

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1925

15 November 1962

Limited Distribution

CONTRACTING PARTIES
Twentieth Session

COMMITTEE III - EXPANSION OF TRADE

Report of Committee III on the Meetings of October-November 1962

1. The Committee convened on 8 October 1962. As a matter of priority it examined progress made in pursuance of the Decision of 7 December 1961 on the implementation of the Conclusions of Ministers. The Committee agreed that, while progress had been made on the removal of barriers to the exports of less-developed countries, much remained to be done. The Committee decided that it would be failing in its Charter if it did not advise the CONTRACTING PARTIES at this stage of the gap still existing between intent and performance. It was decided to adjourn the meeting on 11 October and to reconvene during the session to allow governments to give further consideration to this matter. Accordingly the Committee met again from 1-14 November to receive reports of progress made during the recess and to consider future objectives.
2. During its meetings of October-November 1962, the Committee also continued its work on other items on its agenda which aimed at exploring ways and means of expanding exports of less-developed countries as envisaged in its original programme of work (COM.III/1).

I. Implementation of the Conclusions of Ministers

Review of progress

3. The Committee took up the question of the removal of quantitative restrictions. Before the Committee was a summary table of import restrictions still applied to the products under review¹ (COM.III/89), in which a distinction was drawn between restrictions maintained on balance-of-payments grounds and other restrictions. It was noted that since the meetings of the Committee in May 1962 there had been a reduction in the number of items on which restrictions were still being maintained by contracting parties, and also in the number of countries maintaining such restrictions on individual products under study in the Committee. The Committee also welcomed notifications of recent liberalization measures taken

¹Except as otherwise specified the products under review are the thirty-two products examined by the Committee in lists I to III.

by Australia, Austria, France and Japan. It was agreed that the secretariat should circulate an up-to-date version of the summary table, and this will appear as document COM.III/89/Rev.1. Details of the liberalization measures taken by Austria which were received too late for inclusion in this document are given in L/1917. The Committee noted that, in contrast to the encouraging picture on certain items, restrictions were maintained by some industrialized countries on other items of great importance to the export trade of less-developed countries. Of the items in the first list of products, coffee, vegetable oils, jute manufactures, coir manufactures and cotton textiles might be given as examples of this. It was pointed out that, in many cases, such quantitative restrictions were in contravention of the GATT and that the observations made in the report on the May meeting of the Committee (L/1768, paragraph 8) still applied to these restrictions.

4. Turning to an examination of progress made towards the elimination of tariff barriers to the exports of the less-developed countries, the Committee welcomed the fact that the 1960/61 Tariff Conference had resulted in some 160 bindings or reductions of duties on items of interest to these countries. It was felt that the proposed new tariff exercise should provide an opportunity for more far-reaching tariff reductions on products studied by the Committee especially as the United States Trade Expansion Act of 1962 had recently been passed in a form which granted to the Administration the negotiating powers which it had requested. In substance the Act was as summarized during the May meeting of the Committee by the representative of the United States. The Committee agreed that there was, therefore, no need to add to the comments which it had made in the report on its May meeting (L/1768, paragraph 16) on the draft legislation.

5. The Committee welcomed the fact that certain countries, notably Austria, Italy and Finland in the case of tea, had, since the last meeting of the Committee, made unilateral reductions in tariffs of benefit to the exports of less-developed countries, and reiterated its belief in the value of such unilateral reductions. The Committee agreed that contracting parties should give careful and continuous consideration to the reductions of tariffs on exports of less-developed countries. The Committee noted that no action had yet been taken in response to the proposal, made at its last meeting, that early consideration should be given to the reduction of import duties and taxes on unwrought copper. The delegate of Rhodesia and Nyasaland said that, in view of the difficulties which might result for some less-developed countries, his Government withdrew its proposal that consideration should be given to the conversion of the non-protective elements of high specific duties on tobacco to an ad valorem basis.

6. The Committee considered proposals that further studies should be undertaken in the tariff field. Members of the Committee felt that these studies would highlight certain aspects of the Committee's task and that any results of these studies should be made available to the Working Party on Procedures for Tariff Reductions. The Committee also had before it a Secretariat Note on this subject (COM.III/97). The Committee agreed that a study should be undertaken on the existence of differential tariffs on the semi-processed and processed derivatives of the major products exported by less-developed countries and that the secretariat should circulate a first draft in about one month's time.

It was also agreed that a study should be undertaken on the general incidence of import duties on the major manufactured exports of the developing countries in the main markets for these goods, compared with the incidence of duties on more sophisticated manufactured goods primarily traded between the highly industrialized countries. While it was hoped that a draft of this study would be circulated in about two months' time, it was agreed that the preparation of a complete study would be dependent upon, amongst other things, the availability of the ad valorem equivalents of specific duties in the countries concerned. In this connexion the Committee requested countries concerned to supply information which may facilitate this study. It was also agreed that the secretariat should prepare a summary table of import duties and internal taxes on tropical beverages and should consider again the feasibility of drawing up a summary table of import duties on a selected number of items along the lines of the summary table on quantitative restrictions contained in COM.III/89.

7. The Committee examined progress on the removal or reduction of revenue duties and internal fiscal charges and welcomed the announcement by the representative of Finland of a sizeable reduction in the Finnish duty on tea.
8. It was considered that the maintenance of large trading margins by State-trading countries could be equivalent to the imposition of revenue duties or internal fiscal charges. The Committee noted that a number of replies had been received to the supplementary questionnaire on the operation of State monopolies affecting the exports of less-developed countries contained in L/1768. It was also noted that when examining this question the Committee might find it necessary to work out a method which would enable it to measure the effects of these regulations. It was agreed that, in order to allow time for the study of information received and for the completion of replies by other contracting parties, the examination of this matter should be deferred until the next meeting of the Committee.
9. No further questions of subsidization affecting the exports of less-developed countries were put before the Committee for consideration in the light of the Decision of 7 December 1961.
10. While fully appreciating the efforts which were being made by contracting parties both in the GATT and in other international bodies to maintain and expand the export earnings of the less-developed countries, the Committee took note of the difficulties and uncertainties encountered by the exports of these countries and drew the attention of contracting parties to the Decision of 7 December 1961 in which the CONTRACTING PARTIES had agreed that immediate steps should be taken to establish specific programmes of action, and where feasible target terminal dates for the progressive reduction and elimination of barriers to the exports of less-developed countries. The Committee noted that it had not as yet been possible to establish programmes of action such as were desired by the less-developed countries.

11. The Committee agreed that the advances which had been made since its establishment in November 1958 should not now be forgotten. Progress towards the removal of quantitative restrictions on some items of interest to less-developed countries might perhaps be singled out for mention in this connexion. In concluding its review of progress, the Committee, however, drew attention to the fact that, in relation to the magnitude and urgency of the task facing the Committee, progress in the removal of obstacles to the trade of less-developed countries had undoubtedly been limited and slow and had fallen short of the expectations raised by the Ministerial Declaration and the Decision of 7 December 1961.

II. OBJECTIVES AND TARGETS FOR ACTION

12. At its meeting during the current session of the CONTRACTING PARTIES, the Committee had before it document COM.III/95 (annexed) containing a proposal for a programme of action submitted by representatives of eighteen GATT countries.

13. In introducing the proposed programme of action, members of the Committee, sponsoring the programme, invited attention to the interim report L/1859 in which the Committee had recalled the conclusions of the meeting of Ministers in which it was agreed that the CONTRACTING PARTIES should take immediate steps to establish specific programmes of action and, where feasible, target terminal dates for the progressive reduction of barriers to the exports of less-developed countries and that the Committee had noted at that time that no such programmes of action had so far been established. They explained further that their proposed programme of action endeavoured to take account of the difficulties which might be faced by the contracting parties concerned in implementing the proposals. It was for this reason that the programme accepted the phasing of the reduction or elimination of barriers over a period of time, even where such barriers were maintained in contravention of the General Agreement. Nevertheless, it was their earnest hope that more rapid progress would be made and that the additional time provided for the elimination of certain of these barriers would only apply in exceptional circumstances. Indeed, in their view, early action for the removal of such barriers was imperative if the GATT was to continue as an effective instrument for solving international trade problems and serve as a basis for expanding trade opportunities for all contracting parties. They made it clear that in putting forward this programme of action they were not proposing any legal commitments beyond those contained in the provisions of the General Agreement. Nevertheless, the proposed programme of action was not intended merely as a basis for discussion but was a reflection of the concern of less-developed countries for early and effective action along the lines indicated in this programme.

14. The Committee expressed considerable sympathy with the motives which have led to the submission of the proposed programme of action and members undertook to refer it to their governments. They anticipated that the clarification of the proposals given during the present examination of the documents would considerably help such a study. They recognized the need for further progress in removing barriers to the trade of less-developed countries and for some assurances at this time that such progress would be promptly forthcoming.

15. Some members of the Committee emphasized that, in concentrating attention on remaining problems, the progress that had already been made should not be lost sight of. In their view, the Committee had indeed made steady and valuable inroads on barriers and, just as important, had brought about an almost complete standstill in the creation of further barriers. Furthermore, the Committee had been highly successful in creating amongst governments a very real awareness of less-developed countries' problems, which was having a considerable effect on policies affecting these countries.

16. Below is a summary of discussion in the Committee relating to the proposed seven-point programme of action contained in document CCM.III/95.

(i) Standstill on new tariff and non-tariff barriers

17. Members of the Committee sponsoring the proposed programme of action explained that the first point was essentially a standstill provision under which industrialized countries would be asked not to erect new tariff or non-tariff barriers against exports of less-developed countries. In the first instance, this standstill provision might be applied to the products included in Lists I to III examined by the Committee. Obviously, the request for a standstill should not be interpreted as condoning the maintenance of measures applied in contravention of the General Agreement or as precluding action towards the reduction or removal of these barriers, particularly the elimination of discriminatory restrictions.

18. Commenting on this proposal, some members of the Committee pointed out that the work of Committee III in itself might be considered as implicit assurance that no new barriers to the export trade of less-developed countries would be erected. They agreed, however, that there might be merit in having an affirmation from contracting parties that, without prejudice to their contractual rights under the General Agreement, they would endeavour not to impose new barriers, or raise existing barriers, against exports identified by the Committee as being of particular interest to less-developed countries. Some members of the Committee pointed out that, while no new legal commitment was being asked for in undertaking to maintain a standstill, it was obviously in the best interest of less-developed countries that, so far as tariffs were concerned, duties on products of real interest should be bound and this was a matter which should be referred to the Working Party on Tariff Reduction for consideration. The Committee agreed that adherence to such a standstill should not be considered a justification for delaying action in the removal of barriers affecting exports of less-developed countries.

(ii) Elimination of quantitative restrictions

19. Members of the Committee sponsoring the proposed programme of action, explained that the second point in this programme envisaged that all quantitative restrictions which affect exports of less-developed countries and are inconsistent with the provisions of the General Agreement, would be eliminated within a period of one year. In exceptional circumstances, where it was established in consultation that the elimination of restrictions within this period would not be feasible, the restrictions on the items concerned should be progressively reduced, and eliminated not later than 31 December 1965. This did not mean, however, that the repeated requests of the governments sponsoring this proposal for the removal of these restrictions had lost their urgency or that they had agreed to a blanket waiver for the maintenance of such restrictions. Indeed, they earnestly hoped that progress in the elimination of remaining restrictions would be made at an accelerated pace. They pointed out that failure to obtain an indication from contracting parties regarding the early removal of such restrictions would be a serious setback to the work of the Committee and to the efficacy of the General Agreement as an instrument for promoting and maintaining mutually advantageous trading relationships.

20. There was widespread support in the Committee for a recommendation to contracting parties to give serious consideration to the proposal and to use their best endeavours to eliminate existing restrictions within the timetable proposed. Some members of the Committee indicated, however, that it would not be possible for their governments at this time to indicate firm target terminal dates for the elimination of these restrictions. Other members of the Committee expressed some doubts as to the desirability of suggesting any time for the removal of those restrictions which were being maintained inconsistently with the General Agreement. Indeed, it was felt by these members, that in order to accelerate progress in the removal of such restrictions the CONTRACTING PARTIES should consider instructing the Committee to evolve a procedure for confrontation and consultation with contracting parties maintaining such restrictions. It was proposed that the first of such confrontations might take place at the next meeting of the Committee and that at such time the industrialized countries should be asked to report on the progress they had made in eliminating restrictions, what action they had taken to increase access to their markets, and their plans for future action.

(iii) Duty-free entry of tropical products

21. The third point of the proposed programme of action envisages action by industrialized countries which would permit duty-free entry of tropical products into their markets by 31 December 1963. Members of the Committee who sponsored this proposal stressed the importance which their respective governments attached to early action in this field. They pointed out that duty-free entry of tropical products would be of direct and primary benefit

to some less-developed countries. They recalled that many members of the Special Group on Trade in Tropical Products had indicated their support at the end of their meeting in June for the Nigerian proposal, made at the nineteenth session of the CONTRACTING PARTIES, that duty-free entry for tropical products should be implemented at an early date.

22. Members of the Committee recalled that at their meeting in February when setting up the Special Group, the associated States of the EEC had been invited to be represented in the work of the Special Group, but that for practical reasons it had not been possible for these States to attend the meeting of the Group in June 1962. These members of the Committee stressed the importance they attached to representation by these States in the work of the Special Group. In reply to a question concerning the negotiations between the States associated with the EEC and the EEC for a new Association Convention, a matter directly relevant to the work of the Group, the representative of the EEC explained that these negotiations were still in progress.

23. Some members of the Committee, while subscribing to the principles and objectives behind this proposal, pointed out that there might be certain practical and legal difficulties in achieving the goal of duty-free entry unless progress was also made towards dealing with certain other problems affecting countries exporting tropical products. The Committee noted that a Special Group on Tropical Products had been established to examine the broad range of these problems and to examine ways and means of solving them. Some members of the Committee considered that measures leading to organization of world markets were among the essential measures for eliminating these difficulties in the case of some of these products.

24. The Committee recognized the importance and the sense of urgency which the less-developed countries sponsoring this proposal attached to the early achievement of duty-free entry of tropical products into markets of industrialized countries. It was agreed that the course would be for the CONTRACTING PARTIES to instruct the Special Group on Tropical Products to press ahead with the studies now being undertaken by the Special Group. In this connexion the Special Group should provide information on which a judgment could be made as to whether conditions can be established to enable this matter to be dealt with at the ministerial meeting or within the framework of the proposed tariff conference. It would also be appropriate for the matter to be dealt with by the Working Party on Tariff Reduction.

(iv) Elimination of tariffs on industrial raw materials

25. Members of the Committee sponsoring this proposal explained that the fourth point of the proposed programme of action was designed to implement the Recommendation contained in paragraph 4(b) of the Declaration by the CONTRACTING PARTIES of 7 December 1961, on the Promotion of the Trade of the Less-Developed Countries, that "Governments should consider the elimination of tariffs on primary products important in the trade of less-developed countries". They

pointed out that early action in the elimination of such tariffs would be of direct economic advantage to industrialized and less-developed countries alike. Particularly as regards industrial raw materials, to which this proposal primarily referred, there appeared to be no material difficulties which would prevent action at an early date. They explained that although no target dates for the elimination of such tariffs had been proposed, it was the hope of the countries sponsoring this proposal that governments, in implementing their commercial policy and in preparing for the next tariff conference, would keep the desirability of early action in this regard in mind.

26. Members of the Committee representing industrialized countries stated that, subject to certain limitations imposed for example by existing legislation or by existing preferential arrangements for imports from certain countries, they could subscribe in principle to the objectives of working towards the elimination or at least substantial reduction of the tariffs concerned.

27. The Committee agreed to recommend to the CONTRACTING PARTIES that this proposal should be submitted to the urgent attention of the Working Party on Tariff Reductions and that contracting parties should be invited to give serious consideration to this proposal with a view to permitting early action.

(v) Reduction and elimination of tariffs on certain semi-processed and processed products

28. Point five provides for the preparation of a schedule for the elimination or reduction by at least 50 per cent from their present level, of tariff barriers over a period of three years on exports of processed and semi-processed goods of export interest to less-developed countries. In introducing this proposal, members of the Committee sponsoring this programme of action pointed out that while tariff reductions had been negotiated during the recent Tariff Conference for many of the more complex types of manufactures, no or only limited progress had been made in the reduction of tariffs on the simpler manufactures which were of particular export interest to the less-developed countries. Indeed, in a number of cases, the less-developed countries had been refused concessions on these products. The elimination of the anomaly of duties being reduced in respect of the more sophisticated types of products, while little progress was made in reducing duties on the simpler manufactures, was of the utmost importance to the less-developed countries if the benefits which they were entitled to expect under the General Agreement were to be obtained and preserved. Pointing to the difficulties which less-developed countries faced in negotiating concessions on the basis of reciprocity, a problem which had been recognized both in the General Agreement itself and in the repeated pronouncements by the CONTRACTING PARTIES in this regard, these members of the Committee pointed to the necessity of early action, both unilaterally and in the framework of the proposed new tariff round, for the removal or significant reduction of tariff barriers affecting exports of semi-processed and processed products of export interest to the less-developed countries. Any action in this regard would assist less-developed countries in achieving the much needed diversification of their export trade.

29. The Committee noted that the tariff studies referred to in paragraph 6 and paragraph 41 of this report would assist the Working Party on Tariff Reduction if it were called upon to examine this proposal. The Committee noted that progress towards this objective should be a real possibility although in the case of one member of the Committee, legislative requirements might preclude the completion of reductions within the suggested time period. Nevertheless, adoption of a recommendation urging rapid and progressive action in this sector was acceptable.

30. The Committee agreed that measures for assisting less-developed countries in diversifying their export trade were of vital importance. The Committee agreed on the need for urgent action in this field and to recommend that this matter should be considered at the proposed ministerial meeting. In this connexion the Committee also agreed to recommend to CONTRACTING PARTIES that the Working Party on Tariff Reduction be instructed to examine this proposal and to advise contracting parties with a view to achieving, at an early date, the objectives set out in the proposal taking into account the incidental benefits which tariff reduction could have on trade between the industrialized countries themselves.

(vi) Progressive reduction of internal charges and revenue duties

31. The sixth point of the proposed programme of action provides that industrialized countries shall progressively reduce internal charges and revenue duties on products wholly or mainly produced in less-developed countries with a view to the elimination of such duties and charges by 31 December 1965. Introducing this proposal, members of the Committee sponsoring the proposed programme of action expressed appreciation of the progress which had been made in the reduction of revenue duties and fiscal charges by a number of countries in response to the recommendation of the Committee. They expressed disappointment, however, that although action in this field had been under discussion in the Committee almost since its inception, and notwithstanding the fact that all Ministers had accepted that part of the Ministerial Declaration of 30 November 1961, relating to the removal or considerable reduction of revenue duties and fiscal charges, action or an indication of action being taken in the near future on this recommendation was still outstanding in respect of a number of important trading nations. Further they pointed out that failure to act in this regard had had a continually depressing effect on the overall work of Committee III and was indeed, a serious challenge to the effectiveness of the programme of trade expansion of the CONTRACTING PARTIES. It was in a spirit of compromise that the proposal for eliminating such barriers by 31 December 1965 had been made. It was believed that this target date should permit the necessary adjustments in the fiscal system of the countries concerned to be made with a minimum of difficulties. They stated that it was their earnest hope that governments, maintaining such fiscal charges and revenue duties identified as barriers to exports of less-developed countries, would provide an early and positive response to this proposal.

32. Some members of the Committee representing industrialized countries indicated that they would like to see significant progress in this direction being made before the end of the three-year period given as a target date for the elimination of internal duties and fiscal charges on such items as cocoa, coffee and tea. Reference was made to a draft working paper submitted by the Swedish delegation on a multilateral approach to the problem of revenue duties and internal fiscal charges (COM.III/96/Rev.1). In the view of the Swedish delegation, a multilateral approach to these problems would not only make a more significant contribution to the export earning capacity of the less-developed countries than isolated action, but might also overcome some of the internal difficulties at present expected by the countries concerned to result from the elimination of revenue duties and internal fiscal charges on such items such as coffee, cocoa and tea.

33. Some members of the Committee explained that it would be difficult in present circumstances to adopt a programme along the lines and with the terminal dates suggested for the elimination of fiscal charges and revenue duties indicated in this point of the proposed programme of action. They pointed out that their governments were fully conscious of the needs of the less-developed countries as was demonstrated by the measures adopted by their governments, and the aid rendered to less-developed countries in assisting their economic development. Reference was made in this context to obligations undertaken under the recently concluded International Coffee Agreement. In Article 47 of this Agreement, members undertook "...to investigate ways and means by which the obstacles to increased trade and consumption...could be progressively reduced and eventually, whenever possible, eliminated, or by which their effects could be substantially diminished, and to inform the Council of the results of their investigation, so that the Council could review, within the first eighteen months after the Agreement enters into force, the information provided by members concerning the effects of these obstacles and, if appropriate, the measures planned to reduce the obstacles or diminish their effects...". It was stated by some members of the Committee that it was not possible to go beyond these obligations especially as specific legislation existed in this field.

34. In considering the present situation, a member of the Committee noted that several stages could be envisaged in overcoming difficulties caused by the existence of high fiscal charges and revenue duties. Thus one could consider, as a first step, a standstill on any increases in the rates of tax. As the second step, governments could decide not to allow the yield from the taxes to increase. Thirdly, governments, in circumstances which permitted reduction in taxes, could put taxes on products of interest to the less-developed countries in the forefront of taxation relief. Fourthly, governments could undertake to use their best endeavours to make a general reduction of such taxes and finally, work toward their ultimate elimination.

35. The Committee recognized that a solution to the problem of reducing or eliminating fiscal charges and revenue duties on products wholly or mainly produced in less-developed countries in accordance with an agreed time-table might have to be sought at the Ministerial level. In view of the importance which most members of the Committee attached to early action in this field, it was decided that the question of a programme of action be placed on the agenda of the next meeting of the Committee to consider possibilities for implementing the proposal for action set out in document COM.III/95, together with an earlier Brazilian proposal (see paragraph 19 of L/1732), which provided for a reduction in two stages of all revenue duties and fiscal charges affecting coffee, cocoa and tea by 50 per cent in 1963 and by another 50 per cent in 1965. Governments which had indicated that they had difficulties in accepting these proposals should again consider possibilities for implementing these proposals or, submit acceptable alternative proposals to the Committee prior to its next meeting. A member of the Committee felt that the stages referred to in paragraph 34 might be borne in mind in this context.

(vii) Reporting procedures

36. The seventh point of the proposed programme of action provides for an annual reporting procedure by contracting parties on progress made in removing restrictions on the above-mentioned barriers and on measures which they propose to take in the next twelve months.

37. There was wide agreement in the Committee on the usefulness of such a reporting procedure and there was also considerable support for the further suggestion that Committee III be given authority to conduct consultations with contracting parties, whether or not members of the Committee, with a view to stimulating additional progress toward the Committee objectives. It was also felt that quicker progress in the removal of quantitative restrictions from the exports of the less-developed countries might be obtained if countries maintaining such restrictions were to make a greater effort to discuss in the Committee the reasons responsible for the gap between awareness of the problem and actual performance.

General comments

38. Although it was not possible for all members of the Committee to take a final position on all of the specific points, the Committee recognized that the proposals were in line with the objectives of the Ministerial Declaration. In submitting this report to CONTRACTING PARTIES the Committee recommends that the proposals contained in COM.III/95, together with the comments thereon, should be brought to the urgent attention of all contracting parties so that speedy and positive action can be pursued towards the reduction and elimination of barriers to the trade of less-developed countries.

39. The sponsors of COM.III/95 requested that the proposals contained in that paper should be brought to the attention of the ministerial meeting and that therefore the matter be referred to the Council for study. The Committee agreed that the CONTRACTING PARTIES should be asked to recommend that the Council give particular attention to this report when they are considering the agenda for the meeting of ministers.

III. Enlargement of Scope of Committees' Work

40. The Committee felt that, when consideration was given to specific programmes of action in terms of specific commodities, full account should be taken of the wider framework within which decisions on these problems should be made. During the past few years the magnitude of the task facing the less-developed countries and the primary importance of increasing their export earnings if this task was to be fulfilled had, however, been widely recognized. The discussions on the latest review of International Commodity Problems by ICCICA were of particular significance in this context and should be brought to the attention of Ministers. The Executive Secretary had indicated recently that, postulating a modest annual rate of growth of about 3 per cent in per caput income in the less-developed countries during the coming years which corresponded to the "minimum desirable rate" of growth considered by the United Nations for the "Development Decade", the rise in the import demand of those countries would lead to a formidable pressure on their balance of payments. In International Trade 1961 it was estimated that, even when ambitious assumptions were made as regards the pace of industrialization in all developing regions, the minimum import needs of those regions for manufactured goods from the developed countries would reach an annual rate of some \$35,000 to 40,000 million by about 1975 or more than double the level reached in the 1950's. This could not be achieved without a rapid and substantial expansion of earnings of the less-developed countries, not only from their exports of foodstuffs and raw materials, but also from their exports of an increasingly wide range of manufactured goods.

41. The work of the Committee, which had explored in detail the barriers to the export of individual products was to translate a recognition of the task facing the international trading community into positive action. While recognizing that its activities already worked to the benefit of less-developed countries generally the Committee realized that it should not restrict its attention to those items contained in the first three lists of products and that a comprehensive list of items of importance in the export trade of less-developed countries should be prepared. It was agreed that the secretariat should circulate a draft of such a list which would make a distinction between items currently of importance to the less-developed countries and items which these countries might be expected to export in the relatively near future. Less-developed countries represented on the Committee indicated that they would be in a position to supply short lists of items in this category. It was agreed that in compiling this list products of interest to less-developed countries not represented on the Committee should be included. Such a list could be useful both as an adjunct to the Declaration on the Promotion of the Trade of Less-Developed Countries and as background material for the Working Party on Tariff Reduction.

42. The Committee took note of the request in paragraph 7 of COM.III/95 that consideration should be given to the adoption of appropriate measures which would facilitate the efforts of less-developed countries to diversify their economies, strengthen their export capacity and increase their earnings from overseas sales. The secretariat was requested, in the first instance, to prepare a study examining the possibilities in this field.

IV. Other Work of the Committee

Examination of development plans

43. At its meeting during the twentieth session the Committee examined the trade and payments aspects of the Second Five-Year Plan of Pakistan. The report on this consultation is contained in L/1924. It was agreed that, in possible future exercises of this type, it would be useful if members of the Committee were to prepare estimates of future imports from the consulting country. It was also agreed that the possibility of holding follow-up meetings with contracting parties whose plans have been discussed in the Committee should be explored. It was proposed that the Committee should examine and report on the prospects for trade expansion on a commodity by commodity basis in those countries which had not formulated comprehensive development plans.

44. The Committee took note of a statement by the Australian delegation (COM.III/98) on the relationship between the trade and payments aspects of development plans of less-developed countries and their foreign assistance needs. The Committee requested the secretariat to study the implications of the Australian statement and to report to the Committee at its next meeting.

Production and marketing techniques

45. The Committee took note of the paper on recent activities of international organizations in relations to production and marketing techniques (COM.III/91) which it was considered would provide useful background information for future work on this subject in the GATT and which would minimize the danger of duplicating the work being carried out by other bodies.

46. It was agreed that all contracting parties should be invited to submit papers on this subject to the Committee. It was felt that industrialized countries, especially those which had already had experience in providing assistance on this subject to less-developed countries, might have a valuable contribution to make and also that it would be useful to have papers from the less-developed countries themselves setting out the difficulties which they had actually encountered. This would enable the Committee to examine the problem in a detailed and concrete fashion.

Export promotion

47. The Committee had before it proposals on assistance in the promotion of trade of less-developed countries, contained in COM.III/92, and a proposal by the representative of Brazil, contained in COM.III/93, that an International Trade Information Centre should be established by the CONTRACTING PARTIES to collate and publish information from a variety of sources, including GATT records. It was agreed that, in particular, the suggestion made in COM.III/92 that further space might be made available on special terms to the less-developed countries in government and trade publications, as well as in the daily press so that these countries could publicize their export offers was extremely useful. Turning to document COM.III/93, members of the Committee agreed that the proposal which it contained was a stimulating one which required further study, but indicated that certain difficulties seemed to exist both on what might be termed the supply and demand sides. A preliminary examination of the proposals suggested that much of the information to be collected and published by the proposed Centre was already available. On the other hand, it was felt that insofar as the larger industrialized countries were concerned, the work of the proposed Centre might well duplicate facilities already available while for other countries a full coverage of all import markets might not be necessary as even relatively small countries would probably already possess adequate information on their largest export markets. Furthermore, no amount of governmental effort in providing trade information services could be an effective substitute for actual contact between exporters and potential buyers. Members of the Committee suggested that further information should be collected on the type of information for which an actual demand might be said to exist and noted that it would be necessary to collect such information before an accurate estimate could be made on the financing and staff aspects of the proposed Centre.

48. The representative of Brazil referred to remarks on the experience of national governments in collecting this type of information. It had been stated with reference to the magnitude of the task facing the proposed Centre that even the largest industrialized countries had found it impossible to set up a perfectly functioning commercial information service. He pointed out that international action would be necessary if such a service was to be established, and the co-operation of national governments would be essential, particularly with regard to the possibility of using public material available to their services. He agreed that much of the information which was proposed for inclusion in the publications of the Centre was already available. It was, however, extremely difficult to collect, consult and keep up to date and was not always in a form which was not readily assimilable. In this connexion, getting accurate information on some important factors affecting foreign trade presented difficulty even to governments services and international organizations. It would be the Centre's function to simplify and to distribute its publications in as many languages as was necessary.

49. It was agreed that the secretariat should prepare a note on the present availability of material on the topics proposed for inclusion in the publications of the Centre. The secretariat should also circulate a short questionnaire to all selected contracting parties designed to obtain some idea of the potential demand for this type of information in their countries, taking into account the needs of official and private organizations, the categories of information not at present readily available to them, and the export markets for which information would be required.

50. It was also agreed that, a meeting of the Committee should be held, to which specialists in this field should be invited, and at which the trade promotion aspect of the Committee's work could be reviewed in detail, together with proposals designed to improve the flow of trade information and also the question of the assistance and advice which industrialized countries could give on the establishment of export promotion services and the training of personnel to staff them.

ANNEX

Programme of Action Proposed by Less-Developed Countries¹

1. Almost a year has passed since the CONTRACTING PARTIES had before them the unanimous conclusions reached by the Ministers and adopted the Declarations on the Promotion of the Trade of Less-Developed Countries. This Ministerial Declaration was adopted formally as a basis for the future work of the GATT in this field. It was agreed that immediate steps should be taken to establish specific programmes of action and, where feasible, target terminal dates for the progressive reduction and elimination of barriers to the exports of less-developed countries.
2. The task of implementing the agreed conclusions was assigned to Committees II and III.
3. During the period of one year since the Ministerial Declaration, Committee III has met on several occasions. The latest report of the Committee is contained in document No. L/1859. The Committee has noted that no specific programmes of action have so far been established for following up the conclusions reached at the ministerial meeting. While recognizing that some slight advance towards relaxation of tariff and non-tariff barriers had been made by a few industrialized countries, the Committee emphasized that a wide gap still existed between intent and performance. The Special Group on Tropical Products which was expected to give priority treatment to certain products, has also failed until now to recommend positive measures on specific proposals submitted to it.
4. It is pertinent to point out that the tariff and non-tariff barriers to the trade of less-developed countries have been under continuous examination in the GATT during the last five years and especially since the publication of the Haberler report. The decision to launch a concerted attack on barriers to the trade of less-developed countries was taken as early as the thirteenth session of the CONTRACTING PARTIES. It was expected that the Decisions taken at the ministerial meeting would give a fresh impetus to this effort and result in concrete measures which would usher in a new era in the trading relationships between the less-developed and the industrialized countries. The gap between the performance of the industrialized countries and the Decisions taken at the ministerial meeting is therefore a matter of particular disappointment.

¹The following countries have put forward this proposal originally circulated as COM.III/95: Argentina, Brazil, Burma, Ceylon, Chile, Cuba, Ghana, Haiti, India, Indonesia, Israel, Federation of Malaya, Federation of Nigeria, Pakistan, Peru, Tanganyika, Uruguay, Yugoslavia.

5. The less-developed countries believe that solutions to the problems so far identified should not be delayed further. They would urge that, having regard to the progressive deterioration in the relative economic and trading position of the less-developed countries and the urgent importance of enabling these countries to increase and diversify their production and exports of both non-industrial and industrial items, the assurances given by the industrial countries should be translated into concrete action within a defined period of time.

6. Apart from the initiative taken by the United States in the Special Group on Tropical Products, the industrialized countries have not so far come forward with any specific programmes of action. The less-developed countries therefore submit that the following programme be adopted by the CONTRACTING PARTIES at their twentieth session:

- (i) No new tariff or non-tariff barriers should be erected by industrialized countries against the export trade of any less-developed country in the products identified as of particular interest to the less-developed countries. In this connexion the less-developed countries would particularly mention barriers of a discriminatory nature.
- (ii) Quantitative restrictions on imports from less-developed countries which are inconsistent with the provisions of the GATT shall be eliminated within a period of one year. Where, on consultation between the industrialized and the less-developed countries concerned, it is established that there are special problems which prevent action being taken within this period, the restriction on such items will be progressively reduced and eliminated by 31 December 1965.
- (iii) Duty-free entry into the industrialized countries shall be granted to tropical products by 31 December 1963.
- (iv) Industrialized countries shall agree to the elimination of customs tariffs on the primary products important in the trade of less-developed countries.
- (v) Industrialized countries should also prepare urgently a schedule for the reduction and elimination of tariff barriers to exports of semi-processed and processed products from less-developed countries providing for a reduction of at least 50 per cent of the present duties over the next three years.
- (vi) Industrialized countries shall progressively reduce internal charges and revenue duties on products wholly or mainly produced in less-developed countries with a view to their elimination by 31 December 1965.

- (vii) Industrialized countries maintaining the above-mentioned barriers shall report to the GATT secretariat in July of each year on the steps taken by them during the preceding year to implement these decisions and on the measures which they propose to take over the next twelve months to provide larger access for the products of less-developed countries.

7. The gap between the needs of less-developed countries and their current earnings from exports is so large that even the adoption of the measures outlined above may not be wholly adequate. The less-developed countries therefore urge that contracting parties should also give urgent consideration to the adoption of other appropriate measures which would facilitate the efforts of less-developed countries to diversify their economies, strengthen their export capacity and increase their earnings from overseas sales.

8. The less-developed countries proposing the programme of action outlined in the sixth paragraph are convinced that a decision by the CONTRACTING PARTIES on these lines would promote the aims of the United Nations Development Decade, contribute greatly to the realization of the Recommendations adopted at the meeting of GATT Ministers and make for mutually advantageous co-operation in the field of trade between the less-developed and the industrialized countries.

