

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development

Ad Hoc Group for the Examination of Products
of Export Interest to Less-Developed Countries

REPORT ON THE MEETING OF THE AD HOC GROUP 5-8 APRIL AND 5-7 MAY 1965

1. At its meeting in March 1965, the Committee on Trade and Development established an Ad Hoc Group with the following terms of reference:

- "to examine those products in which less-developed countries have indicated an interest in the context of Part IV of the General Agreement;
- "to submit to the Committee on Trade and Development its findings and recommendations with a view to providing guidance to contracting parties as to their work under Part IV of the General Agreement in respect of products of particular export interest to less-developed countries. Any list so established would not be exhaustive and could be supplemented from time to time."

2. The membership of the Group is as follows:

Chairman: Mr. L. RYDFORS (Sweden)

Argentina	India	Netherlands
Austria	Indonesia	Nigeria
Belgium	Israel	Pakistan
Brazil	Italy	Peru
Cameroon	Ivory Coast	Sweden
Canada	Jamaica	United Arab Republic
Ceylon	Japan	United Kingdom
Federal Republic of Germany	Kenya	United States
Greece	Luxemburg	Yugoslavia

The Commission of the European Economic Community also participates in the work of the Group.

3. During its two meetings¹, the Group examined data furnished by the secretariat in document COM.TD/W/1/Rev.1² with its addenda 1, 2 and 3 and COM.TD/A/W/2, respectively in regard to the thirty-eight commodity groups³ for which less-developed countries had notified an export interest. In the course of this examination the Group took note of amendments, corrections and additional information made available by delegations, and endeavoured to identify additional information which would serve to provide a fuller picture of trade flows and import treatment for those items, and of other relevant factors, with reference in particular to the export interest of less-developed countries.

4. The Group felt that, although both the data compiled by the secretariat, and the information supplied by delegations in the course of the meetings were very useful, it would, nevertheless, seem desirable to have supplementary information on certain points. The type of additional information which contracting parties have been asked to supply, in accordance with the different headings agreed upon by the Group under the schema for the presentation of data, is set out in GATT/AIR/455. Information thus received, as well as the information made available during the meeting, and the factual points brought out in the discussion, will be taken up in a revision of document COM.TD/W/1/Rev.1 being prepared by the secretariat in accordance with the schema agreed upon by the Group². The schema may be seen in the Annex to this report.

5. In establishing the schema, the Group took note both of the desire of some delegations for information in regard to the percentage share of less-developed countries in present trade in particular items, and of the views expressed by some less-developed countries that an indication of the existing share in trade, particularly where it rested on statistics pertaining to a single year, might not give an adequate indication of the importance of particular items to less-developed countries, especially in the sectors of semi-processed and processed goods which provided the main potential for future development. The Group also noted that the validity of a particular export figure might be affected by such special factors as steep fluctuations in the level of agricultural production, or a decline in prices affecting the export earnings of primary producers. The provision in this schema for information in respect of import trends and possibilities and prospects for promoting imports into developed countries of the products concerned was made at the suggestion of the less-developed countries.

¹The Group met once more, on 1 July 1965, to adopt the present report. At that meeting the Group also agreed that it would also transmit to the Committee, for information, document (COM.TD/A/W/3), it being understood however, that the data in that document are still subject to correction, amendment and completion.

²This information has since been circulated in document COM.TD/A/W/3 which supersedes document COM.TD/W/1/Rev.1 and Add.2.

³Originally 79 items in terms of the BTN; as a result of additional indications given during the meeting of the Ad Hoc Group, regarding the products of interest to less-developed countries, the data in the revised document COM.TD/A/W/3 now relate to 81 items in terms of the BTN.

6. In the discussion regarding obstacles to trade affecting the products listed in document COM.TD/W/1/Rev.1¹, it was pointed out by a representative of a less-developed country that tariff duties and other import restrictions generally increased sharply with the degree of processing of the products concerned. He stated that this general policy, together with the highly protective measures adopted by developed countries in favour of the agricultural sector of their economies, affected the possibilities of a rapid expansion of exports by less-developed countries and should, therefore, be the object of prompt action by contracting parties concerned, in accordance with the provisions of Part IV. The Group noted that the schema made provision for information on tariff differentials related to the degree of processing to which particular products had been subjected.

7. As regards the presentation of data showing the percentage share of less-developed countries in trade in these items, reference was made to the absence of an agreed definition of the term "less-developed country". Members of the Group felt that, desirable as it might be to define this term more clearly, it would not be within the terms of reference of the Group to attempt such a definition. It was suggested by some members that the Group might wish to recommend that the Committee on Trade and Development discuss this matter.

8. In relation to the data to be provided by the secretariat, it was suggested that statistical information should be presented in a way which would not prejudice the claim of individual countries to be treated as less-developed countries, and, on the other hand, would not commit other members of the Group to accept the claim of individual countries to be less-developed.

9. The Group agreed that the data furnished by the secretariat should also incorporate information on the share of manufactures and non-manufactures in total exports of each country.²

Interpretation of terms of reference

10. The Group also discussed, at some length, the interpretation of its mandate. In view of some divergence of views regarding the interpretation of the terms of reference, the Group decided to request from the Committee on Trade and Development appropriate guidance in the matter.

11. In particular, differences of interpretation centred around:

- the status of the product list examined by the Group in relation to the obligations of developed countries under Part IV of the General Agreement and
- the admissibility of the Group considering action taken, or proposed to be taken, by developed countries in terms of their obligations under Part IV.

¹This information has since been circulated in document COM.TD/A/W/3 which supersedes document COM.TD/W/1/Rev.1 and Add.2.

²Cf. COM.TD/A/W/3/Add.1.

12. As regards the status of the product list, less-developed countries stressed that the products appearing in the list should be regarded as being of export interest to less-developed countries, and be dealt with accordingly in the context of Part IV of the General Agreement. Further, the obligations of Part IV should apply both to these items and to all other products in which less-developed countries had an interest.

13. Representatives of less-developed countries underlined that, as many products to which they attached considerable importance were not covered by the present list, the discussion of items in that list should not be construed to mean that the interest of less-developed countries in the context of Part IV of the General Agreement was limited to those items.

14. Other representatives - mainly representatives of developed countries - considered that it would be beyond the terms of reference of the Group to define a list of products to which the obligations of Part IV applied, or to indicate how such obligations should be fulfilled in respect to any list of products. They felt that any examination carried out by the Group could only be indicative in character and would not go beyond providing information regarding the present or potential interest of less-developed countries in trade in certain items, and such other relevant considerations as the developed countries could usefully take into account in determining how they should interpret their obligations under Part IV. In particular, any list examined by the Group could not in itself have juridical implications for the purpose of Part IV.

15. Representatives of less-developed countries felt that under its terms of reference the Group was competent to take into consideration action by developed countries in conformity with their Part IV obligations and also to ask developed countries to notify what action they proposed to take in respect of these items. They suggested that developed countries might already be in a position to give a preliminary indication of such action, but that, in any event, the Group should meet again, prior to the next meeting of the Committee to examine the reports submitted by developed countries in response to the invitation circulated in GATT/AIR/452.

16. Representatives of developed countries were, however, of the view that consideration of action taken by them in conformity with their Part IV obligations fell outside the terms of reference of the Group.

Recommendations of the Group

17. On the basis of its discussion and without prejudice to the points of interpretation stated at paragraphs 10-16 above, the Group recommended that:

- (i) governments should take full account of the information contained in the documentation prepared for the Group, and, in particular, should draw it to the attention of those concerned in their administrations with action, and decisions, affecting the import treatment of the listed items, and with the implementation of Part IV;

¹See footnote 1 on page 2.

- (ii) without prejudice to the lists the developing countries have submitted in accordance with procedures adopted by the Trade Negotiations Committee - the work carried out by the Group in relation to the present list of products should be borne in mind in relation to any trade negotiations under the auspices of the GATT and, in particular, in relation to the Kennedy Round;
- (iii) developed and developing countries should keep under review the information they have provided for incorporation in the list of products examined by the Group, and should be prepared, as appropriate, to propose amendments or provide such additional information from time to time as may be relevant;
- (iv) the list examined by the Group could be used as a reference document to which additional items may be added, it being understood that the inclusion or exclusion of any item in the list carried no juridical implications for the purpose of Part IV of the General Agreement.

18. The Group further agreed that:

- (i) the secretariat should take account of the information elicited during the examination of the items in revising the list in the form of the schema annexed¹;
- (ii) the information in the list should be kept up to date, and any additional information should be incorporated as it becomes available;
- (iii) at a later stage, similar information should be gathered concerning other products that less-developed countries have notified, or will in future notify, as being of interest to them.

¹See COM.TD/A/W/3 - in particular footnote 'D', shown in respect of a number of the commodity notes in that document.

ANNEX

LIST OF PRODUCTS NOTIFIED AS OF INTEREST TO
LESS-DEVELOPED COUNTRIES

Proforma Sheet for Each Item¹

<u>Statistical and other information</u>	<u>Annotation (exempli causa)</u>
1. Precise BTN and SITC numbers, and description of item or part of item.	1. Statistics do not relate exactly to this item. Figures generally relate to BTN/SITC No..... (description) except in the case of countries
2. Name of countries notifying the item or part of the item.	2.
3. Export trade:	3.
(i) total	(i) less developed countries account for per cent of world exports.
(ii) of less-developed countries - value, share of world exports and share of national exports (by country)	(ii) any additional information supplied by individual exporting countries on existing or potential trade
(iii) of other countries - value, and share of world exports (by country).	(iii) countries for which relevant statistical information is not available
	(iv) any information relating to price changes and other factors affecting the level of export earnings.
4. Production:	4.
(i) total	(i) notification by less-developed countries of plans for development of or rapid increase in production.
(ii) of less-developed countries - value or volume, share of world production	
(iii) of other countries - value or volume, and share of world production.	

¹With regard to points listed in this proforma sheet, information will be furnished to the extent available.

Statistical and
other information

Annotation
(exempli causa)

- | | |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. Consumption: | 5. |
| 6. Imports into developed countries: | 6. |
| (a) total | (i) any information regarding trends in imports, share of imports in total consumption etc., and any other information supplied by industrialized countries or international organizations |
| (b) from less-developed countries. | (ii) percentage share of each developed country in (a) and (b). |
| 7. Trade barriers: | 7. |
| (i) in developed countries - quantitative restrictions, tariff, etc. | (i) any information provided by developed countries on intended changes in trade barriers |
| (ii) in less-developed countries - any information submitted. | (ii) differentials in tariffs and other import measures in particular countries related to the processing of products |
| | (iii) any other relevant information submitted by developed countries in regard to policies and prospects for promoting imports from less-developed countries. |
| 8. Other notes. | 8. |
| | (i) international agreement in force or under consideration. |