

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development  
Twenty-Eighth Session

## ACTIVITIES OF THE COMMITTEE ON TRADE AND DEVELOPMENT

### Note by the Secretariat

1. The present note indicates, in summary form, some of the main points taken up by the Committee on Trade and Development over the last decade. The summary is not intended to be exhaustive of all the matters discussed, nor is it intended to cover all the issues examined in respect of any individual subject. For further details, delegations may wish to refer to the various reports of the Committee to the CONTRACTING PARTIES and related documentation.
2. Pursuant to the provision of Article XXXVIII:2(f), the Committee on Trade and Development was established by the CONTRACTING PARTIES early in 1965 to supervise the implementation of Part IV of the General Agreement and to take over the functions performed until then by Committee III and the Action Committee.<sup>1</sup> The terms of reference of the Committee are: (i) to keep under continuous review the application of the provisions of Part IV of the General Agreement; (ii) to carry out, or arrange for, any consultations which may be required in the application of the provisions of Part IV; (iii) to formulate proposals for consideration by the CONTRACTING PARTIES in connexion with any matter relating to the furtherance of the provisions of Part IV; (iv) to consider any questions which may arise as to the eligibility of a contracting party to be considered as a less-developed country in the sense of Part IV and to report to the CONTRACTING PARTIES; (v) to consider, on the basis of proposals referred to it by the CONTRACTING PARTIES for examination, whether modification of, or additions to Part IV are required to further the work of the CONTRACTING PARTIES in the field of trade and development and to make appropriate recommendations; and (vi) to carry out such additional functions as may be assigned to the Committee by the CONTRACTING PARTIES.

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<sup>1</sup>It might be recalled that Committee III had been established to find ways and means of facilitating the expansion of trade of developing countries and an Action Committee was set up in 1963 to implement the Action Programme adopted by Ministers in the same year.

3. At its first and second meetings, the Committee adopted certain procedures for carrying out its mandate including procedures for reporting by governments on their action in relation to the implementation of Part IV and for the periodic review of the implementation of these provisions. The Committee also established a number of subsidiary bodies to assist in its activities.

4. Over the years, the Committee on Trade and Development has served as a focal point in GATT for the review of developments in international trade affecting the interests of developing countries and for watching over the progress made in the implementation of commitments undertaken with respect to the avoidance of new restrictions and the removal or reduction of existing barriers affecting the trade of these countries. In this connexion, the Committee has also taken into account other elements affecting the trade and export earnings of developing countries such as prices, support for development plans, etc.

5. A central feature of the work of the Committee has been its periodic review of developments of interest to developing countries in international trade in the overall context of Part IV. As part of this work, the Committee has taken into consideration developments in the various GATT Committees and bodies as well as in other international organizations with a view to providing for an exchange of views which might be helpful for the further work of the GATT bodies concerned. The Committee on Trade and Development review of trade developments has, among other things, drawn on the GATT annual reports on international trade and particular attention has been given by the Committee to developments in the field of primary commodities. In its efforts to ensure the effective application of the commitments contained in Article XXXVII, including the standstill provision, the Committee on Trade and Development agreed to detailed procedures for reporting by governments on these matters.

6. Early in its work, the Committee drew up an indicative list of products to serve as a basis on which the export interests of developing countries could be explored and taken into account in the course of the Kennedy Round discussions as well as for the consideration of action in the Committee itself directed towards the removal of trade barriers including residual import restrictions affecting developing country exports.

7. Broadly, the work of the Committee can be described under a number of headings:

(a) Rôle of the Committee during the Kennedy Round

8. When the Kennedy Round of Trade Negotiations was launched, one of the agreed objectives was to seek solutions through these negotiations to the pressing problems of developing countries in the trade field. A number of developed

countries had indicated their intention to make use of the opportunity provided by the negotiations to give effect to the commitments they had assumed under Part IV. The Committee on Trade and Development paid special attention, on a continuing basis, to matters directly related to the interests of developing countries in the negotiations and kept close watch on the manner in which the provisions of Part IV were being taken into account.

9. Developing countries had presented certain specific proposals aimed at maximizing the benefits from the Kennedy Round for their trade. They included: the exclusion of products of interest to developing countries from the "exceptions lists"; advance implementation of agreed reductions for products of export interest to developing countries; and deeper cuts for products of interest to developing countries than the 50 per cent across-the-board reduction proposed for industrial products. In order to facilitate progress in the negotiations towards the attainment of these objectives, among others, a Sub-Committee on the Participation of Developing Countries and a negotiating Group on Tropical Products were established. At the conclusion of the Kennedy Round, the Committee on Trade and Development established an ad hoc Group to evaluate the results of the negotiations on a product-by-product basis in relation to the trade of developing countries. The Group carried out an assessment of the results of the Kennedy Round for developing countries with respect to six developed countries whose markets, taken together, accounted for more than 90 per cent of all imports by all developed countries from developing countries.

(b) Work undertaken within the Committee to secure the reduction or elimination of barriers affecting the trade of developing countries

10. This work took place notably in the field of residual restrictions and tropical products. The work of the Group of Three and the Joint Working Group was also related to this question.

11. The Group on Residual Restrictions, a sub-group of the Committee on Trade and Development considered possibilities for eliminating import restrictions which hampered the trade of developing countries. A list was established of products of export interest to developing countries which remained subject to import restrictions in developed countries. Apart from certain textile products, most of these restrictions affected unprocessed and processed agricultural products and included a number of manufactured items. Among other things, the Group recommended that in moves towards complete liberalization, developed countries should apply restrictions only seasonally, where appropriate, by increasing global quotas, by removing restrictions where quotas are applied and no imports take place, by adopting measures designed to enable new exporters from developing countries also to have a share in the market and by removing restrictions on imports from developing countries whether in primary or processed form which were

produced exclusively in developing countries (COM.TD/79). The systematic use of adjustment assistance measures in order to solve the social and economic problems which may be the reason for the maintenance of certain restrictions was also suggested.

12. The Special Group on Tropical Products which had been transformed into a negotiating body in the context of the Kennedy Round was re-activated by the Committee after the conclusion of the Kennedy Round and asked "to examine problems affecting trade in tropical products and to report on ways and means of overcoming these problems". It was also agreed that the Special Group should, among other things, study the incidence of internal charges and revenue duties on tropical products.

13. The Group gave consideration to barriers to trade in a number of tropical products of major export interest to a large number of developing countries and particular attention was paid to tariff escalation and internal taxes. The Group dealt with six groups of tropical products on a priority basis: coffee; tea; cocoa; vegetable oilseeds and oils; bananas and pepper in their raw, semi-processed and processed forms. A programme for the reduction or elimination of certain internal charges and selective indirect taxes on tropical products by developed countries had also been suggested by representatives of developing countries.

14. In January 1971 the Committee on Trade and Development established a "Group of Three" to present proposals for consideration by the Committee and the CONTRACTING PARTIES for concrete action that might be taken to deal with trade problems of developing countries having regard to the provisions of GATT and the relevant conclusions of the CONTRACTING PARTIES. The reports of the Group of Three are contained in documents L/3610, L/3710 and L/3871.

15. The Group examined, inter alia, the possibility of elimination or reduction of quantitative restrictions and other non-tariff measures applied to products of interest to developing countries; possible action to improve conditions of access for tropical products; the problem of tariff escalation, in particular as regards tropical products and vegetable oils; improvements in and enlargement of the Generalized System of Preferences; and certain other aspects in the fields of trade promotion, development of new products, health and sanitary regulations, etc.

16. While some recommendations relating to the above matters were addressed to all developed countries others were in the form of specific recommendations to individual countries. A number of these countries were able to report that they had taken action in compliance with certain of the general or specific recommendations made by the Group.

17. In its third report, the Group of Three focussed its attention on questions relevant to participation of developing countries in the multilateral trade negotiations; in particular, the Group made reference to methods and procedures for negotiations, negotiations by groups of developing countries in respect of particular commodities, action on tropical products, the question of non-reciprocity, additional benefits, the Generalized System of Preferences and technical assistance to developing countries. Having regard to the Programme of Work related to the multilateral trade negotiations, the Committee on Trade and Development agreed that the activities of the Group of Three should be suspended for the time being.

(e) Examination of proposals for the development of new trade policy measures and approaches

18. In this connexion, consideration was given, inter alia, to questions relating to preferences in favour of developing countries, expansion of trade among developing countries and the greater use of adjustment assistance measures for facilitating the process of trade liberalization.

Preferences in favour of developing countries

19. The Committee, in 1965 and 1966, addressed itself to the question of the establishment of preferences by developed countries in favour of developing countries (L/2410 and L/2614). The basic issues involved were identified and the various positions of governments were clarified in the Committee. In March 1966, the CONTRACTING PARTIES granted a request from the Australian Government for a waiver under Article XXV to permit it to establish preferences for developing countries on a list of products. In June 1971, the CONTRACTING PARTIES adopted a waiver authorizing the introduction by contracting parties of the Generalized System of Preferences in favour of developing countries. The Committee, and the Group of Three continued to keep this matter under review and the latter body, in particular, made recommendations concerning improvements in the GSP schemes of donor countries.

Expansion of trade among developing countries

20. The Committee on Trade and Development examined the problems involved in the expansion of trade among developing countries with particular reference to the rôle of preferences between developing countries in promoting their mutual trade. In its second report to the CONTRACTING PARTIES (L/2614) the Committee concluded that the establishment of preferences among developing countries, appropriately administered and subject to the necessary safeguards, could make an important contribution to the expansion of trade among these countries and to the attainment of the objectives of the General Agreement. The Committee noted, in particular,

the rôle that these preferences could play in helping developing countries to find larger markets and achieve economies of scale. The Committee considered that the establishment of such preferences should most appropriately be the subject of negotiations between developing countries, in which due account should be taken of the different stages of economic development of the participating countries. The Committee agreed that before an attempt was made to draw up specific legal provisions or formulae for the exchange of preferences, it would be helpful to see what concrete proposals or arrangements might, in practice, be made or negotiated by developing countries acting within the spirit of Part IV of the General Agreement.

21. Following informal discussions on the formulation of procedures providing for the exchange of concessions between developing countries, a Trade Negotiations Committee of Developing Countries was established to supervise the different stages of the negotiations and deal with any problems arising out of the negotiations. The results of the negotiations are incorporated in the Protocol Relating to Trade Negotiations Among Developing Countries which came into effect in February 1973.

#### Adjustment assistance measures

22. The Committee has considered the use made by developed countries of measures to assist industrial adjustment with a view to facilitating the expansion of their imports from developing countries. An Expert Group on Adjustment Assistance Measures established by the Committee studied material submitted by governments of industrialized countries on measures applied or proposed to be applied by them in the field of adjustment assistance. The point has been brought out in the Group that adjustment assistance can be an effective instrument in furthering the cause of trade liberalization including liberalization of the trade of developing countries. In regard to the future activities of the Expert Group, the Committee on Trade and Development agreed at its meeting in November 1972, that certain technical matters relating to adjustment assistance, as well as points relating to the use of adjustment assistance measures might be taken up (L/3760).

#### (d) Clarification, amendment and improvement of GATT provisions including those in Part IV

23. These related to such questions as the practical application in trade negotiations of the principle of non-reciprocity, the discussion of possible amendments to Article XVIII to authorize the use of surcharges by developing countries for balance-of-payments reasons, the improvement of procedures for consultations under Article XXIII, etc. In respect of the last mentioned matter,

and on the recommendation of the Committee, a Decision<sup>1</sup> was adopted by the CONTRACTING PARTIES on Procedures Under Article XXIII for use by a developing contracting party when invoking that Article. Because of the complexity of the issues involved in any amendment of Article XVIII it was agreed that the ad hoc Group on Legal Amendments would meet to further consider this matter only when specific proposals for consideration had been received.

24. The Committee, in 1971, gave consideration to a proposal from some developing countries that, in the light of Part IV, exports from developing countries should be exempted from any action taken under Article XIX of the General Agreement. While stating that Part IV did not permit a departure from the non-discriminatory provisions of the General Agreement, it was indicated by some delegations that in the event of action under Article XIX, due consideration would be given to the provisions of Part IV, especially Article XXXVII.

25. In 1970, the Committee took up the question of procedures for consultations under Article XXXVII:2 on the implementation of Part IV. The procedures adopted by the Committee and reproduced in COM.TD/74, provide, inter alia, for notification in cases of non-compliance with Part IV to the Committee on Trade and Development and preparation by the secretariat of relevant background documentation. In the event of no solution being reached between the parties concerned, arrangements may be made for an examination of the matter by a panel of experts or a working party, which is required to report on how progress might be made in reaching solutions satisfactory to all contracting parties concerned in order to further the objectives set forth in Article XXXVI.

(e) Work in preparation for the multilateral trade negotiations

26. In the course of this preparatory work, the Committee has continued both its examination of products of interest to developing countries and barriers affecting trade in these items, as well as a number of broader issues relevant to the trade negotiations. On the basis of suggestions put forward by delegations from developing countries, the Committee has taken up for examination questions relating, inter alia, to safeguards, agricultural products, GSP and m.f.n. tariff reductions, tropical products, import restrictions and other non-tariff barriers, non-reciprocity etc. It was generally agreed that these issues would be pursued further in the framework of the multilateral trade negotiations.

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<sup>1</sup>BISD, Fourteenth Supplement, page 18.

27. As recommended by the Group of Three and agreed by the Committee on Trade and Development, the secretariat has been providing technical assistance to developing countries in the context of their preparations for the multilateral trade negotiations. This activity is subject to review by the Committee and comments and suggestions are made in respect of further work that might be undertaken. In addition to undertaking its regular work such as the review of the implementation of Part IV, the Committee has, at recent sessions, also reviewed developments in the negotiations in the context of Part IV and undertaken an examination of developments in relation to the trade and payments situation of developing countries, taking into account changes in commodity prices.