

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4110

November 1974

Limited Distribution

CONTRACTING PARTIES  
Thirtieth Session

## REPORT OF THE COMMITTEE ON TRADE AND DEVELOPMENT TO THE CONTRACTING PARTIES

### Introduction

1. Since the twenty-ninth session of the CONTRACTING PARTIES, the Committee on Trade and Development has held two meetings, comprising the twenty-seventh and twenty-eighth sessions, under the Chairmanship of Dr. Petar Tomić (Yugoslavia). At these meetings the Committee has, inter alia, reviewed the overall situation affecting the trade of developing countries and has also taken note of points of interest in the context of preparations for and the participation of developing countries in the multilateral trade negotiations.
2. At its twenty-seventh session<sup>1</sup> held on 24-25 June 1974, the Committee, in addition to carrying out a review of the implementation of the provisions of Part IV of the General Agreement, addressed itself to developments affecting the trade and payments situation of developing countries with particular reference to developments in trade in major commodities. In this connexion, the Committee generally agreed that there was an urgent need to avoid the imposition of restrictions on imports from developing countries and to work out effective measures aimed at securing a further expansion of these imports through appropriate measures in all areas to which the multilateral trade negotiations are addressed. At the same meeting, the Committee also reviewed the technical assistance activities of the secretariat directed towards assisting developing countries in their preparations for the multilateral trade negotiations and endorsed the programme of work outlined in document COM.TD/W/211.
3. The twenty-eighth session of the Committee, which was held on 6 and 7 November 1974, completed the review of the implementation of Part IV during 1974, reviewed recent developments in international trade with particular reference to recent changes in commodity prices, reviewed technical assistance activities and discussed the future work of the Committee.

---

<sup>1</sup>Details of the discussions and the views expressed on particular items at the twenty-seventh session of the Committee are contained in the secretariat note on proceedings (COM.TD/95).

Review of implementation of Part IV

4. In addition to the information provided for a review of the implementation of Part IV at its earlier meeting (COM.TD/W/210 and COM.TD/95), the Committee had before it further information furnished by governments as well as details collated by the secretariat (COM.TD/W/217 and addenda and COM.TD/W/218). The following additional information was submitted to the November meeting of the Committee by a number of delegations.

5. The delegation of Austria said that, in implementing the Law concerning imports of hand-made products duty free or at reduced rates of duty with the aim of promoting trade relations with developing countries, the Austrian authorities had put into force a decree on 22 October 1974, providing for the possibility of duty-free treatment for hand-made products in respect of some ninety items of BTN Chapters 25-99; in addition this decree provided for a 50 per cent duty reduction for thirty-five items in the textile sector. All these items had been identified on the basis of specific requests made by some thirty developing countries.

6. The delegation of Sweden said that the fact that no new measures had been notified by Sweden since the last meeting of the Committee meant that Sweden was continuing to meet its obligations under Part IV. Sweden was a major contributor to the International Trade Centre and collaborated in the activities of that body. The Swedish Import Promotion Centre, the establishment of which had already been reported, was about to commence its activities for the benefit of developing countries.

7. The delegation of the European Communities stated that new elements which could be included in the Generalized System of Preferences of the Communities for 1975 were under consideration. In respect of industrial goods, other than textiles, it was planned to shorten the list of products subject to tariff quotas and to raise the ceilings. For processed agricultural products, a product-by-product approach had been adopted with a view to increasing both the number of products covered and the preferential margins. This would raise the value of preferential imports covered by the scheme to over \$3 billion as compared to the 1974 figure of \$1.7 billion.

8. This delegation drew attention to certain observations contained in document MTN/3A/W/10, which summarized the results of the secretariat study on the implications of most-favoured-nation tariff reductions on the GSP. With reference to the statement that about 59 to 61 per cent of imports of industrial products from countries benefiting from the GSP were covered by the EEC scheme this delegation indicated that this might be misunderstood as meaning that a large part of such imports were excluded from the scheme. In fact, the EEC scheme covered all categories of processed and semi-processed

products including petroleum products. As regards textile products, the preferential benefits were extended to countries which had either signed the Arrangement Regarding International Trade in Textiles or had undertaken similar obligations on trade in textiles.

9. The delegation of the European Communities recalled that possibilities of new types of action that could be adopted for finding solutions to problems in the field of commodity trade were under consideration in various international fora. The Communities had always been prepared to co-operate in efforts in this field. Reference was also made to the negotiations which were at present proceeding between the member States of the Communities and certain developing countries in Africa, the Caribbean and the Pacific. The proposals which were under consideration provide, inter alia, for the stabilization of export receipts of individual countries from the export of certain products. In the event of there being a decrease in annual export earnings due to fluctuations in prices or quantities, it was proposed that the country concerned would be entitled to ask for a financial transfer. It was hoped that the terms of such a scheme would be finalized in the near future.

10. In reply to questions, this delegation said that the results of the negotiations being worked out would not affect the trade of third developing countries and that the question of the extension of the stabilization scheme to other developing countries was not under discussion.

11. The delegation of Japan drew the attention of the Committee to the submission by the Japanese authorities circulated as COM.TD/W/217/Add.1 and Corr.1 and referred in particular to the growth in imports from developing countries and the various forms of expanded assistance being provided by Japan to developing countries. Special mention was made of the establishment of the Japan International Co-operation Agency in order to facilitate the economic and social development of developing countries.

12. Delegations of several developing countries expressed concern at the action taken by some developed countries with respect to certain types of bovine meat particularly as a significant portion of their trade was involved. They expressed the view that such action was contrary to the spirit of Part IV and should be withdrawn at the earliest practicable date.

13. The delegation of the European Communities stated that the circumstances which in their view justified the emergency action on certain types of bovine meat had not changed, notwithstanding the efforts made to find remedies for the present situation. Consequently, the emergency action had been extended recently for a further period and consultations were in progress with a number of exporting countries, including developing countries, in relation to the problem.

14. Delegations of developing countries reiterated the importance of exempting products of export interest to them from the application of the Italian import deposit scheme. However, it was hoped that the scheme could be eliminated early next year. In response, the delegation of the European Communities referred to the discussions which had taken place on this subject in the relevant working party and to the views expressed by the delegation in the report of that body. One delegation expressed the view that measures taken for balance-of-payments reasons should be applied on a non-discriminatory basis.

15. In response to a suggestion that the exports of developing countries should be excluded from countervailing duty action, the United States delegate stated that in his country statutory provisions would not permit the extension of differentiated treatment to imports from developing countries in this field. However, he noted that this was a matter under consideration in the context of the multilateral trade negotiations and should a solution be worked out involving differential treatment then it would be possible to envisage the recommendation of changes to his country's legislature.

16. One delegation raised the question of the present suspension of imports of raw silk into Japan and, after indicating that this measure was seriously affecting exports of this product from his country, asked about the intention regarding termination of the current restrictions. The Japanese delegation stated that the measure taken was not a suspension of imports of raw silk, but only a change in the import system. This measure would be effective 1 August 1974 to 31 May 1975, and the intention was to terminate it when there were reasonable prospects of a recovery in the market conditions for raw silk and for the stabilization of its price.

17. Some delegations pointed out that they were not aware of a single case, ever since the introduction of Part IV, where the developed countries had taken restrictive measures and thought it possible to exclude developing countries from their operation in the true spirit of Article XXXVII.

#### Review of developments in international trade

18. The Committee exchanged views on recent developments in international trade affecting the interests of developing countries with particular reference to recent changes in commodity prices on the basis of secretariat notes COM.TD/W/212 and COM.TD/W/215. Several delegations noted that during the first three quarters of 1974, the general slowdown in economic activity in industrial countries had become more pronounced than forecast earlier in the year. The overall index of commodity export prices (excluding petroleum but including non-ferrous metals) which had risen during the first quarter of 1974 had tended to decline since the middle of the year, while import prices of manufactures had continued to rise steadily throughout the year at a rate higher than in 1973. As a result of the adverse movements in their terms of trade, the trade and payments situation of many developing countries (excluding petroleum exporters) had begun to experience a significant deterioration in recent months.

19. Several delegations noted that this situation had been aggravated by trade restrictions imposed by a number of developed countries without taking into consideration the interests of developing countries under the provisions of Part IV of the General Agreement. In their view, imports from developing countries constituted only a small proportion of total imports of products in respect of which restrictions had been imposed so that these countries were being penalized even though they had not contributed in a significant way to the difficulties which led to the imposition of restrictions.

20. Delegations of some developed countries said that it was too early to state that recent changes in prices of commodities exported by developing countries represented a trend. They noted that not only developing countries but a large number of developed countries were having balance-of-payments difficulties in 1974. In this connexion, it was also stated that while prices of the main commodities exported by developing countries had tended to fluctuate, the value of their exports of manufactured goods had been increasing steadily. This situation which might be attributed at least partially to the GSP would, if this trend continued, be more favourable for the trade and payments situation of developing countries.

21. Some delegations of developed countries considered that the significant increase in petroleum prices with its consequential effects on costs of transport and in industry etc. had been a major factor contributing to world inflation and was also relevant to the deteriorating balance-of-payments situation of many developing countries. Some other delegations stated that they could not accept this view.

22. Some delegations recalled the Declaration adopted by the OECD countries in terms of which they had pledged to refrain from introducing import restrictions for balance-of-payments reasons for one year. These delegations noted that some OECD countries had expressed a readiness to consult on developments relating to the implementation of the Declaration in the Committee. Despite this, a number of developed countries had found it necessary to intensify existing restrictions or to introduce new restrictions in the interim period since the last meeting of the Committee, thus aggravating the trade and payments situation of developing countries. These delegations called for more effective consultations when such measures were being contemplated.

23. The Committee agreed that the review of developments in international trade had proved useful and should be pursued at future meetings.

### Technical assistance

24. A note outlining the technical assistance provided by the secretariat to developing countries participating in the trade negotiations was circulated as COM.TD/W/216, supplementing information contained in an earlier document (COM.TD/W/211) on this subject.

25. Many delegations expressed appreciation for the technical assistance being provided by the secretariat in connexion with the preparations of developing countries for the multilateral trade negotiations. In noting that this work was likely to intensify as the negotiations proceeded, particular appreciation was expressed for the establishment of a Special Assistance Unit to focus on this activity.

26. Among the matters being followed-up in connexion with technical assistance, reference was made to a number of aspects including those in relation to country studies, area studies, establishment of a data bank, work on sectors and non-tariff barriers and in the field of tropical products. Particular interest was expressed by some delegations in the early completion of certain area studies mentioned in paragraph 7 of COM.TD/W/211 and also of the secretariat tabulations on the effects on the Generalized System of Preferences of different negotiating hypotheses for tariff reduction.

27. The Committee endorsed the work being undertaken in the field of technical assistance and indicated that it would continue to keep this matter under review at future meetings so as to be in a position to offer comments and make suggestions in the light of developments in the multilateral trade negotiations.

### Future work

28. To facilitate a discussion on the future work of the Committee, a background note (COM.TD/W/219) reproduced the Committee's terms of reference and provided information on certain of its activities over the last decade.

29. Some delegations suggested that, in addition to its regular activities, such as those concerning the implementation of Part IV, the Committee might be asked to follow developments relating to the interests of developing countries in the multilateral trade negotiations and, where appropriate, make suggestions which might be taken up for consideration in the context of the negotiations. For this purpose, the Committee might periodically consider progress made in the negotiations having regard to the objectives relating to developing countries contained in the Tokyo Declaration, thus complementing any review procedures which might be undertaken in the Trade Negotiations Committee. In this connexion, there was a general feeling that the Committee should not undertake such review functions during the trade negotiations as would amount to overlapping with the Trade

Negotiations Committee itself in this field. Some delegations considered, that the review of progress in the negotiations would fall within the provisions of the General Agreement relating to the implementation of Part IV.

30. Some delegations, in noting that the consultation procedures provided for in Article XXXVII:2(b)(i) had not so far been utilized, suggested that the Committee might consider how they could be strengthened, having regard to the objectives and commitments contained in Part IV.

31. The Committee welcomed the suggestion that it might serve as a forum for following developments in connexion with the Protocol Relating to Trade Negotiations Among Developing Countries.

32. The Committee generally agreed that it should continue to follow and take note of developments in the multilateral trade negotiations so that it could consider what appropriate contribution it could make. The Committee agreed to revert to this matter at its next meeting.