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SUMMARY RECORD OF THE EIGHTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 10 November 1972, at 10 a.m.

Chairman: Mr. G. SMOQUINA (Italy)

Subject discussed: Review of International Economic Relations

Before resuming the plenary discussion on item 4 of the agenda, which had been initiated the previous day the CHAIRMAN welcomed Mr. Pérez-Guerrero, Secretary-General of UNCTAD, who had requested the opportunity to address the CONTRACTING PARTIES.

Mr. PEREZ-GUERRERO (UNCTAD) recalled that the close links that exist between GATT and UNCTAD had reached a particularly fortunate expression in the common undertaking constituted by the UNCTAD/GATT International Trade Centre. He was confident that the ITC in the future - would live up to the expanding responsibilities in this very important and dynamic field of export promotion.

He underlined the significance of the forthcoming multilateral trade negotiations in relation to the objectives not only of GATT but of UNCTAD and emphasized the need for ensuring that the developing countries, whether members or non-members of GATT, were enabled to participate fully in these negotiations at all stages. Positive steps had already been taken to facilitate the participation of all developing countries in the preparatory work now under way, which was of crucial importance for the decisions to be taken by these countries regarding their participation in the actual negotiations. He hoped that the developing countries would be given the opportunity to participate effectively and that such an opportunity would be adequately utilized by those concerned. It would of course be up to the governments to do so. The UNCTAD was preparing itself to assist the developing countries throughout the entire process of the negotiations, with the co-operation of the UNDP, in accordance with resolution 82(III) adopted by the Conference in Santiago. He had been holding informal consultations with representatives of developing countries with regard to these and related matters and would continue the consultations, as appropriate.

The Trade and Development Board had emphasized the need to maintain and intensify contacts between the secretariats of UNCTAD and GATT "with a view to co-ordinating their activities in assisting the developing countries to prepare for and participate in the various stages of these negotiations". The Director-General of GATT and he himself were proceeding accordingly and UNCTAD was also working in close co-operation with the United Nations regional economic commissions and UNESOB.

The preparations for the multilateral trade negotiations were now entering a critical phase, from which their objectives and scope, as well as the modalities and techniques to be employed, should emerge adequately defined. It was right to assume that the scope of these negotiations would be broader than in the past and in this connexion developing countries expected that every effort would be made to deal effectively with tariff as well as with non-tariff barriers affecting products of export interest to developing countries, including not only primary commodities but also such sensitive industrial goods as textiles. It was important to ensure that the results of such negotiations were better balanced, encompassing the interests of developing as well as developed countries. Bearing so closely as they did on UNCTAD's field of interest, the Trade and Development Board agreed at its twelfth session "that one of the fundamental aims of the negotiations should be the expansion and diversification of exports of developing countries in accordance with their trade and development needs" and that "every effort should be made ... to ensure that they would result in significant benefits to the developing countries". The major trading nations who had taken the initiative of this new round of negotiations had pointed out the need to pay special attention to the interests of developing countries and, indeed, they singled out, among the aims to be pursued, the improvement in the standard of living of the people of the world.

He thought that in the course of the preparatory work, the ways and means by which such important objectives could be reached would become clearer, so that they would not remain purely at the level of a principle of equity, but would be conducive to concrete and practical action. One could not expect the traditional rules of trade negotiations to apply to the developing countries whose individual bargaining power was either practically non-existent or comparatively very small. It was in this context that the aspirations of the developing countries for preferential treatment and non-reciprocity should be viewed, along with other principles that they had proposed in resolution 82(III).

He stated that UNCTAD would pursue vigorously its activities in the field of trade in both primary commodities and manufactures and semi-manufactures.

It was obvious that UNCTAD's work on the Generalized System of Preferences would bear a relationship to the multilateral trade negotiations. The Special Committee on Preferences would meet in April 1973 to undertake the review of the functioning of the system. It would be called upon to take the necessary steps aimed at introducing improvements in the system in a dynamic context. In so doing, it would take into account such erosion of the preferences as might have already occurred or might occur as the result of future developments in the trade field.

In order to ensure a proper balance of benefits for developing as well as developed countries, due account should be given to the interdependence of the trade, development finance and monetary matters. The various organizations concerned should act in a co-ordinated manner within their respective spheres of competence. In this connexion, the Board had requested him to continue and further develop the consultations with the Managing Director of the International Monetary Fund and the Director-General of GATT.

It was generally recognized that the present fluid situation offered a unique opportunity to solve the interdependent issues of structural adjustments by developed countries and of promoting effectively the development of the Third World.

It was important in this respect that in the decision-making process countries at all stages of development within the membership of international organizations with universal projection, participated effectively. From the concerted efforts which were going to be carried out in these organizations a new scheme of global economic relations should emerge which should reflect, unlike the present one, an international division of labour which would give better opportunities for the weaker trading nations to develop their economies and progressively narrow the gaps that separated them from the more fortunate countries. He gave the assurance that UNCTAD would always be ready to do the utmost within its field of competence to co-operate with the GATT in the common endeavours.

The CHAIRMAN thanked Mr. Pérez-Guerrero for the statement he had made and resumed the discussion under item 4, Review of International Economic Relations.

Mr. VELISSAROPOULOS (Greece) said that the impression gained by his delegation from the statements that had been made was that no one disputed the need for holding negotiations on world trade and for associating the developing countries with them. Consideration should be given to the particular interests of these countries and to the special conditions likely to provide protection for those interests. His delegation had also taken note of the differences which would need to be adjusted during the negotiations and of the fact that those differences were not merely between countries at different levels of development. Lastly, it had noted that it was generally accepted that trade problems and monetary problems were closely interconnected and that a solution was needed for all of them.

There were still questions of major importance to which no reply had been given; nevertheless, every effort would have to be made to achieve progress. In the first place, agreement should be reached on setting up a Committee for preparation of the negotiations. That Committee would have to try to determine the general outline of the approach to certain important questions, such as the precise scope of the negotiations, how to reconcile the imperative requirements of each of the great trading nations and to reconcile regionalism with GATT policy, how to deal with safeguards so as to ensure that they were adapted to the needs of the developing countries and, lastly, the extent to which it would be equitable to generalize the principle of non-reciprocity if that principle turned out to be acceptable. His delegation's view was that, here too, the CONTRACTING PARTIES should be guided by realism and pragmatism. It considered that no result could be achieved unless a balanced principle of non-reciprocity was adopted, unless the gradual abolition of non-tariff barriers was laid down as an aim, and unless arrangements were made for reasonable compensation for the effect on generalized preferences of an eventual lowering of tariffs.

He observed that the developing countries had contributed less to the proceedings of the Committee on Trade in Industrial Products and of the Agriculture Committee than the developed countries. It followed that those proceedings did not deal with all the practical problems of the developing countries, and, although that gap had to a great extent been bridged by the reports of the Group of Three and the secretariat studies on the effect of the techniques and modalities for the negotiations on the developing countries, it would appear to be necessary that the secretariat and the interested parties should apply themselves to finishing off the work. He also referred to the Protocol that had resulted from the trade negotiations among developing countries and expressed the hope that the negotiations would provide an opportunity for strengthening it by including certain clauses that were lacking. His delegation would follow the progress of the work with close attention and would do everything in its power to contribute to it.

Mr. LECHUGA (Cuba) considered that the Third UNCTAD Conference had provided very little prospect that the negative trends in international trade might be reversed to benefit the developing countries. The developed countries had not shown real interest in the justified demands of developing countries and had limited themselves to vague promises. The same situation prevailed at the present session. The monetary situation of capitalist countries was chaotic. There were powerful economic regional groupings being formed which would be damaging for the commercial position of developing countries; there was the pursuance of imperialistic policies of economic blockade and the continued application of trade discrimination against socialist countries. All these elements contributed to the

unfairness of the present economic structure. Moreover, capitalist commercial powers had taken advantage of the weak position of developing countries in their competition for markets. Furthermore, they had kept the discussion on the monetary crisis within the International Monetary Fund which had a limited membership.

The central point of the present session was the future multilateral trade negotiations. The aspirations in this respect of developing countries were reflected in UNCTAD resolution 82(III) which had noted the separate statements made in this connexion by the Group of Seventy-seven and by the Group B countries. The United States had made a reservation on this resolution and had asked for tariff and non-tariff concessions from developing countries, it being understood that these countries would not be expected to make contributions which were inconsistent with their development, financial and trade needs. Declarations made so far in the session did not give firm assurance to developing countries that their needs would be taken into account. The objectives of the negotiations as well as the techniques and modalities to be used therein remained undefined. His delegation stressed that the negotiations should be based on the principles expressed by the developing countries in UNCTAD resolution 82(III). The interests of developing countries should not be damaged by the negotiations and compensation should be granted for any loss of benefits. In addition, these countries would have to receive more favourable conditions of access to the markets of developed countries at stable, fair and remunerative prices for their products.

The examination of the statistics prepared by the GATT secretariat on most-favoured-nation trade showed the progressive erosion of the most-favoured-nation principle in the past fifteen years. Trade under preferential régimes had increased from 10.1 per cent to 24.3 per cent during this period; preferential trade of the EEC alone represented 15.9 per cent of this percentage of 24.3 per cent. It was necessary for the EEC to modify its common agricultural policy, to open its markets to the products from developing countries and to adhere to all commodity agreements which had been concluded, so that its general policies would end being an obstacle to the expansion of the trade of developing countries.

The economic blockade of Cuba by the United States for thirteen years for political reasons and to safeguard its immense foreign investments was one of the worst symptoms of the international economic situation. The United States boycotted Cuban nickel, even as a component of third country products, and had extended the boycott applied to Cuban maritime transportation to third countries trading with Cuba. In pursuing these policies, the United States had acted contrary to international rules and public opinion.

In conclusion, he supported the proposal to establish a committee for the preparation of the negotiations and expected that it would promptly define the objectives of the negotiations. Cuba considered that these objectives should be the restructuring of the world trading system so that all countries would obtain a fair share in the expansion of world trade.

Mr. TSURUMI (Japan) stated that his Government believed that it was essential to maintain and strengthen the GATT system in order to ensure a sound development of the world economy. The Government of Japan had continued to implement various trade liberalization measures and had early this year, reduced the number of items under residual import restrictions to thirty-three; it had also unilaterally reduced import duties on 238 products, mainly consumer goods. Recently, the Japanese Government had decided to reduce tariffs for industrial and mineral products and agricultural processed goods, in principle, by 20 per cent across-the-board; to improve the Japanese generalized system of preferences in favour of developing countries; to expand import quotas, and to take steps to simplify import procedures.

It was also from the standpoint of strengthening the GATT system that his delegation emphasized the necessity of holding a new round of multilateral trade negotiations. In this connexion, he believed that the report prepared by the OECD High Level Group contained many useful suggestions.

His delegation considered it essential to reaffirm the intentions of the CONTRACTING PARTIES to begin the new round of multilateral trade negotiations in 1973. It would be appropriate, therefore, to hold a Special Meeting of the CONTRACTING PARTIES at the level of Ministers, in July or September of next year to decide on concrete guidelines for the negotiations.

His delegation agreed with the suggestion that the problems of trade in both agricultural and industrial products, as well as the specific problems of the developing countries, should be examined as a whole in a committee for the preparation of the negotiations to be established at this session. Its purpose should be to co-ordinate the work of the three existing Committees and to prepare necessary guidelines for the negotiations and also, to pursue further the preparatory work now under way.

In his view, efforts should be made for the early conclusion of the examination connected with the enlargement of the European Communities. The date for commencing the renegotiations under Article XXIV:6 should be set at this session to start early next year, in order to clear the way for the new round of multilateral trade negotiations.

As regards the next round of trade negotiations, his delegation felt that there should be a substantial reduction of tariffs and to this end, the CONTRACTING PARTIES should positively examine the adoption of a long-term objective of the total elimination of tariffs on industrial products and, where possible, other products. Secondly, non-tariff measures should be taken up at the same time with a view to achieving their reduction and elimination as far as possible. Thirdly, the problem of the multilateral safeguard system should be examined with a view to furthering trade liberalization and preserving its results. This safeguard system should be based on the principle of non-discrimination. Fourthly, a mutually acceptable objective of the negotiations would be to ensure a steady and stable expansion of agricultural trade in stable market conditions in line with the general aims of the multilateral trade negotiations. In accordance with this objective for trade in agricultural products the most effective measures suitable for the actual situation of the country and product concerned should be determined. Fifthly, it was desirable to obtain the widest participation possible in the multilateral trade negotiations and by as many developing countries as possible, including non-GATT member countries, as the negotiations could provide an opportunity for the acceleration of their economic development. His Government believed that full attention should be given to the interests of developing countries in the trade negotiations. With regard to the techniques and modalities for the participation of developing countries in the negotiations, it would be appropriate to examine this question in the preparatory committee, taking into account the views of the developing countries as well as the progress of the examinations in the various existing Committees in the GATT.

Mr. BRUM (Uruguay) stated that the question of participation of developing countries in the future negotiations was necessarily conditioned by the objectives of such negotiations. The joint declarations of the US/EEC and US/Japan put as an objective the ever greater liberalization of world trade as a means of increasing trade, thereby increasing production and consumption.

The developing countries of course were also desirous of progress and development of their economies and hoped that the negotiations might produce a harmonious development for all countries. There was, therefore, not one but two objectives, which were in contradiction, namely freedom of trade and development. Freedom of trade would lead to the economic submission of the weaker countries and to accentuating the growing gap which separated developing countries and industrialized countries. It was, therefore, necessary to come to a political solution which would compensate for the disadvantages of the developing countries.

The main weakness of developing countries was their inability to compete with products from industrialized countries, which were produced by big enterprises, having much more advanced techniques, market promotion and research programmes and benefiting from trade marks. This state of affairs could be remedied by enabling developing countries to compete on international markets. The problem was rather the conditions of competition than the question of reciprocity. Once the developing countries obtained concessions which they could use profitably they might even be prepared to give full reciprocity. The question of reciprocity was not decisive in itself, because with or without full reciprocity, a concession would be without use if the products in question could not be sold on the international market.

If tariff barriers and non-tariff barriers were reduced so that they would no longer give adequate protection to the expansion of trade of developing countries, their only refuge would lie in the system of preferential arrangements among the developing countries themselves. The objective of the forthcoming negotiations should therefore be liberalization of trade to the extent that it would be compatible with the harmonious development of all countries.

Mr. CHAVARRI (Spain) stressed the need of giving more precision to the objectives contained in the Joint Declarations made in February last. One of the fundamental objectives of the negotiations must be to improve the conditions of participation in international trade by the developing countries. Negotiations could not be claimed to be truly multilateral unless they took into account both the problems of the developed countries and the problems affecting trade in the products of interest to the developing countries.

The twenty-eighth session should lay down guidelines for the various committees and groups engaged in preparatory work for the negotiations.

He said that it was necessary to give serious consideration to the conditions for participation by the developing countries; those countries had given some thought to the matter and that was reflected, among other places, in paragraphs 15-20 of the report of the Committee on Trade and Development. The proposed committee for preparation of the negotiations would be an appropriate forum in which to examine those questions.

He urged the inclusion in the negotiations of all the products, both agricultural and industrial, that were of special concern to the developing countries, and drew attention to the importance of seeking formulas that would facilitate trade in temperate agricultural products of particular interest for the exports of

his country and for those of other developing countries. He also urged that the industrial products in which the developing countries had a comparative advantage should not be left on one side or have their advantages neutralized by quotas or export restraint systems. In summary, the whole range of benefits resulting from the negotiations should cover all products of special interest to developing countries, so as to avoid a new cause for disappointment among developing countries as was the case in earlier negotiations.

Mr. ENGONE (Gabon) noted that various delegations had already stressed the very cautious approach which developing countries were adopting toward the preparation of the multilateral negotiations which were to commence in 1973, while wishing to be associated in them. Now that the developing countries had shown by their attitude that they might possibly be prepared to take part in the negotiations, the question arose as to what specific interest such participation could offer for a country like Gabon. The principles and objectives on which the developing countries would wish the negotiations to be based had been very clearly defined in Resolution 82(III) of the Third Session of UNCTAD. The techniques, modalities and scope of the negotiations would probably differ depending on whether it was a case of negotiation among developed countries, between developed and developing countries or among developing countries. The delegation of Gabon could not conceive that the negotiations could lead to the disappearance, without compensation, of the preferences which certain developing countries enjoyed in the field of international economic relations. On the contrary, the developing countries, and Gabon in particular, expected the negotiations to yield additional advantages with a view to increasing their export earnings in respect of primary products, which were directly relevant to their development and social progress. The delegation of Gabon considered that these negotiations could not produce positive results for the economies of developing countries unless monetary stability and price stability were assured. It supported the proposal for a preparatory committee to ensure co-ordination between the various committees and to stimulate and guide their work and their researches. In conclusion, Mr. Engone emphasized that, in the view of his delegation, the negotiations must lead to the elimination of trade barriers and must yield additional advantages for the developing countries; it was in that framework that techniques and modalities in respect of basic commodities should be sought.

Mr. MARTINS (Austria) pointed out that since the last session considerable progress had been made towards the initiation of new negotiations in international trade. His country had welcomed the two joint declarations made in February this year on multilateral negotiations in the framework of GATT. Austria noted with satisfaction the support which these two declarations had received from other countries within the organization as well as outside the GATT. In the monetary field encouraging steps toward possible solutions had also been taken.

It was therefore one of the main tasks of the CONTRACTING PARTIES at the session to demonstrate their willingness to take efforts towards further liberalization of world trade. Austria, largely dependent on its foreign trade, wished to participate actively in, and contribute to, the forthcoming negotiations.

The delegation of Austria shared the view that the negotiations should cover agricultural as well as industrial trade. The negotiations should be conducted on the basis of mutual advantages and mutual commitments and based on an overall reciprocity among developed countries. Austria did not expect full reciprocity from developing countries. The negotiations would have to cover tariffs and non-tariff measures as well as the elaboration of satisfactory safeguard provisions. All these fields, were closely interrelated and should be dealt with as a whole. Valuable ideas in this context were contained in the Rey Report of the OECD which would have to be taken into consideration in the pursuance of the preparatory work. The negotiations should aim at the maximum possible liberalization of world trade, but the Austrian delegation was open to further specifications of this objective.

In his view particular attention would have to be paid to the needs and interests of developing countries and ensured in the preparatory work by the Committee on Trade and Development and the other main Committees. He agreed with several points concerning the interests of developing countries referred to by the Swedish delegation, which seemed an appropriate way to safeguard the interests of these countries in the coming negotiations and should be taken into consideration.

The representative of Austria stated that the twenty-eighth session gave contracting parties the opportunity to reaffirm their willingness to conduct multilateral and comprehensive negotiations in the framework of GATT in order not to give the impression of entering into a period of stagnation in international trade policy. The Austrian delegation hoped that the forthcoming negotiations would begin in 1973 and supported the establishment of a preparatory committee. This committee should be open to all contracting parties and also to developing countries, non-members of GATT who wished to participate in the negotiations. It should examine the whole field of trade relations taking into account the valuable work done in the main committees and various groups and prepare the necessary decisions to be taken with regard to the initiation of the forthcoming negotiations. It would therefore be necessary for this committee to meet at an appropriate level.

Mr. SAMARANAYAKE (Sri Lanka), after referring to the developments in foreign trade during the past twenty years, emphasized that the interests of developing countries in the forthcoming negotiations should be placed on parity with the interests of the developed countries and should be a focal point in the negotiations. The preparatory work undertaken in the various GATT bodies could not proceed because

one could not clearly see the principles and objectives which were to govern the multilateral trade negotiations. His delegation believed that for developing countries as a group, the fundamental aims of the negotiations should be to expand and diversify their exports in accordance with their trade and development needs, and every effort should be made to ensure that the negotiations would result in significant benefits to developing countries. If this objective was accepted, then the questions of the various techniques and modalities to achieve this objective, such as non-erosion of the benefits of the Generalized System of Preferences, the expansion of the GSP, compensation for loss of preferences, the concept of market sharing providing specified shares of increased consumption requirements in developed countries for imports from developing countries, and other proposals made, would fall into place. The primary purpose was to gain acceptance of this fundamental objective. At the same time, it was clear that the rules which should govern the negotiations between developed countries could not be applied for the negotiations between developed and developing countries. It was essential that the necessary political directives were given if further work on the multilateral trade negotiations was to gather momentum.

He recalled that the expansion of trade of developed countries was the result of a better international division of labour and the creation of wider markets for these countries, which had been motivated by their political determination to achieve this objective. A similar motivation was now called for. Developed countries should provide increased market opportunities for traditional as well as new products from developing countries. The developed countries had adopted a number of safeguard measures but what was required were structural adjustments in the developed countries themselves to enable them to meet competition from developing countries.

As regards disparities in economic development between developing countries, he pointed out that there was a group of developing countries, including his own, which due to their dependence on a very narrow range of export products, the prices of which had continued to fall over the past several years, had come off worst. These countries were in an acute balance-of-payments crisis and would continue to be so. The question which he posed was whether special considerations were not warranted for these countries in

the forthcoming multilateral trade negotiations. The field of tropical products was a special area on which the multilateral trade negotiations should concentrate.

The delegation of Sri Lanka believed that the time had come for the CONTRACTING PARTIES to give the political direction for further preparatory work to proceed in the field of industry, agriculture, and the interests of developing countries as a whole. There was a need for a co-ordinated approach and this work would be facilitated by instituting a committee for the preparation of the negotiations in which countries who had already announced their intention to participate, as well as all other interested countries, were given the opportunity to fully participate.

In referring to the enlargement of the European Economic Community, he expressed the expectation that the entry of the United Kingdom into the EEC would not in any way hamper the development and diversification of Sri Lanka's trade, either traditional or new products, and that the parties to the Agreement would act in accordance with Article XXIV.

Mr. TOMIC (Yugoslavia) noted that the improvement of the international climate in trade and monetary relations made it possible to seek solutions to the problems of liberalization and expansion of world trade and, in that context, to the problems of developing countries, whether or not contracting parties to the GATT. It was important to find solutions to the trade problems of developing countries because their share in world trade was declining and terms of trade were unfavourable for them, and, furthermore export earnings were their main source of the foreign exchange needed for their development. The steps so far taken to that end had not produced any substantial improvement in the situation.

It was to be hoped that the developed countries, which were the main trading partners of the developing countries, would be willing in their trade policy to take account of the interests of developing countries, and that processes of integration would not have a negative effect on the trade

of these countries . The multilateral negotiations would provide an opportunity to seek satisfactory solutions for improving the position of developing countries by means of an increase in their exports to the markets of developed countries. To that end the general objectives, as outlined in the joint declarations, must be defined afresh so as to give equal importance to solution of the problems of developing countries. The fundamental aim of the negotiations must be expansion and diversification of the exports of developing countries in the light of their trade requirements and development needs. The negotiations must therefore cover all products of interest to developing countries, with a view to eliminating the tariff and non-tariff barriers affecting them. The basic rules to be laid down to govern the future negotiations should reflect the principles already stated by the developing countries in UNCTAD Resolution 82(III); among those principles, those of non-reciprocity and of preferential treatment in particular required to be more clearly defined and extended to tariff and non-tariff matters. In view of the way the situation was developing, the fact that non-tariff problems were being brought into the negotiations was of great importance for expansion of exports by developing to developed countries.

In the future negotiations an appropriate place must be given to agriculture and commodities so as to open up prospects for real expansion in respect of primary products, which at present represented the major part of the export trade of most developing countries. Special attention should be paid to problems of structural adjustment in both agriculture and industry. Recent experience and studies showed that the expansion of trade in agricultural produce and in the so-called sensitive industries ultimately depended on the firm resolve of countries to open up their protected markets. Safeguard clauses could be accepted, where they were necessary, as a provisional measure, taking account of the need for developing countries to expand their exports.

The Yugoslav delegation supported the proposal to set up a preparatory committee to co-ordinate the work and expedite the preparation of the negotiations; it hoped that the committee would take account of the suggestions he had just made. In conclusion, Mr. Tomic expressed the hope that in the future negotiations, and provided that their position was clearly defined along the lines indicated, the developing countries would make their contribution to the general process of international trade liberalization by continuing to negotiate the elimination of barriers to their inter-trade. Yugoslavia was prepared further to pursue with other developing countries the experiment which had led to the signature of the Protocol binding sixteen developing countries.

Mr. TAK CHAE HAN (Korea), while welcoming the initiatives taken by the major trading countries towards the multilateral trade negotiations, pointed out that the developing countries could not enter into the negotiations on an equal footing with the developed countries. The objectives and principles of the negotiations should be spelled out more precisely in order to ensure further progress in the preparations. His delegation endorsed fully the principles put forward by the developing countries in UNCTAD resolution 82(III) on the multilateral trade negotiations. These principles should be duly reflected in the formulation of general objectives and principles of the negotiations, and should include that the negotiations should be guided on the basis of non-reciprocity for the developing countries; that all concessions which might be exchanged by developed countries among themselves should automatically be extended to all developing countries; that concessions agreed upon in the negotiations in favour of developing countries should be made available to them immediately and should not be phased; and that priority should be given to the removal of all barriers to the products of export interest, actual and potential, including textiles, to developing countries in the market of developed countries.

He noted that the OECD High Level Group had spelt out similar guidelines for the trade negotiations for the developing countries in their report.

It appeared to his delegation that the preparatory work done so far had been limited to the examination of traditional negotiating techniques and that the committees had failed to prepare special techniques and modalities for the participation of developing countries. His delegation therefore urged the developed contracting parties to make political decisions on this matter without delay.

His delegation also felt that the CONTRACTING PARTIES should set a tentative time-table for the opening of the negotiations in 1973 and supported the proposal to set up a preparatory committee to organize and co-ordinate the work of the various committees in the preparation for the negotiations. The preparatory committee should be open-ended so that all interested countries, members as well as non-members of GATT, could fully participate in its work.

As regards the Generalized System of Preferences, he expressed the hope that if the preferential advantages of the developing countries under the GSP were adversely affected by the results of the negotiations, developed countries would take additional measures for compensation.

In conclusion, he expressed his apprehension for the impact of regional economic integration of developed countries on the export trade of developing countries and he hoped that the developed countries participating in these groupings would ensure that the trade interests of developing countries would not be adversely affected.

Mr. HAIZEL (Ghana) pointed out that as a result of trade liberalizations since 1948, world trade was estimated to have increased four-fold. Developing countries, however, especially the relatively handicapped among them, had hardly any share in these increases. Examination of the reports on international trade indicated the existence of a continuing fall of developing countries' share in world trade. He pointed out that his country was among the most dependent on foreign trade, which indicated its vulnerability to unfavourable developments in international markets. Trade restrictions were not conducive to orderly development.

The efforts of Ghana and other developing countries to develop their economies were based on the sale of primary products in their raw and processed forms. Such efforts were seriously undermined by protectionist measures taken by some major trading partners. For example, although developing countries were well-placed to produce cotton textiles, exports of these products faced discriminatory quotas, protective duties, and other barriers. Such a situation constituted a loss, not only to farmers and workers in developing countries, but also to consumers of these products in developed countries. Consumers were thus deprived of their rights to benefit from efficient production based on comparative advantages. As earlier statements had indicated, contracting parties were aware of this and work was proceeding to a stage where definite decisions could be taken, leading to the correction of this situation.

His delegation agreed that the coming negotiations should be considered as a joint activity of both developed and developing countries. He thought that both the developed and developing countries would wish to end artificial distortions to trade. The interests of both developed and developing countries should be taken into account. The special position of developing countries in world trade was already recognized and was covered by Part IV of the General Agreement. In his opinion, developed and developing countries had a common interest in ensuring that the negotiations would lead to a more rational use of the world's resources and a more rational international division of labour. Developed countries should, as part of their trade liberalization efforts, restructure those industries where developing countries proved to be competitive, and adopt adjustment assistance measures to absorb the shock of such competition. In the negotiations the interests of developing countries, especially those exporting raw and processed primary products, should be placed in the forefront. The objectives of the negotiations should include, inter alia, the following

principles: (i) removal of tariff and non-tariff barriers on industrial and agricultural products of interest to developing countries, including processed and semi-processed tropical products; (ii) technical assistance to be given to developing countries, in particular fields, to meet technical requirements that presented a barrier to trade; (iii) there should be a net gain for developing countries who might be obliged to abandon their preferential advantages; (iv) trade barriers, once removed, should not be restored, especially in sectors of industry where developing countries proved competitive; and (v) the principle of non-reciprocity, provided under Part IV of the General Agreement, should be put into practice.

Mr. PRYOR (Australia) noted that since the last session there appeared to be some measure of agreement as to the goals to be reached in the monetary field but also in the trade field as set by the joint declarations of the EEC, the United States and Japan. Australia whole-heartedly endorsed these initiatives. The challenge was now to make the negotiations achieve their ends and failure to make progress in that direction could be disastrous.

He also made reference to the enlargement of the EEC which he hoped, would exert an expansionary influence on international trade in agricultural as well as industrial products. His delegation hoped that the GATT work on this matter would be expedited as it was hardly less important than the work currently devoted to the preparations for the multilateral trade negotiations. He noted with satisfaction that the Community countries were working towards opening negotiations under Article XXIV:6, as soon as the treaties were ratified. At the same time, work under Article XXIV:5 should be pursued to a practical conclusion and his delegation hoped the Working Party dealing with this matter would soon be able to settle outstanding questions such as methodology, to enable progress to be made.

His delegation endorsed the establishment of a preparatory committee for the negotiations to keep under review the problems as a whole, including those of developing countries and of both agricultural and industrial trade, and made some suggestions as to how such a body might operate. Membership should be open to all prospective participants in the negotiations. The committee should work closely with and keep under review the work of the other committees and should work out the principles and objectives of the negotiations, giving special attention to the problems of developing countries and ensuring that their position was fully understood. It would therefore need to be a body of some status and expertise and, as flexibility was desirable, its terms of reference should be general. Its task, above all, would be to provide the necessary impetus and direction required for preparation of the negotiations.

Australia also supported the Japanese proposal for a ministerial meeting.

Concerning the work of the Committee on Trade in Industrial Products, he noted the reasonably wide consensus on the desirability of completing the draft codes prepared to date and of commencing work on others and on the updating of the inventory of non-tariff barriers to assist the negotiations. Further refinement of techniques and modalities was also necessary. He also noted widespread support for efforts to test the effect of various alternative approaches. His delegation believed that no technique should be excluded which might enable a participant to contribute positively to the negotiations.

He noted the large scope for further work in the field of agriculture, and in particular the need for closer definition of the objectives and principles which would cover negotiations on agricultural trade and related matters. It was also necessary to begin testing the various possible techniques and modalities and his delegation had been pleased to note the support for the idea that pilot studies on selected items could be helpful. The Agriculture Committee did not need new terms of reference to enable it to carry forward these activities.

He expressed understanding for the magnitude of the problems which developing countries were facing. The solution of these problems would require action in many areas and should be an important objective in the negotiations. The considerations put forward would provide a basis for the detailed work to follow. Particular consideration would have to be given to barriers affecting products of special interest to developing countries. He was sure that developing countries themselves would wish to formulate in a more specific way the matters they would wish to pursue in the negotiations.

Mr. KASASA (Zaire) stated that his country had not been able to sustain the rate of expansion of gross national product which it had set for itself, because of the unfavourable external economic situation. It was in the hope that international trading conditions would be more favourable in the future that Zaire wished to take part in the forthcoming multilateral trade negotiations. The basic principles governing Zaire's participation in international trade were its development needs and its search for the financial and technical means necessary for promoting the development and expansion of its domestic market, and still more its external markets.

The delegation of Zaire believed that the participation of the developing countries, whether members of GATT or not, in the forthcoming multilateral trade negotiations would not be assured unless and until it was clear that their interests would be in the forefront of the discussions, equally with the problems of the developed countries which had proposed the negotiations. On that occasion the contracting parties might well direct the discussions towards the definition of new bases in economic relations between developing and developed countries.

Diversification of production appeared to offer the best prospects for helping the developing countries, which hitherto had been simply large-scale producers of raw materials.

Such diversification implied the possibility of developing production of semi-finished or finished goods which could be sold on world markets at stable and remunerative prices. Such sales, when accompanied by measures such as the general dismantling of existing tariff and non-tariff barriers, would enable certain under-equipped countries to develop without fearing unduly wide fluctuations in their export earnings and would thus afford a guarantee that would allow them actively to pursue their respective industrialization programmes.

In the view of the delegation of Zaire, developing countries which had not yet reached a stage at which they could compete economically and socially with the developed countries should continue to benefit from such facilities as tariff preferences, non-reciprocity of concessions granted, and non-discrimination in markets for like products.

In order to meet the concerns of the developed countries regarding complete liberalization of world markets, the delegation of Zaire believed that such facilities might be considered as provisional - that is, linked to the degree of development of the beneficiary countries - so that they could be eliminated at some more or less distant date in respect of countries whose stage of development thus warranted. There remained the question of the criteria for determining that a country could be considered advanced and without the risk of a serious recession. That approach implied that the markets of developed countries must be very open to the range of new products produced by under-equipped countries, with the assurance of a better division of labour at international level and perhaps also a better sharing of markets for the agricultural and manufactured products of developing countries.

The delegation of Zaire drew the attention of the contracting parties to the problem of trade among the developing countries themselves. Obstacles of historical origin still existed between those countries and were hampering economic relations between developing regions that were sometimes quite close to each other. The contracting parties should study that problem with a view to promoting the economic integration of such regions. Such trade presupposed solution of the question of means of payment. The delegation of Zaire hoped that the monetary reform at present under study within the IMF would yield useful suggestions in that respect. Lastly, it supported the proposal to set up a preparatory committee for the negotiations; the committee could, inter alia, make concrete proposals embodying the suggestions made at the current session.

Mr. CHRISTIANS (Venezuela) was grateful for the opportunity afforded to his country to follow closely the activities in connexion with future trade negotiations. To enable his country to take a decision as to its eventual participation, a clear definition of the aims and objectives of the negotiations would be needed. The present session should at least establish machinery for drawing up such definitions in the near future. He had noted that two objectives had been generally referred to namely the liberalization of trade and the improvement in the standard of living of the people of the world. In order to achieve the second objective it would be necessary to give equal priority to the increase of the share of developing countries in world trade in such a way as to enable them to finance themselves their economic and social development. The developed countries had declared that special attention should be given to the problems of developing countries. His delegation felt that to this end the principles of non-reciprocity, non-discrimination and preferential treatment to developing countries should be incorporated in the General Agreement. The future trade negotiations should encompass as many primary products as possible and studies relating to tariff and non-tariff barriers affecting these products would be particularly significant to developing countries and should therefore receive immediate attention. He agreed that pilot studies should be undertaken and asked for a study on the tariff and non-tariff barriers affecting Venezuelan exports, in the near future.

Another area in which developed countries could demonstrate their willingness to contribute to the solution of the problems of developing countries was the Generalized System of Preferences. Countries which still had not implemented the GSP should do so promptly. Developing countries also expected the extension of the product coverage under the existing schemes. Since it was likely that the benefits accruing to developing countries under the GSP would be eroded as a result of the negotiations, efforts should be made for compensation for any such loss of benefits.

His delegation also sought a definition of the status of non-contracting parties in particular the extent to which non-contracting parties were covered by decisions of the CONTRACTING PARTIES, their participation in restricted meetings, the possibility of obtaining restricted documents etc. If new rules for the conduct of economic relations were prepared, the governments of non-contracting parties should be able to consider them.

As regards the question of accession to the GATT his delegation felt that only countries which fully subscribed to the results of the negotiations should accede, but that membership of GATT would not be required for the participation either in the preparatory work or in the actual negotiations.

Venezuela supported the establishment of a committee for the preparation of the negotiations and hoped it would be open to all interested countries whether members of GATT or not.

Mr. DYETT (Guyana) felt that the record of developments in international trade over the past year did not show much advance. The major advance in global trade policy, the Generalized System of Preferences, had been of small benefit to developing countries for the preference margins were too small to offset the differentials in transport and insurance costs; the range of items was limited to sectors where liberalization was most desirable and the rules of origin were restrictive. Moreover, even these gains would be eroded by tariff reductions amongst developed countries. In the event the GSP was unlikely to lead to any new significant trade flows. He questioned whether the mere liberalization of trade would constitute a sufficient basis for trade expansion. In addition, the link between the Special Drawing Rights and development assistance appeared to be a non-starter. Furthermore, the participation of developing countries in international trade continued to decline.

Against this background his delegation's welcome to the forthcoming negotiations was qualified by the need to know what would be the framework of the negotiations, and what specific techniques and modalities would be devised to ensure the meaningful participation of developing countries. He endorsed the views expressed that the shape of the negotiations must not be determined by developed countries alone but reflect a procedure agreed to by all participating parties.

His delegation considered that the GATT, being a pragmatic body, had to adapt its procedural rules in conformity with the changing global international economic relations. Special attention to be given to the needs of developing countries required that their problems were not submerged under the requirements for multilateral trade; that they were no longer treated as a residual matter and that they be removed from their peripheral position and be placed at the centre of world economic relations. Otherwise, his delegation believed, the proposed negotiations would perpetuate if not aggravate the already wide disparities in living standards. He spoke of the deepening of economic relations among Caribbean countries and his delegation was concerned to ensure that the multilateral trade negotiations did not prejudice that advance.

His delegation welcomed the establishment of a preparatory committee to define the principles and objectives of the negotiations. He submitted two such principles: that a demand by developed countries for reciprocal advantages from developing countries for any trade concessions was inconsistent with the achievement of a more rational and equitable pattern of international economic relations and that there was a need for preferences between the developing countries themselves.

The meeting adjourned at 13.00 hours.