

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/W/103/Rev.1
25 November 1969

Limited Distribution

Committee on Trade and Development

EXAMINATION OF THE OPERATION OF PART IV

Check-List of Points for Discussion

Revision

The secretariat has attempted below to consolidate the points made in the statements submitted by contracting parties in COM.TD/W/97 and Add.1-16, in the oral statements made during the discussion of this subject at the fourteenth session and in the paper circulated in the name of some developing countries in COM.TD/W/101/Add.1. The present paper should be read in conjunction with the earlier secretariat note COM.TD/W/91 in which an analysis was made of the significance and the experience of the implementation of Part IV provisions.

A. PRINCIPLES AND OBJECTIVES

1. The provisions of Articles XXXVII and XXXVIII are insufficient in relation to the principles and objectives set forth in Article XXXVI.
2. Developed countries do not seem to have made a "conscious and purposeful effort" to give effect to the principles and objectives set out in Article XXXVI, as required by paragraph 9 thereof.
3. The principle of non-reciprocity in trade negotiations and renegotiations between developed and developing countries does not seem to have been followed in some cases.

B. ARTICLE XXXVII COMMITMENTS

Non-observance of commitments

1. Developed countries do not seem to have given high priority to the action required of them under Article XXXVII:1. The Kennedy Round provided only limited benefits for developing countries (reductions on products of interest to developing countries fell far short of the linear reduction rate, many products of interest to them were excluded, quantitative restrictions were untouched, internal fiscal charges were not negotiated, etc.).
2. The standstill provisions in Article XXXVII:1 have not been fully observed in some cases.
3. Import duties on products of interest to developing countries have not been sufficiently reduced; differential tariffs between processed and unprocessed products remained disproportionately high.

4. Developed contracting parties have not given sufficient consideration to the adoption of "other measures" as required under Article XXXVII:3(b) to provide greater scope for the development of imports from developing countries.
5. One developed contracting party has referred to the lack of legal authority as a reason for not taking more action under Article XXXVII:1. To what extent the absence of legal authority on the part of one developed country should impede action by others?
6. The failure of certain developed countries to participate in the International Sugar Agreement may involve inconsistencies with certain Part IV provisions.
7. A decisive cut of tariff rates on cotton textiles was not achieved in the Kennedy Round. The Cotton Textile Agreement has not been in conformity with Part IV of the General Agreement. Any extension of this kind of arrangement to other textiles would be contrary to Article XXXVII:1(b).

Concrete suggestions for implementation of commitments

1. Problems created for developing countries by specific duties, differential and peak duties should be further studied and dealt with.
2. Kennedy Round concessions of interest to developing countries should be given advance implementation as soon as possible and not later than the end of 1969.
3. Tariffs of developed countries should be restructured to facilitate the granting of concessions to imports from developing countries.
4. Target dates should be set for the removal of residual import restrictions; the New Zealand proposal should be adopted. Alternatively, a time-table should be drawn up by the Committee on Trade and Development for the removal of such restrictions and other non-tariff barriers affecting developing countries' exports.
5. Where import restrictions affecting exports of developing countries are maintained on the ground that they are required by "existing legislation" the mandatory nature of the legislation should be examined.
6. Provisions of paragraph 7 of the Conclusions of the twenty-fourth session (L/3155) should be more fully implemented in that the Agriculture Committee and the Committee on Industrial Products as well as other GATT organs should be urged to give more urgent attention to problems of developing countries.
7. Certain measures taken by developed countries in the fiscal field should be analyzed to ascertain whether sub-paragraph 1(c)(ii) of Article XXXVII has been observed.
8. Import surcharges, import deposit requirements etc., introduced or maintained by developed countries should not be applied to imports from developing countries.

9. The conclusion of primary commodity agreements will contribute towards efforts to improve and stabilize the export earnings of developing countries.
10. Contracting parties with centrally-planned economies should undertake to allocate specific proportions of their imports for suppliers in developing countries.
11. With reference to the reservations made by developing countries during the Kennedy Round, arrangements should be made for examining the problems of these countries with a view to enabling them to consider subscribing to the Anti-Dumping Code.

C. JOINT ACTION

1. The Conclusions of the twenty-fourth and twenty-fifth sessions should be fully implemented. It is difficult to pass judgment as to whether Part IV is being satisfactorily implemented until this work has reached a more advanced stage.
2. A non-discriminatory scheme of general preferences in favour of developing countries should be adopted. Developed countries should submit offer lists for this scheme as soon as possible. The realization of this scheme will contribute considerably to the solution of the trade problems of developing countries.
3. Trade negotiations among developing countries should be given full support and should cover all sectors of trade.
4. The contribution that may be made by trade promotion and work in the International Trade Centre to the solution of export problems of developing countries should be further explored.
5. Advanced countries, in affording technical and financial aid to developing countries, should also assist the latter to expand their exports of manufactured and semi-manufactured products.
6. In order to improve the effectiveness of various intergovernmental organisations in dealing with trade and development problems the utmost care should be taken in sharing out tasks among them.

D. INDIVIDUAL CASES OF ALLEGED NON-COMPLIANCE

1. A developing country has reported that a developed country has applied an anti-dumping duty against it on the basis of arbitrarily determined prices, and that another developed country's State monopoly has refused to make purchases from that developing country. In the view of the developing country concerned these are not in accordance with the provisions of Article XXVI:5.
2. A developed country applies a number of measures of embargo on trade with a developing country which, in the view of the latter, constitute infringements of Part IV provisions.

3. A developing country has reported that the lack of an international agreement on cocoa greatly inhibits the expansion of its exports of this commodity. High customs duties, internal fiscal charges and restraints on consumption specifically applied by certain developed countries to cocoa beans and semi-processed cocoa products have also prevented the expansion of its cocoa industry.
4. A developing country has reported that its citrus industry has been seriously affected by import restrictions and by an import duty of 32½ per cent imposed by a contracting party against its exports of citrus juices.
5. A developing country has reported that certain measures taken by a developed country are having a damaging effect on its exports of rum and amonia, and that as its exports to that developed country were at a rather low level because of high customs and excise duties, the measures involved could almost eliminate exports of rum to that market.
6. A developing country has reported that a developed country has imposed restraints on exports of certain categories of cotton textiles (Category 52, blouses not knit, Category 61, brassieres and other body-supporting garments), which has resulted in the severe disruption of the industry affecting the level of investment in the country and causing the cancellation of plans with consequent impact on existing unemployment rates.

E. MISCELLANEOUS

1. The review of the implementation of Part IV regularly carried out in the Committee on Trade and Development should move beyond the stage of general discussion to one of consideration of concrete action through the use of the procedures of Article XXXVII:2.
2. A more flexible attitude should be adopted in regard to the concept of joint action as provided for in Article XXVIII.
3. The procedures for consultation in Article XXXVII:2 should be examined and ready recourse to those procedures should be encouraged so as to explore ways and means of solving problems through concerted action. Experience gained in this process could later serve as a useful reference for developed countries when deciding on their import policy regarding products of interest to developing countries.
4. The Committee on Trade and Development should establish a subsidiary body to initiate, organize and carry out consultations under Article XXXVII:2.
5. Precise information on the specific export interests of developing countries could effectively contribute to a more purposeful implementation of Part IV.
6. A case-by-case examination of actual difficulties encountered by developing countries in exporting their products to developed countries should make it possible to determine the extent of existing barriers and the degree of conscious and purposeful effort by developed countries to remove such barriers.

7. In order to implement Part IV to the largest possible extent it is necessary to continue to draw increased attention to these problems in the course of the consultations within the various GATT groups.
8. The Committee on Trade and Development should follow closely the work of other GATT bodies and ensure that in cases where one committee regards itself as not being competent for any reason to deal with any problem of interest to developing countries, the problem concerned is transferred formally to a body that is competent. Further that any problem so transferred is given no less favourable treatment in the new framework than it might have received in the original one.