

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.28/9
11 December 1972

Limited Distribution

CONTRACTING PARTIES
Twenty-eighth Session

Page 127

SUMMARY RECORD OF THE NINTH MEETING

Held at the Palais des Nations, Geneva,
on Friday, 10 November 1972, at 3 p.m.

Subjects discussed: Review of International Economic Relations

Review of International Economic Relations

Mr. EBERLE (United States) stated that his Government placed a great deal of importance upon this session of the CONTRACTING PARTIES. Since the last session there had been a number of significant developments which had changed the course of international economic relations. The scene had been set for negotiation of major improvements in the international trade and monetary systems. The new circumstances which had evolved in the last year provided the opportunity to move from a period of confrontation to an era of negotiation. He stressed that, to strike a new balance in international economic affairs, the whole international economic system should be improved, including the monetary, investment, trade and other elements of it.

Turning to trade itself, he pointed out that his Government was now preparing intensively for multilateral trade negotiations and envisaged such negotiations as covering all aspects of trade relations. While the importance of tariffs had greatly diminished over the last quarter century, relatively to other impediments to trade and to trade-distorting policies, the importance of tariffs should not be underestimated either, particularly in the light of the effective levels of protection which they provided. Given the very significant progress in tariff reduction that had already been made, the time would soon be at hand when possible programmes for their phased elimination could be contemplated.

In the field of non-tariff barriers and other trade-distorting policies, he believed that every effort should be made to eliminate these sources of distortion and friction in trade relations. Where the problem was one of differing or conflicting national policies and practices, but elimination of controls was not consistent with social objectives, he believed that there should be common commitments to common rules

and procedures. This would at least reduce or eliminate the possibilities for using non-tariff measures to favour one group over another, or one nation over another.

The United States believed that it was essential to provide for a substantial expansion of world trade in agriculture and to bring under international discipline the various national instruments of agricultural policy which resulted in major forms of distortion and disruption. The need for reform in this field was great. Negotiations over the years had failed to bring about significant liberalization. The GATT rules were inadequate, and where they existed governments had often ignored them, or found ways around them.

The United States gave special emphasis to agriculture because this area presented one of the clearest examples of the dangers of trade practices which were not governed by agreed rules. Developed and developing nations alike had a fundamental interest in building and preserving the strength of their farm sectors; but this should not be done in a way which burdened farmers in other countries, nor in ways which thwarted pursuit of greater efficiency in world production in the long run.

There was also need to find means of bringing into some kind of harmony the various national safeguard actions which were taken to moderate trade flows for limited periods of time. His delegation believed that a new multilateral safeguard system should be developed which would provide common procedures for all countries taking special action to moderate the pace of domestic adjustment resulting from abrupt changes in the conditions of trade. This would, on the one hand, allow nations to implement special safeguard actions in particular cases when external pressures caused significant domestic adjustment difficulties and, on the other hand, ensure that nations adversely affected by such actions were treated equitably and that the special measures were subject to agreed rules and time-tables. It would give opportunity and incentive to ensure that such actions be aimed at long-run adjustment to changing world market circumstances. A multilateral safeguard system, if well constructed, should make the process of global trade liberalization easier to contemplate, while, at the same time, it would reduce the uncertainties of market access conditions which exporters faced in certain product areas.

The United States believed that the GATT, as an institution and as a set of rules and procedures, remained valuable. Nonetheless, the time had come to reinforce the strengths of the GATT and repair its weaknesses.

His delegation believed furthermore that the international trading system could no longer afford to have major provisions of the Agreement honoured largely in the breach. It was, therefore, urgent and essential to revitalize the day-to-day business of the GATT by using its procedures with a view to concrete decisions. Where, for example, the United States had had a long-standing import restriction inconsistent with the GATT applied against its trade, it was now moving to bring each one forward for discussion, with a view to reaching early agreement on a schedule of liberalization or compensation. He believed that if the GATT was to be a successful decision-making organization, effective action on these routine matters should be taken in the normal course of GATT business and all parties must make the decisions without hesitation and without political friction.

There was growing concern in his country regarding the erosion of the applicability of the most-favoured-nation principle. The practice of negotiating special arrangements on a discriminatory basis tailored to the specific bilateral problems between two countries or groups of countries ran counter to the spirit of the GATT, as well as being contrary to the actual provisions. He shared the growing concern that events would lead to a division of the world into blocs or tight-knit spheres of influence.

There had been sweeping changes in the world economy during the past twenty-five years - and the rules as well as their administration had not kept pace. It was, therefore, necessary, to revitalize the GATT and to strengthen its effectiveness while adapting it to present-day conditions. Those rules which involved interrelationships between the monetary and trading systems, or which had a significant bearing on the international economic adjustment process, would be discussed in the Monetary Committee of Twenty. The issues relating to trade as such would be dealt with in the GATT.

In preparing for the trade negotiations, developed countries and developing countries should consult over the coming months. Multilateral trade negotiations were crucial to the interests of developing countries since trade accounted for some three fourths to four fifths of their foreign exchange resources. Means for assisting the developing countries in their negotiating efforts and procedures for the participation of countries that were not now members of the GATT should be worked out carefully in the coming months.

He emphasized that, in the preparations for the negotiations, due account should be taken of differences between the economies of developed and developing countries. The overall framework for the negotiations should assure that the actual results in trade terms improved opportunities for access to developed country markets for the exports of developing countries.

His Government was aware of the intense interest of developing countries in the Generalized System of Preferences and it intended to seek legislative authority to extend such preferences. The fact should not be overlooked that, even in the absence of preferences, the United States accounted for one half of the imports of manufactures of developed countries from developing countries in the period 1962-1969.

The United States delegation strongly supported the establishment of a Preparatory Committee to define the scope and goals of the 1973 negotiations and to provide policy guidance for the preparatory work of the various committees. It agreed with the suggestion that contracting parties should be represented in the Preparatory Committee by policy level officials from capitals.

He wanted to give the strongest possible impetus to the work of the Preparatory Committee at this session. Those in the various capitals who took whatever political, legislative or procedural decision that would be required, also needed a suitable international framework for these decisions. To these ends, it was of the greatest importance that the CONTRACTING PARTIES agreed now to meet at ministerial level in September 1973 to establish a Trade Negotiations Committee.

He would also like to see the work of the Committee on Trade in Industrial Products and the Agriculture Committee given new impetus. It should be possible in coming months to prepare as many issues as possible for agreement in broad outline, even though details might be subject later to final negotiation and political decisions. It would be desirable, in this context, to give special attention to the broad outlines of a multilateral safeguard system. Agreement on an acceptable multilateral system could facilitate progress on other matters.

In the immediate future, the CONTRACTING PARTIES should deal promptly, fairly and effectively with the consequences of the enlargement of the European Community. He believed that the CONTRACTING PARTIES should move expeditiously to complete the examination under Article XXIV:5(a) of the relevant legal instruments. He was not happy that the Working Party charged with the matter had not been able to establish agreed data and methodology for the examination.

His delegation believed that the negotiations with the enlarged Community under Article XXIV:6 should begin in February 1973 and be concluded before the August holidays. Hence a firm February starting date should be fixed at this time in fairness to all contracting parties who had to arrange for personnel to be in Geneva to conduct the negotiations.

He concluded his statement by emphasizing the central theme of his statement: the need for early improvement in international trade and the importance his Government placed on the forthcoming trade negotiations.

Mr. BARVE (Kenya) said the forthcoming negotiations presented an opportunity to make a concrete and significant contribution towards the amelioration of the present problems of international trade and provided a hope for developing countries who faced international constraints on their development. In the past hopes of increasing foreign exchange earnings had been dashed, with the result that, economically speaking, developing countries had become client states of the increasingly prosperous North.

The modest objectives of industrialization and development would be defeated in the absence of special measures to ease the flow of goods from developing countries. The request for unhindered access was based on a desire for self-help. Thus he expressed the hope that the developed countries would be able to act according to the convictions they had often expressed that the special circumstances of developing countries should be adequately accommodated and that appropriate solutions should be agreed on in the Preparatory Committee, the establishment of which his delegation fully endorsed.

He said that the special needs of developing countries had to be a guiding spirit behind the negotiations as the liberalization and increase of international trade alone would not solve the problems facing them as at present the whole international institutional framework militated against them.

His delegation rejected the concept of reciprocity in which he saw little equity and believed that developing countries had to receive preferential treatment for both agricultural processed and industrial products. Furthermore the Preparatory Committee should ensure that the benefits enjoyed under the GSP should not be eroded. Developing countries wanted the expansion of overall benefits, the removal of non-tariff barriers, together with special treatment for tropical products. Finally he sought assurance that developing countries would be assisted by the secretariat during both the preparatory stages and the negotiations themselves.

He considered that developing countries should not just ask developed countries to define the scope and objectives and to establish the techniques and modalities of the negotiations. That had been the procedure in the past but developing countries were now fully prepared to participate in determining the objectives and guidelines of the forthcoming round, via the Preparatory Committee.

Mr. NAIK (Pakistan) recalled that, conscious of the dangers of instability and disorder in trade relations due to the serious monetary crisis, the CONTRACTING PARTIES had, at their last session, agreed to make further progress towards trade liberalization, paying special attention to the trade problems of developing countries. The joint declarations of the United States, and the European Communities and the United States and Japan of February 1972 had formally recognized the need for a comprehensive review of international economic relations.

He also recalled the accession to the European Communities of the United Kingdom, Ireland and Denmark and the free trade area arrangements between the EEC and six other European countries. As these arrangements had serious and adverse implications particularly for the trade of many developing countries, he expected that the CONTRACTING PARTIES would wish to ensure full compliance with the provisions of Article XXIV.

He pointed out that work in search of more enduring solutions to the serious monetary crisis had been initiated in the International Monetary Fund. This work was particularly important because of the close impact of monetary measures on international trade, especially on the trade of developing countries. Likewise the work being done in UNCTAD for the trade and economic development of the developing countries should be kept in view. It appeared that the CONTRACTING PARTIES would necessarily have to co-ordinate their activities more and more with those of the International Monetary Fund and UNCTAD in order to ensure in GATT a more balanced development of international trade for the mutual benefit of all, particularly the developing countries.

In the opinion of his delegation the general objective of the multilateral trade negotiations should be the expansion and ever greater liberalization of world trade and improvement of the standards of living of the peoples of the world, which should be achieved in accordance with the goals, aims and objectives of the International Development Strategy for the Second United Nations Development Decade as a co-operative and joint endeavour of both developed and developing countries. A fundamental aim of the negotiations should be the expansion and diversification of exports of developing countries, the expansion being both in relation to volume and to prices, and taking into account both present and potential exports, industrial as well as agricultural, of developing countries, including processed and semi-processed products. The negotiations should ensure more favourable and acceptable conditions of access to world markets for primary exports of developing countries at stable, equitable and remunerative prices. The negotiations should, as a matter of priority, provide for the removal of all barriers impeding exports of developing countries to the markets of the developed countries.

He considered that the problem of tariff escalation with degrees of processing should receive serious attention in the negotiations, as should the principle of comparative advantage. The negotiations should be conducted on the basis of non-reciprocity, non-discrimination and preferential treatment in favour of developing countries, and should ensure that the developing countries, collectively or individually, did not suffer directly or indirectly, adverse or prejudicial effects. The negotiations should provide the developing countries with additional benefits that represented a substantial and meaningful improvement of their position in international trade.

The existing preferential advantages being enjoyed by developing countries or which they may enjoy in future should be maintained, but if these advantages were adversely affected by the results of the negotiations, the developed countries should take additional measures to compensate the developing countries so affected. All the concessions exchanged among developed countries should automatically be extended to all developing countries while those granted by developed to developing countries should not be extended to other developed countries, and likewise concessions which developing countries might exchange among themselves should not be extended to developed countries. In addition, the concessions in favour of developing countries should be made available to them immediately and should not be phased. Adjustment assistance measures should be taken in preference to escape-clause action where necessary; they should be subject to internationally defined criteria and there should be an appropriate international consultation procedure to guard against any unjustifiable escape-clause action. Finally, all developing countries should be entitled and enabled to participate fully, effectively and continuously in the negotiations in all their stages, including the preparatory stage.

He supported the proposal that an examination of the problems of trade in both industrial and agricultural products as well as the specific problems of the developing countries should be undertaken in a Committee for the preparation of the negotiations. Such a Committee should be open to all countries interested including developing countries, both members and non-members of GATT. Its first task should be to make a co-ordinated review and appraisal of the work of the main committees of the GATT, and should particularly deal effectively with the specific problems of the developing countries. The Preparatory Committee should initiate its work by early January next year and complete its main task before the summer break.

Mr. AWUY (Indonesia) said that in the light of recent developments and rapid changes which had significant bearings on world trade, it was mandatory to formulate new rules for international trade in order to prevent worldwide protectionism jeopardizing international economic relationships and creating chaos in the international monetary situation. Therefore his delegation appreciated the initiative taken by the EEC, the United States and Japan in proposing comprehensive multilateral trade negotiations in which "special attention will be given to the interest of developing countries".

However, his delegation found that phrase very unsatisfactory for developing countries, as it appeared to indicate that their rôle was not important in the restructuring of world trade and in the improvement of international economic relations.

He emphasized that all nations, developed and developing, had to be involved in the decision-making process and said that the two objectives of trade expansion and trade liberalization should be broadened to cover adequately the interests of developing countries, by including also the objective of increasing the export earnings of developing countries.

He said that, because of the low level of domestic savings, development programmes had to depend on external financial resources: foreign aid and foreign exchange income. As the objective of 0.7 per cent of the gross national product of developed countries for foreign aid was unlikely to be reached, it was imperative that export earnings be increased to finance the desired target of 6 per cent growth rate in the GNP of the developing countries. Hence his delegation urged the inclusion of an increase in export earnings as one of the main objectives of the forthcoming negotiations.

His delegation fully endorsed the views that special techniques and modalities should be provided to ensure that developing countries, whether GATT members or not, could take full advantage of the results of the negotiations and reiterated that valuable technical assistance in this respect could be provided by the secretariat.

Mr. KIRCA (Turkey) said it was to be hoped that the CONTRACTING PARTIES would be able to orient the course of events in such a way that, where trade relations were concerned, the phase of mutation would lead on to a more harmonious and more equitable order. Only to the extent that each country, developed or developing, assumed its responsibilities vis-à-vis the international community as a whole would it be possible to set up an order meeting the legitimate aspirations of every one. GATT, as an operational organization essentially oriented toward action, constituted the only framework within which the future multilateral trade negotiations could take place, and only by effective participating in the negotiations would developing countries be able to formulate their requests. With a view to the negotiations it was necessary to clarify the scope of the concept of non reciprocity. Developing countries could derive benefits from multilateral negotiations even where they had to make certain concessions. The developing countries must not lose sight of their ultimate aim, which was an increasing participation in the international division of labour where trade was concerned, nor of the requirements of their own investment policies; those considerations should incite them to participate in an active and effective way in multilateral trade negotiations in which each party would be prepared to exchange concessions, provided that the result was a net benefit for the developing countries, helping them to improve their trading position in the world and their economic situation in general. That was how the Turkish delegation interpreted the principle of non reciprocity within the framework of the forthcoming trade negotiations.

As a starting point, the developing countries should clearly identify the difficulties which, in their view, impeded the promotion of exports of specific products and should present them in the form of requests in accordance with the procedures to be laid down for the negotiations. The principle of preferential and advance implementation in respect of developing countries of the concessions exchanged between developed countries would be of practical value to the developing countries only to the extent that the concessions related to products of commercial value to these. Every country taking part in the

negotiations, whether developed or developing, must understand that it was in its own interest to promote a more rational division in world trade matters by participating in the expansion and liberalization of trade to an extent consistent with its level of development.

It was important for the developing countries to participate in the preparatory work for the negotiations. The protocol for the implementation of concessions which had been negotiated among developing countries was a most promising instrument and one that could promote trade among those countries. It was to be hoped that the protocol would come into force in the very near future and that the coming negotiations would give an opportunity to the developing countries as a whole to embark on a new phase of negotiation with a view to broadening its scope and increasing the number of participants.

The Turkish delegation supported the proposal to set up a preparatory committee. Such a committee would progressively define the scope and objectives of the negotiations, taking due account of the interests of developing countries. It was most desirable that all the countries interested in the negotiations, without distinction, should be able to take part in the committee's work.

Mr. ARCHIBALD (Trinidad and Tobago) was of the view that during the last fifteen or twenty years considerable efforts had been made to establish the guidelines, remove the constraints, and create the climate for a better and more equitable international system of trade and payments. He emphasized, however, that the agricultural sector had to a large extent remained on the fringe of the liberalization process. Agricultural trade problems, therefore, should be removed from their peripheral position and constitute an area of concern and concentration in the forthcoming round of negotiations. He pointed out that the escalation of duties on processed agricultural commodities was a serious inhibiting factor to the trade of many developing countries. Developing primary producers had been encouraged to embark on agro-industries, but if the trading prospects for the end products were seriously impaired by this particular form of restrictionism the result would only be a waste of resources and give rise to mounting frustration. He reiterated that, in defining the objectives and guidelines for the negotiations, special efforts should be made to meet the requirements of developing countries in the sphere of agricultural trade.

He shared the concerns expressed that in spite of all the previous efforts at trade liberalization in favour of the developmental needs of developing countries, the plight of these countries was worsening. The only concrete positive measure so far taken in favour of them - the introduction by some developed countries of the Generalized System of Preferences - now appeared to be threatened by the negotiations, and indeed the erosion of the GSP had already started.

The forthcoming negotiations had been initiated by certain developed countries. He respected the assurances proffered and confidently expected that equal weight would be given to the trade problems of developing countries as to the liberalization of trade between developed countries in industrial products. In this regard, he welcomed the participation of non-GATT member countries, as it would allow for action and implementation of the agreed measures on a truly comprehensive basis. He trusted that the techniques and modalities which were being worked out would ensure that the fundamental objectives of the GATT were brought nearer to fulfilment in respect of developing countries.

In his view the possibility of increasing trade between developing countries themselves was an aspect of the overall situation which should not be neglected. The 1971 session of the CONTRACTING PARTIES had accepted the results of negotiations among certain developing countries which had been conducted for several years previously. The coming negotiations could very well expand upon these results, although trade between developing countries could in no way replace their overwhelming need for increased opportunities for exports in the great markets of the developed world.

Reference had been made to the use of International Commodity Agreements for introducing order and stability into the trade of certain key commodities of interest to developing countries. Although these agreements did not always provide perfect solutions, every effort should be made by the international community to support the endeavours, particularly under the auspices of UNCTAD, to arrange for such negotiating conferences.

His Government hoped that the impending negotiations in the trade field and the impending reform in the monetary and financial fields would be used to reformulate the international ground rules of the trade and payments system.

The preparation for the negotiations would have been considerably simplified if the developed countries had been able to be more precise about their objectives and scope. Specific commitments could not be expected at this point in time but the mere statement that the new round of negotiations would be comprehensive and should result in the maximum liberalization of trade was not enough when it was evident that there had been a decline in the terms of trade of developing countries. He supported the establishment of a preparatory committee. The Committee would certainly have to pay attention to events in the international trade field which would precede the multilateral trade negotiations. He drew attention to trade policy developments which were likely to arise out of the enlargement of the European Economic Community and stated that the implications of these arrangements for the position of developing countries would have to be examined, preferably by the Preparatory Committee.

In this connexion, he referred to the attempts made by his Government together with other Commonwealth countries in the Caribbean to strengthen regional Caribbean integration. This had not been an easy task, but a regional grouping had been formed for the purpose of market expansion in order that efforts at industrialization and economic development should have a greater chance of success. The results of the enlargement of the European Economic Community and of the multilateral trade negotiations should not in any way adversely affect these initiatives. The maintenance and advancement of the Caribbean Free Trade Association, were an important consideration for his country's participation in the forthcoming negotiations.

The representative of Trinidad and Tobago shared the views contained in the OECD Trade Report that the effort to improve international economic relations and to liberalize trade must be resolutely pursued. The forthcoming negotiations should provide a fair opportunity to move forward with trade liberalization in a comprehensive and meaningful manner and the guidelines for the negotiations should include, as a basic feature, an assurance that the exports of developing countries would have prospects not only for an increase in volume and diversity but also in earnings, and that there should be no net reduction in the value of current preferential arrangements.

Mr. STRUS (Poland) said that, as a result of the ever-increasing economic importance of foreign trade to Poland, his Government welcomed the current initiatives in GATT for another round of trade negotiations aiming at the further liberalization of world trade. Such liberalization would be consistent with Poland's open economic policy designed to increase its share in the international division of labour. He supported the proposal for the establishment of a preparatory committee which should define in precise terms the principles and objectives for the future negotiations, as well as their time framework. His delegation supported the proposals for the complete liberalization of trade in industrial products to be attained within a certain period of time and for the further liberalization of trade in the agricultural sector. The success of the future negotiations would depend, to a great extent, on parallel progress reached in both fields.

His delegation attached great importance to the work on safeguards and emphasized that any safeguard provisions should be of general application and not discriminate between sources of supply. It should be borne in mind that the advantages of further trade liberalization could be impaired to a great extent by too frequent recourse to safeguard measures by contracting parties.

His delegation considered that an indispensable element in the negotiations would be the elimination of all forms of discrimination that still existed in international trade. The specific interests of developing countries should also be duly taken into account.

In considering the further liberalization of international trade, it was necessary to bear in mind the integration process taking place in Western Europe. The enlargement of the European Community and the proliferation of preferential agreements between the EEC and other countries threatened to divide the world market into separate economic blocks, and by undermining the most-favoured-nation clause, could lead to increased discrimination and grave difficulties in international trade relations. The enlargement of the EEC presented a serious threat to Poland's economic interest. His delegation looked forward to a positive solution in the near future that would take into account Poland's legitimate interests. He, therefore, considered it necessary that the Article XXIV negotiations should commence as soon as possible and should cover the full consequences of the adoption by the acceding countries of the EEC common economic policy and particularly the common agricultural policy.

Mr. FUTTER (New Zealand) expressed his country's disappointment at the lack of progress over the past twenty-five years, in the liberalization of agricultural trade. Thus, New Zealand found great satisfaction in the prospect that agriculture would at last have a central place in the new round of multilateral trade negotiations and regarded it as of the utmost importance that the impetus towards engagement in full negotiation on the barriers to freer trade in agricultural products be sustained.

New Zealand was prepared to play its part in securing an overall balance in whatever final package might emerge. However, his delegation did not expect countries to claim balancing reciprocal concessions for the removal of barriers which had so far been retained without justification under GATT articles. Concessions negotiated in earlier GATT rounds but subsequently negated by import restrictions were also relevant to a judgement on the balance of advantage which might result from reductions in current barriers.

New Zealand would approach the negotiations in a constructive and forthcoming way and its assessment of concessions would be made in this spirit.

His delegation judged that this was the time to seek means of achieving a better equilibrium in world trade and that the full contribution of members and non-members of GATT and of the secretariat had to be encouraged to use the maximum of resources and experience in preparing for the multilateral negotiations. New Zealand was of the opinion that the time had arrived for a review of the whole of world trade, including agricultural as well as industrial products, giving special attention to the position of developing countries and examining both tariff and non-tariff barriers. The New Zealand delegation supported the view

that a preparatory committee would be an effective means of establishing a basis for a successful multilateral round and that one of the purposes of such a committee would be to define the principles and objectives.

The New Zealand delegation was firmly convinced of the necessity for this session to arrive at a firm commitment to confirm that contracting parties intended to commence a multilateral round of negotiations in 1973; to give unequivocal support to a review of world trade in which all facets of trade in agricultural products would be examined and ways sought of liberalizing trade in such products; to recognize the special needs of developing countries in the expansion of world trade; to set up a preparatory committee open to all countries to co-ordinate with other GATT committees; and to reaffirm that existing Committees, especially the Agriculture Committee, resume at an early date their examination of techniques and modalities.

His delegation believed that if such a mandate could be given, the Preparatory Committee, in which New Zealand intended to participate fully, could make effective progress towards the multilateral negotiations fulfilling the true concept of the GATT.

Mr. SALADIN-SELIN (Dominican Republic) considered that after the commercial and monetary crisis the declarations regarding the multilateral trade negotiations had created a more favourable climate for the future of economic relations. Nevertheless, developing countries were not optimistic with respect to these negotiations, since their participation in world exports had decreased from 23 per cent in 1955 to 19 per cent in 1970. However, the negotiations would re-open the dialogue on tariff and non-tariff barriers and on discriminatory practices which affected the access of agricultural and processed and semi-processed products from developing countries to the markets of developed countries. He firmly believed that as a gesture of goodwill the developed countries that had not yet put into effect their generalized preferences schemes should do so before beginning the negotiations.

The activities over the years in the United Nations and the specialized agencies, as well as in UNCTAD and GATT, showed that the obstacles and problems which affected developing countries were sufficiently known. However, the experience acquired under the Kennedy Round negotiations proved that developing countries should seek new techniques and modalities for the future negotiations.

The Dominican Republic therefore, supported the proposal for the establishment of a preparatory committee which should elaborate the principles and objectives of the future negotiations. The Committee should establish a timetable for the deposit of a negotiating list for each country and for the

consolidation of such lists in a single document. The committee should also define the options and alternatives of the various techniques and modalities to be used in the negotiations and determine the way to proceed if package proposals were made.

His delegation followed with great interest the enlargement of the EEC because of the consequences for developing countries the enlarged EEC would have, as well as the free-trade areas to be established and the preferential association agreements. He expressed special concern for the effects of the common agricultural policy of the enlarged Community on some primary products, such as sugar, of importance to developing countries which were not associated in one way or another with the EEC. GATT should see to it that the price policies of the enlarged EEC did not disrupt the free sugar market.

He felt that GATT was the only forum in which developed and developing countries could negotiate on an equal footing. He hoped that GATT would prove to be the proper framework within which developing countries could obtain non-reciprocal concessions and preferences so that they could achieve the aims and objectives outlined in the International Strategy for the Second United Nations Development Decade.

Mr. AWOKOYA (Nigeria) drew attention to a number of problems, the resolution of which would be sought during the forthcoming multilateral trade negotiations. These included the declining share of developing countries in world trade; the presence of trade barriers to the export trade of these countries, together with lack of interest in the industrialized countries in taking the necessary action to remove or reduce these barriers; the apprehensions about a possible unfavourable outcome of the negotiations, as was the case with the Kennedy Round; the adverse effects of the international currency realignment and concomitant inflationary problems of industrialized countries on the export trade of developing countries; and the serious implications for many developing countries of the impending enlargement of the EEC.

He recalled that the share of developing countries in international trade had not been commensurate with its expansion. Much of the growth which had taken place had been a result of the petroleum exports which, in the case of Nigeria, now constituted 70 per cent of total exports. In his view industrialized countries had not removed existing barriers to the export trade of developing countries, which had contributed to maintain the imbalance in trade between developing and developed countries. The forthcoming multilateral trade negotiations should be directed towards creating favourable conditions for the trade of developing countries, and should focus attention more on areas of major importance to

developing countries, such as the agricultural sector as a whole and in particular tropical products. He noted that parallel action was about to be taken in the monetary field. He expected that action to be undertaken in GATT within the framework of the forthcoming multilateral negotiations would take into account the interests of the developing countries.

The recent declaration of the summit meeting of the enlarged Community appeared to confirm their intent to be outward-looking and to give priority consideration to the trade problems of the developing countries in the context of economic interdependence of nations. He expressed the hope that this intent would find practical expression in the multilateral trade negotiations, as there was no doubt that the EEC enlargement implied the loss of a market of interest to a number of developing countries, including Nigeria. A crucial question was the fate of the Generalized System of Preferences in the forthcoming negotiations. In his view the multilateral negotiations should provide additional benefits over and above the Generalized System of Preferences. The negotiations should concentrate particularly on tariff and non-tariff barriers affecting the products listed in Chapters 1-24 of the Brussels Tariff Nomenclature, an area completely excluded by the Generalized System of Preferences. Similarly, the negotiations should aim at dismantling non-tariff barriers on manufactured and semi-manufactured products included in the Generalized System of Preferences in order to maximize the benefits to developing countries.

In concluding, he supported the setting up of a preparatory committee which could define the objectives, scope and ground rules of the negotiations, so as to offer the maximum opportunity for the participation of developing countries, both members and non-members of GATT.

Mr. BEN ABDELHAFIDH (Tunisia) said that his delegation had noted with interest the declarations concerning the initiation of multilateral trade negotiations in 1973, all the more so because all developing countries, whether or not contracting parties to the GATT, were invited to take part. The developing countries had welcomed that invitation because they believed that such negotiations, if conceived so as to take account of the interests of developing countries, could to some extent remedy the inequalities that were characteristic of international trade. Nevertheless, the interest felt in the negotiations was tempered by certain misgivings, because the declarations that had been made were vague: since the negotiations were expected to begin in July 1973, the Tunisian delegation thought that the time had come for the developed countries to make known their intentions both as to the objective, the scope and the modalities of the negotiations and as to the impact they would have on the generalized system of preferences, on the principle of non-reciprocity and on products of export interest to the developing countries. Participation by the developing countries in the negotiations would no doubt depend on the reply to those various questions.

The Tunisian delegation considered that the time had come to decide to establish a preparatory committee for the negotiations. Membership in the committee should be open to all contracting parties and to developing countries

not contracting parties who wished to participate in its work; the committee's task should be to define the objectives and content of the negotiations and to determine appropriate modalities and techniques for attaining them.

Mr. EL GOWHARI (Egypt) recalled that his delegation attached great importance to the necessity of conducting a thorough revision of trade arrangements within GATT. The developing countries in GATT therefore viewed the forthcoming trade negotiations and the work towards their preparation as one of the promising instruments for the attainment of this objective. He was confident that the expansion and diversification of exports of developing countries in accordance with their development needs would be considered as of equal importance as the major objectives envisaged by developed countries. Experiences of developing countries had been disappointing over the past decade but some encouragement could be found in recent statements. His delegation considered therefore, the trade negotiations as a promising opportunity to more than offset the non-fulfilment of past recommendations.

Many of the problems in world trade and in the balances of payments had resulted from imbalance in trade and payments positions as between developed countries. Had developing countries been enabled to perform their rôle as a balancing factor among the big trading nations, the growth of international trade would have been effected in a much more orderly way and to the benefit of all the trading partners. The capacity of developing countries to import was limited by their export earnings; the more they were able to export the more they could import from developed countries to the mutual advantage of developed and developing countries.

His delegation welcomed the participation of developing countries non-members of GATT and supported the setting up of a preparatory committee whose co-ordinating nature would be of great avail for the future work. This committee should deal rather with issues of a policy nature and objectives, while the agricultural and industrial committees would pursue their activities in the study of commodities and groups of commodities in an effort to find solutions to specific impediments to trade. Both the agricultural and industrial committees, in order to pursue their work, should receive guidelines from the CONTRACTING PARTIES. His delegation was also very much in favour of the setting up of a time-table, especially for the work of the Preparatory Committee, so that the multilateral trade negotiations could start after a definite period of time known to all partners beforehand.

Mr. OBURO (East African Community) explained the East African Community's deteriorating terms of trade and the adverse trade balances of the partner States. In view of the imbalance in terms of trade in favour of the developed countries

it should not be necessary for these countries to maintain tariff and non-tariff barriers against the exports of developing countries. He welcomed the establishment of the Generalized System of Preferences and hoped that it would be extended. In the present unfavourable circumstances he felt that the developed countries should generally establish free access for the exports of developing countries.

He welcomed the multilateral trade negotiations and appreciated the constructive contributions being offered by developed and developing countries in the GATT. He hoped that the secretariat would give every assistance to the partner States of the East African Community in order to facilitate their participation and contribution to the negotiations.

Mr. GARRIDO RUIZ (Mexico) considered that the CONTRACTING PARTIES should adopt a decision to serve as guidelines for the preparations of the negotiations, taking into account the interests of all participants in the session, whether contracting parties or not. The UNCTAD resolution 82(III) and the Conclusions adopted during the last Session of the UNCTAD Trade and Development Board, should also be taken into account in defining the general objectives of the future work of GATT bodies.

His delegation felt that general objectives should be determined at the present session, while more limited objectives relating to specific aspects of the negotiations should be defined in the course of the preparatory work. He proposed that among the general objectives should be included a substantial increase in the foreign exchange earnings of developing countries; an increase in the developing countries' share in world trade; the solution of specific trade problems of developing countries and the establishment of special techniques and modalities for the negotiations to this end; in short, a readjustment of the rules on international economic relations and their juridical framework.

His delegation considered that the limited objectives relating to specific matters of the negotiations should be among others, an examination of sectors and products of particular interest to developing countries, with particular reference to tariff and non-tariff escalations; the analysis of the concept and applicability of safeguard measures with due consideration of special measures in favour of developing countries; a thorough examination of adjustment assistance measures with a view to arriving at specific recommendations on the timing and applicability of these measures in developed countries; a study of the ways and means of introducing in the negotiations preferential treatment in favour of developing countries, on a permanent basis so as to ensure them a greater share in world trade; the inclusion of a larger number of agricultural and industrial products in the GSP and its extension to non-tariff barriers as well; and the definition of formulas based on the principle of comparative advantage in the agricultural sector, with a view to terminating uneconomic production and structuring a new international division of labour.

His delegation supported the establishment of a committee for the preparation of the negotiations, open to all interested countries, and believed it should serve to ensure the achievement of the aims and objectives of the negotiations and for centralizing and organizing the work of the main GATT Committees and Working Groups.

He also considered that the enlargement of the EEC would have serious implications for the trade of GATT members as well as non-GATT countries; it would also affect the Generalized System of Preferences. His delegation was concerned that the compensatory adjustments to be provided as a consequence of the enlargement would be negotiated exclusively among contracting parties. He hoped that developing countries could participate in the discussion of all matters affecting their trade interests as a matter of principle.

He was grateful for the assistance provided to his country by the secretariat and was encouraged by the willingness of the international community to reform international economic relations in order to guarantee that the interests of all countries were duly taken into account.

The meeting adjourned at 18.00 hours.