

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4438

15 November 1976

Limited Distribution

CONTRACTING PARTIES
Thirty-Second Session

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

Introduction

1. Since the thirty-first session of the CONTRACTING PARTIES in November 1975, the Committee on Trade and Development has held two meetings comprising the thirty-first and thirty-second sessions. While the thirty-first session of the Committee took place under the chairmanship of H.E. Mr. I.S. Chadha (India), the thirty-second session was presided over by Dr. Petar Tomić (Yugoslavia) as Ambassador Chadha was unavailable for that meeting. Members of the Committee paid tribute to the able way in which Ambassador Chadha had conducted the proceedings of the Committee during his tenure of office.
2. During 1976, the Committee addressed itself to the following matters: review of the implementation of Part IV as required by its terms of reference, application of Part IV of the General Agreement in relation to the objectives it was intended to serve, developments in the multilateral trade negotiations with particular reference to issues of special interest to developing countries, technical assistance to developing countries in the context of their participation in the trade negotiations, review of developments in international trade with particular reference to developments in trade in primary commodities and expansion of trade among developing countries.
3. At its thirty-first session¹ held in April 1976, the Committee on Trade and Development, in addition to taking note of developments in various areas of the multilateral trade negotiations since the December 1975 meeting of the Trade Negotiations Committee, carried out a mid-term review of the implementation of Part IV. The Committee took note of certain positive measures taken by some developed countries. However, while doing so, a number of delegations from developing countries expressed their serious concern over the continued maintenance of restrictions and the imposition of new restrictive measures by some developed countries affecting products of export interest to their countries and urged that the objectives and provisions of Part IV be fully observed.

¹A secretariat note on proceedings of the thirty-first session of the Committee has been circulated in document COM.TD/98.

4. Also at that meeting, the Committee had an extensive discussion on the question of the application of Part IV of the General Agreement in relation to the objectives it was intended to serve on the basis of a secretariat background note (COM.TD/W/239). While the Committee recognized that it could only take up this matter on a preliminary basis without commitment on the part of delegations, many delegations from developing countries stated that in general all the proposals which had been made earlier and summarized in COM.TD/W/239 should still be considered as alive and subjects for positive consideration. As agreed by the Committee, the background note and the summary of the discussion were circulated as an MTN document for the information of participants in the negotiations.

5. At its thirty-second session which took place on 9 and 10 November 1976, the Committee carried out the annual review of the implementation of Part IV. In addition, the Committee addressed itself to developments in the multilateral trade negotiations, a review of developments in international trade, technical assistance by the secretariat to developing countries and the expansion of trade among developing countries.

Review of the implementation of Part IV

6. The Committee undertook its annual review of the implementation of Part IV on the basis of document COM.TD/W/246 and Addenda 1 and 2, containing information provided by governments with respect to the implementation of Part IV, and document COM.TD/W/245 containing certain additional information relevant to Part IV and available to the secretariat, on commercial policy actions taken by governments and on developments in other international fora.

7. The representative of Australia provided information on actions taken by his Government in which he referred to the implementation of a revised scheme of generalized preferences on 1 July 1976, to the adoption by Australia of the Brussels Definition of Value for Customs Purposes and to the offer made by Australia in the MTN Group "Tropical Products". Since 1 July, imports under the Australian System of Preferences of socks, stockings and tights were no longer liable to quota limitations. Tariff quotas applied to high alloy stainless steel and uncoated cold-rolled iron and steel sheets had also been eliminated.

8. Delegations of some developing countries, while appreciative of the positive actions taken by governments of developed countries, expressed their concern at the number of restrictive measures that had been introduced since the last annual review in the Committee. They said that many of the products affected were of particular interest to them, reference being made in this connexion to such items as textiles, leather goods, footwear, silk, plywood and certain products of iron and steel. One representative of a developing country said that import restrictions were being imposed or intensified precisely in sectors in which developing countries had established a competitive ability. Concern was also expressed by a delegation of a developing country at the continuing restrictions on the import of meat into a group of developed countries.

9. A number of delegations of developing countries were of the view that the provisions of Part IV were not being observed in the manner originally envisaged and that the various restrictive measures taken were not in conformity with the spirit of Part IV or with the objectives as specified in Article XXXVI of the General Agreement. Some delegations of developing countries also stated that it appeared that little, if any, consideration was generally given to the provisions of Part IV and to the interests of developing countries when action to restrict imports was taken by developed countries. Some delegations of developing countries noted that in respect of the restrictive measures mentioned in the documentation, it would appear that there were no cases where differential treatment had been applied in favour of developing countries. They urged that greater attention should be given by developed countries to the interests of developing countries when restrictive measures were being taken and in particular that consideration should be given to exempting developing countries from the scope of such restrictions.
10. Some delegations of developing countries said that, while they recognized that certain improvements to GSP schemes had been made, there were also a number of cases where products on which preferential tariff rates applied had been made subject to import quota restrictions. This could have the effect of negating the value to developing countries of the preferences concerned. They urged that no restrictions should be imposed on imports from developing countries which benefited from preferential tariff treatment.
11. The representative of a developing country in recalling a statement he had made at the last meeting of the Committee, expressed the hope that his country would soon be included in the list of GSP beneficiaries of the donor country in which his country did not at present appear.
12. The representative of a developed country in responding to some of the points raised in the course of the discussions said that his country could not agree that Part IV required the exempting of products originating in developing countries from the scope of temporary import restraints and said that in some cases imports from developing countries directly contributed to market disruption. He added that temporary import restraints were administered by his government on an m.f.n. basis and in accordance with Article XIII of the GATT.
13. The Committee took note of the fact that the current notification procedures with respect to the implementation of Part IV had run for a considerable time and agreed to revert to the matter at its next meeting. Some members proposed that where restrictive measures had been taken affecting the interests of developing countries, the reasons for such action together with supporting statistical material should be made available in order to provide a basis for meaningful discussions of the measures in question in the Committee. Some other delegations expressed reservations on this proposal in view of the procedures already existing elsewhere under the GATT.

14. In connexion with the question of the application of Part IV in the light of the objectives it is intended to serve, a number of delegations of developing countries again emphasized the importance of making Part IV and related provisions of the General Agreement more responsive to the needs of developing countries. It was noted that an MTN Group had been recently established which, in the light of the relevant provisions of the Tokyo Declaration including, inter alia, paragraphs 2, 5, 6 and 9, shall seek to negotiate improvements in the international framework for the conduct of world trade, particularly with respect to trade between developed and developing countries and differential and more favourable treatment to be adopted in such trade. The hope was expressed that the secretariat note, COM.TD/W/239, and the record of the discussion on this question at the last meeting of the Committee (COM.TD/98), which had been circulated as MTN document MTN/W/28 to participants in the negotiations, would be a useful input into the work in the MTN on this subject.

Developments in the multilateral trade negotiations

15. The Committee took note of recent developments in the multilateral trade negotiations on the basis of a secretariat background note, COM.TD/W/247 and Add.1, which summarized developments in the various areas of the negotiations since the April 1976 meeting of the Committee.

16. The representative of a developing country stated that in the multilateral negotiations his delegation attached particular importance to special procedures and special measures for developing countries, that no sector of international trade of interest to developing countries should be excluded from the negotiations and that in the context of negotiations on tropical products, developed countries should not seek any reciprocity from developing countries having regard to the development needs of these countries. With reference to the negotiations on tropical products, delegations of some developing countries expressed the hope that the offers of concessions or contributions tabled so far would be further improved and implemented at an early date. Some representatives from developing countries stated that in response to their requests for m.f.n. concessions in the negotiations on tropical products, they had received offers of improvements in certain GSP schemes. Having regard to the nature of the GSP, they felt it was all the more important to consider the question of the security of GSP in the negotiations.

Technical assistance

17. The Committee took note of document COM.TD/W/249 summarizing the work being done by the secretariat in providing technical assistance to delegations from developing countries in order to facilitate their participation in the multilateral

trade negotiations. Delegations from developing countries expressed their great appreciation for the assistance they had received and stated that it had helped them in formulating their positions on the issues that were being discussed in the negotiations. One of these delegations stated in this connexion that it was also appreciative of the assistance which the secretariat had been giving to the least developed among the developing countries. Some of these delegations expressed the view that as the negotiations proceeded, increasing requests for assistance would be forthcoming and the technical assistance unit in the GATT secretariat should have sufficient resources to cope with the additional work likely to arise. In this connexion, it was suggested that one area where developing countries may need additional assistance would be in the identification of non-tariff measures which were being applied to their exports.

Developments in international trade

18. The Committee took note of document COM.TD/W/248 which reviewed developments in international trade and the trade and payments position of developing countries, with particular reference to trends in commodity prices. Reference was made to the concluding remarks in paragraph 15 of the document which suggested, among other things, that an expansion of export earnings by developing countries may be expected to translate itself quite rapidly into an increased flow of imports into developing countries from developed countries. Attention was also drawn to the point in the same paragraph concerning the importance of maintaining and furthering trade liberalization and dealing with short-period adjustment problems without resort to restrictive measures.

19. The representative of a developing country in referring to the vital importance of jute exports to his country informed the Committee that much of the recent stability in the price of jute, mentioned in paragraph 11 of COM.TD/W/248 resulted from action by producing countries to keep export prices stable in order to maintain a competitive position for this product. As the prices were not at all remunerative to growers the representative of this particular developing country urged the developed countries to make all efforts to achieve a higher and remunerative price for jute and jute goods through international agreements as envisaged under the Integrated Programme for Commodities. He also called upon developed countries to remove all tariff and non-tariff barriers on jute products. The delegations of some other developing countries associated themselves with these remarks. In this connexion, the delegation of a developed country advised caution in relation to urging in one forum certain positions or courses of action for governments within other fora. With reference to the observations in paragraph 14 of the secretariat note, concerning interactions between supply and price and problems of access for meat, two delegations stated that certain other factors were equally relevant to this question and that for this reason the judgement contained in paragraph 14 was not fully accurate.

Expansion of trade among developing countries

20. The Committee had before it the Third Annual Report to the CONTRACTING PARTIES of the Committee of Participating Countries (L/4412) on the operation of the Protocol Relating to Trade Negotiations Among Developing Countries. The Committee expressed appreciation for the very detailed information provided by the participating countries. It was noted with satisfaction that two developing countries, Bangladesh and Paraguay, were in the process of acceding to the Protocol and a number of others were exploring the possibilities of accession.

21. In commenting on the Annual Report, some delegations of developing countries participating in the Protocol expressed their support for a new round of negotiations among developing countries in the framework of the Protocol, the purpose of which would be to increase the number of participating countries and expand the product coverage and the scope of concessions. They expressed the hope that other developing countries would carefully examine developments in the context of the Protocol as reflected in the Annual Report and consider the possibilities of accession to it in the near future. Some of these delegations referred to the recent Mexico City Conference on Economic Co-operation Among Developing Countries which, in the field of trade relations, had agreed that a global system of preferences exclusively among developing countries should be established with the objective of promoting the development of national production and mutual trade. In this respect, it was noted that the Conference had agreed that the UNCTAD secretariat in co-operation with GATT and the regional commissions should undertake a detailed study of the subject taking full account of existing experiences with respect to such arrangements among developing countries. Whilst supporting the enlargement of the arrangement embodied in the Protocol some of these delegations expressed the hope that the GATT secretariat would be in a position to co-operate further with the UNCTAD secretariat in the area of closer trade relations and economic co-operation among developing countries.

22. The Committee took note of the Report which will be taken up at the thirty-second session of the CONTRACTING PARTIES.

Date of next meeting

23. The Committee agreed that the date of its next meeting would be determined by the Chairman in consultation with delegations.