

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2171/Add.1
15 April 1964

Limited Distribution

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT 1964

Submission by the GATT Secretariat

The information contained in document L/2171 described the activities of the CONTRACTING PARTIES to the GATT up to the beginning of their twenty-first session. The document was prepared by the GATT secretariat for the United Nations Conference on Trade and Development at the request of the Secretary-General of the Conference, and submitted under the title "The Rôle of GATT in Relation to Trade and Development". It was subsequently issued as conference document E/CONF.46/38.

During the course of the twenty-first session several conclusions and decisions of major importance were taken in this connexion. As it is considered that these conclusions and decisions may be of interest to the Conference they have been brought together in the following addendum, which has been issued as conference document E/CONF.46/38/Add.1.

CONCLUSIONS AND DECISIONS OF THE CONTRACTING PARTIES TO GATT

Twenty-first Session: 24 February-20 March 1964

I. Legal and Institutional Framework of the GATT

At their meeting in May 1963 the Ministers recognized that there was need for the General Agreement to be expanded in order to reflect more accurately the activities and responsibilities of the GATT in relation to the trade and economic development problems of the less-developed countries. The Committee on the Legal and Institutional Framework of GATT in Relation to the Less-Developed Countries, which was set up for this purpose, presented to this session a report which includes the draft of a proposed additional chapter to the GATT to cover trade and development. The large number of contracting parties who took part in the discussion of this report all stressed the importance and significance of the results so far achieved in relation to the future work of the CONTRACTING PARTIES in connexion with the problems of the trade and economic development of the less-developed countries. At the conclusion of the discussion it was noted that:

1. there was agreement that it is appropriate and timely to incorporate in the General Agreement, provisions which would (a) adequately reflect the activities already undertaken by the CONTRACTING PARTIES with respect to trade problems related to the economic development of the less-developed countries; (b) provide the necessary legal and institutional basis for the future functioning of the CONTRACTING PARTIES with respect to these matters;
2. there was also agreement that such provisions should be incorporated in a separate chapter on trade and development;
3. on a number of provisions to be incorporated in the chapter there was agreement, on some the outstanding issues appeared to be largely a question of more precise drafting, whilst on others more substantial issues remained;
4. the United Nations Conference on Trade and Development would shortly be considering relevant or related matters.

The Legal and Institutional Committee will be pursuing discussions on the proposed draft chapter with a view to resolving outstanding issues, and will prepare the text of a protocol for amendment of the General Agreement and consider the possibility of providing for a Declaration for the provisional application of the chapter pending entry into force of the amendment protocol. The Committee is instructed to report to the Council not later than 30 September 1964.¹

The Council, in the light of the report submitted to it by the Committee, will submit appropriate recommendations to the session of the CONTRACTING PARTIES to be held not later than mid-November 1964 with the intention that governments of contracting parties should be prepared to reach final agreement.¹

II. Preferences

The Ministers at their meeting in May 1963 suggested that one of the measures that should be studied to further the trade and development of less-developed countries was the accordance of preferential treatment to the semi-manufactured and manufactured goods exported by the less-developed countries. It was agreed that a working group should be established to study the following proposals: "(a) the granting of preferences on selected products by industrialized countries to less-developed countries; and (b) the granting of preferences on selected products by less-developed countries to all other less-developed countries".

¹One delegation reserved its position on the points referred to in these paragraphs.

The discussion of the Working Group's report showed a general appreciation of the fact that the various proposals which had been submitted to the Group were of considerable importance. They did, however, involve complex and difficult questions which required careful consideration. It also showed that there is a broad measure of agreement that, following the preliminary examination, in accordance with the ministerial directive of May 1963, of the question of the granting of preferences by industrialized countries for the manufactured and semi-manufactured products of developing countries, and the exchange of preferences by developing countries with each other, there are sufficient possibilities in such arrangements to warrant a more detailed study of the terms and conditions on which such preferences might be envisaged. In this connexion, it was noted that there are considerable divergencies of opinion between contracting parties as to the terms, conditions and procedures which would be appropriate to govern any such preferential arrangements, and accordingly, in view of the importance of these matters, governments were invited to give them early consideration.¹

It was also agreed to instruct the Council to reconvene the Working Party on Preferences at the earliest date that the Council deems, in the light of further examination by governments, that its work can be usefully resumed. In this connexion the Council was asked to bear in mind the desirability of so arranging these further discussions that a further report from the Working Party on Preferences might be submitted to the Council in time to enable the Council to make a submission to the session of the CONTRACTING PARTIES to be held not later than mid-November 1964.

III. The Rôle of GATT in Relation to Trade and Financial Assistance

On the recommendation of Committee III a Group of Experts has studied the rôle of GATT in regard to the problems of relationship between trade and financial assistance. The Group had before it certain specific proposals put forward by the Ministers of Economy of the United Arab Republic at the ministerial meeting in May 1963. These proposals were further elaborated. The Group did not have time, however, to make a full examination of them, and the right was reserved to come back to them at a later date.

The report of the experts, which was adopted by the CONTRACTING PARTIES, provides that the rôle of GATT should lie in providing trade expertise, both to assist developing countries in drawing up their development plans and projects, and to contribute, through a better knowledge of trade problems, to the work of the lending governments and agencies. The Group felt that the collaboration between the GATT and other international organizations should

¹One delegation reserved its position on the points referred to in this paragraph.

become a regular feature of their studies of plans and policies for economic development of less-developed countries. It further felt that the lending governments and agencies should, and would, undoubtedly, wish to take into full account in their financial operations, the relevant aspects of the studies and discussions of the CONTRACTING PARTIES and their subsidiary bodies on development programmes and policies as well as on aid and trade relationships.

IV. Establishment of Trade Information and Trade Advisory Services within the Framework of GATT

In accordance with a recommendation by Committee III a Group of Experts in the Field of Trade Information was convened in February 1964 to examine the most efficient means of establishing and operating an international trade information and trade advisory service.

The CONTRACTING PARTIES have now approved the findings and recommendations of the Group of Experts. It has thus been decided:

1. To establish a trade information and trade promotion advisory service within the GATT.
2. To concentrate during the initial phase of operations on the following work:
 - (a) establishment of a "documents centre", and operation of a "clearing house" for trade information;
 - (b) provision of a "correspondence-answering service";
 - (c) publication of a "Register of Sources of Trade Information";
 - (d) resumption of publication of the "International Trade News Bulletin", in a form designed to meet the special needs of the less-developed countries;
 - (e) preparation of a manual on efficient means for establishing and operating export promotion services;
 - (f) arranging for, and, as appropriate, provision of training facilities for courses in export promotion and export promotion techniques.

V. Action Committee

The CONTRACTING PARTIES reviewed the progress which had been made under the Action Programme which had been adopted by Ministers at their meeting in May 1963, and in connexion with the other activities which had been initiated in the GATT as a result of directives received from Ministers. Apart from the

question of preferences and the legal and institutional framework of the GATT, discussed above, the CONTRACTING PARTIES noted the considerable amount of work which had been done in the GATT, particularly by Committee III, in connexion with the proposed study of development plans of less-developed countries and the fostering of their export potential, the establishment of trade information and promotion services, and arrangements for closer co-operation with international agencies, particularly lending agencies, in connexion with the development of this export potential.

The Action Committee, which is initiating and co-ordinating further positive measures to help developing economies to strengthen their production potential and export capacity, submitted a report to the session. The Committee had met on three occasions since its inception in September 1963. Although, during the discussion, the progress that had been made in the elimination of barriers to the exports of the less-developed countries was welcomed, there was still a number of hard-core restrictions on products which are of great importance for the economic development of certain less-developed countries. The Action Committee noted that, with one or two exceptions, all industrialized countries were now granting duty-free entry to tea and tropical timber. Furthermore, in certain import markets, duties on a number of other products had been suspended at the beginning of 1964. In the course of discussion in the session, a strong appeal was made to contracting parties to exercise the necessary political will and to give the additional impetus and directives required for the implementation of the Action Programme.

VI. Tropical Products

The CONTRACTING PARTIES also discussed problems concerning trade in tropical products. It was agreed that these problems could be usefully considered during the Kennedy Round and that it would be appropriate to seek mutually advantageous solutions to problems in this important sector of the trade of less-developed countries in the course of these negotiations.

VII. Cotton Textiles

The report of the Cotton Textiles Committee in its first annual review of the operation of the Long-Term Arrangement on Cotton Textiles was before the CONTRACTING PARTIES. Concern was expressed by exporting countries about the way the Arrangement had been implemented during the first year of its existence. The CONTRACTING PARTIES noted that steps had been taken to render the implementation of the Arrangement more constructive so far as the trade of less-developed countries is concerned and that certain studies were being set in train, including studies of the structural aspects.

VII. Less-Developed Countries and the 1964 Trade Negotiations

The CONTRACTING PARTIES heard a report by the Executive Secretary, as Chairman of the Trade Negotiations Committee, on developments in connexion with preparations for the Kennedy Round of trade negotiations which have taken place since the meeting of Ministers in May 1963, and which are referred to in conference document E/CONF.46/38. The CONTRACTING PARTIES noted with satisfaction that the negotiating stage proper can be expected to begin on 4 May 1964. The major industrialized countries re-emphasized that they considered that one of the major objectives of the negotiations should be the attainment of a significant contribution to the trade of less-developed countries.