

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/35
16 December 1966

Limited Distribution

Committee on Trade and Development

Eighth Session

Punte del Este, Uruguay

16-20 January 1967

ACTIVITIES IN OTHER ORGANIZATIONS RELEVANT TO THE IMPLEMENTATION OF PART IV

Paragraph (v) of the Reporting Procedures adopted by the CONTRACTING PARTIES on 25 March 1965 (BISD, Thirteenth Supplement, page 79) provides that the periodic reports from the secretariat should include a "Review of notable developments in GATT and other inter-governmental bodies in matters of interest to the Committee ...". This paper is concentrated on the activities of interest to the Committee which have taken place in other international organizations during the current year.

UNCTAD

Trade and Development Board - Third Session

The Trade and Development Board held its third session in New York from 25 January to 17 February. At this meeting it considered problems of monetary liquidity and development finance; urged the early negotiation of an international agreement on cocoa, reviewed certain other problems facing developing countries; and agreed that the second session of the UNCTAD, scheduled for 1967 should concentrate its attention on specific goals.

The Board also approved work programmes in the fields of shipping, financing, tourism and insurance; took note of the status of the convention on Tourist Trade of Land Locked States; the first international convention adopted under UNCTAD auspices constituting a seven-member Advisory Committee on Commodity Matters, and elected under a system of rotation new members to the Committees on Commodities, Manufactures, Shipping and Invisibles and Financing related to Trade.

Among other topics discussed at the third session were: principles governing international trade policies; problems arising in trade relations between countries with different economic and social systems; preferential treatment for manufactures exported by developing countries; the urgency of increased financial assistance by the richer countries to the developing world; and the implementation of the recommendations made by the 1964 Conference in Geneva.

In reviewing problems on financing related to trade and development, the Board held discussions mainly on the basis of documentation and a report from the Committee on Invisibles and Financing relating to Trade, which met from 6 to 22 December 1965. The Board discussed four main topics: (a) international monetary issues; (b) supplementary financing; (c) the "Horowitz Proposal"; (d) rate of growth.

Between the meetings of the third and fourth session of the Trade and Development Board, a number of the subsidiary bodies of UNCTAD held meetings: i.e.

Working Party I (Price and Quotas) of the United Nations Cocoa Conference

The Working Party met from 10 to 21 January 1966 and from 14 to 29 March to prepare the preliminary studies for the United Nations Cocoa Conference which subsequently took place in May.

Committee on Manufactures

The Committee resumed its first session from 28 February to 8 March 1966. It discussed various questions relating to the expansion of trade in manufactures and semi-manufactures, e.g. measures and actions to be taken by developed as well as developing countries for the expansion, diversification and promotion of exports of manufactures and semi-manufactures of interest to developing countries to all markets; promotion of imports of manufactures and semi-manufactures from developing into developed countries; progress reports on items of export interest to developing countries including statistics of imports of manufactures and semi-manufactures from developing into developed countries; a report on the relationship between the Committee on Manufactures and the Committee for Industrial Development; and the Regional Symposium on Industrial Development.

Expert Committee on the Expansion of Trade among Developing Countries

The Committee held its first session from 16 February to 7 March. It considered "the contribution which various measures for trade expansion and for the establishment of integrated trade markets between developing countries can make towards the closing of the trade gap and the acceleration of development"; various "specific problems arising in connexion with efforts aiming at economic integration in a regional framework"; various methods of trade expansion where integration is not envisaged; desirability and possible content of future action aiming at expanding trade and facilitating integration between developing countries.

Committee on Invisibles and Financing Relating to Trade

The Committee continued its first session in Geneva from 13 to 20 April. Among other matters it considered the report of the International Bank for Reconstruction and Development on its study of a scheme for supplementary financing as well as the report of the Group of Experts on International Monetary Issues.

United Nations Cocoa Conference 1966

The Conference took place from 23 May to 23 June in New York. It adjourned without concluding an Agreement but adopted a resolution which, inter alia, invited the Secretary-General of the UNCTAD to arrange inter-governmental consultations to establish technical working groups to convene a negotiating group to consider the possibilities of an agreement and to reconvene the Conference before the end of the year.

Permanent Sub-Committee on Commodities

The Sub-Committee met at Geneva from 27 June to 16 July 1966 and dealt with (a) the preparation of a summary of the current market situation in selected commodities; (b) the formulation of a general agreement on commodity arrangements; and (c) international organization of commodity trade. Because of lack of time, the Sub-Committee did not complete the examination of a draft study which had been prepared in connexion with point (a). It was also considered premature to attempt to formulate the general agreement indicated in (b) before the completion of a comprehensive document on international commodity policy being prepared by the UNCTAD Secretariat. As regards (c) the Sub-Committee recognized that the problems varied with each commodity and that principles would have to be applied in a pragmatic manner. Many members of the Sub-Committee stressed, however, the need to define the broad objectives, general principles and policy implications of future commodity arrangements.

Committee on Shipping

The Committee met from 18 to 25 July 1966 at Geneva to examine the objectives, the approach and the methods of the proposed studies on the level and structure of freight rates, conference practice and the adequacy of shipping services. The Committee agreed on a programme of studies on the basis of a report submitted by the Secretary-General of UNCTAD and modified by various members of the Committee.

Group on Preferences

The Group met from 26 July to 5 August 1966 in Geneva to consider the question of granting preferences in favour of developing countries. The Group carried out a discussion on the work hypothesis that general unreciprocal and non-discriminatory preferences would be granted. The discussion covered such aspects of the question as commodity coverage; the level of preferential margins; countries to grant the preferences; whether schemes should be identical or different from country to country; countries to benefit from the preferences and the position of the least developed countries; safeguards for the interests of third countries, and international supervision, the relationship with existing preferences, duration of the present preferences etc.

Trade and Development Board - fourth session

The Trade and Development Board held its fourth session at Geneva from 30 August to 25 September 1966. It took stock of the current situation in world trade and gave directives for the effective preparation of the Second Conference on Trade and Development which, subject to approval by the General Assembly, will meet in New Delhi in September and October 1967. In addition to these two major tasks, the Board was concerned with the prospects for an early international agreement on cocoa. It also discussed ways to promote the expansion of trade and economic integration among developing countries and approved various activities concerning its subsidiary organs. Other topics on the agenda were: problems in trade relations between countries with different economic systems, principles governing international trade relations, the progressive development of the law of international trade, technical assistance for trade promotion and organizational and budgetary matters.

In discussing the implementation of the 1964 recommendations, the Board reviewed the current trade trends. The Secretary-General, for example, expressed disappointment at the failure of the rate of growth of the national income of developing countries to attain the United Nations Development Decade minimum target of 5 per cent per year and pointed out that the flow of financial resources from the developed to the developing countries had remained stationary between 1961 and 1964, even though the developed countries had registered a satisfactory rate of growth during that period. Consequently, the implementation of the recommendations of the First Conference setting a minimum 1 per cent target for the transfer of resources on the part of each economically advanced country was further from fulfilment than it had been in 1961, even when account was taken of the slight improvement that had occurred between 1964 and 1965. Moreover, the financial burden involved in servicing previous capital transfers cancelled out about half of the new resources being transferred to the developing countries.

The developing countries, in a joint memorandum, declared that the recommendations of the 1964 Conference "have not been implemented either adequately or in a concentrated manner and have so far resulted only in isolated and limited measures by individual countries". In a "short-term programme of implementation", they urged the developed countries to take action before the opening of the Second Conference, in order to conclude international commodity arrangements on cocoa and sugar; to observe the "standstill" on commercial policy measures adverse to developing countries; to institute a scheme of general and non-discriminatory preferences; to increase the flow of financial assistance to developing countries up to the 1 per cent target; to alleviate the debt burden by appropriate rescheduling of debts; to improve loan conditions; and to co-operate on a practical scheme of supplementary finance.

The developed countries indicated that they shared the deep concern over the present situation of the developing countries and desired to contribute to its improvement. They could, however, not subscribe to the memorandum because in their opinion, it did not state the facts relating to the economic growth and development of the developing countries in "a sufficiently balanced manner" and because they could not agree to the way in which the demands were formulated.

The Board approved the following provisional agenda for the 1967 Conference.

1. A review of developments and consideration of further action.
2. Steps to achieve a greater measure of agreement on principle governing international trade relations.
3. Trade relations among countries with different economic systems.
4. Impact of regional economic groupings of the developed countries on international trade.
5. Commodity problems and policies including techniques of commodity market stabilization.
6. Measures for the expansion of exports of manufactures and semi-manufactures from developing countries such as preferential or free entry to the developed countries.
7. Development finance and aid including supplementary financial measures and compensatory financing.
8. Problems of developing countries in regard to shipping such as freight rates and consultation machinery in shipping.
9. Economic integration among developing countries.

The Board considered an extensive study by the secretariat on Trade Expansion and Economic Co-operation among Developing Countries (TD/B/85) and had also before it the conclusions of a Panel of Experts on the same subject (TD/B/68). The Board agreed to circulate its report among the international institutions concerned for comments. The Board will discuss at its fifth session: (a) action to be taken by developing countries; (b) international action to be taken in support of the efforts of the developing countries; and (c) further steps to be considered at the 1967 Conference.

The Board approved a proposal setting up a small group of government representatives with the requisite expertise to study and report on supplementary finance measures to the second session of the Committee on Invisibles and Financing relating to trade to be held in April 1967.

The Board also considered the report of the Secretary-General on the results of the United Nations Cocoa Conference of 1966 and noted that, although the differences in the position of different countries had narrowed, an agreement could not be reached unless a greater effort was made by both consuming and producing countries. The developing countries' members of the Board issued a joint statement expressing their disappointment on the failure of the Conference, reasserted their will to reach a cocoa agreement before the Second UNCTAD Conference and outlined the main features that such an agreement should contain in conformity with the recommendations of the first UNCTAD session.

In discussing the report of the Committee on Manufactures, representatives of developing countries expressed the view that the developed countries had not removed or significantly reduced the tariff and non-tariff barriers which continue to impede the exports of the manufactures and semi-manufactures from developing countries. It was agreed that sectorial studies on industries of potential export interest for developing countries should be undertaken and a joint UNCTAD/FAO ad hoc working party was created to deal with forest and timber products.

The Board took note of the report of the Group on Preferences. The hope was expressed that by the time of the second session of the Committee on Manufactures (January/February 1967) developed countries would be in a position to submit concrete proposals for the granting and extending of preferences in favour of the developing countries, in the light of the discussions in the Organisation for Economic Co-operation and Development. (See section on OECD.)

Following a note presented by the Secretary-General, the Board discussed technical assistance activities in trade promotion and related fields. In the discussions frequent reference was made to the GATT International Trade Centre. The Secretary-General of UNCTAD stated his intention "to give to those activities the whole substantive support of the UNCTAD Secretariat and not to

add any further machinery to what already exists". The Board, "having regard to the need to avoid unnecessary duplication of efforts" welcomed the statement of the Secretary-General and recommended to the Secretary-General of the United Nations and to the UNDP to ensure that the services available in UNCTAD are so utilized in the consideration of requests for developing countries and in their execution of such requests in the field of export promotion and invisibles including shipping, insurance and tourism.

Advisory Committee to the Board and to the Committee on Commodities

The Advisory Committee held its first session at Geneva from 27 to 30 September 1966 and discussed various questions relating to the formulation of an international commodity policy, the operation and financing of buffer stocks, the rôle of finance in diversification programmes, the structure of the commodity market, etc. The Advisory Committee intends to hold two further meetings before the Second Conference.

FOOD AND AGRICULTURE ORGANIZATION

The Study Group on Bananas held its third session in March 1966. It adopted a work programme which includes periodic reviews of the market situation and the developments in trade policy.

The Committee on Commodity Problems met from 6 to 7 June 1966. It discussed the general world agricultural commodity situation and carried out a detailed examination of the work of the different commodity groups. It created a Study Group on Hard Fibres, which met for the first time in September 1966. The Committee was informed that the FAO commodity projections for 1975 and 1985 covered ninety-nine countries accounting for 96 per cent of the world population.

Other FAO commodity study groups have held meetings during the current year. The Group on Grains met in Rome from 18 to 22 April. The Steering Committee on the Study Group on Citrus Fruits convened in July. A major item in the agenda was the policy developments with regard to citrus fruit in the European Economic Community especially the possible significance of the Community's preference prices on exports of third countries.

The third session of the Consultative Committee on Jute, Hemp and Allied Fibres was held in Rome in September 1966. No unanimity could be reached on a recommended price range for the 1966/67 season, and the Committee made no recommendations for the phasing of purchases in 1966/67. The Committee is provisionally scheduled to meet again in January/February 1967.

The Study Group on Oilseeds, Oils and Fats held its first session late in October 1966. The Group examined the trends and projections for fats and oils and considered a number of longer term problems, including those involved in an international organization of trade, and the economic aspects of the location of oilseed crushing. A programme of work was approved, designed to carry further the examination of such problems.

The FAO Council Meeting (17-28 October 1966)

Among the items discussed during the recent meeting of the FAO Council were an Indicative World Plan for Agricultural Development and a Food Production Resources Programme.

The Indicative World Plan for Agricultural Development aims at outlining likely trends in population growth, income levels and food production for 1975 and 1985, with a view to providing an international frame of reference for developing countries planning their production and trade policies and for advanced countries in assessing priorities in their aid programmes. The study done under the Plan would be a continuing one, to be constantly revised as new data becomes available. The first two sub-regional studies prepared under the Plan, for the Middle East and East Africa, were put before the Council. The Indicative World Plan received the approval of the Council.

The basic idea behind the Food Production Resources Programme is to channel more of the elements basic to food production, such as fertilizers, pesticides and farm machinery, into the hands of farmers in developing countries. It is suggested that a \$500 million pool should be established made up of \$450 million in bilateral aid and \$50 million channelled through FAO. The pool would provide food-deficit countries with the agricultural "inputs", needed to raise agricultural production and stimulate their economies to faster growth, but which they were not in a position to buy and which they could not yet manufacture in sufficient quantities at home. A twenty nation ad hoc Committee was set up to study the proposals in detail.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Special Group on Trade with Developing Countries

The Council of OECD, meeting at ministerial level in November 1965, recognized the great importance of increasing the export proceeds of developing countries and decided to undertake in the Organization a study of the problems regarding trade between developed and developing countries with a view to formulating constructive and concerted policies. The matter was referred to a special group composed of senior trade officials of four OECD member countries.

In the ensuing months the Special Group pursued its studies and examined in particular, ways and means of encouraging exports of manufactures and semi-manufactures from developing countries to the markets of developed countries. Without prejudice to the position of principle that member governments might take in regard to a temporary departure from the rule of most-favoured-nation treatment, the Special Group considered possibilities of granting special tariff treatment to imports of such products. To date, these studies have not yet led to any conclusions or proposals. The Special Group submitted to the OECD Council an interim report on the progress of its work suggesting a prolongation of its mandate. The Council agreed to this suggestion.

REGIONAL COMMISSIONS OF THE UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS

In preparation of the International Symposium on Industrial Development to be held early in 1967 a number of regional symposia have been organized. The Asian Conference of Industrialization (regional symposium of ECAFE, was held in Manila from 6 to 20 December 1965; the symposium on Industrial Development for the African region took place in Cairo from 27 January to 10 February 1966; and that for the Latin American region took place in Santiago from 14 to 25 March 1966. At the invitation of the Government of Kuwait, a conference on industrial development in the Arab world was held in Kuwait from 1 to 10 March 1966 with the technical co-operation of the United Nations.

Economic Commission for Africa

The Working Party on Intra-African Trade met in a joint session with the OAU Ad Hoc Committee on Trade and Development at Addis Ababa from 28 March to 2 April 1966. Among the items discussed were: general review of activities in trade and customs; model convention for trade co-operation in Africa; and adoption of final report and recommendations to the Working Party on Economic Co-operation (Integration).

Sub-regional meetings on economic co-operation were held at Brazzaville from 18 to 23 April 1966 for Central Africa; at Niamey for West Africa; and at Algiers for North Africa.