

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/42
10 March 1967

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Committee on Trade and Development

SECRETARIAT NOTE ON THE MEETINGS OF THE EIGHTH SESSION

The Committee held its eighth session from 16-20 January 1967 in Punta del Este, Uruguay. Section A below contains the summary and conclusions agreed upon at the session. Section B contains notes by the secretariat on the proceedings and the discussions.

A. SUMMARY AND CONCLUSIONS¹

1. The Committee stressed the need for effective and expeditious implementation of Part IV of the General Agreement as an important means of meeting the urgent trade and development needs of developing countries. To this end, the Committee reviewed the progress made in the implementation of Part IV with particular reference to the possibilities provided by the Kennedy Round of trade negotiations for bringing about a substantial relaxation of tariff and non-tariff barriers affecting products of export interest to less-developed contracting parties.
2. The Committee noted that the Kennedy Round represented the most ambitious negotiations yet undertaken to achieve the liberalization of international trade. It recognized the importance of a successful conclusion to the Kennedy Round for the future of international trade co-operation and recalled the affirmation of developed countries that in the trade negotiations every effort shall be made to reduce barriers to exports of less-developed countries and that this consideration should be borne particularly in mind in the approach to the question of exceptions.
3. A number of developed contracting parties drew attention to the scope and the size of the offers of tariff reductions made by them in respect of products of interest to developing countries including tropical and other agricultural products. They also stated that should it prove necessary to make withdrawals from the initial lists of offers, efforts would be made to maintain offers on items in which less-developed countries had an export interest.

¹These were adopted by the Committee on 20 January 1967, and have already been circulated in COM.TD/39. It was understood that the text should be read in conjunction with the note summarizing the discussions of the meetings.

4. Most of the less-developed contracting parties which participated in the discussions of the meeting expressed concern that some of the developed contracting parties had not, in their view, so far accorded high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties in the course of the current trade negotiations. These representatives also drew attention to the requests for maintenance and improvement of offers addressed by them to developed participants in the negotiations. The initial offers presented by some of the developed contracting parties excluded many items of substantial interest to those less-developed countries. Withdrawals from the original lists of offers would, if implemented, further limit for a number of less-developed countries the benefits which they might derive from these negotiations.

5. The Committee noted that a number of less-developed countries had made their requests in clear and specific terms and that these conditions for a more positive response from the developed contracting parties had been established. The Committee agreed that every effort should be made to ensure that the initial lists of offers on products of interest to less-developed countries are maintained and improved. In this connexion particular regard should be paid to the specific requests made by developing countries concerning products of current and potential export interest to them. The Committee noted that the developed participants had reaffirmed their willingness to consider improving their initial offers and that they were prepared to consider the possibility of taking such steps as are open to them to make cuts deeper than 50 per cent in, or to eliminate duties completely, on products of special interest to less-developed countries. It also recommended that, to the maximum extent possible, the tariff reductions in respect of products of interest to less-developed countries should be implemented immediately. It agreed that the way for securing such action would be by specific consultations between the less-developed and developed contracting parties concerned in regard to the interest of developing countries in the products in question.

6. The Committee also noted that action in respect of the points mentioned above might be facilitated through the creation of new sub-items for products of particular interest to less-developed countries, and recommended that the feasibility of this approach should be fully explored.

7. The Committee noted that the reduction, as a result of the most-favoured-nation tariff cuts, of preferences, at present enjoyed by certain less-developed countries in some developed countries, might have unfavourable implications for the export earnings of these less-developed countries. The Committee recommended that adequate consideration be given to this matter when all the facts are on the

table towards the end of the negotiations. A certain number of countries expressed the view that an effective system of compensation for the loss of preferences would have to be evolved. Most developed countries expressed the hope that the tariff benefits received in other markets by countries losing preferences would ensure that the Kennedy Round makes a positive contribution to their economic growth and export earnings.

8. The Committee took note of the situation in respect of tropical products. A number of less-developed countries recalled that, at the GATT Ministerial Meeting in May 1963, most GATT Ministers had accepted the objective of complete elimination of barriers on such products. Certain less-developed countries indicated that they could not agree to any elimination or reduction of tariffs affecting these products which involves a loss of preferential benefits at present enjoyed by them until adequate compensatory measures have been agreed upon and effectively implemented. The Committee recognized the importance of achieving agreement as to the best form of action that would permit removal of existing preferences so that the object of complete duty-free entry for tropical products can be attained. At the same time it noted that there was a wide area over which contracting parties could take individual action to reduce or eliminate tariff barriers on tropical products in the common interest of developing countries and without harm to the interest of any particular developing country. The Committee also noted that some developed countries had already taken such action.

9. The Committee reaffirmed that the objective of acceptable conditions of access to world markets for agricultural products was important for the Kennedy Round and stressed that the attainment of this objective was of the utmost importance for a number of less-developed countries. The Committee expressed the hope that the offers on products of interest to less-developed countries would be maintained or improved so that these offers as well as the negotiations looking towards multilateral arrangement on cereals, meat and dairy products (which were of prime importance to certain less-developed countries) result in an expansion of the possibilities open to these countries to expand their export earnings from sales of agricultural commodities. In this respect, some countries indicated their concern with some agricultural policies adopted by some developed countries and from which could derive harmful effects to the export trade of developing countries.

10. Attention was drawn to the commitments that less-developed countries have accepted to make every possible effort to ensure a contribution to the objectives of the Kennedy Round consistently with their development, financial and trade needs, and to the obligations assumed by less-developed contracting parties under Part IV of the GATT. Some delegations urged that efforts by less-developed contracting parties to reduce levels of domestic protection in the context of

the Kennedy Round could make a contribution to the success of the negotiations, bring appreciable benefits to themselves and other less-developed contracting parties and facilitate the overall effort to reduce or eliminate barriers affecting the trade of less-developed countries during the present negotiations.

11. Several delegations expressed the views that, even if the Kennedy Round were to result in a substantial reduction of tariff and non-tariff barriers to the trade of developing countries in accordance with the principles and objectives accepted for these negotiations, there would continue to be need for ensuring further speeding up of the implementation of the provisions of Part IV as well as for special tariff measures such as preferences to secure the elimination of remaining barriers to the exports of these countries and to enable them to overcome the difficulties faced by them in developing export industries and establishing their products on the markets of developed countries. The Committee noted that the issues involved for international trade policy in schemes of preferences and the modalities of such arrangements were being actively studied in several organizations. Most delegations expressed the hope that these studies would be pushed forward as rapidly as possible so that, in the light of the result of these studies, appropriate and favourable decisions can be taken in regard to further action to meet the trade and development needs of developing countries.

12. The Committee recognized the serious problems created for many less-developed countries by the instability of commodity markets and the deterioration in the prices of many primary products. It noted that the negotiation of improved conditions of trade for primary products must remain an important preoccupation of trade negotiations conducted by the CONTRACTING PARTIES. The Committee also affirmed its willingness, in terms of the provisions of Part IV and the procedures for consultation and negotiation provided in the General Agreement, to co-operate in facilitating bilateral and multilateral consultations aimed at seeking appropriate solutions for commodity problems. It will continue to give support to the activities of other international organizations in this field in order to solve commodity problems. The Committee urged that steps be taken in the appropriate quarters for the negotiation of a commodity agreement on cocoa, as soon as possible.

13. The Committee considered a statement by the delegation of Chad regarding the adverse effects on its economy of recent developments in the international market for cotton and other primary commodities of which Chad is an exporter. It also had before it COM.TD/37, a note by the delegation of Chad. The Committee agreed to set up a working party with the following terms of reference:

"Having regard to the provisions of Article XXXVIII, to study the problems outlined by the Government of Chad and to make appropriate recommendations to the Committee by its next session."

The Chairman of the Committee will appoint the members of the working party in consultation with delegations.

14. The Committee stressed the need for a further effort to speed up the removal of restrictions, particularly those inconsistent with the GATT, that affect the trade of less-developed countries. The Committee agreed that urgent consideration should be given to improving consultation procedures for this purpose. Most delegations urged contracting parties maintaining restrictions to adopt practical measures to limit their harmful effect on trade of less-developed contracting parties pending the final removal of the restrictive measures in question. Some delegations also urged that these measures should include the elimination of duties on the products concerned. The Committee noted that since the last session of the CONTRACTING PARTIES some progress had been made by a number of developed contracting parties in eliminating residual restrictions on products of interest to less-developed countries. At the same time, the Committee noted with deep concern that in some countries restrictions on many products currently or potentially of particular export interest to less-developed contracting parties still remained. It was noted that a number of contracting parties had indicated their intention to seek the relaxation or elimination of existing quota restrictions in the course of the Kennedy Round trade negotiations.

15. The Committee took note of the importance attached by several delegations of developing countries to the effective strengthening and improvement of procedures and possibilities for safeguarding the trade and economic interests of these countries provided by Article XXIII of the General Agreement. The Committee expressed the hope that consideration of the proposals to this effect, at present being considered in the Group on Legal Amendments, would be completed at an early date in order that proposals may be submitted to the twenty-fourth session of the CONTRACTING PARTIES.

16. The Committee took note of a report on the discussions that have taken place between some developing countries which foresee an exchange of concessions between these countries directed towards an expansion of their mutual trade. The Committee recalled the views expressed at its earlier meetings in regard to the rôle which such an exchange of concessions could play in encouraging economic efficiency and development in the developing countries and expressed its interest in the outcome of the current discussions. It was recognized that negotiations between developing countries could make a significant contribution to the objectives of the Kennedy Round. At the same time, it was noted that not all less-developed contracting parties may be in a position to participate in these negotiations and that some of these countries considered that their efforts must, in the first instance, be directed towards promoting economic co-operation on a regional basis. The Committee reaffirmed its sympathetic interest in the successful development of both these efforts.

17. Some members expressed the hope that the European Economic Community would reconsider its attitude concerning its adoption of Part IV and would consequently be in a position to participate as such in the work of the Committee.

18. The Committee reviewed the work of the GATT International Trade Centre in providing assistance to developing countries in the field of export promotion and marketing and noted that the activities of the Centre represented an important practical contribution to the efforts made to improve export prospects and possibilities for these countries. The Committee approved the general orientation of the Centre's activities which are being increasingly geared to provide developing countries with marketing data and technical know-how for exploiting new market opportunities as well as to enable these countries to develop their export promotion services and to train the personnel needed for these services. In this connexion, it was emphasized that the assistance provided by the Centre to developing countries in exploring markets for their exports in other developing countries was of particular importance.

19. Members of the Committee expressed their support for the Centre's plans to pay particular attention to the establishment in the developing countries of institutions and services for export promotion and marketing as well as to the training of personnel. There was general support for the organization, under the direct supervision of the Centre, of a training course oriented to the special needs of the developing countries. It was also considered desirable that relations between the Centre and the national trade promotion centres of the less-developed countries should be strengthened so that the GATT Centre could give greater support to national efforts.

20. The Committee recommended that the various suggestions concerning the Centre's activities made in the course of the discussions should be carefully examined by the Group of Experts on Trade Information and Trade Promotion Advisory Services and that further action should be based on their advice.

21. The Committee recognized that a strengthening of the resources available to the Centre would enable it to fulfil more adequately the functions entrusted to it. The Committee agreed that urgent consideration should be given to this question, taking into account the advice of the Group of Experts. Several delegations of developed countries indicated their government's intention to advance the work of the Centre by contributing additional resources. In assessing the budgetary needs of the Centre, account should be taken of this direct assistance to the Centre by certain developed countries. It was also urged that the CONTRACTING PARTIES should endeavour to seek collaboration with the various technical assistance agencies of the United Nations so as to secure their financial support.

22. The Committee expressed its appreciation of the assistance provided by national governments for the Centre's activities and looked forward to the further growth of this assistance.

23. The Committee reviewed other technical assistance activities of GATT in their relation to the objectives and commitments set out in Part IV and welcomed the growing contribution made by these activities in such related areas as the study and elaboration of the export content of development plans, the revision and modernization of tariff systems, and the investigation of growth possibilities in the regional and extra-regional trade of developing countries. It was noted that in a number of instances the studies carried out by the GATT secretariat had been followed by the provision of technical assistance for the organization of suitable export and marketing functions in these countries. The Committee welcomed the growing co-operation, in these areas of activity, between the GATT secretariat and other organizations and agencies concerned which it considered would make for more effective co-ordination of efforts in these fields.

24. The Committee also reviewed the operation of the GATT commercial policy courses. It expressed appreciation of the value of these courses and similar courses offered by the governments of developed countries in providing candidates from developing countries with an introduction to the study of practical problems of trade and economic development.

25. The Committee agreed that the end of the Kennedy Round should provide an occasion for an examination of the problems that require further attention of the CONTRACTING PARTIES in the context of the obligations accepted by governments under Part IV of the General Agreement. It recommended that the secretariat should be asked to undertake, as one of its first tasks after the completion of the Kennedy Round, an analysis of the results of the trade negotiations so that, in the light of these results, the Committee might identify the problems to which the CONTRACTING PARTIES would need to address themselves in terms of the responsibilities accepted by governments under Part IV and the possibilities for finding solutions to the trade and development problems of developing countries offered by the specific GATT techniques and procedures for consultation and negotiation between governments.

B. NOTE ON THE PROCEEDINGS AND DISCUSSIONS

26. The opening meeting of the session was chaired by Mr. Luis Vidal Zaglio, Minister of Foreign Affairs of Uruguay. The text of Mr. Vidal Zaglio's opening address is contained in COM.TD/W/48. At the opening meeting the Committee also heard a message from the Chairman of the CONTRACTING PARTIES, Mr. K.B. Lall (COM.TD/W/47). Statements were made by the Chairman of the Committee, Mr. Carlos Valenzuela of Chile, the Director-General of the GATT, Mr. Eric Wyndham White, and the Secretary-General of the UNCTAD, Dr. Raul Prebisch. The texts of these statements have been circulated in COM.TD/W/46, COM.TD/W/44 and COM.TD/W/49 respectively.

27. Members of the Committee expressed pleasure at the warm hospitality extended to them by the Government of Uruguay, and appreciation for the opportunity afforded to the Committee to hold its eighth session in a developing country. The presence at the meeting of the Secretary-General of the UNCTAD was also welcomed.

28. The meetings of the Committee, other than the inaugural meeting, were presided over by Mr. Carlos Valenzuela. The Committee considered its provisional agenda (COM.TD/31) and the programme of work suggested by the Chairman (COM.TD/W/41 and COM.TD/38). The representative of Nigeria observed that the suggested programme of work had provided for plenary discussions which would be open to the public. He felt that in view of the limited time available the Committee should forego general statements and commence substantive discussions immediately, and that the traditional practice of holding meetings of the Committee in closed sessions should be followed. Departure from this practice would create a new precedent which the Committee might have to follow in future. After discussion, the Committee adopted the provisional agenda and approved the work programme suggested by the Chairman.

29. The Committee heard a number of general statements in open session. These were followed by more detailed discussions on individual items in closed session. The points made at these meetings on the various agenda items are summarized below.

I. Review of the implementation of Part IV

(a) Participation of developing countries in the Kennedy Round

30. The Deputy Director-General introduced a report on the negotiations (COM.TD/W/37) which he had submitted in his capacity as Chairman of the Sub-Committee on the Participation of the Less-Developed Countries. He noted that the trade negotiations, which by general agreement represented one of the major ways in which developed countries could contribute to the attainment of

the objectives of Part IV, were entering their final decisive phase and that it was appropriate that the Committee should give guidance and express its views on the issues to be dealt with during that phase. The analysis in the report presented in document COM.TD/W/37 was based on the discussions which had been held in the Sub-Committee over a period of time and on a comprehensive series of consultations held by the secretariat at the request of the Sub-Committee. The secretariat had also agreed to give assistance of a technical nature to developing countries in the preparation of their requests in specific terms. The material basis now existed on which the final phase of the negotiations could be conducted. The Committee was invited to give particular attention to paragraphs 20 to 23 of the report containing suggested points for action in the final stage.

31. Representatives of developed countries emphasized the magnitude of the offers which were at present on the table in all sectors of the negotiations and the increased trading opportunities these promised for developing countries; some of these speakers quoted figures to illustrate these points. One, for instance, pointed out that his government was offering new concessions on more than \$1 billion of imports from developing countries. Some speakers pointed out that a large percentage of their imports from developing countries already entered duty free and that this proportion would rise if their offers were fully implemented. Some members from developed countries pointed out that their imports from developing countries, including the developing countries of Latin America, had risen considerably over the past years, a fact which should be borne in mind when one evaluated the offers on the table. Some speakers drew attention to the fact that their tariffs were already, on average, low; that they had tabled linear offers on industrial products with no exceptions at all; and that they had also tabled far-reaching offers in the agricultural field. Other members from developed countries reaffirmed that in making up their exceptions lists they had had particular regard to the trade interests of developing countries, which was reflected in the magnitude of the offers on the table. Representatives of countries with centrally planned economies stated that they had tabled important offers, and that it had emerged in bilateral talks that these offers were regarded by developing countries as a constructive basis for negotiation.

32. Representatives of developed countries also referred to the papers, which they had tabled in the negotiations on 30 November last, setting out their assessment of their negotiating position. One recalled that the paper submitted by his government had indicated a list of products on which it would be able to improve its initial offers and pointed out that many of these products were of export interest to developing countries. Representatives of some developed countries stressed that, whilst their papers listed a number of products on which they might have to withdraw their initial offers if their requests to other participants were not met, every effort had been made to limit the possible

impact of these lists on developing countries. Efforts would also be made in the final stage to maintain offers on items in which developing countries had an export interest. It was important to note that at the present stage of the negotiations no withdrawals had been made and that all initial offers were still on the table. The point was, however, made by some members that, if withdrawals had to be made to restore the balance between developed participants, it would not, in practice, be possible entirely to avoid affecting the interests of developing countries. The objective of all participants must, therefore, be to ensure that the maximum results were secured in the negotiations. One speaker representing a group of industrialized countries observed that no list of possible withdrawals of offers would be presented for the moment with respect to the group although it considered that it would be justified in doing so.

33. The representatives of some countries which at present accorded preferential access to their markets for certain countries, including developing countries, pointed out that, both with regard to the scope of the offers and possible withdrawals which they had tabled in the negotiations the pressures exerted on them by developing countries were by no means uniformly in one direction.

34. Many speakers from developing countries stressed their great concern at the marked decline of the developing countries' share in world trade and at the unfavourable development of prices of their exports of primary products. Certain members from developing countries said that this was clearly of as much importance as the commercial policies of the developed countries; what was required was a unified approach which dealt with all aspects of the problems of developing countries. They stressed the importance they attached to the conclusion of commodity agreements.

35. On the question of possible withdrawals, the representative of one country participating in the trade negotiations under the procedures for developing countries said that items of interest to his country on the list of possible withdrawals of one of its major trading partners accounted for no less than 96 per cent of the trade coverage of offers of interest to his country. In the case of ten of the fourteen main items affected, his country was the principal supplier of the participant concerned.

36. Some developing countries recalled that their requests to developed participants could, for the most part, be grouped under the seven headings which had been identified in the negotiations and reproduced in paragraph 11 of the report of the Chairman of the Sub-Committee on the Participation of Less-Developed Countries (COM.TD/W/37). While they recognized that it would be inappropriate for the present Committee to attempt to deal with individual negotiating problems it would be appropriate, in their view, for it to recommend that action along the lines proposed should be taken in the negotiations. Some developing countries

suggested that a further point - that developed countries should completely remove all tariff and non-tariff barriers to imports of all items of which individual developing countries were principal suppliers or of which developing countries taken together were the predominant suppliers - should be added to the list. With regard to paragraphs 20 to 28 of COM.TD/W/37 suggesting action which should be taken in the final stage of the negotiation, some developing countries felt that the Committee might usefully lay down specific dates by which action should be taken on the various points. Other members of the Committee pointed out that the seven points to which reference had been made had been discussed in detail by the Trade Negotiations Committee or the Sub-Committee on the Participation of the Less-Developed Countries. The views of all concerned were, therefore, sufficiently well known as was the manner in which developed countries could agree to implement the principles involved. On the other suggestions made, those countries pointed out that the Trade Negotiations Committee had been charged with the actual conduct of the negotiations and felt that it would be unwise for the present Committee to attempt to tie the hands of the negotiators.

37. Representatives of developed countries re-emphasized their willingness to consider making improvements in their offers, and the desirability of specific requests being tabled by developing participants. They recalled that, where problems existed, requests for the creation of new sub-positions in the tariff for specific products of interest to developing countries might prove to be a fruitful approach. The representative of one developing country recalled that it had submitted specific requests for the creation of new sub-positions and expressed the hope that these requests would soon be taken up. Developed countries also reaffirmed their willingness to consider taking such steps as are open to them to make cuts deeper than 50 per cent in, or to eliminate duties completely on, products of special interest to less-developed countries. Some of the developed countries drew attention to the offers which they had tabled providing for the elimination of duties on such products.

38. Some developing countries referred to their request that developed participants should implement the tariff cuts on products of interest to developing countries immediately without waiting for the conclusion of the negotiations and without the phasing provided for in the negotiating rule. In welcoming the advance implementation of certain concessions by some developed participants they expressed the view that the time had now come to reach agreement that such action should be taken by other developed participants. Representatives of the developed participants expressed their sympathy with this request. Some said that decisions on individual products would have to be taken case by case and the best way of proceeding would probably be through bilateral contacts on the basis of specific requests. The representative of one developed country pointed out that there were legislative limitations on action of this kind which could be taken

by his government. Another member representing a developed country pointed out that unless advance implementation was agreed on a joint basis it would result in unrequited benefits to other developed countries and that this was therefore a point which would have to be decided by the participants in the Kennedy Round negotiations. In taking decisions in individual cases, developed countries would also have to take into account the interests of developing countries which received preferences in their markets.

39. Some members referred to the problem that most-favoured-nation concessions on certain products including tropical products would create for some developing countries which at present enjoyed preferential treatment in the markets of certain developed participants. Certain of these members pointed out that if the preferences which they now enjoyed were reduced without corresponding advantages for their export products in the markets of other developed participants, the negotiations would result in a net loss of trading opportunities. Their present assessment of the negotiating position indicated that this might well be the case. Representatives of some developing countries benefiting from preferences stressed the great importance they attached to the evolution of an effective system of compensation for the loss of preferences during the final stage of the negotiations. Representatives of some developed countries pointed out that the actual scope of the problem would only become apparent towards the end of the negotiations. They expressed the hope that the negotiations would result in a high overall level of concessions and that losses in some markets would be compensated for by tariff benefits in other markets which would make a positive contribution to their economic growth and export earnings.

40. Some members of the Committee referred to problems in specific sectors of the negotiations. Some developed countries stressed the importance of the offers that they had tabled on tropical products. Some countries emphasized that their offers were not subject to any special conditions. Other developed countries, whose offers were conditional, expressed the hope that events would permit them to implement their offers in full. The point was made that very few offers existed on processed tropical products which were, in addition to tariff barriers, often subject to non-tariff barriers. The reduction of barriers to these processed tropical products was of particular importance to some developing countries because it would permit them to process indigenous raw materials, a logical step in the diversification of their economies.

41. As regards other agricultural products, some developing countries expressed their particular concern at the way in which negotiations were progressing in the Cereals and Meat Groups. In the Cereals Group, for instance, importing countries had rejected the key paragraphs in the draft submitted by the exporting countries. The solution of the problems was vital if they were to obtain significant benefits from the Kennedy Round. Some other members were not

so pessimistic on the outcome of the negotiations in those sectors. Several members pointed out that the successful conclusion of the Cereals Agreement would benefit not only the exporting developing countries but also, through its multilateral food aid component, consuming developing countries. Several developed members reaffirmed that they were ready to accept the responsibilities that a Cereals Agreement would entail. The view was also expressed that the successful conclusion of a Cereals Agreement was important since similar arrangements might then be negotiated in the GATT on other commodities. Other countries participating under the procedures for developing countries recalled the great importance which Mediterranean fruits had in their export trade.

42. Among industrial products, special mention was made by several developing countries of the negotiations on cotton textiles, which were of great importance to their economies and export trade. Increased access to the main markets was of crucial importance for these countries. They emphasized that where importers found difficulty in granting this for protective reasons they should make full use of adjustment assistance measures. Representatives of developed countries stated that they were seeking agreement on action on tariff as well as non-tariff barriers; it was hoped that the result of such action would be a maximum growth in cotton textile trade compatible with an orderly development of domestic markets in importing countries.

43. Representatives of developing countries recalled that it was accepted that reciprocity would not be expected of developing countries and that, therefore, there could be no exact equivalence of concessions. Participating developing countries had agreed to contribute to the objectives of the negotiations, consistently with their own development, financial and trade needs and with the obligations which they had assumed under Part IV of the GATT. Such a contribution need not only relate to the tariff; a developing country might, for instance, offer to streamline its import procedures. One developed participant said that it was asking only the minimum reciprocity - the removal of discrimination against it in the commercial policy measures of participating developing countries. Another developed participant urged these participants to withdraw their invocation of Article XXXV against his country. Others urged developing participants which had not done so to make specific offers. Some members pointed out that levels of protection in developing countries were often set at high levels; there came a stage in the evolution of the country when reductions in these levels could be made in the interest of the country itself. The Kennedy Round provided an opportunity for carrying out an exercise of this sort. The point was also made that the contribution which participating developing countries made might bring benefits to other developing countries. Some members representing countries participating under the procedures for developing countries said that they had tabled important offers of tariff concessions. Others said that since tabling their initial statements of

contribution they had made unilateral tariff reductions or had taken measures unilaterally to liberalize their import régime. These measures would be of direct benefit to other participants in the negotiations and should be considered an integral part of their contribution to the negotiations.

Some developing countries referred in particular to the fact that their duties were already extremely low and imposed primarily for revenue purposes and pointed out that they could offer reductions in these duties only with great difficulty. Many developing countries said that their contribution would have to be a function of the benefits they obtained in the negotiations.

(b) Other developments relevant to the operation of Part IV

44. Members of the Committee noted with satisfaction that most contracting parties had adhered to the standstill provisions of Article XXXVII, and that some had taken certain positive steps in the tariff and non-tariff field. However, while they recognized that the addition of Part IV represented an important step in the right direction, several representatives emphasized that the present session should pay special attention to the concerns expressed on previous occasions for more far reaching action if the General Agreement were to be an adequate instrument to deal with the trade and development problems of the developing countries. There was need, for example, to find ways and means of accelerating the implementation of the provisions of Part IV, in particular paragraph 1 of Article XXXVII, and of encouraging countries to adopt a more positive and sympathetic attitude to the carrying out of the obligations they had assumed. In this connexion it would be timely for the Committee to explore new avenues of action along the lines envisaged in paragraph 3(b) of Article XXXVII.

45. Several members stressed the need for urgent and purposeful action to assist developing countries, considering that their share in international trade had continued to decline, and that their economies were growing at an aggregate rate well below that which had been hoped for during the Development Decade. Some members of the Committee were of the view that while the benefits resulting from the Kennedy Round would ensure continuing and reasonable growth in exports of manufactured products from developing countries, concerted efforts should be made to deal with problems of trade in food and raw materials, categories which represented some 75 per cent of developing countries' exports. Some other members pointed to the possibility that many manufactured products of export interest to developing countries may not benefit from the tariff cuts, and to the need for special measures of assistance to help establish these exports on world markets.

(c) Future work of the Committee in the implementation of Part IV

46. Many members stressed the view that, once the Kennedy Round was completed, there would be need for establishing new directives for the future work of the GATT in the field of trade and development, and for the working out of more effective mechanisms which will ensure more speedy and effective implementation of the provisions of Part IV. Points suggested for inclusion in future work of the Committee included:

- (i) Formulation of new and effective consultation procedures or improvement of existing procedures for effective and meaningful consultations with developed countries maintaining residual restrictions affecting export products of interest to developing countries.
- (ii) Further exploration of the possibilities for greater use of adjustment assistance by developed countries to promote structural adjustments in sectors where such action would result in an expansion of the trade of developing countries.
- (iii) Appropriate arrangements for the consideration of problems arising for developing countries from the negative effects of certain agricultural policies applied by some developed countries.
- (iv) Consideration of ways to ensure that within the area of its competence, the GATT contribute in the largest measure possible to efforts to find appropriate solutions to commodity problems.

47. The Committee took note of a memorandum submitted by the Government of Chad (COM.TD/37), and listened with sympathy to a statement by its representative on the adverse effects of recent development in primary commodity markets on its economy. The Committee noted that while the task assigned to the working party in paragraph 13 above on the problems outlined by Chad had some parallels in earlier GATT examinations of development plans, it also represented in some respects a new approach, the results of which would need to be watched with sympathetic and careful interest.

II. Expansion of trade among developing countries

48. The Chairman of the informal group of developing countries in the GATT, Ambassador Encinas del Pando, reported on developments in the negotiations which were taking place among developing countries. The Chairman's statement is reproduced in COM.TD/W/56. Members from developing countries mentioned efforts they were making, on a general or a regional basis, to contribute to an expansion of trade among developing countries. Members of the Committee

expressed interest in these developments. Some members expressed the view that all these efforts were helpful and the two approaches, general and regional, which had been evolved for action in this field had each its merits, and could have effects which were mutually complementary. Some members noted that, whatever solutions were chosen, it was important that they were implemented in an orderly fashion; highly technical and legal problems would be involved, and the co-operation of international institutions and regional bodies dealing with various aspects of monetary, trade, development and financial policy would be valuable. Some members also pointed out that although the main responsibility for the success of future endeavours in this field would fall on the developing countries themselves, success would also greatly depend on sufficient support being afforded by the developed countries. It would, therefore, be appropriate if the Committee were to express its interest in the developments in this work and to recommend that all contracting parties give their sympathetic support.

III. Preferences to be granted by developed countries to developing countries

49. Many members of the Committee expressed the hope that the various studies being undertaken on the question of the granting of preferences by developed to developing countries would be completed soon. Some members reiterated the importance attached by their governments to the early adoption of a generalized scheme of preferences. The representative of Australia stated that the experience gained under the scheme introduced by his Government had borne out the validity of the Australian initiative. Some members of the Committee reiterated the hope that developed countries would follow the Australian example.

IV. Residual import restrictions and legal amendments

50. Several members of the Committee observed that the problem had been pending solution for a long time and that the Committee should strongly urge the removal of the remaining residual restrictions and recommend appropriate measures for mitigating their harmful effects, particularly of restrictions which were inconsistent with GATT provisions. They suggested that effective procedures should be devised to ensure, through consultation, the rapid removal of restrictions affecting the export interest of developing countries. Some members said that although they had found the existing procedures for consultations useful, they would be prepared to support any reasonable suggestions for improving them that might be advanced in the Group on Residual Restrictions.

51. Some members of the Committee stressed the importance of a further improvement in the procedures under Article XXIII for safeguarding the trade and economic interest of developing countries. Members of the Committee expressed their interest in the work being undertaken in this connexion in the Group on Legal Amendments and hoped that a report from this Group would be available when the Committee next meets.

V. Export promotion and marketing

52. Members of the Committee expressed appreciation for the useful services being performed by the International Trade Centre and noted its practical contribution to the efforts of developing countries to expand their exports. Many developing countries referred to the benefits they had derived from the Centre's Market Information Service, Publications, Training Programme and the recently established Trade Promotion Advisory Service.

53. In connexion with the Market Information Service, certain delegations of both developed and developing countries pointed out that the Centre should give special attention to the prospects for exports of developing countries in markets of other developing countries. It was also suggested that there should be a link between the efforts of the Centre to explore market opportunities for products of developing countries and the work of the Committee on Trade and Development in the area of dismantling trade barriers on products of interest to developing countries. The Centre should also give greater attention to promoting practical contacts between traders. Inter alia, it could render a practical service by putting exporters in developing countries in touch with importers in other countries, even if it were not possible to furnish extensive market data in all cases.

54. With regard to the promotion of new lines of export, it was suggested that the Centre should give attention to such connected issues as export finance, export credits, overseas propaganda etc. which form an essential part of the infra-structure of export promotion. It was urged in this connexion that the Centre should make further efforts to obtain for the developing countries free stand space at trade fairs in the developed countries, as well as advertising facilities at concessional rates.

55. Many developing countries drew attention to the usefulness of the publications programme. It was suggested by one of them that, if maximum benefit were to be derived by developing countries from the Centre's publications, a close examination should be made of the distribution of the Centre's quarterly magazine and pamphlets in order to ensure that they reached the right parties, both government and private, in developing countries who are likely to derive benefit from the publications.

56. Delegations of developing countries referred to the value of the training facilities arranged by the Centre. It was pointed out that, in addition to the ad hoc announcements of courses by the Centre, it would be helpful if the Centre would publish periodically a comprehensive list of all training facilities that were being operated on a continuing basis from year to year, as this would enable developing countries to make arrangements in time for the selection of suitable

candidates and thus take full advantage of the training facilities offered. Many delegations stressed the desirability of organizing, under the direct supervision of the Centre, a training course oriented to the special needs of developing countries.

57. Delegations of both developed and developing countries emphasized the importance of the Trade Promotion Advisory Service and urged that increasing attention should be given by the Centre to the establishment of export promotion services in the developing countries. Many representatives expressed the view that the establishment of these services would, in the long run, enable the developing countries to deal with their export promotion and marketing problems with a minimum of assistance from outside agencies.

58. There was a general consensus in this connexion, that particular attention should be given in the development of the future work programme of the Centre to the provision of facilities for the training of personnel to man the national export promotion services.

59. Some delegations suggested that the Centre liaison arrangements with national governments should be strengthened and made more effective, both in the developed and developing countries. The Centre's liaison network should be used for making adequate preparation for meetings of the Expert Group on Trade Information and Trade Promotion Advisory Services. In this connexion, it was also observed that adequate notice should be given of meetings of the Expert Group to enable countries to make available qualified representatives.

60. Several delegations, both from developing and industrialized countries, stressed that the resources of the Centre should be strengthened to enable it to fulfil more adequately the functions entrusted to it and that urgent consideration should be given to this matter. Most developing countries urged a very substantial increase in the resources of the Centre to enable it to meet the growing demands upon its services. Some of the industrialized countries preferred the "step-by-step approach" to the expansion of the Centre's resources. It was suggested in this connexion by the delegations of the United States and Australia that the Director-General should furnish, prior to the next meeting of the Expert Group, a report covering the financial implications of the Centre's activities in the next budgetary period, which should take into account unilateral contributions from individual countries and funds that might be forthcoming from technical assistance sources. Contracting parties should take into account the Director-General's financial report as well as the reports of the Expert Group and the Committee on Budget, Finance and Administration in examining the various proposals made in the Committee.

61. A number of delegations of the industrialized countries made statements on the export promotion assistance and training facilities they had offered to developing countries either directly or through the Centre and on the plans they had for the future. Many delegations of developing countries expressed their appreciation of the support provided by the governments of industrialized countries for the Centre's activities and looked forward to the further expansion of this assistance.

62. The Committee also heard a statement from the representative of the UNCTAD outlining the rôle and competence of the UNCTAD and other United Nations bodies in providing technical assistance for export production and promotion.

VI. Trade and aid studies

63. Members of the Committee expressed support for the programme of trade and aid studies. Some mentioned the importance they attached to studies along the lines of Nigeria and Uganda which were undertaken with specific objectives, and led to the drawing up of definite and concrete recommendations. They hoped that other studies of this nature would be carried out and that contracting parties directly concerned with the recommendations which arose from these studies would lend their constructive endeavours to the effective implementation of such recommendations.

General observations

64. The Committee adopted the summary and conclusions set out in Section A above. In adopting these, some members of the Committee expressed the hope that the wording in some of the paragraphs would not give the impression of a divergence of interest between groups of countries and in particular between developed and developing countries that was less real than might appear to be the case. Some other members of the Committee thought that the formulation adopted in the summary and conclusions reflected the effort to deal with certain matters relating to the Kennedy Round and the work of the Committee on Trade and Development in their specific relation to the particular concerns and interest of developing countries in accordance with the mandate given to the Committee. The Committee felt that it would be appropriate for it in the circumstances to place on record its general expression that all members of the Committee were determined to work towards the common objective of expanding the trade and promoting the economic development of the developing countries. The summary and conclusions should be read in the sense of the present paragraph.

65. At the closing meeting statements were made by the Secretary-General of the Latin American Free Trade Association, Mr. Gustavo Magarinos, the Chairman, Mr. Carlos Valenzuela and the Minister of Foreign Affairs of Uruguay, Mr. Luis Vidal Zaglio. These statements have been circulated in COM.TD/W/53, COM.TD/W/54, and COM.TD/W/55 respectively.