

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/90

27 April 1973

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## Committee on Trade and Development

### PROCEEDINGS OF THE TWENTY-FOURTH SESSION

Prepared by the Secretariat

#### Introduction

1. The Committee on Trade and Development held its twenty-fourth session on 29 and 30 March 1973 under the chairmanship of Mr. P. Nogueira Batista (Brazil).
2. The Chairman suggested that the Committee might continue its work of examining various aspects of concern to developing countries in relation to the preparations for the multilateral trade negotiations. Following the discussions on non-reciprocity and problems concerning tropical products at the February meeting of the Committee, it had been agreed that quantitative import restrictions and other non-tariff measures affecting the trade of developing countries be included on the provisional agenda for the twenty-fourth session (COM.TD/W/183). The agenda containing these items was adopted by the Committee.

#### Non-tariff measures affecting trade of developing countries

3. To assist in the consideration of this item, the Committee had before it document COM.TD/W/179, which in paragraphs 26-32 provided a summary of recent developments concerning non-tariff measures in the various GATT bodies, and secretariat note COM.TD/W/182, which attempted to identify points and suggestions made in relation to those non-tariff measures of importance to developing countries. The Chairman suggested that the Committee might discuss matters relevant to the interests of developing countries in the context of work proceeding in other GATT bodies on these subjects, so that the points raised could be kept in mind in relation to their treatment in the trade negotiations.
4. The representative of India stated<sup>1</sup> that there was a need for a more definite and clear acceptance of the concept of preferential treatment for developing countries in the removal of non-tariff measures. In the relaxation and elimination of such measures, it was also necessary to pay special attention to the problems confronting

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<sup>1</sup>The text of the statement was issued as COM.TD/W/187.

the least developed among developing countries. In regard to ad referendum solutions which had been evolved or which were under consideration, there was, in his view, a general feeling among the developing countries that their interests were not being adequately taken into account. Furthermore, because of their limited resources, they had not been able to participate fully in the discussions in the various working groups of the Committee on Trade in Industrial Products and of the Agriculture Committee. He therefore suggested that the secretariat should study the implications for developing countries of the various proposals for solutions and make suggestions for any modifications that might assist these countries in accepting the obligations contained in them. He made specific proposals for solutions to the problems of developing countries in the field of valuation for customs purposes, administration of import licensing and standards. In regard to health and sanitary regulations, he emphasized the need for direct negotiations on specific problems as well as for drawing up a code or set of guidelines governing their formulation and administration. On the question of export subsidies, he stated that as developing countries were in the early stages of the development of their export industries, it was necessary to recognize that they might need to use export incentives or subsidies as special promotional devices.

5. Some representatives of developing countries, while supporting the specific proposals made by the representative of India, emphasized the need for the early removal of selective taxes on tropical products, where possible, in advance of the multilateral trade negotiations. Some of these representatives suggested that non-tariff measures affecting products of interest to developing countries should be dealt with on a pragmatic basis and for this purpose the Committee on Trade and Development should establish an action programme for consideration at the Ministerial meeting in September. In their view it was necessary to give priority attention to barriers arising from health and sanitary regulations because of their relatively greater adverse affect on trade of developing countries. They suggested that the Agricultural Committee should set up a special group to examine problems in this field. They further emphasized that because these regulations affected not only trade in primary agricultural products, but also in processed agricultural and food products they should be included in the illustrative list of non-tariff measures prepared by the Committee on Trade in Industrial Products.

6. Several representatives of developing countries supported the proposals made by the representative of Brazil who suggested that the Committee might provide general guidelines to the technical groups working on solutions to non-tariff barriers without interfering with the work of such groups. In this respect, developed countries should abstain from the implementation of measures even where these were otherwise compatible with the GATT if such action adversely affected the interests of developing countries. Special treatment should also be accorded to developing countries by removing non-tariff barriers affecting their trade on a preferential basis and by giving them the technical assistance needed to help them in complying with various measures and regulations. It was further suggested by this representative that, subject to their trade and development needs, developing countries might consider adherence to the solutions worked out in respect of non-tariff measures as part of their contribution to the multilateral trade negotiations.

7. Several representatives of developed countries offered preliminary comments on some of the proposals made by developing countries. They doubted the value of laying down general principles for the treatment of non-tariff barriers affecting developing countries, such as the principle of preferential treatment, without an examination of the specific situation relating to individual measures, since the problems and possibilities tended to differ according to subject and product and the situation was not the same for all developing countries. Some of these representatives supported the proposal that the secretariat should undertake a study of the implications for developing countries of the various ad referendum solutions. One of these representatives suggested that developing countries should, with the assistance of the secretariat, try to identify those specific non-tariff barriers which are real obstacles to their exports; governments could then participate more effectively in the technical work which was proceeding.

8. In his summing-up of this item, the Chairman stated that while the discussion had been of an exploratory character, there were a few points on which there appeared to be general agreement among members of the Committee. Firstly, there appeared to be agreement on the need to give priority attention to the removal of barriers in which developing countries, including in particular the least developed countries, had a major interest. Secondly, it seemed generally acceptable that the special problems of developing countries in relation to individual barriers needed to be examined in detail. The point had been made that, in order to ensure that their interests were fully taken into account, developing countries should participate actively in the work of the various technical groups where ad referendum solutions were being considered. It had also been stated that developing countries should consider adherence to the solutions worked out. A number of representatives believed however that this could be done only in the light of their assessment of their particular interests and needs. Thirdly, there appeared to be general support for the suggestion that the developing countries should be in a position to secure the technical assistance needed by them to comply with requirements and regulations under various types of non-tariff measures. Fourthly, there appeared to be a consensus that the secretariat should intensify the technical assistance it was providing to developing countries and that it should endeavour to carry out studies that would explain more fully the details of the arrangements that were being worked out and their implications for developing countries. This could assist developing countries to follow developments in regard to non-tariff measures and to take into account all relevant elements related to their interests when the various proposals were under examination in the relevant GATT bodies.

#### Import restrictions

9. As background for the discussion on import restrictions, the Chairman drew attention to secretariat note COM.TD/W/179 (paragraphs 17-23) and addenda 1 and 3 to that document containing information on import restrictions affecting products of export interest to developing countries. The Chairman invited delegations to inform the secretariat of any corrections which might be made to the tabulations contained in the addenda. A supplementary note (COM.TD/W/184) relating to the application of import restrictions to products of interest to developing countries had also been issued as background material.

The Chairman suggested that the Committee might, inter alia, wish to consider procedures for identifying items on which the removal of restrictions would have particular priority for developing countries in the negotiations and possible approaches to the removal of such restrictions within the framework of the negotiations or otherwise. Particular points relating to these matters could be brought to the notice of the other main Committees and the question of an in-depth examination of certain restrictions in a special body such as the Group on Residual Restrictions might be kept under review.

10. In a comprehensive statement<sup>1</sup>, the representative of Brazil referred to import restrictions as one of the most important subjects to be taken up in the trade negotiations because of their impact on items of export interest to many developing countries. He considered that the Committee on Trade and Development should try to reach agreement on three issues relating to this subject: (i) the establishment of a comprehensive list of products of interest to developing countries which are subject to restriction with a view to including such barriers and products in the negotiations; (ii) the formulation of an indicative programme for the elimination of those barriers, which would serve as a base for concessions during the negotiations; and (iii) procedures, techniques and modalities for negotiations between developed and developing countries which would be most likely to facilitate implementation of the programme.

11. With regard to product coverage, the representative of Brazil said that the existing factual information on import restrictions should be replaced by an agreed list of commodities and barriers designed to assist the Preparatory Committee in reaching decisions concerning the product and barrier coverage of the negotiations. In relation to the formulation of an indicative programme, the objective would be the elimination of all import restrictions on products of interest to developing countries on a preferential basis. Safeguard provisions, carefully formulated, should enable all developed countries to proceed towards the dismantling of import restrictions affecting the trade of developing countries.

12. As to procedures, techniques and modalities, the statement by Brazil envisaged that the concept of across-the-board tariff reductions adopted during the Kennedy Round might be applied to import restrictions by converting bilateral quotas into global quotas and by agreeing to a schedule of quota increases in favour of developing countries leading to the final elimination of such quotas. Exceptions to this process, which could be subject to confrontation and justification, might also be subject to liberalization but at a slower pace. Procedures for the negotiations on import restrictions should provide for preferential treatment to developing countries and participation by these countries, irrespective of whether they have or do not have initial negotiating or principal supplier status. Specific procedures might also be devised in relation to the question of relative reciprocity and areas where no reciprocity should be expected from developing countries.

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<sup>1</sup>Issued as COM.TD/W/188

13. Because of the important implications of some of the proposals put forward by the delegation of Brazil, many delegations stated that their authorities would need to carefully examine the suggestions before formally reacting to them. Nevertheless, some representatives provided the Committee with preliminary comments.

14. Representatives of a number of developing countries expressed support in general terms for the ideas submitted by the delegation of Brazil. They considered that a list of import restrictions applied to products of particular interest to developing countries should be drawn up with a view to seeking their elimination on the basis of an agreed programme and time-table on a preferential basis. One of these representatives suggested that there should also be a standstill on new restrictions at least until the conclusion of the trade negotiations and that, wherever possible, restrictions should be removed on a unilateral basis in advance of the negotiations. The representatives of some other developing countries stated that the question of non-reciprocity was closely linked not only to the provisions and spirit of Part IV of the General Agreement but also to its implementation in relation to the objectives, principles and ground rules to be defined for the multilateral trade negotiations. Some of these representatives pointed out that it would be difficult for many developing countries, including the least developed among them, to offer any reciprocity in exchange for the elimination of import restrictions.

15. Representatives of some developing countries suggested that import restrictions and other non-tariff barriers should be looked at on a global basis. To this end, it might be useful to merge the three proposals made by the delegation of Brazil concerning quantitative import restrictions with the proposals made by the same delegation on other non-tariff barriers (paragraph 6 above) so as to make them applicable to all barriers to imports. To facilitate future work on import restrictions, the representative of a developing country suggested that the inventory of non-tariff measures including import restrictions applying to agriculture should be up-dated in the same way as similar work was proceeding in the Industrial Committee. Furthermore, processed agricultural products might more appropriately be dealt with in the Industrial Committee.

16. Representatives of developed countries indicated generally that, although they considered the Brazilian statement to be a most useful contribution to an examination of specific questions of importance to developing countries and the priorities for effective action, they would wish to examine the points in greater detail and reflect on the proposals made. Some of these representatives, however, expressed a general reservation concerning the application of preferential treatment to non-tariff barriers and pointed to the need to consider with great care the question in relation to import restrictions. In connexion with procedural matters, a number of representatives of developed countries considered that some attention could be given to the relationship between the work taking place in the Committee on Trade and Development on import restrictions and that of Working Group 4 of the Committee on Trade in Industrial Products and in the Agriculture Committee. One of these representatives pointed out that the Agriculture Committee had emphasized the inter-relationship between measures affecting production and trade in agricultural products and considered that there

was need for close co-ordination of activities in this field in the Committee on Trade and Development and the Agriculture Committee. It was suggested that the Chairman of the Committee on Trade and Development might consult informally on the question of co-ordination with the Chairmen of the other GATT bodies concerned and interested delegations.

17. In his summing up of the discussion on quantitative import restrictions, the Chairman said that four general points appeared to emerge: (i) priority action should be taken on restrictions affecting exports from developing countries, especially those from the least developed countries. Some delegations attached particular importance to action on those restrictions which are described as illegal; (ii) the Committee should be in a position to establish a list of items subject to import restrictions that are of interest to developing countries and that list should be the subject of action either within the framework of the negotiations or otherwise; (iii) in the course of the negotiations, the removal of restrictions on the largest possible number of such items should be sought and, where restrictions cannot be eliminated, they should be the subject of special examination and discussion; (iv) for this purpose a procedure for the examination of these restrictions and for the working out of guidelines for action was required.

18. The machinery of the Group on Residual Restrictions could possibly be used to focus on the list of items of interest to developing countries which should be singled out for priority action. In so far, however, as the guidelines or procedures for further action are concerned, it seemed that the suggestions made in the Committee could be integrated with the overall proposals being developed in Working Group 4 of the Committee on Trade in Industrial Products. Similarly, it would appear that restrictions on certain agricultural products which tended to be a part of the overall policy measures applying in the agricultural field could be dealt with on a priority basis in the Committee on Agriculture.

19. With regard to the question of a link between the work of the Committee on Trade and Development and that proceeding in the technical sub-groups, this matter might be further elaborated in consultations which the Chairman would be prepared to undertake with delegations and also, where appropriate, with the Chairmen of other GATT bodies.

20. In the light of the debate at this session the Chairman stated his understanding that the work of the Committee on Trade and Development over the near future should be so oriented as to put it in a position to present consolidated proposals for the multilateral trade negotiations for consideration by the Preparatory Committee in July. He expressed the hope that discussions and consultations would take place in the interval before the next session of the Committee so as to develop a clearer picture of the follow-up action on the points discussed.

Future work of the Committee

21. The Chairman suggested that, subject to review in the light of consultations with delegations, the next meeting of the Committee could take place during the period 22-25 May. At that meeting, the Committee might wish to return to the question of tropical products having regard, inter alia, to the discussion at the February meeting of the Committee and to the study requested from the secretariat which should be in the hands of delegations in advance of the meeting. It might also be appropriate to have a first substantive discussion of certain other aspects of the preparatory work for the negotiations of particular interest to developing countries, such as possible approaches to tariff reductions and the implications of such reductions for the Generalized System of Preferences, further approaches to the treatment of problems pertaining to agricultural products and the question of safeguards. The Committee might also wish to revert to some of the matters discussed at its twenty-fourth session, in the hope that it might then be in a position to discuss the issues in somewhat greater depth and perhaps also to reach agreement.