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DEVELOPMENTS AND ACTIVITIES IN OTHER INTERNATIONAL ORGANIZATIONS

Note by the Secretariat

1. The present note provides information on recent developments and activities in other international organizations of interest to the Committee in the context of its annual review of implementation of the provisions of Part IV.

2. Major developments in the period under review included the adoption on 24 October 1970 by the United Nations General Assembly of an International Development Strategy for the Second United Nations Development Decade commencing 1 January 1971 and the acceptance in UNCTAD of arrangements for the establishment of a generalized scheme of tariff preferences for developing countries in the markets of developed countries as early as possible in 1971. Consultations of an informal character have already been initiated in the GATT with the aim of ensuring that the necessary legal coverage is provided for the preference scheme.

International Development Strategy for the Second United Nations Development Decade

3. In 1967 the General Assembly agreed to proclaim the 1970's as the Second Development Decade and undertook to prepare a strategy for it. A Preparatory Committee was set up in 1968 to draft such a strategy with assistance from the United Nations bodies concerned with development. These included the ECOSOC Committee on Development Planning, the specialized agencies, UNCTAD and UNIDO.

4. On 17 October 1970 the Assembly endorsed by consensus the report by the Committee with some revisions and formal observations by delegations which were included in an annex to the report. The strategy contains an outline of the machinery and procedures for a mid-term review and biennial appraisal of developments by the Assembly. The work will be done through the ECOSOC on the basis of national and international reviews and of comments and recommendations by the Committee on Development Planning.

5. Among its major objectives, the International Development Strategy makes provision for efforts to reach agreement on general principles to serve for guidelines and actions on individual commodities. Priority will be accorded to improving market access for primary products including those in processed or semi-processed forms. In this connexion the Trade and Development Board, in September 1970, adopted a text on "Pricing policy and trade liberalization" which it considered to be a step that could lead to the adoption of an international policy for primary commodities.

6. Diversification, which is already receiving attention in a number of international organizations, is also included in the International Development Strategy. The UNCTAD Advisory Committee to the Trade and Development Board and the Committee on Commodities will be devoting a session entirely to this subject in the first half of 1971.

7. With regard to surplus disposals and strategic reserves, the Strategy points out that existing consultation procedures for disposals should be widened and reinforced. In this respect, the FAO Committee on Commodity Problems in 1969 adopted a resolution revising the terms of reference of the Consultative Sub-Committee on Surplus Disposals in order to place prior notification procedures and the reporting of transactions on a more systematic basis. At its November 1970 session, the CCP adopted a text on "Procedures for the establishment of usual marketing requirements". A decision on surplus disposals and strategic reserves was also adopted by the UNCTAD Committee on Commodities in July 1970. This resolution contains, inter alia, provisions for prior consultations in cases of disposals of primary products from strategic reserves not covered by the FAO Principles of Surplus Disposals.

8. Provision is made in the International Development Strategy for the consideration of measures, such as research and diversification, to counter the adverse effects of competition from synthetics and substitutes on natural raw materials. Attention is already being given to these aspects in different international organizations, including the UNCTAD Permanent Group on Synthetics and Substitutes.

9. With regard to manufactures and semi-manufactures, particular importance is placed on the implementation of the generalized scheme of preferences and reference is made to measures for the relaxation and progressive removal of tariff and non-tariff barriers affecting these products. In addition, attention is given to adjustment assistance, export development and promotion and restrictive business practices.

IBRD and IMF decisions regarding the stabilization of prices of primary products

10. At the July 1970 meeting of the Committee on Commodities of UNCTAD the representatives of the Bank and the Fund summarized the main features of the 1969 decisions aimed at the stabilization of prices of primary commodities.¹ Members of the Committee both from developing and developed countries expressed their appreciation of the work done by the IMF and IBRD in the field of commodity policy and welcomed the decisions that had been taken on the stabilization of commodity prices. They attached great importance to the decisions of the IBRD concerning diversification and expressed the hope that the supplementary financing scheme would soon be implemented. However, at the tenth meeting of the Trade and Development Board it was made clear that the Bank was deferring further detailed consideration of a scheme for supplementary financial measures because of the limited support for contributions to supplementary financing over and above the sums already pledged for the replenishment of IDA. The Board decided to ask the Bank to review its decision and to assess the probable cost of such a scheme as

¹The Fund decision relates to an arrangement to assist members in financing contributions to international buffer stocks and the Bank's decision envisages helping countries diversify production, strengthen the competitiveness of primary products in world trade and participate more effectively in international commodity agreements aimed at stabilizing world prices.

only then would members of the Bank be in a position to judge if additional resources could be made available.

International commodity agreements and consultations¹

11. A new Arrangement Concerning Certain Dairy Products negotiated in GATT (covering skim milk powder at present) came into force on 14 May 1970. The International Grains Arrangement (IGA) and the International Coffee Agreement (ICA) came under considerable strain, the former on account of continued downward pressure on prices and their stabilization since October 1969 at a level much below the floor price provided in the Wheat Trade Convention (WTC), and the latter because of a sudden upward thrust of coffee prices from July 1969 following severe crop damage in Brazil. The new International Sugar Agreement entered its second year of operation in 1970, with export quotas maintained unchanged at 90 per cent of the basic export tonnages provided for in the agreement. The International Olive Oil Agreement, which was renewed in March 1969 until December 1973, also continued in operation, as did the informal arrangements on jute, kenaf and allied fibres and hard fibres, including abaca. The International Sultana (Raisin) Producers' Agreement was confronted with the threatened withdrawal of Australia, if the permission sought by it for the sale of 1970 crop fruit as soon as it became available was not granted. The issue was resolved by the granting of permission for 1970 only, in view of Australia's poor 1969 crop.

12. International consultations aimed at an international arrangement for cocoa were continued under the auspices of UNCTAD. The Consultative Committee on Tea, set up by the Committee on Commodity Problems (CCP) in October 1969, is considering the need and justification for long-term action on tea to achieve prices equitable to consumers, remunerative to producers, and such as to produce satisfactory levels of export earnings for the exporting countries. Meanwhile, the informal regulation of exports in 1970 agreed at Mauritius in July/August 1969 by the majority of exporters has been put into effect. The Study Group on Rice again considered problems relating to international action on rice at its fourteenth session in May 1970, and set up a working party of selected countries to examine the feasibility of proposals and to recommend further action to the next session. The working party is expected to meet in November 1970.

FAO Committee on Commodity Problems

13. The forty-fifth session of the FAO Committee on Commodity Problems, held during the period 26 October-6 November 1970, reviewed the world agricultural commodity situation, problems and policies. Among other things, the Committee decided to strengthen the terms of reference of the Study Group on Oilseeds, Oils and Fats having regard to the recommendations made by the Special Session of the Group in February 1970. Oilcakes and meals have been included in the product coverage. It also decided to establish a Study Group on Meat to provide a forum for consultations on and studies of international trade, production and consumption of meat, including poultry meat, with particular emphasis on the problems involved in the creating or development of the livestock and meat sectors and on the problems of marketing. Both Study Groups were requested to avoid duplication of work being carried out in other bodies.

¹Extracted from "FAO Commodity Review and Outlook 1969-70".

Natural rubber

14. At a meeting of the Association of Natural Rubber-Producing Countries in Kuala Lumpur during October 1970, a decision was taken in principle to implement a joint rubber marketing system as a first concrete step towards stabilizing the international rubber market. The Association also agreed to the establishment of a secretariat in Kuala Lumpur.

Manufactures

15. In addition to the measures referred to above in connexion with the International Development Strategy, the following activities have taken place.

16. UNIDO's work programme is designed, among other things, to contribute to the development of international trade in manufactures of developing countries. Apart from the operational activities financed by UNDP, work is undertaken by the industrial development field advisers, the in-plant training programmes, as well as through the co-ordination of industrial development activities and the preparation of long-range programmes of technical assistance. Activities of special interest include those concerning promotion of export-oriented industries, advice on government purchasing, industrial standards and the rôle and promotion of sub-contracting.

17. Co-operation between the United Nations, GATT and the International Chamber of Commerce was institutionalized in March 1969. The first meeting of the Committee created - the Economic Consultative Committee of the International Chamber of Commerce, the United Nations and the General Agreement on Tariffs and Trade - was held in New York in November 1969. Fourteen leading businessmen from all regions of the world met with senior officials of these agencies. Public aid, trade policy for development and private foreign investment were included on the agenda. The next meeting of this Committee will take place in Paris in December 1970.

18. At the fourth session of the UNCTAD Committee on Manufactures in January 1970 a decision was taken to set up a Sessional Committee at its fifth session in order to review progress in connexion with non-tariff barriers and further UNCTAD's work on this subject. In addition, the setting up of an ad hoc working group to report to the Sessional Committee will be considered.

19. Work in the United Nations regional economic commissions also bears on the question of non-tariff barriers. During the period under review a special effort was made in the Economic Commission for Europe (ECE) in the field of standardization. The Commission endorsed the decisions and recommendations made by a meeting of government officials responsible for standardization. Members specially stressed (i) the importance of the study of priorities, i.e. to identify sectors or products where the lack of international standards has adverse economic effects, (ii) the need to work closer together for the elimination of technical barriers to trade arising from disparate national regulations and (iii) the need for the mutual recognition of certificates ensuring conformity with standards, specifications and requirements.

20. It was felt that ECE should contribute to the promotion of standardization on a world-wide basis by making available to the other regional commissions the results of this work. The other commissions might inform the ECE of their corresponding studies; for instance ECARF of the work of the Asian Standardization Advisory Committee. The Commission also decided to invite its principal subsidiary bodies to give special attention to problems of standardization in their respective fields. A second meeting of government officials will be organized in 1971.

21. The Organization for Economic Co-operation and Development (OECD) is continuing its work on non-tariff barriers. Discussions have taken place in the special groups on government purchasing and restrictive business practices which report to the Trade Committee. Certain new activities within the organization might give rise to work where aspects of trade policy will have significance, e.g. in the fields of environment and consumer policy. A review of the 1962 recommendation on administrative and technical regulations which hamper the expansion of trade is under consideration and the organization is taking an interest in the harmonization of technical regulations which are believed to constitute serious obstacles to international trade. Several regulations of relevance to different pollution problems are already being discussed in OECD.

Adjustment assistance measures

22. The International Development Strategy provides that developed countries ... should consider adopting measures and, where possible, evolving a programme ... for assisting the adaptation and adjustment of industries and workers in situations where they are adversely affected or may be threatened to be adversely affected by increased imports of manufactures and semi-manufactures from developing countries. This subject was also included in a decision adopted by the UNCTAD Committee on Manufactures in January 1970 when the arguments for adjustment assistance and the limitations of such measures as adjuncts of commercial policy were stressed by a number of delegates. At the tenth session of the UNCTAD Board the hope was expressed that the Secretariat would be able to complete, in time for the fifth session of the Committee on Manufactures, the up-dating of existing studies on adjustment assistance measures in force.

23. In OECD the question of restructuring of industries is seen not only in the context of member governments' policies towards developing countries but also as being of importance for regional and environmental policies. The effects of the emergence of new technologies is also emphasized. The Industry Committee of OECD is likely to give closer attention to the subject of restructuring. In the statement by the Secretary General of OECD on his organization's work programme for 1971, the need for international co-operation was stressed. He pointed out that in many cases the solution to the problem would not seem to lie in a strictly national approach, as lack of co-ordination in restructuring operations affecting several countries would very probably lead either to failure or to the emergence of fresh problems more serious than the original ones.

24. Interest in adjustment assistance policies has also been displayed by the international business community. For example, a special ad hoc group to study the matter was set up by the ICC-UN-GATT Economic Consultative Committee and its report will be made available to GATT and other interested international organizations.

Financial resources for development

25. The International Development Strategy refers to the needs of financing for development. During the period under review some progress may be noted on certain of the problems referred to. Thus OECD's work on loan conditions and the untying of aid was carried out in the Development Assistance Committee (DAC) under its general mandate in connexion with increasing the volume of financial and technical flows to developing countries and to improve their effectiveness.

26. One of the instruments for this is the Annual Aid Review which is based on a report by the Chairman of the Committee, and provides information on the major economic and political problems connected with development. At the September 1970 meeting in Tokyo of the Development Assistance Committee there was considerable discussion of the untying of bilateral development assistance. For the first time, a large majority of members declared themselves prepared in principle to adhere to an agreement to untie their bilateral financial development loans. They agreed to enter into discussions in the DAC on an urgent basis on the technical problems of implementation and to prepare a detailed scheme for governmental consideration. Other members, some of whom had already untied substantial portions of their aid by other means, were not in a position to commit themselves on the principle or on the urgency of such a scheme. While they were prepared to participate in further discussions concerning the establishment of such an agreement, they stressed that any such scheme should take into account their special circumstances and their aid composition.

International liquidity

27. On 1 January 1970, the International Monetary Fund made an initial allocation of special drawing rights equivalent to \$3.4 million to 104 participants in the Fund's special drawing account. The allocation was made in agreement with a resolution adopted by the Fund's Board of Governors at its 1969 Annual Meeting. It will be followed by annual allocations of approximately \$3 billion to be made respectively on 1 January 1971 and 1 January 1972.

28. On 11 February 1970, a resolution for increasing quotas of member countries of the IMF was approved by the Governors of the Fund. According to this resolution the total of members' quota in the Fund would increase from the current level of about \$21.3 billion to approximately \$28.9 billion, if all members consent to increase their quotas to the maximum proposed. Each member will be able to consent to its own quota increase until 15 November 1971.

29. At annual meetings of the Bank Group and of the International Monetary Fund in Copenhagen, in September 1970, references were made to studies concerning the possibility of the establishment of a link between the allocation of special drawing rights and additional development finance. Other study projects of interest to developing countries were mentioned on that occasion, e.g. the setting up of an international insurance agency to protect investments in developing countries. Another study will centre on the important question of the debt burden of developing countries.

Export promotion

30. The third session of the joint UNCTAD/GATT Advisory Group on the International Trade Centre was held in January 1970 when it reviewed the main activities of the Trade Centre in 1969 connected with market research, export promotion techniques, training and the trade promotion advisory service. In connexion with the activities of the Centre in 1969, the Group noted with satisfaction the re-orientation of the work programme including a shift in emphasis from the provision of information to the provision of assistance for building up export promotion organizations and services in developing countries. It also approved the increasing emphasis laid on package assistance programmes which involved the provision of simultaneous aid to building up national promotion and marketing services, training personnel and identifying and exploiting market opportunities abroad. The fourth session of the Advisory Group is provisionally scheduled for January 1971.