group on Residual Restrictions and took note of its intention to concentrate attention at the forthcoming meetings on a few selected items. It shared the hope of the Group that developed countries to which representations had been addressed would soon be in a position to report on action requested of them.

III. Adjustment assistance measures

15. The Group of Experts on Adjustment Assistance Measures held a meeting in May 1969 and the Group's report was submitted to the Committee in COM.TD/68. The Committee's attention was drawn to the findings of the Group noted in paragraphs 2-7 of the report and to the divergence of views, recorded in paragraph 10, as to how the future work in the field of adjustment assistance might be carried on.

16. Some members of the Group supported the view that existing bodies, rather than the Group on Adjustment Assistance, should carry out further work, and that the rôle of the Group should be limited to the gathering and analyzing of information on new measures of adjustment assistance by governments. They felt that adjustment assistance measures could only be part of the mechanism to deal with difficulties caused by an increase in imports and should not be regarded as having as their purpose the supplanting of industries or firms to make room for imports; there was, at any rate, no provision in their countries to take action in advance of injury. To draw up a list of products as possible candidates for adjustment assistance would, therefore, be pointless and might well be counter-productive as regards market access. In endorsing the use of adjustment assistance, the Committee had, in its 1966 report, stressed the limitations of this device (cf. Fourteenth Supplement, BISD, page 135, paragraph 26).

17. Certain members supported the view noted in the report that the Group's work should be directed towards ascertaining whether adjustment assistance measures were available for dealing with social and economic problems relating to particular products or sectors which were often cited as standing in the way of trade liberalization, and whether such measures were employed to deal with these problems in such a manner as to facilitate imports from developing countries. This indeed was provided for in the terms of reference given to the Group. The limitations on its future work proposed by some members would greatly impair its ability to contribute to an alleviation of the trade problems of developing countries.

18. The Committee approved the report of the Expert Group and noted the views expressed in the Committee regarding the further programme of work that might be pursued in the field of adjustment assistance measures. Members of the Committee considered that it should be possible, after further informal consultations, to isolate areas of work involving urgent problems from those which, though important, could be dealt with from a longer-term point of view and pursued in the context of the work already carried out in other GATT bodies. In this connexion, governments might wish to advise the secretariat of their views in preparation for a further examination of the matter at the next session of the Committee.

IV. Trade in tropical products

19. The Special Group on Trade in Tropical Products met in May and a report by the Chairman of the Group was circulated in SGTF/14. The Director-General introducing the report in his capacity as Chairman of the Special Group, referred to the salient points therein, notably those set out in paragraphs 4 and 7.

20. The spokesman for the European Communities considered that the points set forth in paragraph 7 of the report, which had emerged from the discussion in the Group, required further consideration. The Communities would propose that the Agriculture Committee, at its next meeting, first consider the problems relating to vegetable oils and seeds; this would have the important advantage of ensuring that all interested developing countries, including those which had not participated in the work of the Special Group, would take part in the discussion.
21. The representative of Nigeria referred to the points set out in paragraph 4 of the report and proposed that action along those lines be initiated. In his view, the work of the Special Group constituted no duplication of the work being carried out in the Agriculture Committee; rather the activities of the two organs were mutually complementary. Since the Agriculture Committee, which would not be meeting until the autumn, was unlikely to be able to accord sufficient attention to the problems of tropical oils and seeds in view of the other urgent problems on its agenda, and since some of the problems of tropical products, in addition to being urgent, were also of a short-term nature, as opposed to those long-term problems which were being dealt with in the Agriculture Committee, independent action regarding these particular products in the Special Group was essential, especially if it were envisaged that concrete solutions to the problems should be worked out for consideration at the twenty-sixth session of the CONTRACTING PARTIES.
22. Some members of the Committee observed that while these products should indeed be taken up in the Agriculture Committee in its proper context, it would not be appropriate to rearrange the priorities to the extent of holding up the Committee's other work.
23. The representatives of certain developed countries, in support of the EEC proposal, stated that in their view tropical vegetable oils and seeds could not be separated for special treatment outside the overall approach being adopted in the Agriculture Committee. They would agree, however, that, if after consideration of the matter in that Committee, the developing countries involved were dissatisfied with the outcome, the matter could be taken up again in the Special Group.
24. Representatives of developing countries, in supporting the Nigerian proposals, stressed the importance of obtaining urgent solutions to the problems of tropical oilseeds and oils. Without denying the value of the work of the Agriculture Committee, therefore, they would favour the line of action suggested in paragraph 4 of the report.
25. The Committee took note of the report of the Chairman of the Special Group contained in document SGTP/14. The Committee endorsed the points set forth in paragraph 4(ii) and paragraph 7 of the report.¹ The Committee agreed to request that the Agriculture Committee, at its next meeting, to be held after the summer

¹ See paragraph 26 below.

recess, take up as the first item of its agenda the problems relating to tropical oilseeds and oils in the light of the report of the Chairman of the Special Group. The Committee stressed the importance of adequate liaison between the Agriculture Committee and the Special Group on Tropical Products so as to ensure that their respective programmes of work would be suitably co-ordinated.

26. The representative of the European Communities indicated that the Communities could not accept any recommendation which went beyond the points contained in paragraph 7 of the report of the Chairman of the Special Group.

V. Future work

27. It was agreed that the Committee would hold its next session early in the autumn.