

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
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## PROGRAMME FOR EXPANSION OF INTERNATIONAL TRADE

### Obstacles to Trade in Industrial Products

#### Note by the Director-General

(Reference: Item 3(a) of the Provisional Agenda - L/2854)

1. The Programme for the Expansion of International Trade adopted by Ministers in 1958 initiated a co-ordinated programme of action directed to a substantial advance towards the attainment of the objectives of the General Agreement through the further reductions of barriers to the expansion of international trade. Committee I was given the task of preparing for a general round of multilateral tariff negotiations. The work of Committee I led to the holding of the 1960-61 tariff conference, during which useful, though limited, progress was made towards the objectives laid down by Ministers.
2. Experience gained in the 1960-61 tariff conference led Ministers, in their Decision of May 1963, to launch a further round of trade negotiations, and to base these new negotiations on a linear approach to the reduction of tariffs. The Ministers also directed that the trade negotiations should deal not only with tariffs but also with non-tariff barriers.
3. Although the linear approach yielded very impressive results it is clear that even in the industrial area the objectives of the Programme for Expansion of International Trade have not yet been fully realized and that much remains to be accomplished. In view of the special urgency of the problems of the developing countries I intend to make certain suggestions directed towards the expansion of trade of these countries under Item 3(c) of the provisional agenda. In general, however, the massive results of the Kennedy Round in the industrial field and the need to implement these results over a period of years mean that no major initiatives for negotiations on the whole range of problems in the industrial field can probably be expected for some time. But I suggest it is important that the CONTRACTING PARTIES should not lose sight of the unattained objectives of the Programme for Expansion of International Trade and of the importance of resuming progress toward them as soon as possible.
4. Experience gained in the Kennedy Round shows quite clearly the need for international consultation and preparation for negotiations before these are engaged. The time available now could be used very productively to explore possibilities for further action. I suggest the following specific areas where such exploration might be useful.

5. The technique of a 50 per cent linear cut in tariffs had its limitations as well as its advantages. I suggest that the time has come to examine the objective of free trade by progressive stages and by sectors of trade where conditions appear propitious. I suggest, firstly, that there should be no insuperable difficulty for most countries in consolidating duty-free treatment. Consideration might also be given to the elimination of very low duties. It may be noted in parentheses that, while after the implementation of the Kennedy Round results the average level of industrial tariffs in the principal trading countries will be low, some rates will still be relatively high; consideration might also be given to the elimination of these anomalies. It should also be feasible, over a period of time, to afford duty-free entry to industrial raw materials generally. I suggest finally that, as a part of the co-ordinated movement towards free trade that I have in mind, the possibility should be explored of achieving this objective in certain sectors and particularly in the products of the most modern and technically advanced industries, which are already characterized by an international flow of technology, investment and trade. This would involve a detailed examination of all elements which determine competitive conditions in these industries. I suggest that working parties be established to conduct this detailed examination for selected industrial sectors, to weigh the advantages and disadvantages of moving towards free trade in these sectors and to advise on the problems to be overcome and on the methods and procedures for dealing with them.

6. The results obtained in the trade negotiations on non-tariff barriers to trade in industrial products were relatively modest when compared with the results obtained in the tariff field. This is, however, an area of great concern to both governments and to exporters and an area which may grow in importance as the tariff reductions agreed in the Kennedy Round are implemented. An examination of non-tariff barriers would certainly form part of the work of the working parties just proposed for individual sectors. I suggest also that a decision should now be taken inviting governments to submit lists of non-tariff barriers which, after consultation with their exporters, they believe have an adverse effect on their export trade. This should enable us, as a first step, to draw up a complete inventory of non-tariff measures which are considered to constitute barriers to trade in industrial products. An assessment should then be made as to which of these barriers might be susceptible to international negotiation.