

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
Twenty-Eighth Session

## SUMMARY RECORD OF THE FIRST MEETING

Held at the Palais des Nations, Geneva,  
on Wednesday, 1 November 1972, at 3 p.m.

Chairman: Mr G. SMOQUINA (Italy)

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### 1. Opening address by the Chairman

The CHAIRMAN noted that during the twelve months which had elapsed since the last session there had been several major developments in international trade and trade relations and in other fields as well, all of which had considerable repercussions on the work of the GATT and on the trade interests of its members.

First of all, he recalled that contracting parties had moved steadily towards new major multilateral trade negotiations. Earlier in the year a number of contracting parties in joint declarations, formally recognized the need for a comprehensive review of international economic relations and undertook to initiate and actively support such negotiations in GATT beginning in 1973.

This initiative had obtained full support from all industrialized trading nations and it was also received with particular attention by many representatives of developing contracting parties. The prospect of new multilateral trade negotiations had aroused also considerable interest among developing countries non-contracting parties to the GATT and many other international bodies, in particular the UNCTAD. As a result of steps taken to enable all developing countries non-contracting parties which had indicated their interest to participate in the preparatory work for the negotiations, several of these countries had already attended and participated actively in a number of committee meetings.

He also recalled that the last session took place around the time of a serious monetary crisis and he mentioned that since then governments had gone a long way toward meeting the risk of monetary disorder and toward initiating work on the preparation of a new framework for co-operation in the monetary field. He did not doubt that the CONTRACTING PARTIES would wish to follow closely further developments in this field, because of the impact monetary measures had on trade. He considered it, therefore, gratifying that the Director-General had been invited to participate in the meetings of the Committee of Twenty which would be dealing with monetary reforms.

He also referred to another area in which the situation had become much clearer since the last session, namely the important negotiations concluded between the EEC and several European countries. The terms of accession to the Rome Treaty by what had turned out to be three countries, had been notified in accordance with the provisions of Article XXIV. The Council had made the necessary arrangements for examining the matter and the preparatory work was under way. Agreements had also been concluded between the European Communities and six other European countries leading towards the formation of six individual free-trade areas. The necessary arrangements would be made for the examination of these agreements in the GATT in accordance with the provisions of the General Agreement. He considered that the conclusion of these various agreements was part of one of the most important evolutions in trade relations in the post-war period.

As regards the Agenda of the twenty-eighth session, the Council would submit its annual report on all its activities since the last session of the CONTRACTING PARTIES. The report clearly showed the Council's effectiveness in dealing with a great range of subjects which had required consideration throughout the year. It also demonstrated that the Council was able to take effective inter-sessional action on subjects of major and long-term importance.

Secondly, the Chairman of the Committee on Trade in Industrial Products and the Chairman of the Agriculture Committee would report on the work carried out by these two Committees, which would be of considerable importance for the future work of the GATT. These Committees had considered various techniques and modalities for the forthcoming negotiations, including the possible implications of these techniques and modalities for developing countries. The reports also showed what had been achieved in elaborating solutions on an ad referendum basis with respect to certain non-tariff barriers. He hoped that the CONTRACTING PARTIES would now wish to give directives to the two Committees as to how further progress should be made.

Thirdly, the Chairman of the Committee on Trade and Development would present the report of the Committee's work since the last session. The report dealt with the Committee's various tasks pursuant to Part IV of the General Agreement. These tasks aimed at achieving solutions for the trade problems of developing countries and were of particular importance in the perspective of the forthcoming negotiations.

Lastly, the Group of Three had submitted its second report. He sincerely hoped that concrete action by governments would follow from the recommendations put forward.

He also mentioned a most significant event since the last session, namely the successful formal conclusion of the trade negotiations among developing countries. This was the first time that such negotiations had taken place on a world-wide basis.

A priority preoccupation of the developing countries related to the techniques and modalities that would be applied to their participation in the forthcoming multilateral trade negotiations. He did not doubt therefore that the CONTRACTING PARTIES would wish to confirm that the secretariat should continue and intensify its assistance to developing countries that might request it, so as to enable these countries better to identify and defend their interests. The CONTRACTING PARTIES would also wish that these specific interests of developing countries be duly taken into consideration in the course of the negotiations, with a view to creating the conditions for increased and better-balanced development of world trade.

A turning point had been reached which was decisive for the future of the world trade relations and consequently of world economic relations. The GATT should, therefore, be prepared to envisage these relations as a whole and in a longer-term perspective, realizing that the transformations that were now taking place in international trade would require adjustments to be made in relations between the trading nations.

The main purpose of the twenty-eighth session, after years of waiting and of increasing concern, was, therefore, to stimulate the unfolding of this process in order to advance it to the largest extent possible, while leaving open the way for subsequent initiatives.

## 2. Adoption of the Agenda

The Chairman referred to the provisional agenda (L/3745) and stated that, as had been the case last year, the Agenda was again short. In respect of some of the subjects, contracting parties might desire an opportunity for further discussion during the session. This could best be done when the Report of the Council (L/3761 and Add.1) was presented to the CONTRACTING PARTIES for their consideration.

He recalled that at its meeting of 25 October 1972, the Council had considered one item which it had referred to the CONTRACTING PARTIES for consideration and which it had recommended should be added to the Agenda. This item concerned the application received from the Government of Bangladesh for accession to the GATT in accordance with Article XXXIII. The application had been distributed in document L/3752 of 13 October. In connexion with this application, the Council had requested the secretariat to prepare a draft of a protocol of accession and a draft decision for consideration by the CONTRACTING PARTIES. These drafts were contained in document W.28/1.

The Chairman proposed to add to the Agenda as item 5: Accession of Bangladesh.

The CONTRACTING PARTIES adopted the Agenda, as amended.

## 3. Order of Business

The Chairman proposed a plan for Plenary meetings, set out in document W.28/2. He also referred to Rule 22 of the Rules of Procedure, which provided that the Chairman, with the consent of the CONTRACTING PARTIES, could limit the time allowed to each speaker. In order to expedite the work of the session he sought the consent of the CONTRACTING PARTIES that the time allowed to each speaker be limited to ten minutes. This did not preclude delegations wishing to have a more comprehensive statement circulated to all contracting parties from providing the secretariat with a sufficient number of copies for this purpose.

The CONTRACTING PARTIES approved the Plan for Plenary Meetings and agreed to limit the time to be allowed to each speaker to ten minutes.

4. Expansion of International Trade

Presentation of reports by Chairmen of Committees

(a) Committee on Trade in Industrial Products (L/3756)

Mr. STUYCK (Belgium), Chairman of the Committee on Trade in Industrial Products, in introducing the Committee's report, summarized the Committee's activities since its establishment. On non-tariff barriers three phases of work could be distinguished. First, the Committee drew up a comprehensive inventory of non-tariff barriers and it proceeded in its second stage to classify the non-tariff barriers identified according to their importance for international trade, and taking into account the possibilities available for multilateral action. Work then proceeded to the third stage when the Committee made efforts to seek the settlement of certain particular trade problems by elaborating concrete solutions on an ad referendum basis.

With regard to customs tariffs, the Committee had established a Working Party on the Tariff Study to carry out an objective analysis of the tariff situation and to elaborate the best methods for measuring the effects on trade of tariffs and tariff changes.

He emphasized that the developing countries had been closely associated at each stage of the work of the Committee and that special meetings had been held dealing with problems of particular interest to them.

In the present report, the most extensive section dealt with techniques and modalities for future negotiations. The Committee had discussed tariffs and non-tariff measures, the sector approach, safeguards and implications for developing countries of various suggested techniques and modalities. The attention of the CONTRACTING PARTIES was drawn specifically to paragraphs 36, 37 and 40 which contained suggestions for the Committee's future work on tariffs and non-tariff measures.

The discussion on the adequacy of existing safeguard provisions, dealt with in paragraphs 57 to 67 of the report, would be resumed soon after the session.

The Committee also examined the implications for developing countries of various techniques and modalities. Questions related to this matter were treated in paragraphs 8 to 10 and 68 to 73 of the report. The Committee had agreed to intensify the examination of these questions on the basis of continued technical assistance from the secretariat. The Committee also believed that the developing countries would be better able to assess the problems and advantages involved in effective participation in the forthcoming negotiations after consideration by the CONTRACTING PARTIES of a more precise definition of the principles and specific objectives of the negotiations.

With respect to the second section of the report, work was continuing on ad referendum solutions to problems raised by selected non-tariff measures. Furthermore, the Committee had taken an important decision that work should begin on countervailing duties and domestic subsidies that stimulate exports, and on quantitative restrictions (including embargoes) and export restraints (paragraphs 79 and 80).

The work programme of the Working Party on the Tariff Study was presented in the third section of the report.

The Committee had expressed the opinion that the opportunity should be taken at the twenty-eighth session of obtaining from the CONTRACTING PARTIES guidelines for the future multilateral negotiations in order to facilitate its further work.

The Committee had, for the first time, come to grips with the question of techniques and modalities to be used in the 1973 multilateral negotiations, identifying the main techniques for negotiating on tariffs and non-tariff measures among developed countries. The analysis had been brought far enough in the tariff field to enable governments to consider how they could most usefully deal with these matters in the next negotiations. Similarly, governments should also be able to examine which non-tariff measures could be selected in order to constitute the package to be negotiated.

(b) Agriculture Committee

The DIRECTOR-GENERAL observed that the report of the Agriculture Committee represented the most recent stage in work that had been going on for five years, ever since the CONTRACTING PARTIES had set up the Committee at their 1967 session. During those years a very considerable mass of documentation had been assembled and there had been numerous discussions with a view to extracting from that information a catalogue of the main problems affecting trade in agricultural products. The Committee had then turned to the more delicate exercise of prescribing remedies; but it had not yet been possible to obtain consent in principle

to satisfactory solutions. Finally, the Committee's last report endeavoured to set out a certain number of approaches and methods which, in the opinion of governments, represented the most promising way of leading up to the multilateral negotiation to be held shortly.

He noted that each of the four chapters of the report was buttressed by a complex mass of information, by a whole series of analyses and by a sustained effort to find solutions, approaches and methods. There was a limit to exercises of that kind, beyond which the efforts of participants tended to become dispersed. The machinery of information, analysis and co-operation in the search for compromises that had been developed in the Agriculture Committee was undoubtedly capable of still further improvement; but the time had come to provide that Committee with orientation on the subject of the forthcoming multilateral negotiations. Clearly that could be received only from the CONTRACTING PARTIES, and it was now for them to lay down the first guidelines. He hoped that at least preliminary replies would now be given to the various points that had arisen, which included the objectives towards which the negotiations should be directed, especially in the case of agriculture, the body of principles that should be evolved in order to provide a rational basis for a final decision to participate by governments which had still not decided whether to do so, and particular approaches which seemed likely to widen the field of negotiation.

In conclusion, he noted that the Committee had more or less traversed the long road laid down for it by the CONTRACTING PARTIES in 1967 in the general terms of reference, and that recent developments in trade co-operation had made it increasingly necessary to specify what contribution the CONTRACTING PARTIES expected in the coming months.

(c) Committee on Trade and Development

Mr. PATEL (India), Chairman of the Committee on Trade and Development, pointed out that developments in international economic relations during the year had had a significant influence on the work of the Committee. Following the declarations by a number of contracting parties in February with respect to entering into multilateral trade negotiations in 1973, the participation of developing countries in this activity had become an important item on the Committee's agenda. The Committee had given close attention to the work on techniques and modalities for the negotiations going on in other GATT bodies and had provided a forum for an exchange of views on issues in these negotiations of particular concern to developing countries. Approximately twenty non-GATT developing countries had participated in this aspect of the Committee's work. The principles and guidelines presented by developing countries with respect to their participation in the negotiations were set out in paragraphs 17, 24 and 25 of the report. Comments by representatives of developed countries relating to reciprocity and the implications of the multilateral negotiations for the Generalized System of Preferences had been noted in paragraphs 21 to 23 of the report.

As concerns its sub-groups, the Committee noted that the Expert Group on Adjustment Assistance Measures had examined details of adjustment assistance measures operated by governments and there was agreement in regard to some of the areas in which further work might be pursued. There had been disappointment in the Committee at the slow progress made in removal of residual restrictions affecting the trade of developing countries and the Committee had adopted a recommendation aimed at reorienting the work of the Group on Residual Restrictions.

As regards the future, the Committee hoped that it would increasingly gear its work to promoting progress on points of interest to developing countries in the forthcoming multilateral negotiations and to formulating proposals and suggestions that could ensure that the concerns of these countries were adequately covered both in the preparatory work and during the substantive phase of this activity.

(d) Group of Three (L/3710)

Mr. ARCHIBALD (Trinidad and Tobago), introducing the report of the Group of Three, recalled that the CONTRACTING PARTIES had agreed that the Group of Three should be retained so as to ensure follow-up action on the recommendations contained in its first report. The second report of the Group had been submitted in document L/3710 following informal consultations with delegations of sixteen developed countries and the Commission of the EEC in March of this year.

With regard to follow-up action on the first report, the Group had focussed attention on matters related to the Generalized System of Preferences, efforts made in GATT to secure elimination or reduction of import restrictions, trade in temperate zone products of interest to developing countries and in tropical products and trade in textiles. The Group had observed that there remained considerable scope for action by countries to whom the recommendations had been addressed.

In the context of its enlarged mandate, the Group had also submitted certain proposals regarding the implementation of Part IV, the reorientation of the work of the Group on Residual Restrictions and future action on vegetable oils and oilseeds. The Group had furthermore examined prospects for the promotion of typical developing country products in the markets of industrialized countries and stressed that these products should be assured easy access to these markets. The Group had also recommended that administrations in developed countries should provide practical assistance to developing countries in connexion with problems that might arise in complying with technical requirements, such as health regulations and standards, packing and labelling requirements and customs valuation procedure.

In respect of the benefits to be derived by developing countries from the forthcoming multilateral trade negotiations, the Group of Three was of the opinion that it would be for developed countries to mobilize the political will necessary to accommodate the trade interests of their partners in the developing countries and to find solutions to their trade problems.

The Group's method of frank and informal consultations with developed countries with regard to some of the specific difficulties confronting trade of developing countries had received the commendation of several contracting parties in the Committee on Trade and Development. The suggestion had been made that the working methods followed by the Group might enable it to perform a rôle in furthering the interests of the developing countries during the forthcoming negotiations.

(a) Special Group on Trade in Tropical Products

The DIRECTOR-GENERAL, Chairman of the Special Group, stated that the Committee on Trade and Development had considered at its last session a note on points for consideration with respect to future action on tropical products (SGTP/26). This note had been prepared by the secretariat at the request of developing countries as a basis for discussion in the Special Group on Trade in Tropical Products on the possible lines of action that could be considered in relation to these products within the framework of the multilateral trade negotiations. As the Special Group has been unable to meet the note had been referred to the Committee on Trade and Development. The section of the report of the Committee on Trade and Development (L/3760) under the heading "Tropical Products" should thus provide an introduction to the discussion of this item.

He added that the CONTRACTING PARTIES had for nearly a decade pursued a programme of work aimed at finding solutions for problems affecting trade in tropical products. This sector was selected for special attention during the course of the Kennedy Round and the Special Group on Trade in Tropical Products was re-activated after the end of that series of negotiations to deal with the very large problems that still remain. The report of the Committee on Trade and Development noted the general agreement that these items should be given particular attention in the forthcoming trade negotiations because of their importance to many developing countries. He recalled that the Group of Three had also dealt with some questions in this sector and had made some valuable recommendations. On some of the issues involved there were difficult and delicate problems of reconciling the divergent interests of different developing countries, though there were also some matters on which an act of political will by developed countries could bring benefits to the trade of all developing countries. He hoped that, in the course of the preparatory work for the negotiations, this subject would receive the attention it deserved.

The meeting adjourned at 17.30.