

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1859

15 October 1962

Limited Distribution

CONTRACTING PARTIES

23 October-16 November 1962

INTERIM REPORT OF COMMITTEE III ON THE MEETINGS OF 8-11 OCTOBER 1962

1. The Committee recalled the Conclusions of the meeting of Ministers in which it was agreed that the CONTRACTING PARTIES should take immediate steps to establish specific programmes of action, and where feasible target terminal dates, for the progressive reduction and elimination of barriers to the exports of less-developed countries. The Committee noted that it had not as yet been possible to establish such programmes of action. The Committee decided that it would be failing in its charter if it did not advise the CONTRACTING PARTIES at this stage of the gap still existing between intent and performance. The Committee decided to adjourn its meeting until the twentieth session¹ to allow time for governments to give further consideration to this matter. It was hoped that contracting parties will be in a position to report on progress and on the consideration they have given to the matter at the resumed meeting. The present report should, therefore, be regarded merely as an interim report, to be completed after the deliberations at that time.

Quantitative import restrictions

2. At its May meeting the Committee agreed that arrangements should be made for periodic reviews or discussions of the remaining quantitative restrictions on products studied by the Committee, in the light of the ministerial Conclusions and the Declaration of 7 December 1961 (see L/1768, paragraph 9). Accordingly, the Committee took up the question of the removal of quantitative import restrictions at its October meeting. The Committee had before it a summary table of import restrictions still applied on the products under review (COM.III/89), in which a distinction was drawn between restrictions maintained on balance-of-payments grounds and other restrictions.

3. It was noted that there had been a reduction in the number of items on which restrictions were still maintained by contracting parties, and also in the number of countries maintaining such restrictions on individual products under study by Committee III. The Committee also welcomed the statement giving details of recent liberalization measures taken by Japan which had not been included in COM.III/89, and statements by the representative of Finland and the Federal Republic of Germany in which increases in global quotas were announced.

¹It was agreed that the Committee would resume its meeting in the week of 29 October 1962.

4. The Committee, while welcoming the progress which had been made, noted that the situation still falls short of the expectations of the ministerial meeting. In contrast to the encouraging picture on certain items, it was noted that restrictions were maintained by some industrialized countries on other items of great importance to the export trade of less-developed countries. Of the items in the first list of products, coffee, vegetable oils, jute manufactures, coir manufactures and cotton textiles might be given as examples of this. It was pointed out that, in many cases, such quantitative restrictions were in contravention of the GATT and that the observations made in paragraph 8 of the May report of the Committee still applied to these restrictions.

5. Members of the Committee felt that when considering this problem it was essential to bear in mind the broad framework within which the Committee's work was carried out. During the past few years the magnitude of the task facing the less-developed countries and the primary importance of increasing their export earnings if this task was to be fulfilled, had been widely recognized. This recognition had not, however, been converted into action, largely because decisions which might themselves affect only individual products had not been related to the framework within which they were made. It was also felt that quicker progress in the removal of quantitative restrictions from the exports of the less-developed countries might be obtained if countries maintaining such restrictions were to make a greater effort to discuss in the Committee the reasons responsible for the gap between awareness of the problem and actual performance.

Customs tariffs

6. The Committee welcomed the fact that the 1960/61 Tariff Conference had resulted in bindings or reductions of duties on some 160 tariff items of interest to the less-developed countries. It was felt that the proposed new tariff exercise should provide an opportunity for more far-reaching tariff reductions on products studied by the Committee, especially as the United States Trade Expansion Act of 1962 had recently been passed in a form which granted to the Administration the negotiating powers which it had requested. In substance the Act was as summarized during the May meeting of the Committee by the representative of the United States. The Committee agreed that there was, therefore, no need to add to the comments which it had made in the report on its May meeting (L/1768, paragraph 16) on the draft legislation nor to the considerations which it had wished to place before the Working Party on Procedures for Tariff Reduction to be taken into account in the formulation of those procedures. In this connexion attention was also invited to observations contained in Part II of the May report concerning tariff obstacles confronting the exports of the less-developed countries.

7. The Committee welcomed the fact that certain countries, notably Austria, Italy and Finland, in the case of tea, had, since the last meeting of the Committee, made unilateral reductions in tariffs of benefit to the exports of less-developed countries, and reiterated its belief in the value of such unilateral reductions. The Committee noted that no action had yet been taken in response to the proposal, made at its last meeting, that early consideration should be given to the reduction of import duties and taxes on unwrought copper. The delegate of Rhodesia and Nyasaland said that, in view of the difficulties which might result for some less-developed countries, his Government withdrew its proposal that consideration should be given to the conversion of the non-protective elements of high specific duties on tobacco to an ad valorem basis. The Committee recalled its earlier decision that contracting parties maintaining tariffs on the exports of the less-developed countries should continue to report on any action or plan for the reduction of these tariffs.

8. Members of the Committee considered that further light might be cast on the problem of the reduction of tariffs on the exports of less-developed countries if further studies were undertaken on the existence of differential tariffs on the semi-processed and processed derivatives of the major products of these countries and on the general incidence of import duties on the major manufactured exports of the developing countries in the main markets for these goods, compared with the incidence of duties on more sophisticated manufactured goods primarily traded between the highly-industrialized countries. It was agreed that the secretariat should look into this matter and should report on the feasibility of conducting such studies when the Committee resumed its work at the time of the twentieth session. At the same time the secretariat should also examine the possibility of drawing up a summary table of import duties on a selected number of items, in the first instance on tropical beverages, along the lines of the summary table on quantitative restrictions contained in CCM.III/89.

Revenue duties and internal taxes

9. The Committee took note of the contents of paragraph 38 of the report of the Special Group on Trade in Tropical Products (L/1817) in which it was recalled that all Ministers had accepted that part of the ministerial Declaration of 30 November 1961 relating to the removal of revenue duties and fiscal charges. Some members felt that certain further practical investigations on the effects of changes in the level of internal taxes might be useful. However the Committee noted that the Special Group had expressed the opinion that further studies were not called for and that what was required was the implementation of the relevant part of the ministerial Declaration and, if more progress in this direction was to be made, further consideration of the matter at ministerial level was necessary.

10. The Committee recalled the importance that Ministers had attached to this problem. Most members of the Committee felt that its solution relied on the existence of a will in countries maintaining high revenue duties and internal taxes to make progress towards their removal. It was recognized that there may be problems in the immediate removal of all such duties and taxes but it was felt that even a declaration of intent by countries to give a more tangible demonstration of their adherence to the Conclusions of the ministerial meeting would be valued. It was felt that the possibility of a multilateral approach to this problem called for further consideration.

11. The Committee welcomed the announcement by the representative of Finland of a sizeable reduction in the Finnish duty on tea, but expressed concern that there had been no major movement towards the general removal of revenue duties and fiscal charges on major export products of the less-developed countries. The Committee decided that, at its meeting during the week commencing 29 October 1962, it should prepare a statement reporting back to the CONTRACTING PARTIES on this subject. It would also stand ready at that time to receive notification of any action taken by individual contracting parties in this field.

State trading

12. The Committee noted that a number of replies had been received to the supplementary questionnaire on the operation of State monopolies affecting the exports of less-developed countries contained in L/1768. It was agreed that, in order to allow time for the study of information received and for the completion of replies by other contracting parties, the examination of this matter should be taken up again at its resumed meeting.

Examination of development plans

13. It was decided that when it met again during the session the Committee would begin an examination of the Second Five-Year Plan of Pakistan.

14. The Committee agreed that the secretariat should continue to keep in touch with the Turkish and other interested governments to arrange for the circulation of any material which had been made available on their current economic plans.

Production and marketing techniques and export promotion

15. The Committee took note of the paper on recent activities of international organizations in relation to production and marketing techniques (COM.III/91) which it was considered would provide useful background information for any future work on this subject in the GATT and which would minimize the danger of duplicating work being carried out by other bodies.

16. The Committee also had before it proposals on assistance in the promotion of trade of less-developed countries, contained in COM.III/92, and a proposal by a member of the Committee that an "international trade information centre" should be established by the CONTRACTING PARTIES to collate and publish information from a variety of sources including GATT records. The Committee decided that discussion on these topics should be taken up again at its resumed meeting and that the secretariat should prepare a paper setting out details of the proposed "international trade information centre" in collaboration with the delegation concerned. The secretariat was also instructed to report on the implications of this proposal, particularly those relating to finance.