

GENERAL AGREEMENT ON TARIFFS AND TRADE

L/2943
28 November 1967
Limited Distribution

REVIEW OF THE WORK OF THE CONTRACTING PARTIES THROUGH THE LAST TWO DECADES AND CONCLUSIONS ON THEIR FUTURE WORK PROGRAMME

Adopted by the CONTRACTING PARTIES on 24 November 1967

1. During their twenty-fourth session, the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade reviewed their work of the past twenty years and reached certain conclusions on their future work programme. Many contracting parties were represented by Ministers during the concluding days of the session.
2. The CONTRACTING PARTIES reaffirmed their confidence in the General Agreement as the contractual basis for their trading relationships and their determination to continue to co-operate in the trade field within the framework of the Agreement.
3. The CONTRACTING PARTIES' discussion focused essentially on the GATT Programme for Expansion of International Trade. This Programme was inaugurated at a meeting of Ministers in 1958 and covered tariff reduction, trade in agricultural products and the trade problems of developing countries. It has provided, and continues to provide, the broad basis and impetus for the activities of the CONTRACTING PARTIES in these three fields.
4. The CONTRACTING PARTIES put particular stress on the progress made over the past twenty years toward the attainment of the objectives of the GATT and the outstanding contribution that the General Agreement had made to the expansion of world trade and to international co-operation in the trade field generally. They welcomed in particular the substantial results of the Kennedy Round of trade negotiations which had been the most comprehensive and, in general, the most successful ever undertaken.
5. The CONTRACTING PARTIES noted that significant progress had been made in the field of agricultural trade. Nonetheless they recognized that problems remained and there were some sectors, of particular importance to contracting parties relying heavily on exports of agricultural products, in which progress achieved under the General Agreement had not matched that achieved in relation to industrial trade generally. The CONTRACTING PARTIES reaffirmed, in the context of the further pursuit of the objectives of the General Agreement, their determination to pursue solutions to the problems in the agricultural field.

6. The CONTRACTING PARTIES recognized the pioneering work in the field of the trade problems of the developing countries that had been done by the CONTRACTING PARTIES and welcomed the progressively increasing attention being paid by them to these problems. They further took note of the adoption of Part IV of the Agreement. However, the results of the earlier efforts and the Kennedy Round had left many of the trade problems of most developing countries unresolved. They agreed that a maximum effort was needed in the GATT, and elsewhere, directed towards the expansion of the export earnings of the developing countries and thus towards the early resolution of their problems.

7. The CONTRACTING PARTIES agreed that an essential first task was to secure the full implementation of all the results agreed upon in the Kennedy Round. However, they considered it understandable that such a far-reaching reduction of barriers as had been achieved in the Kennedy Round could create problems in some cases. In their view the appropriate way to deal with any such difficulties would be through internal measures of adjustment and not through the creation of new obstacles to international trade. Where problems arose, the established GATT consultation procedures were available to facilitate constructive co-operation between countries. It was recognized that any significant trade restrictive measures would be likely to spread, particularly if introduced by one or more major trading countries. This, in turn, would threaten to undo what had been achieved in the field of trade liberalization and jeopardize future progress.

8. The CONTRACTING PARTIES took note of the interest in the work of the GATT of countries with centrally-planned economies and welcomed the accession of Poland to the General Agreement and the participation of observers from Bulgaria, Hungary and Rumania in the work of the CONTRACTING PARTIES. They agreed that the CONTRACTING PARTIES' approach to the question of trade relations with countries with centrally-planned economies should continue to be on a pragmatic, country-by-country basis.

9. The CONTRACTING PARTIES reaffirmed that the liberalization of world trade by means of negotiations remains the primary objective of the General Agreement, but noted that, in the light of the recent conclusion of the Kennedy Round, no new major initiatives for a multilateral and comprehensive move forward could reasonably be expected in the near future. Whilst in the light of the foregoing, work undertaken at this time would be without commitment on the part of governments both as to its outcome and in particular as to any future negotiations, the CONTRACTING PARTIES recognized that it was important to proceed to prepare for further advances, with full regard to the objectives and provisions of the General Agreement, within the Programme for Expansion of International Trade. Further, the CONTRACTING PARTIES agreed that there was urgent need for additional positive measures for the expansion of trade and improvement of the trade position of developing countries.

Future Work Programme

10. Against this background the CONTRACTING PARTIES agreed to undertake the following co-ordinated programme of work under the three main headings of the Programme for Expansion of International Trade. They authorized the Council to supervise all aspects of the Programme.

A. Industrial products

- (a) A Committee on Trade in Industrial Products is instituted to explore the opportunities for making progress toward further liberalization of trade, taking into account the discussion on the subject at the twenty-fourth session.
- (b) An objective analysis will be made of the tariff situation as it will be when all Kennedy Round concessions have been fully implemented. The secretariat will prepare documentation, in consultation as appropriate with contracting parties, to serve as a basis for this analysis.
- (c) An inventory of non-tariff and para-tariff barriers affecting international trade will be drawn up. Contracting parties should, accordingly, notify the secretariat by 30 April 1968 of the non-tariff barriers, both governmental and non-governmental, which they wish to be included in the inventory. The secretariat will consolidate the notifications received and transmit these to the Committee by 30 May 1968 for analysis. On the basis of the report of the Committee, the Council is instructed to establish appropriate machinery to deal with the problems identified in the inventory.

B. Agriculture

The CONTRACTING PARTIES agreed to establish an Agricultural Committee to examine the problems in the agricultural sector, and to explore the opportunities for making progress in the attainment of the objectives of the General Agreement in the agricultural field. The examination would cover all agricultural products important in international trade.

This examination should prepare the way for subsequent consideration of positive solutions which could be mutually accepted by all contracting parties concerned. It would bear on all relevant elements of agricultural trade and production policies; all contracting parties which have a significant influence on the situation of the markets of the products concerned shall participate in this examination.

The Committee shall meet early in 1968 to decide on the programme for the implementation of its terms of reference.

The CONTRACTING PARTIES also agreed that in certain cases problems arise which should be given immediate attention. It was agreed that GATT procedures, including those under Article XXII, provide an appropriate context for discussion of such problems and that the discussions should be conducted not in a spirit of confrontation, but as a means of arriving at mutually acceptable solutions. The discussions should take into account any relevant conclusions reached in the examinations being undertaken in the Agricultural Committee. Similarly, the Agricultural Committee should take into account the results of these discussions.

It was further agreed that in an urgent case where it was generally recognized that there were widespread difficulties affecting significantly world trade in the product, these discussions should be undertaken immediately.

C. Conclusions relating to the trade of developing countries

(a) Advance implementation of the Kennedy Round reductions

The CONTRACTING PARTIES took note of the notifications made by a number of developed countries of tariff concessions made by them in the Kennedy Round on products of interest to developing countries which would be implemented without phasing. The CONTRACTING PARTIES urged all developed contracting parties to take the broadest possible action in this connexion, having regard however to the effect of such action on the interests of developing countries at present benefiting from preferences.

(b) Tropical products

The CONTRACTING PARTIES agreed to reactivate the Special Group on Tropical Products with the following terms of reference:

"to examine problems affecting trade in tropical products, and to report on ways and means of overcoming these problems".

The CONTRACTING PARTIES agreed that the Special Group should also, among other problems, study the incidence of internal charges and revenue duties on tropical products.

(c) Import restrictions

The CONTRACTING PARTIES agreed that, inter alia, panels of governmental experts may be established to examine problems relating to the quantitative restrictions maintained by developed contracting parties on industrial products of particular interest to developing countries with a view to an early removal of these restrictions.

(d) Tariff classification

The CONTRACTING PARTIES urged the developed countries to give early and sympathetic consideration to requests already made, or that may be made, by developing countries for the separate identification in their tariff classification of products for which these countries are seeking, or may be seeking, further tariff concessions or duty-free entry.

(e) Expansion of trade among developing countries

The CONTRACTING PARTIES noted with satisfaction the initiative taken by developing countries to explore, in the light of their obligations at regional and sub-regional levels and evolving international commercial policies, the possibilities of an exchange of tariff and trade concessions directed towards the expansion of their mutual trade. They noted that a Trade Negotiations Committee of developing countries had been set up to establish a basis for such negotiations, that the CONTRACTING PARTIES would be kept informed of progress and that, in due course, the results would be brought to them for their consideration, as necessary.

(f) Preferences by developed countries to developing countries

The CONTRACTING PARTIES noted that since they first agreed, at their ministerial level meeting in May 1963, to the study of proposals for the granting of preferences by developed countries to developing countries as a whole, considerable progress had been made in the examination of the issues of trade policy involved in the granting of special tariff treatment for exports of developing countries and of the broad principles on which such treatment might be based. They noted that one contracting party had put into effect a system of preferences for developing countries. They also noted that active consultations were being held among a number of interested developed countries with a view to formulating broad principles and guidelines for the institution of a general scheme of special tariff treatment for developing countries for discussion at the next UNCTAD. They further noted in this connexion that discussions on this subject had also taken place among developing countries. The CONTRACTING PARTIES expressed the hope that the discussions in the UNCTAD would have a constructive outcome.

(g) Consultations with developing countries

The CONTRACTING PARTIES agreed that the consultations on the balance of payments and other trade and development problems of developing countries provided for in the General Agreement should give particular attention to the possibilities for alleviating and correcting these problems through measures contracting parties might take to facilitate an expansion of the export earnings of these countries. In carrying out these activities the CONTRACTING PARTIES should take due account of the work done in the UNCTAD and other international organizations.

(h) Problems relating to cotton textiles

The CONTRACTING PARTIES invited the importing countries, participants in the Cotton Textiles Arrangement, to report to the Cotton Textiles Committee in advance of its next meeting the steps taken by them to facilitate adjustments in their domestic industry during the period of special protection provided by the Cotton Textiles Arrangement.

(i) Problems relating to other products

The CONTRACTING PARTIES agreed to give, with a view to finding solutions as early as may be practicable, special attention to the trade problems of the developing countries, including the possibility of eliminating duties on products made by hand and other labour intensive products of cottage industries and the possibility of eliminating or reducing duties on products of interest to developing countries.

(j) Exploitation of new trade opportunities for developing countries

The CONTRACTING PARTIES instructed the International Trade Centre to give special attention in its work programme to assisting developing countries to take advantage of the new market opportunities opened up by tariff concessions granted in the Kennedy Round.

(k) Special tariff problems

The CONTRACTING PARTIES agreed that the studies referred to in paragraph 8 of the third report of the Committee on Trade and Development (annexed) would be made and forwarded to the Committee on Trade in Industrial Products to be taken into account in the tariff analysis referred to in paragraph A(b) above.

Annex

Studies referred to in paragraph 8 of the third report of the Committee on Trade and Development (L/2912)

- (a) The identification of products on which serious tariff problems persist after the Kennedy Round, particularly those relating to tariffs which disproportionately protect processed products as compared with primary products;
- (b) an assessment of the general incidence of tariffs on products of export interest to developing countries and of other products;
- (c) a study of the effects of specific duties on particular products of interest to developing countries;
- (d) a review of the influence of factors other than tariff and non-tariff barriers on the flow of trade.