

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
Twenty-Fourth Session

REVIEW OF THE WORK OF THE CONTRACTING PARTIES THROUGH  
THE LAST TWO DECADES AND CONSIDERATION OF FUTURE WORK  
PROGRAMME

Draft Summary of Conclusions

1. The three drafts annexed to this note have been drawn up by the Drafting Group in the light of the discussion of Items 3 and 4 of the agenda, and are submitted for consideration and decision by the CONTRACTING PARTIES. Annex I might serve as a working basis for the discussion of Item 32 of the agenda. Annex II might serve as a basis for the CONTRACTING PARTIES' conclusions on their future work programme, and Annex III as a basis for certain other conclusions on the trade of developing countries.
2. It is suggested that the annexed drafts be considered by the CONTRACTING PARTIES on Thursday, 23 November, and Friday, 24 November 1967.

Annex I

REVIEW OF THE WORK OF THE CONTRACTING PARTIES THROUGH  
THE LAST TWO DECADES AND CONSIDERATION OF FUTURE PROGRAMS

Suggested Working Paper

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 gave consideration to their future work programme. For the discussion during the last three days of the session, many contracting parties were represented by Ministers.
2. 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.
3. The contracting parties reaffirmed their confidence in the General Agreement as the basis for their trading relationships and their determination to pursue their co-operation in the trade field within the framework of the Agreement.
4. Particular stress was put by contracting parties on the progress made over the past twenty years toward the attainment of the objectives of the General Agreement and the outstanding contribution that the work of the CONTRACTING PARTIES in this period 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 successful ever undertaken by the international trading community.
5. In the field of agricultural trade, the contracting parties recognized that although significant progress had been made, problems remained and there were 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 [obtaining in some industrial sectors]/[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 for some industries. 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. [Should there be any important set-back in this area, particularly in any major trading countries, the adverse effects would not be confined to that country and could result in the undoing of much of what had been achieved so far in the field of trade liberalization and would certainly jeopardize efforts directed toward further progress in the future.]

8. The CONTRACTING PARTIES 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. Accordingly, 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. Nevertheless, it was important that the CONTRACTING PARTIES 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. Against this background and following their discussion, the contracting parties reached certain conclusions on the work programme to be undertaken by the CONTRACTING PARTIES in the future.

Annex II

FUTURE WORK PROGRAMME

Draft

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 and to establish appropriate machinery, as necessary, for the conduct of the work outlined below.

A. Industrial Products

1. Tariffs

Alternative 1

[An objective analysis will be made of the tariff situation which will emerge when all Kennedy Round concessions have been fully implemented. The secretariat will prepare documentation, in consultation with contracting parties as appropriate, to serve as a basis for this analysis. The Council will be kept informed from time to time of progress made in the preparation of this documentation and will make appropriate procedural arrangements.]

Alternative 2

[(a) An objective analysis will be made of the tariff situation which will emerge when all Kennedy Round concessions have been fully implemented with a view to considering further progress in trade liberalization. This analysis will examine, inter alia, high tariffs on products of particular interest to developing countries; the escalation of tariff rates with the degree of processing, the effective rates of protection which this grants to domestic processors, and, in particular, the effects of this on exports of developing

countries; the possibility of consolidating zero duties and eliminating low duties and the possibility of eliminating duties on industrial raw materials. The secretariat will prepare documentation, in consultation with contracting parties as appropriate, to serve as a basis for this analysis.

(b) The CONTRACTING PARTIES decided to ascertain the opportunities for, and problems involved in achieving further substantial liberalization of trade in certain sectors. The work should be initiated on the basis of secretariat studies to be communicated to the Council which would take appropriate action which could include the establishment of pilot working parties.<sup>7</sup>

## 2. Non-Tariff Barriers

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 Council by 30 May 1968.

The Council is instructed to issue directives concerning the form and nature of the submissions and to establish appropriate machinery to deal with the problems identified in the inventory.

## B. Agriculture

The CONTRACTING PARTIES agreed to establish an Agricultural Committee with the following terms of reference:

To examine the problems in the agricultural sector, covering all agricultural products important in international trade,

Alternative A

[/with a view to seeking mutually acceptable solutions for these problems.]

Alternative B

[/This examination should pave the way for the subsequent search for positive solutions which could be mutually accepted by all contracting parties concerned.]

This examination shall 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.

[/However, in view of certain imminent problems which, although within the framework of the long-term work of the Committee, require immediate attention, the Agricultural Committee will meet at an early date specifically to establish

Alternative 1

[/a sub-group on dairy products and such other sub-groups as may be required to deal with other products which may be notified in the meantime.]

Alternative 2

[/Sub-groups to deal with the problems in the sectors of dairy products, beef and veal, and other meats, and other products which may be notified in the meantime.]]

C. Trade of Developing Countries

1. 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 those problems".

2. Tariff classification

The CONTRACTING PARTIES agreed to invite developing countries which consider that their export interests might be promoted by a modification of tariff nomenclatures to notify such further possible modifications, after which an inventory will be drawn up for submission to the Council for appropriate action.

3. Expansion of trade among developing countries

The CONTRACTING PARTIES noted with satisfaction the initiative taken by developing countries to explore 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.

4. Studies in preparation for further action

The CONTRACTING PARTIES agreed that in the analysis of the tariff situation resulting from the Kennedy Round particular attention should be given to the identification of tariff problems of special concern to developing countries, notably, high duties affecting products of export interest to these countries and tariffs which disproportionately protect processed products as compared with primary products.]

Annex III

OTHER CONCLUSIONS ON TRADE OF DEVELOPING COUNTRIES

Draft

1. 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.

2. Tariff classification

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

3. Import restrictions

The CONTRACTING PARTIES agreed to the establishment of panels of governmental experts 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 facilitating the early removal of these restrictions.

4. Preferences to be granted 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. They also affirmed their willingness to play a constructive rôle in the solution of problems connected with the formulation and application of special tariff measures in favour of developing countries, in the light of the objectives, provisions and principles of the General Agreement.

5. 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 the support that contracting parties might provide for measures aimed at facilitating 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.<sup>7</sup>

6. 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.

7. 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.