

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ACTIVITIES IN OTHER BODIES RELEVANT TO THE IMPLEMENTATION OF PART IV

Note by the Secretariat

The following notes have been prepared to facilitate the Committee's consideration of its work programme against the background of the work being carried out in other bodies.

1. Committee on Trade in Industrial Products

(i) Non-tariff barriers

At the meeting of the Committee in October 1969 five working groups were established, each with the function of exploring in respect of those barriers within its competence, the possibilities for concrete action with regard both to reducing or removing such barriers and to developing possible rules of conduct. The points with which each working group would deal were set out in the Illustrative List contained in Annex I of the Committee's report to the meeting of the Council in January 1970 (L/3298). In this report the Committee had specified that the groups would give special attention to measures of particular importance to developing countries.

At the twenty-sixth session the CONTRACTING PARTIES instructed the Committee on Trade in Industrial Products that on the basis of the comprehensive preparatory work already done and of such additional work as may prove to be necessary, it should proceed with the task of formulating conclusions for concrete action that might appropriately be taken to deal with the problems that arise in this field. It was further agreed that this task should be completed during 1970.

Working Groups 1, 2 and 4 have held meetings. In these meetings there were various tentative views and suggestions on solutions which might be considered for dealing with the problems before the respective groups, it being recognized that all delegations would have the possibility of supplementing or clarifying these in the Committee on Trade in Industrial Products when the reports were brought up for discussion. In the work of these groups the possibility of giving priority attention to the problems of developing countries was examined. During the examination in Working Group 1 of State trading in market economy countries, it was noted in particular that the notifications named in this section of the Illustrative List related to State-trading enterprises in developed market economy countries and on that basis the developing countries had participated on their understanding that the

Group would base its discussions on State-trading practices of developed market economies. From the examination carried out by it, it appeared to Working Group 2 that there was little scope in its work for separate action on developing countries' problems since both developing and developed countries were faced with a single set of problems caused by lack of uniformity in customs and entry procedures of different countries. During its discussion of anti-dumping duties the Group also discussed the question of the reservation made by developing countries when the Anti-Dumping Code was drawn up during the Kennedy Round negotiations.

In carrying out its work Working Group 4 had in mind the suggestions which were made regarding the special concerns of developing countries during the Joint Working Group on Import Restrictions and in connexion with the twenty-one items selected by the Group on Residual Restrictions for priority attention. Working Group 4 will meet in June to finalize its draft report.

Working Groups 3 and 5 which have not yet met will hold meetings in May and June. The Committee on Trade in Industrial Products is expected to meet in early July to review the reports of the five groups and to prepare a report to the Council on progress made and the future programme of work.

(ii) Tariff studies

The secretariat has been working in consultation with interested delegations on proposals relating to Tabulation 3 of the Tariff Study which is designed to focus attention on one of the main trading problems of developing countries, namely the problem of tariff escalation. The proposal will be discussed by the Expert Group on the Tariff Study in May. A secretariat note describing the proposals has been circulated in COM.TD/W/122.

2. The Agriculture Committee

In February 1970 the Agriculture Committee reported to the Council inter alia (L/3320) that it had established four working groups to carry forward its work and to seek mutually acceptable solutions to the principal problems of international trade in agricultural products, and for this purpose to complete such further identification of these problems as was necessary. Special attention should be given to measures of particular interest to developing countries. This work would be essentially of an exploratory nature and the definition of a range of possible solutions should not imply a commitment to conform to any of these solutions. The working groups were instructed to work in succession and as expeditiously as possible and submit progress reports to the Committee by the middle of 1970.

At their twenty-sixth session, the CONTRACTING PARTIES approved the work programme drawn up by the Committee and directed that the task of formulating conclusions on possibilities for concrete action that might appropriately be taken to deal with the problems should be completed during 1970 so as to enable the CONTRACTING PARTIES to consider at their twenty-seventh session, a decision to initiate appropriate actions directed towards the realization of these possibilities.

Working Group 1 was to deal with measures which affect exports directly or indirectly, such as governmental aid to exports, export subsidies and restitutions, subsidized export credits, non-commercial transactions and the effects of double-pricing practices and deficiency payment arrangements. Working Group 2 was concerned with measures which affect imports, such as customs duties, variable levies and quantitative restrictions of all kinds including centralized trading. Working Group 3 was to examine measures which affect production, notably measures applied to promote agricultural policy objectives. The Group will consider such subjects as producers' prices and self-sufficiency ratios. Working Group 4 was to deal with various subjects that might not easily fall within the area of the first three Groups, such as marketing standards, health and sanitary regulations and various customs and administrative procedures.

Working Groups 1 and 3 held meetings in April and May in the course of which suggestions were made as to how the principal problems might be dealt with. Various points were raised and tentative views expressed by delegations on these points and suggestions. Among the proposals put forward of particular interest to developing countries in Working Group 1 were those relating to the early elimination of aids to exports and the giving of priority consideration to the elimination of such aids to products in which developing countries accounted for a significant share of world trade such as tobacco, vegetable oils and oilseeds, cereals, meat and others. It was also suggested that in any revision of Article XVI regard would have to be given to Article XXXVI, in particular to paragraph 3 of that Article. In Working Group 3 among the suggestions of particular interest to developing countries were those made in connexion with international commodity agreements for tropical products and possible freezing of the margin of support for agricultural production.

Working Groups 2 and 4 are scheduled to meet in the second half of June. Working Group 2 will base its discussions mainly on documentation relating to quantitative restrictions, variable levies and certain special charges, and the tariff study on products falling within BTN Chapters 1-24. The Group will be expected to list out and evaluate suggestions regarding possible ways of dealing with these measures. The problems relating to vegetable oils and oilseeds, raised by Nigeria and Ceylon, will fall in the competence of Working Group 2. Working Group 4 is expected to carry out a first reading of the documentation before it to identify the nature and importance of the problems raised and to record any suggestions for possible solutions put forward by delegations.

The Agriculture Committee will consider the progress reports from these Groups at its next meeting to be held in July.

3. Joint Working Group on Import Restrictions

The Joint Working Group established by the Council in January to conduct consultations on quantitative restrictions along the lines suggested by the Director-General in Section III in L/3260, met in April 1970. The consultations were limited to the eighteen countries whose restrictions were partially listed in the illustrative table annexed to L/3260 and to the territories on whose behalf those contracting parties apply the GATT. The Group has prepared a report for discussion by the Council (L/3391).

During the meeting attention was drawn to the fact that considerable exploratory work on identification of restrictions which adversely affected trade of developing countries had been done by the Group on Residual Restrictions. It was further noted that twenty-one items had been selected for priority consideration by the latter Group from the list of quantitative restrictions affecting trade of developing countries. It was suggested by some members of the Group that the Joint Working Group should recommend that restrictions on those items as well as those in respect of which developing countries indicated specific interest in the course of the discussions should be removed on a priority basis without expecting reciprocity from them.

The report of the Joint Working Group will be discussed by the Council in due course.

4. Working Party on Border Tax Adjustments

The Working Party on Border Tax Adjustments presented an interim report to the Council in January 1970 (L/3290). The report records that a list of products of interest to developing countries was drawn up in order to examine whether and to what extent products originating in developing countries were affected by border tax adjustments. A discussion was held on the practices of contracting parties in levying taxes on commodities exported by developing countries. There was in particular an exchange of views regarding the levying of internal taxes by developed countries on products not domestically produced by developed countries and on the incidence of recent changes in the tax systems of some countries on some products of interest to developing countries.

The Working Party met again in March 1970 and carried out a factual examination on an item-by-item basis of the notifications made in the Committee on Industrial Products and listed in Section F of Part 5 of the inventory of non-tariff barriers. Consideration is being given to the possibility of holding a further meeting of the Working Party before the summer recess to discuss any proposals and suggestions that have been or may be put forward.

5. United Kingdom import deposits

At its meeting in October 1969, the Council had been informed by the United Kingdom representative that the United Kingdom Government had decided to extend the Import Deposit Scheme which was to expire on 5 December 1969 for a further period of twelve months, but that the rate of deposit would be reduced from 50 to 40 per cent. The Council had decided to invite the International Monetary Fund to report on its findings regarding the United Kingdom balance-of-payments situation and reconvene the Working Party as soon as possible thereafter. The Working Party met in January and reported to the Council in February 1970 (L/3334). The Chairman of the Working Party pointed out in the Council that the IMF had not found the scheme to go beyond the extent necessary in the circumstances, but had recommended, taking into consideration the effect of the Scheme on international co-operation in reducing trade barriers, that priority be given to phasing it out after the achievement of balance-of-payments objectives permitted some relaxation of the present restrictions within the overall financial programme. The Chairman also stated that the Working Party had decided to meet again in June 1970 if the Scheme had not been terminated by that time.

6. Cotton Textiles Committee

In December 1969 the Cotton Textiles Committee continued the discussions initiated in October regarding the future of the Long-Term Arrangement. The Committee felt that bilateral consultations or negotiations were still needed. The Committee will meet in May 1970 to ascertain whether in the light of bilateral discussions which have been taking place it will be in a position to take a decision on the future of the Arrangement.

7. Committee on Balance-of-Payments Restrictions

In March 1970 the Committee on Balance-of-Payments Restrictions consulted with Ireland, Finland and Israel. Consultations will be carried out in June with Indonesia, Peru, Uruguay and Spain. In the case of Indonesia the consultation will be of the expanded type with particular emphasis being placed on the export proceeds and export market problems of that country.

8. Preferences in favour of developing countries

The fourth session of the UNCTAD Special Committee on Preferences met from 31 March to 17 April and began consultations between developed and developing countries on the basis of documentation submitted by the OECD countries. Discussions and consultations will continue both at a further meeting of the Special Committee which is expected to take place before the summer recess, and in the UNCTAD Trade and Development Board which will be held in August-September 1970.

9. The Preparatory Committee for the Second United Nations Development Decade

The Preparatory Committee for the Second United Nations Development Decade is in the process of identifying, inter alia, a series of policy measures in the trade field which it considers should be included in elements of an international strategy for the Second Development Decade. These measures relate to international commodity agreements; general principles on pricing policy to serve as guidelines for intergovernmental consultations and actions on individual commodities; standstill on tariffs and non-tariff barriers on imports of primary products of particular interest to developing countries; priority reduction and elimination of barriers to imports of primary products; supplementary resources for developing countries in their efforts to accelerate diversification of their economies; appropriate action to diversify the end uses of natural products facing competition from synthetics and substitutes; machinery for consultation on surplus disposals; expansion and diversification of export trade of developing countries in manufactures and semi-manufactures; generalized non-reciprocal and non-discriminatory preferences; standstill on barriers to exports of manufactures and semi-manufactures; relaxation and progressive elimination of non-tariff barriers on manufactures, semi-manufactures, processed and semi-processed products of export interest to developing countries; adaptation and adjustment of industries in developed countries; trade promotion; restrictive business practices; maximization and diversification of imports from developing countries by centrally planned economies of Eastern Europe; mutually beneficial and preferential trade

arrangements among developing countries; and financial and technical assistance from developed market economies to support initiatives in regional and sub-regional co-operation of developing countries.

10. United Nations International Tin Conference

The United Nations Tin Conference, held in April-May 1970, negotiated a fourth International Tin Agreement to replace the existing Agreement which will expire on 30 June 1971. The basic mechanism of the Agreement which combines a buffer stock with export controls remains unchanged, although greater flexibility in buffer stock operations is provided for, especially as regards buying and selling tin in the upper and lower sectors of the price range set by the International Tin Council. The price range within which the Agreement aims to stabilize the market price of tin will initially be the same as that in force at the end of the present Agreement. Among the modifications made to the Agreement are those designed to take account of general criteria of the IMF relating to commodity agreements. The IMF is prepared under certain conditions to assist countries contributing to buffer stocks. The size of the buffer stock remains unchanged at the price or metal equivalent of 20,000 metric tons and compulsory contributions will continue to be made by producer countries only.