

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2181

13 March 1964

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REPORT OF COMMITTEE III ON ITS MEETING OF 4 MARCH 1964

1. During the twenty-first session of the CONTRACTING PARTIES, Committee III met on 4 March 1964, under the Chairmanship of Mr. Patrick Donovan, Australia, following his unanimous election by the CONTRACTING PARTIES at their meeting on 25 February.¹

2. The major item on the agenda of the present meeting of the Committee was the examination of, and action on, the report by the Group of Experts in the Field of Trade Information (COM.III/128), set up on the recommendation of the Committee, to advise the CONTRACTING PARTIES on the establishment of a trade information centre within the framework of GATT. The major points of discussion on this subject and the Committee's recommendations in this regard are contained in Part A below. The Committee also carried out a brief review of the progress being made in the implementation of its general work programme. A summary of the major points made in this regard is contained in Part B.

A. Establishment of Trade Information and Trade Advisory Services within the Framework of GATT

General

3. In accordance with a recommendation by Committee III (L/2080 paragraphs 60-62), a Group of Experts in the Field of Trade Information was convened from 3-5 February, to examine the most efficient means of establishing and operating an international trade information centre within the framework of GATT. The findings of the Expert Group and its recommendations were circulated in document COM.III/128. The major findings and recommendations may be summarized as follows:

(i) The Expert Group agreed unanimously to recommend to the CONTRACTING PARTIES the establishment of trade information and trade promotion advisory services within the framework of GATT.

(ii) The Expert Group suggested that, pending further consideration, the services should be compact, and should concentrate during the initial phase of operations on the following work:

(a) establishment of a "documents centre" - and operation of a "clearing house" for trade information;

¹Mr. Paul Phillips, his predecessor, has been assigned to other important duties in his national government which make it impossible for him to continue as Chairman of Committee III. There was widespread appreciation of the valuable services Mr. Phillips had given to the Committee (see SR.21/2, page 19).

- (b) provision of a "correspondence-answering service";
- (c) publication of a "Register of Sources of Trade Information";
- (d) resumption of publication of the "International Trade News Bulletin", in a form designed to meet the special needs of the less-developed countries;
- (e) preparation of a manual on efficient means for establishing and operating export promotion services;
- (f) arranging for, and, as appropriate, provision of training facilities or courses in export promotion and export promotion techniques.

(iii) The Expert Group felt that, for the efficient operation of the services, the maximum co-operation from governments will be necessary.

(iv) Provision might usefully be made for periodic reviews of the operations and the development of the services.

Summary of discussion and of the Committee's recommendations

4. Speaking on behalf of the Chairman of the Expert Group, who due to other urgent business could not attend, the representative of Sweden, in introducing the report of the Expert Group, expressed appreciation of the positive attitude and the sense of realism in which this new venture had been approached by all concerned. This had made it possible to examine the various proposals in a pragmatic fashion. In its recommendations the Expert Group had been guided by the desire to see that the services would meet a real need of the developing countries, and that a mis-direction of effort and resources be avoided. He explained that, if called upon, the Expert Group would be prepared to keep the development of the services under review, and to provide counsel and guidance for facilitating the establishment and operation of the services on a sound and efficient basis. If the Expert Group should meet again it would be particularly appreciated if more less-developed countries would find it possible to participate. An important point to be taken up at the next meeting would be to consider how the activities of the services might be further extended into the field of export promotion measures. He further pointed out that if the recommendations of the Expert Group differed somewhat from the original proposals, this should be seen in the light of the step-by-step approach chosen by the Expert Group. The Expert Group attached great importance to this new line of activity in the GATT, including the trade promotion aspect of the services. This was the first time that such services would be provided on a world-wide scale by an international organization, and, if efficiently operated, they could make a worthwhile contribution to the efforts of less-developed countries to expand their exports.

5. Representatives, both from industrialized and from less-developed countries, expressed their appreciation of the expeditious and realistic manner in which the Expert Group, under the able chairmanship of Mr. H. Mott (Sweden), had dealt with the questions referred to it. The Committee agreed that the provision of trade information services and trade promotion advisory services in the framework of GATT, if operated effectively, could make an important contribution to the efforts of the developing countries to expand their export earnings, a point which was repeatedly stressed during the discussion by representatives from these countries. Endorsing the recommendations of the Expert Group, the Committee unanimously recommended that the CONTRACTING PARTIES establish, at an early date, needed trade information services and trade promotion advisory services within the framework of GATT.

6. There was unanimous agreement that the step-by-step approach, suggested by the Expert Group, would permit the available resources to be used to best advantage. Recognizing the close link between trade information and trade promotion, the Committee particularly welcomed the proposal that the services should arrange for, and provide, training facilities in relation to trade promotion.

7. It was generally recognized, that the success or failure of the services would depend on their being operated in such a way as to ensure that the information which could be made available would be utilized effectively. It was stressed that this criterion should constitute an important element in any review of the operations and decisions regarding the future development of the services.

8. As regards the specific tasks to be undertaken by the services during the initial phase of the work, the Committee unanimously endorsed the proposals made in this regard by the Expert Group, as set out in document COM.III/128 (briefly summarized in paragraph 3 above). The Committee also agreed that it would be desirable to undertake periodic reviews of the development of the services, and concurred, therefore, with the suggestion that the Expert Group should be reconvened approximately six months after the services had started to operate. The Committee agreed that it would be desirable if more less-developed countries would find it possible to participate in future meetings of the Expert Group.

9. As regards the various matters which the Expert Group would have to take up at its next meeting, the Committee took note of the views of some representatives that the possibilities should be explored for ensuring from the outset that the "correspondence-answering service" should be operated in a way which would enable exporters to obtain information in the most direct manner which will avoid administrative delays, such as could arise from recourse to a screening procedure. Another point specifically referred to as a subject for examination by the Expert Group at its next meeting, was the type and scope of the publications, other than those referred to in paragraph 3 above, which the services should prepare and issue.

10. The Committee agreed that the services should collaborate, to the greatest extent possible, with national trade promotion offices and/or departments or agencies having similar functions, in order to avoid a duplication of work. In this connexion, the Committee welcomed statements by representatives from industrialized countries, in which they indicated the willingness of their respective governments to co-operate fully with the services, both in the field of trade information and trade promotion, including the provision of expert advice and, as appropriate, training facilities.

11. The Committee took note of the views expressed by the Expert Group (COM.III/128, paragraph 12) that it would be necessary for the efficient operation of the services to implement more effectively, and in some instances to expand, the present procedures for the notification of commercial policy measures. The Committee agreed that it was necessary for the services to be supplied by governments with laws, regulations and decisions of interest to the international trading community, preferably in one of the working languages of the GATT, and to be kept informed of all changes pertaining thereto. With this in mind, the Committee drew up a draft recommendation for consideration by the CONTRACTING PARTIES. The text of the draft recommendation, entitled "Recommendation Relating to Co-operation in the Field of Trade Information and Trade Promotion" is annexed to this report.

12. Further, on the basis of a proposal in paragraph 15 of the report of the Expert Group (COM.III/128), the Committee recommended that contracting parties should be invited to nominate an officer or an agency which would keep in contact with the GATT services, and to which enquiries could be directed, either through the services or directly, in regard to problems or difficulties which exporters might have in obtaining trade information and regarding trade promotion facilities in respect of the country concerned.

13. The Committee instructed the secretariat to draw up for consideration by the CONTRACTING PARTIES, at their present session, a note on the financial implications of establishing and operating the services and a detailed assessment of the budget requirements for 1964. As regards the future operation of the services, it was pointed out, that sight should not be lost of the objective, as set out in the original proposal by Brazil, to make the services financially self-supporting.

B. Review of Progress in the Implementation
of the Committee's Work Programme

14. Based on a progress report by the Deputy Executive Secretary, the Committee carried out a short review of the implementation of its work programme.¹

¹Apart from the question of trade information services and export promotion schemes and marketing and production techniques, referred to in Part A above, Committee III had addressed itself at its last meeting to five major subjects (see L/2080, paragraph 1).

(a) Possibilities for action in the field of financial assistance

15. In respect of one of these subjects, relating to financial assistance to less-developed countries, Committee III had recommended the establishment of an Expert Group to examine this question. Committee III took note of the report of the Expert Group (COM.III/127), which had met from 27-29 January, and of documents COM.III/125 and COM.III/129, issued in connexion with that meeting. Since the report of the Expert Group will be submitted directly to the CONTRACTING PARTIES, in accordance with the Committee's decision (L/2080, paragraph 34), the Committee felt that it would not be necessary to take up this question at its present meeting.

(b) Meeting of the Special Group on Trade in Tropical Products

16. The Committee took note that, in accordance with the recommendation it had made (L/2080, paragraph 9), the Special Group on Trade in Tropical Products had held a meeting from 18-20 February, to examine the problems facing the cocoa industry, following the failure of the United Nations Cocoa Conference to reach agreement during the recent negotiations, and to seek solutions to these problems in so far as they come within the purview of GATT. The report on the meeting of the Special Group was issued in document L/2157. The Committee took note of the view expressed by most members of the Special Group, that it should be possible to make concrete progress concerning the problems affecting tropical products during the forthcoming trade negotiations in GATT. The Group, with the abstention of Brazil, had therefore recommended that the questions be referred to the Trade Negotiations Committee, and had asked the Chairman of the Special Group on Trade in Tropical Products to maintain liaison between the Special Group and the Trade Negotiations Committee with regard to tropical products in the forthcoming negotiations. Since the report of the Special Group will be submitted directly to the CONTRACTING PARTIES, the Committee did not feel it necessary to take up this question at the present meeting.

(c) Review of progress in the elimination of barriers affecting exports of less-developed countries

17. As regards the customary review of progress in the elimination of trade barriers affecting products examined by the Committee, the Committee had before it a revised version of a paper prepared by the secretariat (COM.III/119/Rev.1), setting out in a summary form the progress made - incorporating the notifications received from contracting parties regarding further progress - and listing the remaining restrictions (also, see COM.III/130). The Committee noted that since its last meeting further progress in the dismantling of restrictions had been made, and that in respect to some of the remaining barriers Sub-Committee 1 of the Action Committee had held consultations in December 1963 with twelve industrialized countries regarding possibilities for accelerating further the dismantlement of such barriers. (See AC/SC1/8, AC/SC1/9 and corrigenda.) In the light of the recent discussions on this subject, it was not thought necessary to take this matter up in detail at the present meeting.

(d) Examination of further products of export interest to less-developed countries

18. In view of the large number of products which had been added to those already under examination in the Committee, and taking account of the need to proceed expeditiously, the Committee had urged contracting parties to supply the secretariat with information on commercial policy measures, and with relevant trade statistics (L/2080, paragraph 18). The Committee noted that, in order to facilitate the transmission and subsequent processing of such data, the secretariat had circulated a comprehensive questionnaire (Spec(64)6 and Addenda). The questionnaire had been designed to take into account that such data would be useful not only in relation to the envisaged extension of the coverage of the Action Programme, but also in the context of the programme of country studies and for the operations of the trade information and trade promotion advisory services. As regards the completion of the questionnaire, it was recognized that, burdensome as the compilation of these data might appear, experience had shown that real progress in the various sectors of the Committee's work could not be expected, unless all relevant factors were known. It was, therefore, important that the secretariat should be supplied with these data.

(e) Arrangements for the expanded programme of studies of development plans

19. In reviewing progress under this heading, the Committee took note of a statement by the Deputy Executive Secretary. In his statement, the Deputy Executive Secretary explained that, based on the Committee's decisions (L/2080, Section III), the secretariat had already worked out, or was in the process of working out, with the governments of the countries concerned, a time schedule and working arrangements for the conduct of the studies. For some of these studies, a good deal of the necessary preparatory work had been done. Also, the work arrangements with the other international organizations, competent in the field of trade and aid studies, had already been strengthened, or were under discussion, to avoid duplication and to make the best use of the available resources. It was a matter of satisfaction that full co-operation was being received from all of the agencies concerned. It was relevant to note that the Expert Group on Financial Assistance had felt that the responsibilities which the CONTRACTING PARTIES had recently undertaken in the field of studies of development programmes would render an intensified collaboration between the GATT and the lending agencies particularly fruitful, and that the lending agencies and the lending governments should, and would undoubtedly wish to, take into full account in their financial operations the relevant aspects of the studies and the discussions in this regard by the CONTRACTING PARTIES and their subsidiary bodies (see COM.III/127).

20. The Deputy Executive Secretary explained that, although it was not yet possible to give a precise time schedule for the completion of the various studies agreed upon by the Committee, because of the need of continuing adjustments to accommodate the wishes and to meet the convenience of the governments whose development plans were being studied, it was certain that some of the studies would be ready for discussion at the Committee's autumn session and that thereafter further studies would become available on a continuing basis, in order that the programme might become one of the main features of the continuing work of the Committee, as was being envisaged.

21. The Committee was informed that communications had been received from Ceylon and Madagascar, that they would also like to submit their development plans for study at an early date. Further, the Committee recalled that Israel had earlier made a request for having its development plan studied. Noting a statement by the secretariat that there appeared to be no practical difficulties in adding these three countries to the list of those selected earlier for priority study, the Committee agreed to the addition of these three countries to that list, it being understood however that the exact time schedule for having these studies taken up would remain to be worked out and that this decision was without prejudice to any legal or other questions which might be involved.

(f) Use of export subsidies by less-developed countries under the provisions of the General Agreement

22. The Committee noted that, in the follow-up of work relating to this matter (see L/2080, paragraphs 65-67), the secretariat had circulated a questionnaire to contracting parties to obtain the data necessary for a further examination of this question. A summary of the replies to the questionnaire had been distributed in document L/2097. The Committee was informed that an addendum to that document, containing additional replies, would be issued shortly. The Committee noted that certain aspects of this question had been taken up by the Committee on the Legal and Institutional Framework of GATT in Relation to Less-Developed Countries, at its meeting from 12-17 December 1963, and that the question continued to be under consideration in that Committee. The Committee felt therefore, that it would not be necessary to examine this matter further.

ANNEX

Recommendation Relating to Co-operation in the Field of
Trade Information and Trade Promotion

Having in mind the requirements set out in Article X:1 of the General Agreement for the publication of trade regulations and matters relating thereto, the notification requirements set out in the General Agreement, and the various procedures adopted by the CONTRACTING PARTIES for the notification of certain commercial policy measures;

Noting a recommendation by Committee III that, for the efficient operation of the trade information services and trade promotion advisory services in the framework of GATT, it would be necessary to implement more effectively, and in some instances to expand, the present notification procedures;

Recognizing that co-operation from governments would be essential for the efficient operation of such services;

Recognizing further, that the availability of comprehensive, authoritative and up-to-date information on all matters relating to trade and international exchanges would be of assistance in the activities of the CONTRACTING PARTIES generally;

The CONTRACTING PARTIES recommend that:

Contracting parties should forward promptly to the secretariat, copies of the laws, regulations, decisions, rulings and agreements, of the kind described in paragraph 1 of Article X of the General Agreement, together with such other information they consider relevant to the objectives of this Recommendation;

Contracting parties, when transmitting any notification regarding commercial or economic policy measures, should indicate whether, and to what extent, this information may not be released through the trade information and trade promotion advisory services;

Contracting parties, in addition to supplying information of the kind referred to above, should use their best endeavours to assist in the identification of market opportunities, including the exchange of market research studies which may have been prepared, either through the trade information services and trade promotion advisory services or directly, and to provide any other assistance deemed appropriate which would further the objectives of the services.