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SUMMARY RECORD OF THE THIRD MEETING

Held at the Palais des Nations, Geneva
on Friday, 10 November 1967 at 2.45 p.m.

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

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1. United States import restrictions (L/2881)

The CHAIRMAN recalled that in accordance with the terms of the Decision of 5 March 1955 the Government of the United States had submitted its annual report on the restrictions maintained on imports of certain agricultural products. The Council of Representatives had, earlier in the week, established a Working Party to examine the report, with instructions to report to the CONTRACTING PARTIES during the session. The report had now been distributed in document L/2881.

Mr. van WIJK (Netherlands) said that his country had served as a member of the Working Party on the United States import restrictions waiver for many years. Two years previously, at the twenty-second session of the CONTRACTING PARTIES, after ten years of existence of the waiver, his delegation had expressed some amazement at the vitality of the waiver and its power of resistance to all efforts to get it out of the way. At the time, the Netherlands delegation had a number of what it considered to be valid reasons to request the United States Government to relinquish the waiver and resort to the practices governing international trade which were in conformity with the GATT rules. His delegation considered objectively that this long-lived waiver had become an anomaly in GATT, which only proved how careful one should be in granting an exception to the general rule. Nevertheless, it would be ready to contribute to the examination of the twelfth annual report submitted by the Government of the United States.

Mr. PRESS (New Zealand) questioned some of the statements contained in the United States report. In paragraph 2, page 3, it stated that the products placed under the new restrictions had been "designed and produced only for the United States market to avoid the existing quotas ...". The two products produced in New Zealand, were marketed not only in New Zealand and the United States, but also elsewhere. Furthermore, the dairy industry was not static, and therefore it did produce new products; this was a sign of progress. He added that the first paragraph on page 11 stated that "the President acted on the Tariff Commission's report". However, the Tariff Commission had recommended restricting imports to 2.8 billion pounds milk equivalent, whereas the President had restricted them to 1 billion pounds.

When, in 1955, the waiver had been granted against the votes of Canada, Denmark, the Netherlands, Cuba and New Zealand, the delegation of New Zealand and others had expressed the hope that it would not be used as a device for maintaining restrictions indefinitely. For some of the products under the waiver the restrictions had been reduced or eliminated; not so for dairy products, where the situation had worsened. The present report had reinforced his conclusion, expressed at the previous annual review, that the time had come for other contracting parties to examine closely the question of justification of continuation of the waiver. He realized that the waiver contained no time-limit, nor did it provide for any action except annual review. However, if it was in the power of the CONTRACTING PARTIES to grant the waiver, it was also in their power to withdraw it. The CONTRACTING PARTIES would have to look very seriously at the continuation of the waiver when they receive the Working Party's report.

Mr. LATIMER (Canada) recalled that his country had strongly opposed granting the waiver in 1955 and had reiterated this view on a number of occasions since then. Canada had always found it particularly disturbing that such broad scope was available to restrict imports into one of its main agricultural markets. Fortunately, it had been Canada's experience that the United States had been circumspect in its use of the waiver. Until recently, no new restrictions had, to his knowledge, been imposed, and in fact many restrictions had been removed or relaxed. However, one of the more serious implications of the waiver had been the precedent it set and the antagonism it created among producers in other countries who had always found it difficult to understand how one country -- in contrast to their own -- had broad authority under its international obligations to restrict imports. This became particularly pertinent when periodically, as was bound to happen between two countries where the trade flow was as great as between Canada and the United States, difficulties arose that disrupted the markets of Canadian producers. The waiver as such had probably had as iniquitous an effect as the actual restrictions imposed under it.

Mr. Latimer further recalled that the United States itself had, on several occasions, suggested that at least a number of restrictions maintained under the waiver might not, in fact, be in contravention of the GATT in the absence of the waiver. Moreover, the burdensome surpluses which had been so significant in

world trade twelve years earlier, when the waiver was granted, had now reached manageable proportions; for some products they had disappeared. The United States themselves might wish, under these circumstances, and in the light of the New Zealand suggestion, to consider whether the waiver was, in fact, still necessary. He thanked the United States for its report, which his delegation would be glad to examine more closely in the Working Party.

Mr. MARTIN (Argentina) wished to join in the statement made by New Zealand as regards the restrictions on dairy products, which also affected the exports of his country. He drew attention to the threat of new restrictions which might create even more difficulties than earlier restrictions and which were opposed to the objectives of the work carried on in GATT. He expressed his delegation's wish to participate in the Working Party.

Mr. LIVINGSTON (Australia) emphasized his Government's continued concern with the effects of certain United States policies and programmes on international trade. This concern had not been lessened by the report under consideration, whose most disturbing feature was the new restrictions recently imposed on imports of certain dairy products. His Government's disappointment was the greater because, two years earlier the trend in production and the liquidation of surplus stocks of dairy produce held in the United States had made it believe that the import quotas on butter, cheese and processed milk products would be relaxed. Instead, access to the United States market was limited more effectively than ever. It was doubly distressing that the United States action had been taken only a few weeks after the end of the Kennedy Round.

Mr. Livingston pointed out that the recent United States action was, unfortunately, only one aspect of the critical situation in the international trade in dairy products. He recognized that the United States decision to intensify import restrictions on what might be described as fringe products had not created this problem. The recent sharp rise in imports of these products had been a response of exporters to the persistence of relatively minute quotas on the major dairy products such as butter and cheese and the lack of any real expectation that these quotas would be liberalized. The real issue was to obtain a progressive liberalization of these quotas as had originally been intended when the waiver was approved in 1955. While the recent United States action had undoubtedly aggravated the problems, a more immediate issue was the excess production being generated elsewhere, particularly in Europe, in response to high support policies and programmes. In the new spirit of GATT - co-operation no' confrontation - one had to look beyond the present GATT rules to find a solution. Major exporters of dairy products such as New Zealand and Australia were confronted with a situation where, not only markets such as the United States were being effectively closed to them, but even worse perhaps, their trade to other traditional outlets was being disrupted by heavily subsidized exports from sources in Europe. It was perhaps unrealistic to believe that any rules - such as Article XVI - could cope with the problem. Effective action could, however, be generated within GATT, but only by way of international co-operation. The work on dairy products which was commenced in

the Kennedy Round should be continued with the clear objective of reaching agreement on some form of general arrangement at a future round of negotiations. In the meantime, action was necessary to deal with the immediate situation. His delegation hoped to advance definite proposals at the current session for the establishment of machinery within the GATT to deal with both the short- and long-term problems of dairy products.

Mr. THRANE (Denmark) agreeing with the previous speakers, expressed his Government's deep concern that the United States had not found it possible so far to liberalize the restrictions on dairy products, and its even stronger concern that the United States Government had found it necessary, immediately after the Kennedy Round, to introduce new quotas on other products. The action was defended on grounds of increased imports but, he pointed out, in the case of cheese these amounted to only 1 per cent of consumption. Furthermore, end-1966 stocks had been the lowest in ten years. It was regrettable that the President, in fixing the size of quotas, had found it necessary to go beyond the proposals of the Tariff Commission.

Mr. BRODIE (United States) pointed out that dairy products were the only area where the President had taken further action under Section 22 since the last United States report, and only to correct a very serious situation in the domestic market. The action did not, in fact, implement all the recommendations made by the Tariff Commission. Describing the situation, Mr. Brodie said that by mid-1966 the large government inventories of surplus dairy products had after more than a decade been nearly eliminated; for the first time in years - but only for a brief period - American dairy farmers had been receiving better prices for their milk. Despite growing efficiency, they were still the most financially distressed sector of agriculture. The relatively high prices in the United States market had attracted a flood of imports of items not subject to quotas. These imports soon nearly trebled, and displaced domestic dairy products at rapidly increasing rates. Farm prices for milk had dropped to the legal minimum, and had stayed there. The Government had had to revert to large-scale buying of dairy products and inventories had mounted up at great cost, which could only be expected to increase. Obviously, action had to be taken. Quotas were necessary and were imposed, but selectively, i.e. only on the major items that were disrupting the United States market.

Mr. Brodie pointed out that most dairy product imports were not subject to quotas; most of the fine-quality cheeses entered with no other restriction than relatively low duties. This was a situation the United States wanted to preserve; it had been jeopardized by the upsurge in imports of low-priced processing materials. Referring to the statement by the representative of New Zealand, he said that there had been practically no international trade in items such as ice-cream mix and Colby cheese until countries began shipping them to the United States. His Government was keenly aware that the surpluses, which for two years had been entering the United States market, were now seeking outlets elsewhere and that, as the Director-General had pointed out, the world dairy market was in turmoil. He agreed with other speakers that the basic trouble was that world production was out of balance with demand, and the CONTRACTING PARTIES could very usefully examine this situation and scrutinize the national policies which were causing and aggravating it, with a view to seeking possible solutions.

Mr. LOVATT (Malawi) hoped the Working Party would also deal with the problem of peanuts. United States production of peanuts had risen by 50 per cent in ten years; acquisitions under price support had more than doubled; large quantities were exported at a loss, and the support price, at \$227 per ton, was some \$60 above the world price for crushing nuts, and even above that for edible nuts. While recognizing the social reasons for United States policies in this sector, he said that these policies had serious repercussions abroad and that their implications should be considered by the Working Party.

The CHAIRMAN said that while, according to some delegations, the United States had made circumspect use of the waiver, the problems involved were of a general nature. The CONTRACTING PARTIES would discuss the matter again after the Working Party had examined the details. He thanked the United States delegation for its comprehensive report.

2. Programme for expansion of international trade (L/2906, L/2893, L/2860, L/2886, L/2888, L/2875 and L/2898)

The CHAIRMAN recalled that the Director-General had introduced this item on the previous day. The item was divided into three sub-items, (a) barriers to trade in industrial goods, (b) obstacles to trade in agricultural products and (c) obstacles to trade of developing countries. Sub-item (c) was closely related to another item on the agenda - Trade of Less-Developed Countries under which the report of the Committee on Trade and Development would be presented. He said that discussion of sub-item (c) would not be closed until delegations had had opportunity to examine that report.

Mr. AOKI¹ (Japan) speaking on items 3(a) and (b) of the agenda, referred to the major rôle played by the GATT in the liberalization of world trade during the last twenty years, culminating with the massive success of the Kennedy Round. Japan had steadfastly supported the principles and activities of the GATT and believed that it should continue to aim at further reductions of trade barriers with a view to completely eliminating them ultimately. To achieve this end a pragmatic approach should be taken and it was thus timely to review the experience of GATT's past activities to establish long-term perspectives for the future. The first task of the GATT was fully to execute and consolidate the results of the Kennedy Round. His own Government intended to implement its

¹The full text of this statement was later reproduced in document W.24/4.

commitments as of 1 July 1968, and expected other countries to be taking the necessary steps to meet their commitments. He noted with apprehension, however, the wave of protectionism which had arisen in one of Japan's major trading partners, which could largely nullify the achievements of the Kennedy Round and jeopardize GATT's foundations.

With regard to the future work of the GATT he wished to offer some preliminary comments on the proposals of the Director-General. Regarding the elimination of very low duties in the industrial sector his Government believed that it would not be appropriate to generalize that very low duties were nuisance tariffs. As far as the sector approach was concerned, he wished to point out that the balance of benefits should be taken into consideration and that this approach should not be used for introducing new restrictive measures. He believed it would be useful at this time to begin a factual study of all aspects of tariff problems. As far as agriculture was concerned his Government would not oppose the suggestion that Committee II be revitalized but wished to emphasize that it should, for the time being, concentrate its efforts on analyzing the present situation of agricultural products and on assembling relevant data without entering into the field of negotiations and confrontation. With respect to non-tariff barriers, one of the areas where the Kennedy Round had been less successful, his Government fully supported the proposal that work should be started by attempting to identify them and by drawing up an inventory. Concluding, he stated that while recognizing that countries might not be ready to initiate major negotiations in the immediate future, his Government felt that it would be useful to start preparatory studies for future negotiations in the fields he had mentioned, without committing the position of the respective governments.

Dr. STEDFELD¹ (Federal Republic of Germany), speaking on behalf of the European Communities, noted the particular significance of the present session of the CONTRACTING PARTIES. Indeed, the conclusion of the Kennedy Round, which had once more proved the usefulness of the organization, ushered in a new era in the life of the CONTRACTING PARTIES. The Programme of Action launched by Ministers in 1958 had governed for years the overall activities of the GATT; from it had emerged a new approach to negotiations which had permitted to better envisage the problems of international trade and the increasing interdependence of national economies. The achievement of such an important task naturally lead to giving consideration to the future of the GATT. But new initiatives could only be envisaged to the extent that, what had already been achieved was consolidated, and that a de facto equality was ensured between all contracting parties in the application of the General Agreement. The suggestions

¹The full text of this statement was later reproduced in document W.24/2.

of the Director-General gave food for thought. In the industrial sector, it seemed that at this stage, while the economic effects of the Kennedy Round had not yet been fully weighed by governments, the first task to be undertaken by the GATT would be to initiate an objective analysis of the tariff situation as it would emerge when the Kennedy Round concessions were fully implemented. Such a study seemed an indispensable element on the basis of which contracting parties could determine the philosophy and procedures for possible future action. With regard to non-tariff barriers the Community realized the importance of these obstacles to trade and had in the course of the Kennedy Round discussed certain problems in this field without arriving at positive results in all cases. It was difficult to envisage at this moment any action leading to concrete results in the near future. The suggestion to begin by establishing a catalogue of existing barriers thus seemed a realistic first step. Difficulties arising out of differences in tariff nomenclatures and customs valuation rules should figure prominently in such a list.

In the agricultural sector, the Community noted, together with a number of other contracting parties, that negotiations in this field had produced limited results, in spite of the fact that the framework of a comprehensive negotiation created particularly favourable circumstances to make headway in such an extremely delicate sector. Although the circumstances that led the Community to propose a new concept for agricultural negotiations no longer existed, it was prepared to initiate discussions with a view to finding adequate solutions to existing problems. On the basis of a general approach, any new effort in this direction should include discussion of the situation of all agricultural products of importance in international markets, with the participation of all countries having a determinant rôle in the situation of each particular market. It was in this spirit that the Community was ready to actively participate in any preparatory study to this end to be undertaken in GATT.

In the field of expansion of trade of developing countries the GATT had demonstrated in the past the importance that it attached to this question; an importance which would certainly not decrease in the following years. Here again it seemed that the first task was to consolidate what had already been obtained in the Kennedy Round. The Community was convinced that concessions granted would result in increased earnings for developing countries from exports to developed countries. With this consideration in mind the Community was considering the advance implementation of concessions on products of special interest to developing countries. By determining the new export opportunities resulting from the Kennedy Round, the activities of the International Trade Centre would be of special importance to less-developed countries, and priority should be given to this sort of study. In any long-term work programme of the CONTRACTING PARTIES the question of the establishment of a generalized, non-discriminatory

system of tariff preferences should not be forgotten. He believes that, before any position could be taken on the useful suggestions made by the Director-General, it fell on the countries principally interested to express an opinion, in particular as regards the desirability of initiating a new type of consultation.

It was the hope of the Community that the exchange of views that would take place during the session would lead to the establishment of a realistic programme of work in all fields, adapted to the pragmatic methods which characterized the GATT.

Mr. LATIMER¹ (Canada) expressed his Government's appreciation for the initiative taken by the Director-General in proposing the inclusion of the present item on the agenda. It was the view of his Government that after the successful conclusion of the Kennedy Round it was of the utmost importance for GATT to devise a new programme of work directed towards trade liberalization on the broadest possible basis, in order to avoid any serious danger of back-sliding in this field. The first task was to consolidate the Kennedy Round results. Canada would start implementing its concessions, in most cases, commencing 1 January 1968. At that same date advance implementation of concessions on products of interest to less-developed countries would be put into effect, as had been notified to the Trade and Development Committee. To maintain these plans it was important that other countries confirm their plans for implementation in accordance with the Protocol at the earliest possible date. Canada was taking action on the Anti-Dumping Code and had signed the Wheat Trade Convention and Food Aid Convention; it was the hope of the Canadian Government that other countries would proceed as quickly as possible.

While the Kennedy Round made great progress, much remained to be done, especially with respect to access for agricultural products and the opening up of trading opportunities for the developing countries. It was the expectation of his Government that the high-level meeting to be held at the end of the session would set in train an agreed work programme aimed at the consideration and preparation of future initiatives for multilateral trade liberalization. In determining the future work of GATT stock should be taken of the progress made in bringing a number of countries with centrally-planned economies into full GATT membership, and to consider how to best advance this process. As regards the suggestions that had been put forward in the industrial sector, Canada considered that there was considerable merit in the proposition to remove tariffs on products where the duties were already low and that study should be given to the possibility of eliminating tariff barriers on industrial raw materials. Canada was particularly interested in the so-called sector approach

¹The full text of this statement was later reproduced in document W.24/5.

which might well provide an effective means of coming to grips with a whole range of factors, tariff, non-tariff and non-governmental which affected the flow of trade. Canada would like to see preliminary studies made on the sectors of forest products and non-ferrous metals. As regards non-tariff barriers, his Government fully supported the development of a programme which would have as its first task the drawing up of an inventory of existing barriers.

With respect to trade in agricultural products, experience in the Kennedy Round had demonstrated how difficult and complex it was to make progress in this field. Canada believed that the objective here should not be to carry out a confrontation, but rather to work towards a consensus as to how best to deal with these difficult problems.

With respect to the trade and development problems of the developing countries, Canada agreed that this was a matter that required urgent attention. Furthermore, Canada was particularly in favour of affording free trade to tropical products and of giving special attention to the possibilities of further reduction of tariff and non-tariff barriers to the trade of developing countries on a most-favoured-nation basis. It would not seem fruitful at this stage to anticipate what might be done at the Second UNCTAD Conference with respect to preferences, but the GATT programme should be flexible enough to pursue this question in the light of the results of the New Delhi Conference.

As regards timing, Canada appreciated that a good deal of preparatory work was needed and that Governments could not be expected, at this stage, to commit themselves to further trade negotiations. However, in the course of the Kennedy Round there were a number of initiatives, in particular discussions on the possibility of free trade in aluminium, which were not completed and which his Government considered should be pursued as a matter of unfinished business. Further, early attention should be given to the problem of access in grains.

Mrs. GOYENECHE¹ (Argentina) said that, for a number of years, and especially since the "Haberler Report", the international community had made increasing efforts to thrash out the issues of national and international policies hampering the expansion of trade. More recently, the special problems of less-developed countries had received particular attention. The GATT had decided that it was equipped to play a practical rôle in keeping with the new trends of international economic policy; that was also the belief of Argentina, and it was in that context that her Government had applied for accession to the GATT. However, they had to recognize that their hopes had not been fulfilled although efforts had been made.

In the view of her Government, GATT, which was originally set up as an organ to conduct tariff negotiations, should in due course turn into a dynamic, forward-looking mechanism through which all the trade problems of the international community could be discussed and satisfactory solutions found, which would have real, practical effects involving the genuine political will of all the contracting parties.

¹The full text of this statement was later reproduced in document W.24/3

Argentina had no objection to suggestions for liberalization in the industrial sector, but it stated quite categorically that, if the stand finally taken put the emphasis on this aspect of the problem, ignoring the problems where the Kennedy Round had been powerless to make any effective progress, GATT would once again have taken a wrong path. If that should happen, only frustration would result for many countries.

In any work programme to be established, Argentina did not believe that tariff problems should be given pride of place or preferential treatment; rather the problem of all the other restrictions combined should be so treated, for the problems of international trade in agricultural products and the satisfactory expansion of the economies of the developing countries could not be solved on the basis of tariff schemes alone.

With the Kennedy Round over, the problems in these spheres were still as acute as ever. It was clear that the concessions on industrial products, which were the ones of most interest to the economies of the developed countries represented a great progress; but very little had been done in the direction of free access for those agricultural products, primary or processed on the export of which many of the developing countries were dependent. International trade in agricultural products continued to be subject to violent fluctuations, harmful to the normal development of both the export and the import markets. The international market was by its very nature highly competitive. Although Argentina did not wish to see factors introduced to change the situation, it had to point out that in the great majority of cases, the abnormal market fluctuations of volume or of prices were caused by the expedients introduced in application of the national agricultural policies of the major markets. In order to protect the level of income of their producers, most of the highly industrialized countries established agricultural policies which actually tended to distort the markets. Nonetheless, the perennial discontent of rural communities, both in Europe and in the United States, suggested that these policies had not produced the results expected of them. On the other hand, much harm had been done to the consumer.

Hence, it was essential to embark at once on the important task of taking stock of the main problems resulting from the application of agricultural policies, and as far as was feasible and practical, to meet the legitimate wishes of each of the parties, bearing in mind the natural conditions of production and the limits within which production could develop in a healthy manner.

With regard to tariffs, the Argentine Delegation wished to single out two factors which it regarded as highly important - the existence of preferential margins in the major European markets, based on contractual arrangements which hamper or preclude individual action; and the national policies of protecting manufacturing industries established in the major markets, as reflected in minimum duties, irremovable margins or other barriers.

In addition to these two obstacles which Argentina regarded as fundamental, the Kennedy Round brought out the existence of other barriers, such as: unduly general tariff nomenclatures, the limited number of participating countries, the limitation of concessions granted in some sectors on the basis of joint action, the detrimental effect on developing countries of the search for equilibrium of concessions between developed countries.

With regards to grains, while considerable progress had been made, no proper arrangements had been achieved in the matter of guarantees of easier access to match the growth of consumption, or in respect of the ratio between trade in wheat and trade in feeding stuffs. The GATT had to establish a programme of action making it possible to revert to these topics, instituting a cycle of discussions and consultations so that at a convenient moment, governments could take up once again the negotiations originally envisaged by the Ministers.

Such discussions should cover the following major topics: the relation between prices of wheat and of feedgrains; the possibility of greater stability in the market for feedgrains, and consequent agricultural policy measures; the significance of the various elements of agricultural policies for present and future access levels; and the possibilities for joint action to ensure increased access and stability for feedgrains.

In the meat sector, adequate preparation was lacking for the stage of negotiations as such. Her Government believed that it would be feasible to envisage a series of partial measures, within an overall scheme designed to restore stability in the international market and to promote consumption. It should not be forgotten that, in the case of bovine meat, there were localized problems that required urgent solution. The parties concerned should initiate as soon as possible a programme of consultations and discussions with a view to finding adequate solutions to these problems which these should inter alia, review the present situation concerning trade in meat; identify any deterioration that has occurred, and the causes thereof; compare the different elements of agricultural policy having similar effects on trade; and examine possible methods of joint action, both partial and overall.

Argentina wished also to express its interest in participating in the discussions and contributing to the solutions in the dairy products sector, and believed that work should be initiated by carrying out a set of partial measures covering the most urgent aspects.

With respect to the agricultural sector in general, Argentina wished to suggest that discussions be resumed on all products, whether primary or processed, according to the procedures appropriate for each particular case, in order to identify the elements responsible for the particular circumstances of international trade in each of them and that, as a consequence of the foregoing, consultation groups, comprising an appropriate number of countries, be established in order to discuss possible solutions for each situation or individual sector.

Furthermore, Argentina believed that it would be appropriate to make arrangements for careful consideration in the future work programme of GATT of the following questions: the affirmation by all contracting parties of their political readiness to apply Part IV of the General Agreement in full - this implied acceptance of Part IV by those countries which had not yet done so; the advance implementation of concessions granted to developing countries in the Kennedy Round, or at least with respect to products of special interest to those countries; a programme for detailed examination of the causes and effects of quantitative restrictions, through the establishment of adequate confrontation and consultation procedures; objective criteria for the application of safeguard clauses or invocation of special circumstances; existing preferential agreements that discriminate against developing countries; tariff and other restrictions protecting processing industries, established in industrial countries, with respect to products manufactured from raw materials produced mainly by developing countries; programme for the gradual elimination of differential tariffs; structural readjustments in the industrialized countries; analysis of the problems in individual sectors, in particular as regards the possibility of adopting practical measures to discourage the installation or expansion of industries competing with those of developing countries; and readjustments in tariff nomenclatures in order to facilitate the trade liberalization process for products of special export interest to developing countries.

Mr. TREU (Austria) stated that his Government had fully supported the action programme when it was inaugurated in 1958 and was now satisfied with the results of the Kennedy Round to the extent that this programme had been implemented. The gap between the development of technology and the much slower growth of trading opportunities could be bridged by an accelerated programme for expansion of international trade. In this connexion, the first thing to be done was to take stock of the existing situation and to devise appropriate ways of tackling it. The 1958 action programme, based on the work of Committees I, II and III, culminated in the achievements of the Kennedy Round. These achievements, however, fell short of expectations. It was, therefore, appropriate that the present session of the CONTRACTING PARTIES should lay the basis for renewed action to achieve the objective of expansion in world trade.

Mr. CAMPBELL¹ (Australia) wished to be associated with the previous speakers who had commended the initiative of the Director-General in placing this item on the agenda and had suggested high level representation during the final stages of the session. Commenting on the Director-General's observation that the work of the session concentrated on three main areas, he remarked that his country was mainly interested in obstacles to trade in the field of

¹The full text of this statement was later reproduced in document W.24/7.

agriculture. This did not imply that Australia was indifferent to the solution of problems of the developing countries or of industrial products, it was merely to indicate that his country's contribution to the formulation of proposals in these two areas would be more appropriately made at the drafting or working party stage after having had the benefit of a greater range of ideas from the representatives of countries whose trade interest and trade problems fell under these headings. His comments at that stage would consequently be confined to the Director General's proposals in respect of agriculture. This was not only because the pattern of Australia's trade was predominantly agricultural, but also because of certain basic facts which had caused concern in the primary producing countries like Australia. The Chairman's observation that during the 1953-66 period the expansion in agricultural trade of primary products of 86 per cent was far behind the 240 per cent expansion in trade of manufactured goods deserved serious thought. The Director-General had earlier referred to a number of long-term and short-term problems involved in this field and an analysis of the Kennedy Round also showed that agricultural trade benefited much less from concessions than trade in manufactured goods. The GATT should not allow this disparity to widen if it was possible for it to improve the conditions of access. This was a complex problem and the need for devising negotiating techniques to implement a programme of increased access was imperative. With the exception of the difficult problems involved in the field of dairy products, other agricultural problems lent themselves to action and it was therefore desirable for the GATT to undertake patient exploration to pave the way for more effective negotiations in the future. As to the misgiving on the part of some delegations that their governments might be hustled into acceptance of a commitment to negotiate in a major way, due to legislative or other reasons, he pointed out that efforts at this stage should have a well-defined objective with a positive will to achieve it. It seemed that the need for some kind of action was generally admitted. The CONTRACTING PARTIES in their present session should therefore undertake to clearly define the objectives, to fix their time schedule, and to recommend the type of GATT machinery which was required to give effect to these objectives. The Australian delegation itself would like to see some sort of resolution by the CONTRACTING PARTIES providing the authority to undertake this task most effectively. The Ministers meeting at this point of time could not do anything other than recall what the objectives were in agriculture in 1958, with subsequent elaborations in 1963 when the Kennedy Round machinery was set up. Recognizing that acceptable conditions of access had not been fully achieved in the Kennedy Round, the GATT should reorientate itself for this difficult exercise. The proposal of the Director General to reactivate Committee II was good, but there still remained the need for devising some kind of institutional framework to undertake the task. The first thing to be done was to up-date the work of Committee II and to prepare an inventory of non-tariff barriers to trade of agricultural products. The EEC's concept of the "montant de soutien", for example, deserved further discussion. Similarly,

the problem of market disruption and prices, which had inhibited the importing countries from liberalizing trade, also deserved serious consideration. No other institution than GATT was better suited to tackle this problem. Whether or not the problem of dairy products was included in this resolution, the Australian delegation would expect the CONTRACTING PARTIES to agree on some kind of machinery to tackle all these problems in the near future.

The meeting closed at 5.30 p.m.