

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.24/2

17 November 1967

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CONTRACTING PARTIES
Twenty-Fourth Session

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SUMMARY RECORD OF SECOND MEETING

Held at the Palais des Nations, Geneva
on Friday, 10 November at 10 a.m.

Chairman: Mr. K.B. LALL (India)

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1. Trade Information and Trade Promotion Advisory Services (L/2807)

The CHAIRMAN said that the Advisory Group on Trade Information and Trade Promotion Advisory Services had met again in 1967 to review the activities of the International Trade Centre, and make recommendations on their future direction. Its report was contained in document L/2807. In considering its recommendations he requested delegates to bear in mind that the question of the establishment of a joint GATT/UNCTAD Trade Centre would be dealt with under another item of the agenda.

Sir EUGENE MELVILLE (United Kingdom) introduced the report on behalf of the Chairman of the Advisory Group (the Director of Export Services of the United Kingdom Board of Trade). He noted that forty-seven countries (most of them developing) had been represented on the Group, a sign that the Trade Centre's work was receiving increasing attention. Although dealing with activities for the year 1968, the report contained guidelines that would be valid even beyond 1968, particularly in regard to the Trade Promotion Advisory Service and the Training Programme, both of which were designed to help developing countries improve their national export promotion services. The Group had felt that its recommendations were realistic, bearing in mind their financial implications.

Mr. WYNDHAM WHITE (Director-General) said he had always considered the work of the Trade Centre to be of prime importance in relation to GATT's programme for expanding the trade of the developing countries. He was gratified that an increasing number of developing countries were using the Centre, and taking an active part in determining the direction and scope of its activities. Referring to the conclusion of the Kennedy Round, he pointed out that the rewards of trade liberalization were not automatic, and that this was an appropriate time to give increased help to the developing countries in the field of export promotion. He thought that the progress of the Trade Centre had shown the wisdom of the step-by-step approach adopted by the CONTRACTING PARTIES towards its development. Now a point of consolidation had been reached. From the beginning they had realized that the task was enormous and beyond the resources of any one international organization. For this reason they had tried to develop through the Trade Centre a partnership between developing and developed countries. As a result there had been an impressive record of assistance by the developed countries to the Trade Centre in many fields. Some of the Centre's liaison agencies were now acting as import opportunities offices for exports from developing countries. He hoped the contracting parties, and especially the developed countries, would continue to support the Centre in this way.

Most delegations who participated in the discussion paid tribute to the valuable work done by the Centre and they endorsed the recommendations made in the report of the Advisory Group on Trade Information and Trade Promotion Services. Mr. Sahlgren (Finland), Mr. von Sydow (Sweden), Dr. Stedtfeld (Federal Republic of Germany), on behalf of the European Communities, Dr. Treu (Austria) also emphasized that the Trade Centre should help developing countries exploit the trading opportunities offered by the trade liberalization resulting from the Kennedy Round.

Most delegations of the developed countries pledged the continuing support of their governments for the work of the Centre. Delegations of the developing countries expressed their appreciation of the active assistance given to the Centre by the developed countries, especially through unilateral contributions to the various services of the Centre, and hoped that such contributions would be increased in the future.

Mr. AKIYAMA (Japan) strongly supported the Centre's future programme. Japan was preparing an export promotion techniques seminar for developing countries' trainees, some of whom would be recruited through the Centre, and the Japan External Trade Organization had set up a special division to carry out research on the Japanese market for developing countries' exports.

Mr. de MELLO-FRANCO (Brazil) emphasized the importance attached by the Brazilian delegation to the highly useful work done by the Advisory Group. His delegation was particularly favourable to the exploring of ways in which the GATT Trade Centre could be associated with the efforts of the United Nations in the field of export promotion.

Major-General WIJEYEKOON (Ceylon) associated Ceylon with the countries that had expressed deep appreciation of the services rendered by the Trade Centre. With respect to the Advisory Group's recommendation that United Nations Development Programme financing for the Trade Promotion Advisory Service be the object of active consideration, his delegation proposed that a working party be set up immediately to examine this matter in the light of the proposals submitted by the Director-General for the establishment of a joint GATT/UNCTAD Trade Centre.

Dr. KHALLAF (United Arab Republic) said that with limited resources the Centre had achieved much. Since the Centre's operations in the vast field of trade promotion needed more resources, his delegation welcomed the constructive steps taken by GATT and UNCTAD to group their resources and join forces in the field of export promotion. When the joint arrangement came into force it should be possible to establish a co-ordinated plan of action between GATT, UNCTAD and the United Nations Regional Economic Commissions. He emphasized that the Centre should give greater attention to trade between developing countries.

Mr. BRODIE (United States) while commending the realistic programme recommended by the Advisory Group said that his Government welcomed the expanded capacity of the Centre to give assistance aimed at improving export promotion services in the developing countries and training personnel needed for these services. His delegation hoped the Centre would be able to develop its own training programme, in addition to placing candidates from developing countries in national export promotion training programmes.

Dr. ENCINAS DEL PANDO (Peru) expressed the satisfaction of his delegation with the work of the Centre and the recommendations of the Advisory Group. With respect to trade promotion training, his Government considered it of the utmost importance to arrange it, where possible, in developing countries. To this end it would be desirable for the Centre to establish contacts with training centres and universities in developing countries. The Centre's work should be concerned not only with the promotion of traditional exports, but

with the creation of new exports, and the training of people to operate in these new fields. In Latin America, it would be desirable for the Centre to co-ordinate its work with that of the projected regional export promotion Centre of the Organization of American States.

Mr. LACZKOWSKI (Poland) drew attention to the big changes that had recently taken place in methods of administering the foreign trade organizations of countries with planned economies. It would be useful if the Trade Centre could produce a practical guide for the exporters and importers of developing countries interested in trading with planned-economy countries. He reminded delegations of the suggestion made by the representative of Poland in the Advisory Group, that the Centre's Bibliography of Market Surveys be kept continuously up to date by means of reference cards produced by the liaison agencies of GATT and UNCTAD in export promotion, thereby giving a new impetus to work already carried out with such great success.

Mr. MAHMOOD (Pakistan) while endorsing the Advisory Group's report stressed two points dealt with in it, viz. that the Centre should give greater attention to trade between developing countries; and, financial resources permitting it should strengthen its training programmes in Geneva.

Mr. MARTIN (Argentina) was of the view that the Centre should lay stress on the promotion of new export lines, particularly manufactures, since most developing countries were aware of the market possibilities and difficulties of traditional exports. He suggested that the developed countries, working through their diplomatic and commercial representatives in developing countries, and in collaboration with the Trade Centre, should make recommendations concerning the promotion of developing-country products that had market prospects especially in the developed countries. In this connexion, he said that developing countries would not be able to make use of the encouraging Kennedy Round tariff reductions, unless the developed countries stated clearly how these would be applied to developing countries.

Mr. RAVEAU (Chad) while agreeing with the conclusions of the Advisory Group, considered it important that the directives given to the Centre should remain flexible, so that new demands on the Centre could be evaluated pragmatically and on their merits.

Mr. PHIRI (Malawi) said that, in its future programme, the Centre should give increasing attention to assisting developing countries to set up their own trade promotion services, and their own local programmes for training staff in trade promotion techniques. The latter were important because developing countries could not always release staff for training abroad.

Dr. GROS ESPIELL (Uruguay) acknowledged the useful work done by the Centre for Uruguay. His delegation supported co-operation with UNCTAD, and also with the export promotion centre to be set up by the Organization of American States.

Mr. CISTERNAS (Chile) said his Government shared the views of the Argentine delegation that the Centre should devote greater attention to new manufactured products from developing countries.

Dr. SANCHEZ-GONZALEZ (Cuba) while emphasizing the valuable work of the Centre expressed some concern about the foreign exchange implications of raising their contribution to the Centre through the GATT budget, and said it would be helpful if the Director-General could find a formula whereby this could be minimized.

Mr. [REDACTED] (India), on behalf of his delegation, welcomed the shift in emphasis of the Centre's work towards the Trade Promotion Advisory Service and the Training Programme. It was important to create, at the earliest opportunity, the comprehensive tariff and commercial policy information pool, a study of which the Advisory Group had supported. To have this information centrally available would be of great utility to developing countries attempting to promote exports. He expressed concern about the foreign exchange implications to developing countries of increased contributions to the Centre, and hoped these would be kept to a minimum.

Miss HARA HARELI (Israel) while associating herself with the appreciation expressed by other delegations, emphasized that the Centre should be sensitive to changes in the needs of developing countries and it should have the resources to respond expeditiously and imaginatively.

Dr. PRIESTER (Jamaica) said that developing countries, who had been partly disappointed by the outcome of the Kennedy Round, considered that the activities of the Trade Centre opened up new possibilities for the expansion of trade of less-developed countries; the Centre reflected the gradual structural change in GATT with regard to the development of trade.

Mr. PYO WOOK HAN (Korea) endorsed the recommendations outlined in the report of the Advisory Group. In particular he supported the GATT secretariat's project to study the creation of a comprehensive tariff and commercial policy information pool that would be kept up to date.

Mr. KASSA MAPSI (Gabon) emphasized the need for systematizing export promotion training, especially in the developing countries. Training could take place on two levels: the more senior personnel could be trained in Geneva or in developed country export promotion courses; lower grade personnel could be trained more adequately and economically in the developing countries. Such training could be organized systematically on a regional basis, within the framework of existing regional economic unions or groupings, as was already the case with the training of statisticians and economic planners. On the market research activities of the Centre he commented that the Centre should retain flexibility in the criteria for selecting products for market studies. There were products that were of considerable importance for only a limited number of countries, but which for them constituted a dynamic development factor. These were also of interest (as imports) to developed countries. Market studies might be carried out in co-operation with other bodies, such as UNIDO, in order that production problems might be taken into account in assessing market prospects.

Mr. BEECROFT (Nigeria) stated that his delegation fully supported the recommendations of the Advisory Group, in particular the Centre's shift towards trade promotion work. He hoped the Centre would be able to obtain the additional financial resources necessary to carry out the Director-General's ideas on the follow-up action to be taken to exploit the benefits of the Kennedy Round for the developing countries.

Mr. YETIS (Turkey) shared the views of other delegations about the usefulness of the Centre's work and agreed with the recommendations in the report of the Advisory Group.

The CHAIRMAN, summing up, said that the discussion had been useful and wide-ranging, and the fact that so many countries had participated in it showed the universal appreciation of both the need for the work being done and the way in which it was being done. The suggestions made by delegations had been noted. He singled out as particularly valuable the Polish delegation's suggestion that the Centre produce a handbook to assist developing countries to penetrate the markets of planned-economy countries; the suggestion made by many delegations that the Centre extend its work to the promotion of trade between developing countries; the suggestion that an effort be made to develop export promotion training centres and programmes in developing countries; and the suggestion regarding co-ordination of work between the International Trade Centre and any regional export promotion centres that might be set up. The question of a tariff and commercial policy information pool was being studied by the secretariat.

The report of the Advisory Group (L/2807) was adopted.

2. Fellowship programme and technical assistance (L/2891)

Mr. WYNDHAM WHITE (Director-General) presented his report on the Commercial Policy Training Programme in Geneva for officials from developing countries, on the joint ECA/GATT Training Programme in Africa, and on other technical assistance activities of the secretariat, since the last session. The secretariat had started the Geneva training programme in 1955 and twenty-four half-year commercial policy courses had been held in which officials from sixty-one countries had participated. These courses had proved so beneficial that many of the officials who had come to Geneva to follow them had been sent back later as delegates of their governments to sessions of the CONTRACTING PARTIES.

The joint ECA/GATT courses had proved of great value to the governments of countries in Africa. The host governments and the United Nations authorities, as well as private commerce and industry had co-operated to make these courses successful. The Government of Zambia, where the eleventh course had just been concluded, and the Government of Senegal, which was host to the course begun a few days previously, should be particularly mentioned.

The Director-General also referred to Part 3 of the report, which recorded the missions undertaken by officers of the secretariat to assist developing countries in connexion with commercial policy problems and other special projects. The secretariat had co-operated with the International Bank for Reconstruction and Development to undertake studies in relation to the Second Five-Year Plan of the Republic of Korea and had carried out research on intra-regional trade expansion in West Africa. In this latter context the secretariat was co-operating with the Economic Commission for Africa and UNCTAD. A mission had also visited Algeria to assist in the field of export promotion and commercial policy.

Mr. NOTOWIJONO (Indonesia) stressed the great importance of such programmes in helping developing countries to overcome some of their difficulties, which were obviously not only of a tariff or non-tariff barrier kind. The training and up-grading of government officials, and the assistance given in setting up adequate machinery for the administration of trade policy, was of great value to developing countries which were not in a position to undertake this themselves. Indonesia had had the benefit of the training programme.

Mr. PYO WOOK HAN (Republic of Korea) said that Korea's participation in the training programme had led to several trainees being later appointed to key posts in the Government. He expressed the hope that in the future the secretariat would be in a position to increase the number of participants.

The Chairman concluded that there was no doubt as to the value of the training courses for officials from developing countries. They were open both to contracting parties and to countries which had not yet adhered to the GATT. The courses not only provided valuable training in commercial policy, but also enabled the participants to become better acquainted with the GATT and with the work of the CONTRACTING PARTIES. This technical assistance had proved to be of great value to the countries concerned.

3. Trade in Cotton Textiles (L/2712, L/2821, L/2853, L/2892)

Mr. WYNDHAM WHITE Director-General and Chairman of the Cotton Textiles Committee said that in September 1966 the Committee had carried out pursuant to paragraph (c) of Article 8 of the Arrangement, the fourth annual review of its operation. The report on the review was contained in document L/2712 and, as the CONTRACTING PARTIES had not met since September 1966, the report was now submitted to the present session. The Committee had also initiated, at its meeting in September 1966, discussion on the question of the extension, modification or discontinuance of the Arrangement, as it was required to do under Article 8(d). At an early stage in the discussion, these talks had been adjourned in order to permit bilateral negotiations between participating countries in order to determine the conditions under which the Arrangement would operate in the event of it being extended. Discussion was resumed by the Committee towards the end of November 1966, after which there was a further adjournment to permit outstanding bilateral negotiations to be completed. The Director-General commented that, concurrently, negotiations were proceeding in the Kennedy Round and, in that context, he had proposed a package deal which would have linked the renewal of the Arrangement to the liberalization of terms of access under the Arrangement itself, which was the object of the aforementioned bilateral negotiations, and to a substantial reduction of tariff levels. He had hoped that, by this combination, there would have been an overall comprehensive settlement which would have had quite significant advantage, particularly for exporters in the developing countries. However, this suggestion was not retained by governments and, for reasons which were well known, tariff reductions on cotton textiles in the Kennedy Round were well below his own expectations.

The Committee had resumed discussions at meetings in March 1967 and on 3 April it had reached agreement on the text of a Protocol providing for the extension of the Arrangement for a period of three years, i.e. until 30 September 1970. The decision to extend the Arrangement had been taken by a number of countries, particularly the exporting countries, on the basis of the discussions which took place in the Committee and also on the basis of the results of bilateral negotiations which were directed towards securing a certain liberalization in the administration of the Arrangement, thus affording better conditions of access than would have resulted if it had continued to be operated on exactly the same basis as in the past. The Director-General remarked that the Committee's discussion on the question of the extension of the Arrangement had been fully recorded and set out in documents L/2712 and L/2821.

The Protocol was opened for acceptance on 1 May 1967 and had been accepted by all the governments parties to the Arrangement. It entered into force on 1 October.

In conclusion, the Director-General said that, in view of the very extensive discussions and examination of the Arrangement which had taken place during the period September 1966 to April 1967, it would have been unfruitful to have a further review of its operation this autumn. There was abundant material upon which the CONTRACTING PARTIES could draw to discuss this item at the present session. He had accordingly proposed in document L/2853 that, as the first year of the extended Arrangement began on 1 October 1967, the next annual review should take place in the latter part of 1968, and prior to the next session of the CONTRACTING PARTIES.

Mr. AKIYAMA (Japan) said that his delegation had no objection to this proposal, and supported the adoption of the reports of the Committee. In accepting the extension of the Arrangement, his country had taken into account the concern expressed by importing countries about the need for another breathing space which would enable their industries to adjust themselves to liberalized trade in cotton textiles. His delegation maintained the view that the Arrangement was an exception to the fundamental principle of free trade of GATT. He, therefore, urged importing countries to continue their best efforts to remove various trade barriers preventing access to their markets for cotton textiles, even while the Arrangement was in force, thereby achieving the aim of liberalized trade at the earliest possible date. In conclusion, he emphasized that the restrictive measures now applied under the Arrangement should be strictly limited to cotton textiles and should not be extended to other textiles.

Mr. HARB (United Arab Republic) recalled that, in accepting the Protocol extending the Arrangement, his delegation had clearly pointed out that this should not be interpreted as satisfaction on their part with the actual situation of world trade in cotton textiles. The liberalization of trade in this sector was still their main objective. Thus, the Arrangement should be looked upon as a transitional measure designed to achieve liberalization through such structural adjustments as might be required. In his view, the life of the Arrangement during its first and second period, should have been sufficient to eliminate the restrictions hampering the exports of the less-developed countries. Furthermore, the tariff reductions on cotton textiles, within the context of the Kennedy Round, had been well below all expectations. It was explained that this could help developed countries to rid themselves more easily of existing restrictions. Therefore, it would be appropriate at this present session, to hear the views of the developed countries as to their future intentions with respect to a sector of actual and potential economic importance to the developing countries and in which many of them possess the necessary resources, such as raw materials and technical skill. Commenting on the implementation of the Arrangement during its new term, he said that, contrary to the firm intentions expressed by the importing countries and their promises to administer the Arrangement in a way which would faithfully reflect both its spirit and letter, certain importing countries had, on the very day after the extension of the Arrangement, taken restrictive measures which went against the export interest of his country. He, therefore, appealed to all the importing countries to spare no efforts to ensure more liberal administration of the Arrangement during its present period, until 1970.

Mr. BIER (Brazil) said that his Government had been consistently opposed to the Cotton Textiles Arrangement. This position was well-known and had not changed. The crucial element of concern, unacceptable to his Government, was the concept of market disruption. Unilateral invocation of market disruption was contrary to the spirit and letter of the international commitments taken in UNCTAD and Part IV of the GATT and also contained in the Declaration of the President of the United States, to provide expanded market access for the industrial products of developing countries. This problem had been raised and

discussed in several international forums. During the ECLA meeting recently held in Caracas, there was a consensus of opinion as to the necessity for reviewing the concept of market disruption. It was suggested that market disruption should not be assessed solely according to criteria of the importing countries. A set of objective criteria should be devised.

Mr. BRODIE (United States) said that his delegation had taken note of the reports by the Cotton Textiles Committee and considered them useful and an accurate presentation of the Committee's discussions at the fourth annual review of the Arrangement, and of its consideration of the extension of the Arrangement in accordance with Article 8(d). The United States supported acceptance of the reports by the CONTRACTING PARTIES. He expressed satisfaction that the discussions over the period November 1966 to April 1967 had concluded with the extension of the Arrangement for a further period of three years. The United States expected that the Kennedy Round tariff reductions, coupled with a more liberal administration of the Arrangement, would further serve the mutual interests of both textile importing and exporting countries. In conclusion, he drew attention to the recent development of cotton textile imports into the United States. Over the five-year term of the Arrangement, those had risen by 42 per cent in terms of both volume and value. Imports from the developing countries had increased in volume by over 100 per cent.

The CHAIRMAN observed that the prefix "Long-term" was now omitted from the title of the Arrangement which had become the "Arrangement Regarding International Trade in Cotton Textiles".

It was agreed to resume the discussion at a later meeting.

4. Observer status - West African Economic Community (L/2885)

The CHAIRMAN said that a group of fourteen States in West Africa (including both English and French-speaking countries) had drawn up Articles of Association for the establishment of an economic community of West Africa. The text of the Articles of Agreement had been distributed to the CONTRACTING PARTIES in document L/2885. These Articles had not yet been ratified but the Interim Council of Ministers had requested observer status with the GATT.

It was agreed to request the Director-General to respond positively to the request of the Interim Council of Ministers of the West African Economic Community.

The meeting was adjourned at 12.45 p.m.