

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## THE OPERATION OF PART IV OF THE GENERAL AGREEMENT

### Statements by Governments

#### Addendum

#### INDIA

1. The Government of India welcome the arrangements being made by the Committee on Trade and Development for carrying out a detailed examination of the difficulties encountered in the implementation of Part IV and for recommending measures to secure more effective and systematic implementation. It believes that the proposed review and examination of Part IV should be carried out with reference to principles and objectives of GATT in the field of trade and development as elaborated in article XXXVI and commitments specified in Articles XXXVII and XXXVIII.
2. It will be recalled that the objectives and commitments embodied in Part IV were in recognition of the fact that there was need for rapid and sustained expansion of the export earnings of the less-developed contracting parties and that there was need for positive efforts designed to ensure that these contracting parties secure a share in the growth in international trade commensurate with the needs of their economic development. The opportunity provided by the proposed review should, therefore, be utilized to analyze the experience of the operation of Part IV, in order to form a judgment, whether or not the contracting parties have been making a conscious and purposeful effort to give effect to the principles and objectives set out in Article XXXVI.
3. Further, a clause-by-clause analysis with reference to the experience of the operation of Article XXXVII needs to be carried out. For example, an examination, as to how far the opportunity provided by the Kennedy Round negotiations was utilized to "accord high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties". It will be recalled that the ground rules of the Kennedy Round provided that every effort should be made to reduce barriers to the exports of less-developed countries. The results of the negotiations, however, showed that while major reductions in tariff obstacles to products exchanged between the developed countries had been made, on many products of particular export interest to India and other developing countries, no concessions were granted. On many products, the concessions were far short of the 50 per cent reduction which was adopted as a hypothesis for the negotiations. Quantitative restrictions remained practically in tact. There was no reduction in the internal fiscal charges on

tropical products. Tariff differential in duties, between products in their processed and unprocessed form, in respect of many products of export interest to developing countries remained unchanged. In the light of this experience, it is suggested that on the basis of the examination already carried out by the Ad Hoc Group on the results of the Kennedy Round, the Committee on Trade and Development should draw suitable guidelines to enable the contracting parties to fully implement the commitments set out in Article XXVII:1(a). To the same end, the Committee should also consider and suggest steps to be taken for expediting the studies on specific tariffs, differential and peak duties affecting exports of developing countries which are currently in progress, and suggest further arrangements to be made.

4. At the conclusion of the Kennedy Round, the developing contracting parties while expressing their dissatisfaction with the outcome of these negotiations, suggested that negotiations should be arranged to deal with the outstanding problems of the developing countries. At that time one developed contracting party had expressed its inability to take action in this regard because of lack of legal authority. Other developed contracting parties did not seem to lack any authority. In the light of this, the Committee should examine as to what extent the absence of legal authority on the part of one developed contracting party should impede taking action by others for tackling the outstanding problems of the developing countries.

5. The question of residual restrictions maintained by many developed contracting parties has been under consideration in GATT for many years. India's trade continues to be adversely affected because of maintenance of such restrictions by many developed contracting parties. In the course of examination of these restrictions, in some cases legal reasons have been invoked for inability to take action, e.g. that these restrictions are maintained in terms of national legislation in force on the date the contracting parties concerned acceded to the General Agreement. The Committee should make an analysis of cases in which such legal reasons had been invoked and examine whether these legislations were of a mandatory character.

6. The "standstill" provisions of Article XXXVII:1(b) and 1(c)(i) are important commitments. It is necessary to examine, particularly in the light of the experience of some of the measures adopted by some developed contracting parties as to how far these commitments have been observed.

7. The Committee should also examine various measures taken in regard to adjustment of fiscal policies in developed countries and analyze the extent to which sub-paragraph 1(c)(ii) of Article XXXVII has been implemented, namely, whether during the course of any adjustment of fiscal policy the extent to which such opportunity was utilized for eliminating or reducing measures that might affect the consumption of products wholly or mainly produced in developing countries.

8. The consultation procedures under Article XXXVII:2 have not been resorted to so far. An examination of the difficulties being encountered by developing contracting parties in not invoking these procedures needs to be made.

9. In Article XXXVII:3(b), the developed contracting parties have undertaken to "give active consideration to the adoption of other measures designed to provide greater scope for the development of imports from less-developed contracting parties". In this regard it was expected that adjustment assistance measures could make some contribution to the solution of the problem of creating greater access for the exports of developing countries. The work currently being done in the Expert Group on Adjustment Assistance Measures does not appear to be oriented towards this objective.

10. It may be recalled that when the Anti-Dumping Code was being negotiated during the Kennedy Round, the representatives of the developing countries in the Group on Anti-Dumping Policies expressed reservations on the Code because "although a substantial effort was being made, it was not found possible to reach agreement on the inclusion of special provisions to meet some of the specific problems of the developing countries". It would seem desirable that the Committee on Trade and Development makes arrangements for examining the specific problems of developing countries with a view to enabling these contracting parties to consider subscribing to the Anti-Dumping Code at an early date.