

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development  
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## ACTIVITIES IN OTHER ORGANS OF GATT

### Note by the Secretariat

1. Activities in other organs of GATT relevant to the work of the Committee on Trade and Development and certain other points of interest in this connexion are summarized in the following paragraphs.

#### Non-tariff barriers

2. At their twenty-sixth session in February 1970, the CONTRACTING PARTIES directed the Industrial and Agriculture Committees to proceed with the task of formulating conclusions on possibilities for concrete action that might appropriately be taken to deal with the problems that arise in the fields of industrial and agricultural products. This task should be completed during 1970 so as to enable the CONTRACTING PARTIES to consider, at their twenty-seventh session, what future initiatives might be taken towards realizing the possibilities for concrete action covering both the industrial and agricultural sectors.

3. The CONTRACTING PARTIES reaffirmed their intention that, as the work proceeded, particular attention should be paid to the problems of developing countries especially those dependent on a limited range of primary products. They directed the Committee on Trade and Development to continue to follow closely the work in progress.

4. During the first half of 1970 the Working Groups of the Industrial and Agriculture Committees met to formulate and discuss, without commitment by any contracting party, possible solutions to the non-tariff barrier problems facing international trade in industrial and agricultural products. The Joint Working Group, consisting of the above two Committees and the Trade and Development Committee, also met to conduct consultations specifically directed towards the solution of the problems of quantitative restrictions. A summary of the main suggestions and proposals and the main discussion points relevant to the interests of developing countries made in the Working Groups of the two Committees as well as the Joint Working Group is contained in the annex.<sup>1</sup>

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<sup>1</sup>The annex was initially circulated to members of the Committee as Spec(70)96 on 1 September 1970. The proposals made in the Working Groups of the Industrial and Agriculture Committees have also been listed in COM.AG/W/65 and COM.IND/W/36 dated 13 and 27 October respectively.

5. Since the summer recess, the Working Groups of the Industrial Committee have been holding a series of meetings for the purpose of completing their preparatory work on possible solutions. The Agriculture Committee has also been meeting during the autumn in order to elaborate conclusions on its work for submission to the Council. The Joint Working Group on import restrictions is scheduled to meet in early December to finalize its documentation.

#### Tariff study

6. Basic documentation for the tariff analysis envisaged in the work programme of the CONTRACTING PARTIES has been in the hands of governments since July 1970. Terms of reference for a working party on the tariff study were discussed at meetings of the Committee on Trade in Industrial Products in October and November 1970 and will be subject to further discussion.

#### The Working Party on Border Tax Adjustments

7. The Working Party on Border Tax Adjustments, established in March 1968, held further meetings during 1970 to examine the provisions of the General Agreement relevant to border tax adjustments, the possible effects of such adjustments on international trade and to report its findings and conclusions to the Council or the representatives. In finalizing its report on all the aspects under consideration, the Working Party recommended that a notification and consultation procedure be introduced on a provisional basis whereby contracting parties would report, and consult when requested, on major changes in their tax adjustments. It agreed that the suggestions made concerning its own work should not affect the work under way in the Special Group on Trade in Tropical Products.

#### Committee on Anti-Dumping Practices

8. At its meeting in September 1970, members of the Committee on Anti-Dumping Practices expressed their desire to see wider acceptance of the Agreement, including the adherence of developing countries to the Anti-Dumping Code. On the basis of suggestions by the Committee, the Council decided to establish a Working Party on Acceptance of the Anti-Dumping Code, to examine the special problems of developing countries in connexion with the Agreement on the Implementation of Article VI and any proposals and suggestions for a solution to these problems which may lead to a wide and early acceptance of the Agreement. The Council invited the developing countries to submit in writing to the secretariat explanations of their specific problems in adhering to the Code and detailed proposals for their adherence and for the application of the Code to their exports.

#### Cotton Textiles Committee

9. The Arrangement Regarding International Trade in Cotton Textiles has been extended by Protocol for a further three years from 1 October 1970 to 30 September 1973. The objective of the Arrangement is to ensure the orderly

development of world trade in cotton textile products, to provide for progressively increasing export opportunities, particularly for less-developed countries, and at the same time to avoid market disruption in the importing countries. In connexion with the extension of the Arrangement, the Cotton Textiles Committee agreed to undertake discussions on the state of international trade in cotton textiles and the longer-term development of such trade beyond the current three-year extension of the Arrangement.

#### Australian tariff preferences for developing countries

10. Since the implementation of the preference scheme in 1966, the value of the quotas available has been increased from the initial total of \$A 13.3 million per annum to \$A 47 million. In addition, the range of handicraft products admissible at the preferential duty-free rate has increased considerably. In all cases, the goods concerned have been notified by developing countries as being of export interest to them. In its fourth annual report on the scheme (L/3453, dated 4 November 1970) the Australian Government has pointed out that although import clearances at the special preferential rates have been increasing rapidly, there remains considerable scope for developing countries to take greater advantage of the opportunities provided by the system.

#### Committee on Balance-of-Payments Restrictions

11. During 1970 the Committee consulted with Greece, Indonesia, Israel, Peru, Spain, United Arab Republic, Uruguay and Yugoslavia. The consultations with Indonesia were of the expanded type.

#### Regional arrangements

12. A Working Party established by the Council to consider the trade arrangements between India, the United Arab Republic and Yugoslavia met in September and December 1969 and February 1970 and the CONTRACTING PARTIES, at their twenty-sixth session, adopted a decision (due to expire no later than March 1973) that the Agreement as amended by Protocol may continue subject to certain procedures for consultation and an annual review. During 1970, Working Parties examined the Agreements of Association between the European Economic Community and Tunisia and Morocco and the Convention of Association between the European Economic Community and the African and Malagasy States.

Annex

WORK IN PROGRESS ON NON-TARIFF BARRIERS

Note on Discussions Relevant to the Interests of  
Developing Countries

The main suggestions and proposals as well as other relevant points considered to be of most direct interest to developing countries which were put forward in the Working Groups of the Committee on Trade in Industrial Products and the Agriculture Committee and in the Joint Working Group on Import Restrictions at their meetings during the first half of 1970 are summarized in the following pages. The summary is not exhaustive but is intended to provide an indication of developments towards the objectives set down by the CONTRACTING PARTIES at their twenty-fourth session.

It should be noted that the proposals mentioned in the annex may have received different degrees of support in the sub-groups. Some proposals were put forward only on behalf of one or two delegations and in respect of certain proposals, reservations and difficulties might have been expressed by some delegations. Further, the annex contains references to certain proposals whether or not developing countries participated in the actual discussions, such proposals covering generally the interests of both developed and developing countries. For a full account of all the points discussed on any particular issue, the context in which these points were made and the precise formulations used, Members of the Committee are invited to refer to the reports of the Working Groups of the two Committees and the Joint Working Group.

ANNEX

List of Contents

Committee on Trade in Industrial Products

	<u>Page</u>
Working Group 1 - Government Participation in Trade	
Trade diverting investment aids	6
Export subsidies	7
Countervailing duties	8
Government procurement	9
State trading in market economy countries	10
Working Group 2 - Customs and Administrative Entry Procedures	
Valuation	11
Anti-dumping duties	13
Customs classification	14
Consular and customs formalities and documentation	15
Samples requirements	17
Working Group 3 - Standards Acting as Barriers to Trade	
Standards, regulations and their enforcement	18
Packaging, labelling and marking regulations	22
Working Group 4 - Specific Limitations on Trade	
Quantitative restrictions including embargoes	23
Export restraints	27
Discriminatory bilateral agreements	28
Licensing	29
Working Group 5 - Charges on Imports	
Prior import deposits	30
Statistical and administrative duties	31
<u>Agriculture Committee</u>	
Working Group 1 - Measures which affect exports	32
Working Group 2 - Measures which affect imports	37
Working Group 3 - Measures which affect production	42
Working Group 4 - Other relevant measures	43
<u>Joint Working Group on Import</u> <u>Restrictions</u>	45

Working Group 1 - Government Participation in Trade

Subject: TRADE DIVERTING INVESTMENT AIDS

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) Main criterion which would justify GATT attention is serious prejudice to trade interests through trade diversion as a result of government aids to production and investment.</p> <p>(ii) Some developed countries and one developing country submitted notifications in connexion with aid to domestic production of ships, aluminium and wood pulp in certain developed countries. Subject heading relevant to other developing countries.</p>	<p>(a) Set of rules, either in the form of an Interpretative Note to Article XVI or a code of good conduct. A set of rules, building on existing GATT provisions might contain</p> <ul style="list-style-type: none"><li>- improved notification procedures</li><li>- provision for consultations.</li></ul> <p>In the event of a finding of serious prejudice, adjustment might be made</p> <ul style="list-style-type: none"><li>- by elimination or reduction of aid</li><li>- or granting of compensatory new concessions</li><li>- if problem not resolved, suspension of concessions or other obligations by the injured party.</li></ul> <p>(b) Enquiry into reasons why existing consultation procedures on subsidies had not been used might offer a more useful approach.</p>

Subject: EXPORT SUBSIDIES

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) Most members considered it was important that more countries, particularly developed countries, should accept the prohibition of export subsidies on non-primary products. Some favoured consideration of certain new obligations and attention was drawn to paragraph 5 of Article XVI which calls for a review of the provisions of the Article.</p> <p>(ii) The subject is of interest to developing countries.</p>	<p>An interpretative note or set of guidelines might cover the following main headings:</p> <ul style="list-style-type: none"><li>- Article XVI:4 forbids use of subsidies resulting in two price situations on the export of non-primary products. A solution to this problem would be for contracting parties, particularly developed countries, not having accepted the full obligations of Article XVI:4 to do so</li><li>- the refining and elaboration of measures that countries regard as constituting export subsidies including<ul style="list-style-type: none"><li>. clarification of scope of measures presently covered by paragraph 4</li><li>. procedures, including notifications and reviews should be elaborated to ensure improved and continuing implementation of paragraph 4 obligations</li></ul></li><li>- extensions of existing obligations might include<ul style="list-style-type: none"><li>. export subsidies having trade diverting effects under paragraph 4 even though they do not result in sale for export below the comparable domestic price</li><li>. more comparable treatment as between export subsidies on primary and non-primary products.</li></ul></li></ul>

Subject: COUNTERVAILING DUTIES

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) The predominant view was that the injury question was the main problem where the solution was to be sought in action by particular countries.</p> <p>The opinion that the problem was really one of export subsidies would be valid only after all contracting parties had signed the Declaration prohibiting export subsidies. The question as to what constitutes an export subsidy could be clarified.</p> <p>(ii) One developing country pointed out that the application of countervailing duties, not taking into account the factor of real damage, constitutes an obstacle in international trade. Certain developed countries considered that the question of injury to the domestic industry was not sufficiently taken into account in certain cases.</p>	<p>(a) The need for a code along the lines of the Anti-Dumping Code providing for</p> <ul style="list-style-type: none"> <li>- determination of subsidy and amount</li> <li>- determination of injury</li> <li>- determination of trade effects for third countries.</li> </ul> <p>(b) In cases where third countries are not obliged to impose countervailing duties when injury is caused or threatened to another contracting party, it might be preferable to permit the injured party to suspend concessions on products of interest to the export subsidizing country.</p>



Subject: GOVERNMENT PROCUREMENT

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) Problem was of a general nature and it was felt that the solution lay in the formulation of a code or set of guidelines that would apply to the contracting parties' government procurement operations.</p> <p>(ii) Notifications by a number of developed countries and by one developing country indicated that discrimination was the main problem. The latter pointed out that legislation as well as practice of governments in regard to purchases from foreign suppliers raised a number of complex problems.</p>	<p>In determining guidelines, the following elements should, <u>inter alia</u>, be considered:</p> <ul style="list-style-type: none"><li>- objectives and principles</li><li>- definitions</li><li>- procurement entities</li><li>- elimination of existing discrimination</li><li>- exceptions</li><li>- purchasing procedures</li><li>- publication of government procurement regulations</li><li>- reporting, review, complaint and confrontation procedures.</li></ul>

Subject: STATE TRADING IN MARKET ECONOMY COUNTRIES

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) It was generally agreed that the existing rules of Articles XVII and II:4, as well as the interpretative note <u>ad</u> Articles XI to XV, seemed reasonably adequate in regard to non-discrimination and limitation of protection, but some elaboration of procedures concerning implementation might be considered.</p> <p>Developing countries participated on the understanding that the Group would base its discussions on State-trading practices of developed market economy countries.</p> <p>(ii) Notifications concerning the possible discriminatory aspects of certain State-trading enterprises were made by a number of developed and developing countries.</p>	<p>The following ideas were expressed, <u>inter alia</u>, with regard to the principal elements towards a solution:</p> <ul style="list-style-type: none"><li>- with a view to strengthening the effectiveness of Article XVII, consideration should be given to improving the quality, frequency and coverage of reports by contracting parties on State-trading enterprises</li><li>- the possibility of bilateral and multi-lateral consultation along the lines of Articles XXII and XXIII might be useful on the understanding that, if no satisfaction were obtained, the injured country could be granted compensatory concessions or, failing that, be authorized to suspend the application of equivalent concessions or obligations</li><li>- the effectiveness of the provisions on State trading might be enhanced if countries sought to negotiate to a greater extent than before, concessions - including global purchase commitments - on State-traded products in which they have an interest.</li></ul>

Working Group 2 - Customs and Administrative Entry Procedures

Subject: VALUATION

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) The desirability of harmonization of valuation systems and the problems created by special valuation procedures in certain countries where invoice values were not acceptable were discussed. It was pointed out by representatives of developing countries that in cases where it was mandatory for the importing country to accept the f.o.b. value or the current domestic value, whichever was the higher, this worked particularly to their disadvantage where internal prices had no direct relationship with prices their goods could obtain in the international market. The method of determining "fair market value" as well as methods used for fixing "reasonable margin of profit" created difficulties, uncertainty and discrimination amongst exporters in developing countries.</p> <p>Legislative provisions in some countries which provided that where current domestic values could not be established, authorities should determine value for duty at their own discretion, offered the possibility of discriminatory action as well as being arbitrary.</p> <p>Although Article VII contains certain principles concerning definition of value, calculation of value and procedures, it does not establish how these should be applied, nor does it interpret them precisely.</p> <p>(ii) Several developing countries notified problems associated with valuation systems and procedures. The examination showed there was little scope for separate action on developing countries' problems since both developed and developing countries are faced with a single set of problems caused by a lack of uniformity in customs and entry procedures of different countries.</p>	<p>(a) The Group agreed that the application of Article VII would be improved if it were possible for all countries to accept the following principles in applying the Article</p> <ul style="list-style-type: none"><li>- valuation systems should be neutral in effect and not be a disguised means of additional protection</li><li>- they should be non-discriminatory between supplying countries</li><li>- they should be simple and not use arbitrary or fictitious values</li><li>- administration should take into account need for<ul style="list-style-type: none"><li>. advance certainty as to valuation methods</li><li>. full publicity on valuation bases</li><li>. expeditiousness</li><li>. safeguarding of business secrets</li></ul></li></ul> <p>(b) Countries applying the principles of the Brussels Convention and the interpretative notes thereto believed that the problems called for an overall solution.</p> <p>(c) Other countries believed that the problems might best be dealt with on a case-by-case basis; harmonization of valuation systems would not necessarily help.</p> <p>(d) A third group, including the developing countries, while not ruling out an overall solution, was inclined to the view that elaboration of more precise interpretations of Article VII appeared to be more practicable.</p>

Subject: VALUATION (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>(e) Developing countries proposed that countries using methods requiring the determination of export values on the internal market of the exporting country should instead use invoice prices for like products for export to the major market or invoice prices for like products exported to other third country markets.</p> <p>(f) Most countries were of the opinion that the f.o.b. and c.i.f. systems of valuation could exist side by side.</p>

Subject: ANTI-DUMPING DUTIES

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) The importance of certainty and uniformity in the application of anti-dumping duties was stressed and contracting parties to GATT which had not yet adhered to the Anti-Dumping Code were requested to do so at an early date.</p> <p>At the time the Code was negotiated in the Kennedy Round, developing countries expressed reservations for a number of reasons. Some of the points raised by developing countries were: (i) an undertaking by developed countries that they would take into account Part IV of GATT in applying the Code to imports from developing countries; (ii) the definition of normal value as the home market price in the exporting country (Article 2(a) of the Code); (iii) lack of recognition that a "particular market situation" often existed in developing countries (Article 2(d) of the Code); (iv) the determination of injury in the way it was provided in Article 3; (v) anti-dumping action on behalf of a third country as provided in Article 12.</p> <p>It was recalled that at their twenty-sixth session CONTRACTING PARTIES hoped that a solution would be found to the problems of developing countries regarding application of the Code to exports from those countries.</p> <p>(ii) Some developing countries submitted particular anti-dumping notifications. The authorities and interested commercial circles in one country considered that the application of anti-dumping measures, not taking into account the factor of real damage, constituted an obstacle in international trade.</p>	<p>The Group generally agreed that harmonization of anti-dumping legislation on the basis of the Code would facilitate world trade and invited developed countries which had not yet done so, to accede to the Code and to use in the meantime, the Code as a standard for their application of Article VI. The Group expressed the hope that solutions would be found which would permit developing countries to accede at an early date.</p>

Subject: -CUSTOMS CLASSIFICATION

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) The notifying countries noted that practically all the contracting parties had adopted the BTN as the basis for their customs tariffs, except for a few countries including such important trading nations as Canada and the United States.</p> <p>The representative of one developing country pointed out that in preparing for the adoption of the BTN, it had not been found possible to ensure in all cases that the margins of preference bound under paragraph 2(a) of Article I of GATT would remain unaffected.</p> <p>(ii) Although no notifications were made on this subject by developing countries, the item is of interest to them. The Working Group considered that there was little scope for separate action on developing countries' problems since both developing and developed countries are faced with a single set of problems caused by a lack of uniformity in customs and entry procedures of different countries.</p>	<p>Notifying countries considered that the best solution would be the adoption of the BTN by all countries. Most members of the Group agreed that in many countries there was a need for further clarity and simplification in tariff nomenclatures. They invited governments which had not yet done so to prepare explanatory notes to their nomenclatures, or at least to those sections where there was an obvious need for guidance to ensure correct classifications.</p>

Subject: CONSULAR AND CUSTOMS FORMALITIES AND DOCUMENTATION

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) Various notifications were concerned with consular formalities which are referred to in Article VIII and subject to recommendations approved by CONTRACTING PARTIES in 1952, 1957 and 1962.</p> <p>Most notifications related to the complexity of customs formalities and documentation requirements of certain countries. Members who submitted notifications considered that these were substantial restraints to trade and progress could be made in line with Article VIII in simplifying requirements and charging fees based upon a flat rate related to the value of the goods.</p> <p>It was pointed out that substantial progress had been and was being made towards the abolition of formalities and fees and that they were now being applied by only a few countries.</p> <p>(ii) Some developing countries submitted notifications on this subject. Since both developing and developed countries are faced with a single set of problems caused by a lack of uniformity in customs and entry procedures of different countries, it was considered that there was little scope for separate action on developing countries' problems.</p>	<p>Specific suggestions were made by some delegations:</p> <p>(a) <u>Consular formalities and fees.</u> An interpretative note to Article VIII should be drawn up or CONTRACTING PARTIES should take a decision requiring the phasing out of the remaining consular formalities and fees in the next five years. It should be agreed that during the interim the cost of the service rendered should not exceed a given maximum, e.g. \$10 per shipment or a given percentage of the value of the merchandise, e.g. 1 per cent.</p> <p>(b) <u>Customs clearance documentation.</u> This problem might be dealt with by establishing a special sub-committee of customs experts to develop standard forms. Some doubts were expressed as to the feasibility of drawing up a common list of customs requirements as long as there were fundamental differences in customs legislations.</p> <p>(c) <u>Certificates of origin.</u> Where certificates of origin are required and are provided by properly recognized issuing bodies there should be no additional requirement for consular endorsement resulting in additional cost to exporters.</p>

Subject: CONSULAR AND CUSTOMS FORMALITIES AND DOCUMENTATION (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>(d) A study including the following points might be undertaken on specific questions, with a view to recommending solutions:</p> <ul style="list-style-type: none"><li>• given that consular formalities and fees were maintained for definite purposes such as revenue, guarantee against fraud, determination of origin, services rendered, etc., the study should consider possible alternative measures to achieve the same purpose without unduly restraining trade</li><li>• ways of simplifying formalities should be identified.</li></ul> <p>The study should take into account the following points already reflected in past recommendations and codes of standard practices:</p> <ul style="list-style-type: none"><li>• customs and consular invoices should be abolished</li><li>• certificates of origin should be required only in cases where they were strictly indispensable in line with the Recommendations of the CONTRACTING PARTIES.</li></ul>



Subject: SAMPLES REQUIREMENTS

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) It was suggested that customs regulations sometimes do not comply with the International Convention to Facilitate the Importation of Commercial Samples and Advertising Material.</p> <p>(ii) Although notifications were submitted only by developed countries, the subject is also of interest to developing countries.</p>	<p>Most members of the Group agreed to recommend to the Committee on Trade in Industrial Products that the International Convention to Facilitate the Importation of Commercial Samples and Advertising Material signed at Geneva on 7 November 1952, should be taken up for reconsideration in GATT with a view to obtaining accession to it by all contracting parties. At the same time the Convention should be reviewed with the aim of examining the possibility of relaxing its provisions with regard, for instance, to certain weight and value limits.</p>

Working Group 3 - Standards Acting as Barriers to Trade

Subject: STANDARDS, REGULATIONS AND THEIR ENFORCEMENT

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) It was generally recognized that the increasing number of standards and regulations resulted in barriers to trade when harmonization was not affected on an international basis. This called for international co-operation to minimize adverse trade effects and it was agreed that CONTRACTING PARTIES could make a useful contribution. The Group noted that it was important to draw a distinction between compulsory regulations and voluntary standards, the latter being usually issued by private organizations, because of the different responsibilities and limits this entailed for government action.</p> <p>(ii) Notifications concerning health, technical and testing standards acting as impediments to trade were submitted by several developing countries.</p>	<p>It was felt desirable that the contracting parties draw up a set of principles or ground rules on standardization. Various members of the Group made suggestions on the development and harmonization of standards as well as on their enforcement.</p> <p>With regard to <u>development and harmonization</u>, general principles might include the following:</p> <p>(i) contracting parties should make an effective contribution and take measures to implement uniform standards and recommendations adopted by specialized bodies;</p> <p>(ii) the need to avoid the creation of trade barriers and the elimination of existing barriers through standards implementation;</p> <p>(iii) internationally harmonized standards schemes should be open to all contracting parties;</p> <p>(iv) contracting parties should, to the extent possible, prompt local authorities and private standardization organizations to apply international standards and regulations;</p> <p>(v) standards and regulations should be based on performance rather than on physical description;</p> <p>(vi) all interested parties should be provided with an opportunity to comment on any proposed new or revised regulation in advance of its implementation.</p>

Subject: STANDARDS, REGULATIONS AND THEIR ENFORCEMENT (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>In the case of technical regulations, the practical methods which the contracting parties could encourage would include:</p> <ul style="list-style-type: none"><li>(a) development of uniform regulations;</li><li>(b) an option giving producers a choice between national or international regulations;</li><li>(c) the "reference to standards" solution which consists in defining basic requirements accompanied by decisions that compliance with such requirements shall be ensured through equivalence to previously established and internationally harmonized standards.</li></ul> <p>With regard to <u>enforcement</u> of standards or regulations a number of general principles were proposed:</p> <ul style="list-style-type: none"><li>(i) contracting parties should endeavour to further efforts to harmonize testing methods and quality assurance procedures on a multilateral basis;</li><li>(ii) testing procedures should be expeditious and results provided to exporters in writing;</li><li>(iii) testing requirements should be formulated in such a way that imported products have realistic market access;</li><li>(iv) multilateral quality assurance and certification schemes should be open to foreign participation where participants are willing and able to meet the obligations of the schemes;</li><li>(v) contracting parties should take into account measures adopted by developing countries to ensure adequate quality standards for their exports. The rigours of testing and inspection procedures, which work in some cases as a barrier, could be greatly reduced</li></ul>

Subject: STANDARDS, REGULATIONS AND THEIR ENFORCEMENT (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>if the authorities responsible for the administration of health and sanitary regulations relied on measures adopted by exporting countries for ensuring minimum quality standards through such means as standardization, quality control, pre-shipment inspection of export products, etc.</p> <p>The following practical methods of enforcement could be encouraged:</p> <ul style="list-style-type: none"> <li>(a) to avoid delays and costs in the importing country, control and testing operations could be delegated to a laboratory in the exporting country;</li> <li>(b) where forms of control are similar, the importing country could recognize the validity of certain tests carried out in the exporting country and limit testing to those additional or different specifications not tested in the exporting country;</li> <li>(c) harmonization of testing and control methods between countries could be carried out by reciprocal acceptance of each other's methods;</li> <li>(d) acceptance of foreign producers' certification that products meet the requirements of the importing country should be encouraged;</li> <li>(e) countries' testing requirements should be clearly defined and publicized.</li> </ul> <p>Multilateral quality assurance and certification schemes should make provision for the testing and acceptance of products from countries that, for one reason or another, are not participating in the schemes.</p>

Subject: STANDARDS, REGULATIONS AND THEIR ENFORCEMENT (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p data-bbox="867 541 1579 667">Some members of the Group proposed that a GATT Committee be established to provide <u>consultation machinery</u> to consider complaints concerning the trade effects of:</p> <ul data-bbox="867 699 1545 1108" style="list-style-type: none"><li>(a) proposed or existing standards and regulations;</li><li>(b) the implementation of standards and regulations;</li><li>(c) testing and certification requirements as to compliance with standards and regulations;</li><li>(d) multilateral harmonization programmes for standards and regulations;</li><li>(e) multilateral quality assurance and certification programmes.</li></ul> <p data-bbox="860 1140 1562 1329">Procedures set up for consultation should be along the lines of Article XXII and limited to complaints concerning cases of adverse trade effects or of unreasonably burdensome administrative procedures resulting from the application of standards or regulations.</p>

Subject: PACKAGING, LABELLING AND MARKING REGULATIONS

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) It was pointed out that the question of difference of government responsibility in this field may in some cases present the same difficulties as it does in the field of standards. Consequently, governments' possibilities for action may also differ in some cases and this should be borne in mind in considering solutions.</p> <p>(ii) Although no notifications under this heading were made by developing countries, the subject is of interest to them.</p>	<p>There was general support for the idea that Article IX and further elaboration of the CONTRACTING PARTIES' recommendation of November 1958 on Marks of Origin (Seventh Supplement, page 30) would provide the basis for solving the problems arising from marking requirements.</p>

Working Group 4 - Specific Limitations on Trade

Subject: - QUANTITATIVE RESTRICTIONS INCLUDING EMBARGOES

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) The Group's debate focussed on the search for an overall solution in which countries would take action on the restrictions they presently maintain.</p> <p>(ii) Several developing countries submitted notifications concerning quantitative import restrictions or export restraints on a range of industrial products. Some concerned embargoes and other restraints having similar effect. The subject is of major interest to developing countries.</p>	<p>A. Some delegations proposed that all developed countries not invoking Article XII would phase out their import restrictions on industrial products on the following lines:</p> <p>(1) A maximum number of restrictions of trade significance, in particular those of special concern to developing countries, to be eliminated by some target date, e.g. 1 January 1972.</p> <p>(2) Adoption of a programme of increases in quotas to be effected beginning immediately and extending possibly one or two years beyond the target time for elimination of the first group of restrictions. These increases might be stated in percentages keyed either to domestic production or to amounts of the restricted products imported in past years, or might be tied to development of the internal market of the product.</p> <p>(3) For embargoed goods, the programme would include at least token quantities of imports of all restricted products to be increased up to a date of final liberalization.</p> <p>(4) Restrictions not susceptible to the above treatment would be examined to determine whether they were consistent with substantive provisions of GATT and <u>not</u> merely covered by provisions or arrangements which currently give legal cover for measures going beyond a strict interpretation of the substantive provisions, as, for example, existing waivers, protocols of</p>

Subject: QUANTITATIVE RESTRICTIONS INCLUDING EMBARGOES (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>provisional application, accession protocols, Article XXXV and the like. For any restriction not dealt with in (1) to (3) above and not found to be consistent with a substantive provision authorizing its maintenance, the maintaining country would be obliged to seek a waiver as from the end of 1971 and failing success in that effort, would pay approximate compensation. A country obtaining a waiver would nevertheless be subject to the provisions of Article XXIII.</p> <p>(5) The programme would deal, <u>inter alia</u>, with licensing, quantitative restrictions, export restraints and would extend to all measures, whether "legal" or "illegal" however those terms might be defined.</p> <p>(6) While implementing the programme, new restrictions should not be introduced.</p> <p>B. Some delegations favoured another general approach covering all quantitative restrictions. This would be directed towards the gradual liberalization and the progressive elimination of all restrictions as possibilities arose within the framework of the general programme of CONTRACTING PARTIES. Each developed country would contribute to this programme within the scope of its quantitative restrictions of all types.</p> <p>C. The Group recalled that the Joint Working Group had identified restrictions with respect to which developing countries indicated specific interest in the course of the meeting of that Group as well as the twenty-one items selected by the Group on Residual Restrictions for priority attention.</p>



Subject: QUANTITATIVE RESTRICTIONS INCLUDING EMBARGOES (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>At that meeting, some delegations had suggested that the prompt removal, on a most-favoured-nation basis, of restrictions which bore particularly on the trade of developing countries should receive the highest priority and that where feasible, time-tables for the elimination or for the enlargement of legal quotas should be set, possibly in relation to the growth of the market, without full reciprocity being required. It was also suggested that when any legal quantitative restriction significantly affected both developing and developed countries' exports, special consideration should be given to its removal on a most-favoured-nation basis in the light of the interests of the developing countries themselves.</p> <p>D. Various special aspects which some delegations felt should be taken into account included the following:</p> <ul style="list-style-type: none"><li>- Developing countries having import restrictions not formally authorized by the CONTRACTING PARTIES but which could be justified under Article XVIII:B were urged to invoke the Article and consult as one contribution to the general effort to remove quantitative restrictions. Other countries with import restrictions not formally authorized by CONTRACTING PARTIES should also agree to consult under procedures similar to those applicable in the case of invocation of Articles XII or XVIII:B.</li><li>- Discriminatory restrictions which are inconsistent with the most-favoured-nation provision of the General Agreement should be eliminated.</li></ul>

Subject: QUANTITATIVE RESTRICTIONS INCLUDING EMBARGOES (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<ul style="list-style-type: none"><li>- An interpretative note to Article XXIV would contribute to liberalization in the sense that the Article does not authorize discrimination by any Member country, member of a regional grouping, in the operation of quantitative restrictions to favour other members of a free-trade area or customs union.</li><li>- Recourse to Articles XX and XXI should be confined to cases which were clearly and demonstrably consistent with the limited purposes set out in these Articles.</li><li>- The possibility was discussed of identifying commodity sectors in which a number of countries maintain import restrictions, on the theory that relaxation in a sensitive sector might be easier if action were taken concurrently in a number of import markets.</li></ul>

Subject: EXPORT RESTRAINTS

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) It was claimed by some countries that notifying countries restrain their exports because of the threat of imposition of unilateral restrictive measures by developed countries. Countries against which notifications were made stated that in their view export restraints were more favourable to exporting countries than alternative trade restriction measures. Among other things, imports were generally higher than under unilaterally imposed quotas. Regarding consultations, exporting countries maintained that these were not necessarily carried out in a mutually advantageous manner and often the suggested quotas were presented on a "take it or leave it" basis. Where restraints were applied on a discriminatory basis, they might be more harmful than quantitative restrictions imposed on a global basis.</p> <p>(ii) The subject is of interest to developing countries.</p>	<p>Many delegations proposed that the solutions suggested for the relaxation of quantitative restrictions should also apply for export restraints. Contracting parties should work out a notification and consultation procedure to secure proper surveillance under GATT. Reference was also made to the relevant suggestions put forward in the Joint Working Group.</p>

Subject: DISCRIMINATORY BILATERAL AGREEMENTS

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) Some countries maintained that discriminatory bilateral agreements were against the spirit and the letter of the Agreement. It was suggested that proposals for the elimination and surveillance of bilateral agreements should only be applied to developed countries as such agreements were a means to maximizing trade for developing countries.</p> <p>Since quotas allocated under bilateral agreements for the main purpose of protecting sensitive areas of production could be administered only through quantitative restrictions or on the basis of export restraints, such bilateral agreements should, in the opinion of some countries, be dealt with in conjunction with quantitative restrictions.</p> <p>(ii) One developing country submitted notifications on this item. Particular concern was the escape clause contained in some bilateral agreements.</p>	<p>Some countries proposed that all bilateral agreements of a discriminatory nature, whether based on a clearing arrangement or providing for settlement in convertible currency should be notified by 1 July 1970. An interpretative note or declaration should be drawn up prohibiting bilateral agreements which have a discriminatory or restrictive trade effect. Discriminatory agreements should be eliminated over three years and in the meantime no such agreement should be renewed. Any contracting party maintaining bilateral agreements should consult with CONTRACTING PARTIES.</p>

Subject: LICENSING

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) Some delegations considered that any system of import licensing constituted a barrier as cost, delay and uncertainty operated as a trade deterrent. These factors are reflected in actual experiences of traders even under the so-called automatic licensing systems. Other delegations considered that licensing was a formality no different from other formalities and was generally admitted in GATT not to be restrictive. Licensing could only come within the meaning of Article XI, paragraph 1, if it were shown that the effects were to restrict imports.</p> <p>(ii) Several developing countries submitted notifications concerning the trade effects of licensing.</p>	<p>It was suggested that CONTRACTING PARTIES might consider adoption of a code along the lines of Articles 7 to 14 of the OECD standard import procedure developed in 1966. These provisions dealt with the use of licensing as a means of administering quotas, dissemination of information, notices, application forms, institutional arrangements, allocation of quotas, rights of new importers, procedures for the examination of applications, validity of licences, rights of appeal. Some delegations considered that there were other areas as well where procedures might be improved.</p> <p>Delegations which regarded licensing <u>per se</u> as an import restriction proposed that licensing requirements be eliminated by 1 January 1972 except where required to implement import restrictions consistent with GATT.</p> <p>Most countries agreed that a licensing requirement in itself could not be said in all cases to constitute a barrier. Licensing requirements which might be considered as non-restrictive and yet not justified by reference to a particular GATT provision might be covered by the following criteria: arrangements for the receipt of applications should be published; applications should be accepted from and licences granted to all applicants without discrimination; licences should be granted upon presentation of the application by the importer; no conditions should be attached to the issue of licences. Licensing arrangements which did not conform to these procedures should be included in any general programme for the removal of quantitative import restrictions.</p>

Working Group 5 - Charges on Imports

Subject: PRIOR IMPORT DEPOSITS

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) There was general agreement that prior deposit schemes constituted a restriction on trade. The degree of restriction depended on a variety of factors including amount of deposit required, cost of financing, time for which deposits were held, duration of the scheme, products and country sources to which the scheme applied. Some countries considered that a study might usefully be made of the question of defining the circumstances in which the use of prior deposits might be appropriate. Developing countries considered that the case for use of prior deposits by them was substantially different from that of developed countries.</p> <p>(ii) Some developing countries submitted notifications concerning this item.</p>	<ul style="list-style-type: none"><li>- It was agreed that the most desirable solution to the problem of prior deposits would be their elimination as soon as possible.</li><li>- Some delegations favoured notification procedures and consultation along the lines of the provisions of Articles XII and XVIII:B.</li><li>- In addition, several considered it might be useful to examine the possibility of developing guidelines containing the following points:<ul style="list-style-type: none"><li>. prior deposits should be used only in the case of balance-of-payments difficulties and only in circumstances where these measures avoided the use of more burdensome measures;</li><li>. they should be limited in time and should not be continued beyond the period required to overcome the problems which caused their imposition;</li><li>. the rate of deposit should be as low as possible and should be reduced as rapidly as possible;</li><li>. prior deposits should apply without exception and at uniform rates to the goods of all countries and to all categories of exports;</li><li>. however, products of interest to developing countries should be exempt from the product coverage;</li><li>. they should be used only in conjunction with internal programmes to restore external equilibrium and to heighten their anti-inflationary effect; funds accumulated should be sterilized and steps taken, upon termination of the scheme, to avoid inflationary effects of liquidation of the accumulation.</li></ul></li></ul>

Subject: STATISTICAL AND ADMINISTRATIVE DUTIES

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) Statistical and administrative duties as well as taxes of various kinds (e.g. port taxes) were considered as an unnecessary hindrance to trade and were all the more burdensome because of their complexity. It was noted that Article VIII provided that all such fees should be limited in amount to the approximate cost of services rendered and should not represent an indirect protection to domestic products or a tax for fiscal purposes. These provisions stressed the need to reduce the number and diversity of fees and charges.</p> <p>It was noted that many of the fees notified were maintained by developing countries who pointed out that in some cases it was found necessary to resort to such taxes to help finance their development expenditure.</p> <p>(ii) Some developing countries submitted notifications on this subject.</p>	<p>It was agreed that a solution lay in the strict application of Article VIII and also Article II but a difficulty arose in trying to assess the cost of services rendered. It was suggested that as a first step countries applying such fees should be requested to supply details of revenue from fees of this kind together with expenditure on services rendered each year. Certain delegations considered that an effort should be made to reduce the multiplicity of these fees and simplify the formalities which involved costs that were ultimately borne by importers. It was suggested that these fees be limited to \$10 per shipment.</p> <p>Representatives of developing countries emphasized that any overall solutions would need to take into account the trade and development needs of developing countries and it might be desirable to refer the suggestions to the Committee on Trade and Development. It was also necessary to ensure that any solution evolved related only to trade in goods and not to invisibles.</p>

Working Group 1 - Agriculture CommitteeSubject: MEASURES WHICH AFFECT EXPORTS :

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) The measures covered by Working Group 1 included:</p> <ul style="list-style-type: none"> <li>. export subsidies</li> <li>. export restitutions</li> <li>. effects of double-pricing on export prices</li> <li>. effects of deficiency payments and comparable arrangements on export prices</li> <li>. subsidized export credits</li> <li>. non-commercial transactions</li> <li>. governmental aids to exports.</li> </ul> <p>Some delegations supporting an early elimination of aids to exports stated that priority consideration should be given 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.</p> <p>(ii) Basic information on this subject was collected by way of country replies to a questionnaire circulated by the secretariat concerning eight commodity groups - dairy products, grains, beef and veal, other meats, fruits and vegetables, vegetable oils and seeds, unmanufactured tobacco and wine - important in international trade. In addition, some developing countries submitted specific notifications of non-tariff barriers facing their exports of certain agricultural products.</p>	<p><u>Basic issues</u></p> <p>Various views were presented to the Group by delegations.</p> <p>A number of delegations proposed the adoption, as a guiding principle, the complete elimination of all export aids. This would put agricultural trade on a commercial basis, reduce incentives for uneconomic production, stop competition between national treasuries which can be detrimental to all countries, especially the developing countries, and eliminate a source of contention in international relations. Some other delegations considered that the withdrawal of export aids in isolation would not necessarily lead to the advantages outlined.</p> <p>Some delegations suggested that solutions which did not involve a change in existing legislation or policies could be based in particular on price discipline, on harmonization of export aid measures and on strengthened international co-operation. Solutions which did involve legislative changes, due to the large number of elements of agricultural price and production policies involved, required the search for a common negotiating basis and a negotiating method which would allow all countries to participate meaningfully.</p> <p>Some delegations said that there was no inconsistency in seeking action on governmental export aids as such, whether or not countries simultaneously look for some more fundamental solutions based on supply management. These delegations suggested that a series of</p>



Subject: MEASURES WHICH AFFECT EXPORTS (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>intermediate steps could be postulated that would be cumulative in their effect leading to the complete elimination of subsidies over a period of time. These intermediate measures could include, following further study, minimum price arrangements applying to products such as certain dairy products. Although the best solution would be the application of paragraph 4 of Article XVI to primary products, pending a decision to this end, there was a need to define more precisely the concept of the equitable share of world markets contained in paragraph 3, and to cover specifically the prevention of injury to those countries which did not have recourse to export aids. A valuable contribution in this direction could be made by accepting an obligation not to grant export subsidies which result in prices lower than those of countries that did not grant subsidies.</p> <p>The following proposals were put forward by one delegation as a means of limiting and hopefully eliminating export aids: limits covering, for example, overall cost ceilings of export assistance, or cost ceilings for individual products or product groups; a maximum cost per unit of subsidization for particular products; the establishment of a fair relationship between the price of the primary product and the processed product; and the establishment of minimum prices on international markets.</p> <p><u>Notification procedures</u></p> <p>The Group drew up a list of practices which might be the subject of notification. The list, which could be subject to the addition of other practices, included the following headings: direct export subsidies, export restitutions, double-pricing practices, currency retention schemes or similar practices, deficiency payments and comparable producer price-support arrangements, assistance and incentives</p>

Subject: MEASURES WHICH AFFECT EXPORTS (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>provided by taxing arrangements, sales as a result of intervention by government or a centralized marketing scheme at lower than prevailing world prices, export credit guarantees where premiums are below long-term operating costs, credit sales where interest rates or other terms do not conform to commercial rates, governments meeting costs of credit incurred by exporters, sales in which the funds for the purchase of commodities are obtained under a loan from the government of the exporting country tied to the purchase of those commodities and in which the period of repayment is up to three years, government-sponsored barter transactions, sales for non-convertible currency.</p> <p>It was suggested that the aim of the notification should be to give other interested contracting parties a basis on which they could decide whether they wished to pursue the matter by means of consultation.</p> <p>There was a wide measure of support for the suggestion that export subsidies and other practices included in the List be notified under Article XVI procedures which provided that this be done irrespective of whether in the view of individual contracting parties they were notifiable under Article XVI.</p> <p>Certain delegations suggested that a standing committee should be established to receive and oversee the notifications. Some delegations stated that it would be necessary to reach an understanding on the objectives to which the notification and consultation procedures were directed before this question could usefully be discussed.</p>

Subject: MEASURES WHICH AFFECT EXPORTS (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p data-bbox="859 558 1222 590"><u>Consultation procedures</u></p> <p data-bbox="859 621 1602 930">Several delegations said that experience had proved that existing procedures were inadequate to meet the objectives of the consultations under discussion. Some delegations considered that there was a need for a permanent body which would conduct consultations. Such consultations would take place at regular intervals, for instance annually, but provision would also be made for holding additional consultations at short notice when required.</p> <p data-bbox="859 961 1612 1396">Several delegations supported proposals which provided for the affording of adequate opportunity for each contracting party to undertake bilateral consultation regarding representations made by another contracting party; consultations by the CONTRACTING PARTIES, at the request of a contracting party, with any contracting party or parties in respect of any matter for which it had not been possible to find a satisfactory solution bilaterally; and the establishment of a standing committee to ensure the adequacy of the relevant information and to conduct any multilateral consultations referred to above.</p> <p data-bbox="859 1428 1585 1862">Some delegations considered that before examining the possibility of establishing any new consultative body or procedures, it was necessary to determine the objectives of the consultations and that existing procedures already constituted an adequate framework for bilateral or multilateral consultation. These delegations were of the opinion that the disorder existing to date under existing notification procedures explained the difficulties encountered in the application of Article XVI and that it might be appropriate to group the notifications at present made under different procedures under Article XVI.</p>

Subject: MEASURES WHICH AFFECT EXPORTS (cont'd)

Main Discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p data-bbox="843 548 1082 579"><u>Other proposals</u></p> <p data-bbox="843 611 1585 1010">The Group discussed issues related to Article XVI and other relevant GATT provisions. Some delegations felt that Article XVI provisions were inadequate and should be reviewed. A number of suggestions were made concerning the application of the Article. Some delegations held the view that the present operation of the "equitable share" criterion in the Article had led to inequitable results for developing countries and emphasized that any revision would have to have regard to Article XXXVI, and in particular to paragraph 3.</p>

Working Group 2 - Agriculture Committee

Subject: MEASURES WHICH AFFECT IMPORTS

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) Subjects considered under this heading included:</p> <ul style="list-style-type: none"> <li>. Quantitative restrictions</li> <li>. Mixing regulations</li> <li>. Prohibitions</li> <li>. Discretionary licensing</li> <li>. Liberal licensing</li> <li>. Quotas</li> <li>. Discriminatory quantitative restrictions</li> <li>. State trading</li> <li>. Customs duties</li> <li>. Tariff quotas</li> <li>. Levies</li> <li>. Countervailing duties</li> </ul> <p>Several delegations attached importance to the re-establishment of a true world market in sectors where markets are at present compartmentalized and isolated from one another and of re-establishing a true world market price.</p> <p>In its search for possible solutions the Group recognized the need to give special attention to measures of particular importance to developing countries. Priority attention could be given by identifying sectors of special interest to these countries in which action could be taken by CONTRACTING PARTIES on an immediate basis. The Agriculture Committee had recognized that vegetable oils and</p>	<p>Some delegations said that the aim should be the removal of all quantitative restrictions, variable levies and related restrictive measures and reliance on fixed tariffs at non-prohibitive levels which would link domestic markets to the world market in a predictable way and lead to an increase in trade to the benefit of all. These delegations would be willing to discuss the removal or relaxation of their own quantitative restrictions even when permitted under Article XI, if other delegations were prepared to discuss their quantitative restrictions and variable levies. Such changes in import measures would require changes in agricultural policies. Income support measures which were more production neutral should replace measures which maintained domestic prices above world levels. A global approach would be desirable since if subsidized exports ceased it would be easier for countries to modify their import measures.</p> <p>Several delegations pointed out that while this set of proposals had the advantage of simplicity, it might be extremely difficult to put into practice. It was hardly realistic to expect countries to change their whole systems. Other delegations said they accepted the proposal as an objective, but solutions which could ameliorate the position should also be considered.</p> <p>Some delegations pressed for the unilateral elimination of illegal restrictions or the discriminatory elements in otherwise legal restrictions, or their legalization where possible through existing GATT provisions.</p>

Subject: MEASURES WHICH AFFECT IMPORTS (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>oilseeds was one such sector. In the view of some other delegations another such sector would be that of processed food-stuffs, which is frequently one of the first industries to be established in developing countries.</p> <p>(ii) Basic information on this subject was collected by way of country replies to a questionnaire circulated by the secretariat concerning the eight product sectors covering approximately three quarters of agricultural trade. In addition, a number of developing countries submitted specific notifications of non-tariff barriers facing their exports of agricultural products.</p>	<p>Some delegations said that contracting parties concerned should make efforts to relax and eliminate quantitative restrictions, whether legal or illegal, and should submit a list of items which could be liberalized.</p> <p>The Chairman, in summing up, considered that fundamentally there were two possible approaches. One consisted in making commitments to allow imports to enter the market in competition with domestic production; to the extent that agricultural support was thus affected, recourse must be had to measures that did not adversely affect imports. The other consisted in making commitments that would result in the maintenance of domestic production at a level which left room for imports to meet the remaining demand or to share in the growth of demand. Both involved political decisions of a far-reaching nature. In the meantime some limited improvement in trading conditions might be achieved by improving the administration of existing frontier measures.</p> <p><u>Vegetable oils and oilseeds</u></p> <p>The Group reverted to the proposals by Nigeria and Ceylon for the reduction and elimination of tariff and non-tariff barriers to tropical oilseeds and vegetable oils.</p> <p>The representatives of Nigeria and Ceylon, supported by other exporters of these products, expressed the hope that the Group might suggest lines of action to ease the problems faced by developing countries in this connexion, but which would not prejudice possible future action in a broader context. They stressed that particular attention should be given to</p>

Subject: MEASURES WHICH AFFECT IMPORTS (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>differential tariff duties. They felt that it was possible to give separate treatment to tropical oils and oilseeds, and in this context referred to the International Olive Oil Agreement and to suggestions made at the special Session of the FAO Study Group on Fats and Oils in January 1970 regarding the possibilities of a buffer stock scheme for lauric oils.</p> <p>The representatives of the countries to which the proposition was addressed stated their positions. One delegation recalled that their country had already announced that restrictions on several of the products under discussion were to be removed by the end of 1971. This delegation added that no additional action on tariffs was expected for the foreseeable future due to the adverse effects that this would have for domestic producers and, because of substitution effects, for certain outside suppliers. Another delegation indicated that they were unable to take any action at present, and pointed out that their quantitative restrictions on ground-nuts were connected with a support programme which involved domestic production controls.</p> <p>Another delegation said that oilseed production in their country was motivated by security grounds and the need to rotate crops, and pointed out that its self-sufficiency ratio was relatively low, there being no quantitative restrictions. He recalled that his country's general support for international commodity arrangements also applied to fats and oils but said that any arrangements should cover the whole sector, in view of the inter-relationships between the different products.</p>

Subject: MEASURES WHICH AFFECT IMPORTS (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>Another delegation noted that protection in his country was already at a moderate level. Unilateral elimination of the protection could therefore not be envisaged, but could be considered as part of multilateral action. Another delegation said that it could not yet pronounce on the request addressed to it for the relaxation of measures at the frontier, which consisted only of tariffs, as it had not received instructions.</p> <p>One delegation recalled the suggestion that countries might subscribe to a standstill which had been made at a previous meeting and proposed the text of such a standstill.<sup>1</sup> Some delegations stated that, although in principle in favour of the standstill if it were to be accepted by major trading countries, the fact that their countries were to engage in certain</p> <p><sup>1</sup>The proposal was worded as follows:</p> <p>"Whereas trade liberalization offers substantial potential for expansion of consumption and trade in oilseeds and products, with consequent benefits to producing and consuming countries, contracting parties hereby declare that as a preliminary step to this goal they shall, to the fullest extent possible - that is, except when compelling reasons, which may include legal reasons, make it impossible - refrain from introducing or increasing the incidence of, customs duties or non-tariff barriers on, such products."</p>



Subject: MEASURES WHICH AFFECT IMPORTS (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<p>negotiations meant that they would have to reserve their position with regard to its duration. Another delegation indicated that legal reasons prevented it from formally accenting the text but that its government could declare its intention not to change its present system of policy in this field.</p> <p>It was agreed that it would be desirable to examine further the question of the standstill with a view to seeing if agreement could be reached on the text of a standstill or a series of declarations of intent which went in that direction. It was understood that the adoption of the standstill would not exclude the examination of possibilities for further action.</p> <p>The representatives of developing exporting countries said that the discussion reflected the awareness of other delegations of the problems of developing countries in this sector, and expressed their appreciation of the willingness on the part of certain developed countries to consider possibilities for liberalization if other consuming developed countries were prepared to take similar action. They hoped that this willingness on the part of these countries indicated that it was possible to treat problems of tropical oil and oilseeds separately. They expressed the hope that if other consuming countries considered taking similar action, contracting parties could move towards a solution of problems facing developing countries in this sector.</p>

Working Group 3 - Agriculture Committee

Subject: MEASURES WHICH AFFECT PRODUCTION

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) The measures covered by Working Group 3 included:</p> <ul style="list-style-type: none"><li>• producer prices</li><li>• self-sufficiency ratios</li></ul> <p>(ii) No notifications relating directly to production measures were received by the secretariat. However, basic information on this subject was collected by way of country replies to a questionnaire circulated by the secretariat concerning the eight commodity groups important in international trade.</p>	<p>The Group noted that the following suggestions had been made by different delegations which, among others, could be considered in the further work directed towards finding mutually acceptable solutions:</p> <ul style="list-style-type: none"><li>• There was need for increased international co-operation and greater co-ordination of actions where appropriate; periodic consultation on, and review of various matters affecting international trade in agricultural products might be appropriate in this respect.</li><li>• There was need for acceptance of the basic principle of the international price mechanism as a market clearing instrument.</li><li>• Any farm income maintenance measures which governments consider necessary should be separated from production and price policies in order to insure that such measures are production neutral.</li><li>• Exporting countries, and major exporting countries in particular had a common and equitable responsibility for the level of supplies and their management. Countries which are both importers and producers of a product, in particular developed countries, also had some responsibility in this respect.</li><li>• There was need for governments to have regard to economic relationships between different products or sectors.</li><li>• Appropriate solutions in certain cases might be approached through commodity arrangements and these arrangements might well contain provisions on domestic production policies and on adjustment of supply, as was hardly the case in certain existing arrangements.</li><li>• The margin of support approach, possibly supplemented by provisions on self-sufficiency ratios, merit further consideration.</li></ul>

Working Group 4 - Agriculture CommitteeSubject: OTHER RELEVANT MEASURES

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) The main measures covered by Working Group 4 included:</p> <ul style="list-style-type: none"> <li>. health and sanitary regulations</li> <li>. marketing standards</li> <li>. packing and labelling regulations</li> <li>. customs and administrative procedures</li> <li>. miscellaneous charges and taxes</li> <li>. prior deposits</li> </ul> <p>(ii) Several developing countries submitted notifications under this heading, particularly in connexion with health and sanitary regulations.</p>	<p>Concerning health and sanitary regulations, some delegations, noting the work being done in other international bodies such as FAO, the FAO/WHO Codex Alimentarius Commission, OECD and ECE and taking into account that these bodies were well equipped to deal with problems of a technical nature, considered that the functions of the GATT would be:</p> <p>(a) to bring to the attention of these bodies the restrictive trade effects of such problems in order to assist them in developing international standards; and</p> <p>(b) to establish general guidelines regarding the trade effects arising from the application of existing standards and regulations.</p> <p>Several possible guidelines, including the following, were suggested in the course of the discussion:</p> <ul style="list-style-type: none"> <li>. imported goods should receive the same treatment as goods produced domestically</li> <li>. health and sanitary regulations should be applied on a most-favoured-nation basis</li> <li>. the best way of dealing with difficulties would be through bilateral discussions between the technical people responsible</li> <li>. health and sanitary regulations should not be more rigid than necessary to achieve their essential purposes</li> <li>. certificates by authorities in exporting countries might be more frequently accepted by importing countries</li> <li>. there should be a greater degree of co-operation between exporting and importing countries with respect to inspection, testing and research requirements</li> </ul>

Subject: OTHER RELEVANT MEASURES (cont'd)

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
	<ul style="list-style-type: none"><li>. inspection and testing requirements should be simplified</li><li>. measures taken by State and local authorities should be consistent with national and international regulations</li><li>. consultations should be held to ensure that changes proposed in legislation by each country were adequate to implement internationally agreed codes</li><li>. regulations and technical requirements of importing countries should be readily available in intelligible form to the competent authorities in exporting countries.</li></ul> <p>With regard to marketing standards, some delegations said that many of the points made on health and sanitary regulations also applied. Equivalence of internationally agreed standards and the standards of exporting countries should be recognized wherever possible.</p> <p>The Working Group agreed that the Committee on Trade in Industrial Products should deal with measures of general application to the agricultural and industrial sectors, (e.g. valuation for customs purposes, consular and customs formalities and prior deposits) where work had already begun in that forum. This was on the understanding that delegations reserved the right to revert at any time to particular notifications made to the Agricultural Committee and at a later stage, to review the applicability to the agricultural sector of any solutions evolved in the Committee on Trade in Industrial Products.</p>

Joint Working Group

Main discussion points (i) and points raised by, or relevant to the interests of, developing countries (ii)	Tentative proposals
<p>(i) The Joint Working Group was established as a temporary <u>ad hoc</u> body to conduct consultations without commitments with contracting parties concerning quantitative restrictions including their relevance to the trade of developing countries. The Group concluded that its activities should include advancing to the maximum the work of the relevant Groups of the Committee on Trade in Industrial Products and the Agriculture Committee as well as the work of the Group on Residual Restrictions. Problems affecting cotton textiles were not discussed in view of the existence of a separate body in which these products were subject to continuing review.</p>	<p>Some delegations suggested that cases in which illegal quantitative restrictions bore particularly on the trade of developing countries should receive the highest priority. Where feasible, time-tables for their elimination or for the enlargement of quotas, possibly in relation to the growth of the market should be set without reciprocity being required. When any quantitative restrictions significantly affected both developing and developed countries' exports, special consideration should be given to the product on a most-favoured-nation basis in the light of the interests of the developing countries themselves.</p>
<p>(ii) The items singled out in the discussions by developing countries were: live animals of the bovine species, meat and edible meat offals, fish, crustaceans and molluscs including shrimps, dried inedible shrimps, dried leguminous vegetables shelled, bananas, coffee, tea, hop cones and lupulin, edible seaweed, biscuits etc., vegetables and fruits prepared or preserved by vinegar or acetic acid or otherwise than by vinegar or acetic acids, fruit, fruit peel and parts of plants preserved by sugar, jams, fruit jellies, marmalades, fruit purée and fruit paste, fruit otherwise prepared or preserved, unmanufactured tobacco, unroasted iron pyrites, natural graphite, tungsten ores, lignite, leadoxides, soda anhydride, gloves, mittens etc., handkerchiefs, shawls, scarves, mufflers etc., bed linen, table linen etc., umbrellas and sunshades, tableware and household articles of porcelain or china, electric batteries, portable electric batteries and magnets, lamps, radio and television reception apparatus, pleasure and sports boats for marine use, lenses, prisms, refracting telescopes, cinematographic cameras.</p>	<p>Some delegations, while agreeing with the view that quantitative restrictions which were illegal should be removed promptly, referred to the provisions of Article XXXVII:1(a) and suggested that no distinction need be made between quantitative restrictions that were legal and those that were illegal, especially where they affected the trade of developing countries. These delegations pointed out that considerable exploratory work on identification of restrictions which adversely affected trade of developing countries had been done by the Group on Residual Restrictions. That Group had selected twenty-one items from the list of quantitative restrictions affecting trade of developing countries. The Joint Working Group should recommend that restrictions on these 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.</p>