

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee III - Expansion of Trade

SURVEY OF WORK UNDERTAKEN BY COMMITTEE III

Prepared by the Secretariat

Introduction

1. At the last meeting of Committee III, held on 12 November 1964, the secretariat was instructed to prepare a paper giving a detailed summary of the work done by the Committee, and indicating also the matters still to be taken up. The Committee felt that such a survey would facilitate discussion in the Committee on Trade and Development when it draws up its work programme.

2. In compliance with this request, the secretariat has prepared the present paper. The paper is organized in three parts, as follows:

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PART I. GENERAL

Origin and terms of reference of Committee III

3. The decision to establish Committee III was taken in the autumn of 1958, in connexion with the inauguration of the CONTRACTING PARTIES' Programme for the Expansion of International Trade, following the Ministerial Meeting held in that year. The terms of reference given to Committee III were as follows:

... "To consider and report to the CONTRACTING PARTIES regarding other measures¹ for the expansion of trade, with particular reference to the importance of the maintenance and expansion of export earnings of the less-developed countries to the development and diversification of their economies".

Programme of work

4. Committee III held its first meeting in March 1959. The programme of work which the Committee adopted can be summarized as follows:

- (a) study of, and identification of, trade barriers affecting products of current or potential export interest to less-developed countries, with a view to contributing to the adoption of practical measures for the early reduction and elimination of such barriers;
- (b) examination of measures which may be taken in the framework of GATT for assisting - through trade expansion - the development, or expansion, of efficient industries in less-developed countries;
- (c) study of measures which the less-developed countries might take to improve their production and marketing techniques;
- (d) examination of measures applied by less-developed countries which might discourage (i) their own exports, or (ii) exports of other less-developed countries;
- (e) review of developments in the field of commodity trade; and
- (f) review of action taken by contracting parties in conformity with the objectives underlying the terms of reference of the Committee.²

5. At that time the Committee also agreed that, in the first instance, priority should be given to point (a) of its work programme. Another major part of the work undertaken by the Committee, but not specifically referred to in paragraph 4 above, related to the formulation of guide-lines for action, aimed at assisting the CONTRACTING PARTIES in adopting measures which may be expected to make an effective contribution to meeting the trade and development needs of less-developed countries. Because of the general significance of this work it is taken up first in Part II of this paper.

¹ ... "other measures", means other than those specifically entrusted to Committee I - dealing with the preparations for the 1961-62 Tariff Conference - or to Committee II - dealing with problems affecting international trade in agricultural products (see BISD, Seventh Supplement, p.29).

²For the full text of the Committee's agreed work programme, see BISD, Eighth Supplement, pp.132-133.

PART II. NOTES RELATING TO THE MAJOR AREAS OF
THE WORK OF COMMITTEE III

A. Elaboration of Guide-Lines for Action in the
Field of Trade and Development

6. While work aimed at the removal of trade barriers affecting particular commodities of special export interest to less-developed countries has undoubtedly taken up most of the Committee's time and energy, the Committee has also devoted considerable attention to the more general problem of formulating general principles and guide-lines for this type of action. Thus, in its second report to the CONTRACTING PARTIES - submitted in October 1959 - the Committee recommended:

"...that contracting parties, particularly industrialized countries, should examine tariffs, revenue duties and internal charges, quantitative restrictions and other measures applied by them, with a view to facilitating an early expansion of the export earnings of less-developed countries."

This recommendation was unanimously adopted by the CONTRACTING PARTIES at their Fifteenth Session, held in October/November 1959, in Tokyo.

7. In the autumn of 1961, following the examination of the third list of products, Committee III drew up a special report which contained, inter alia, ten specific recommendations for consideration and adoption by the CONTRACTING PARTIES. The ten recommendations may be summarized as follows:

"contracting parties

- (i) should give immediate and special attention to the speedy removal of remaining quantitative import restrictions affecting exports of less-developed countries;
- (ii) should consider the immediate removal of any element of discrimination in the application of these restrictions;
- (iii) especially industrialized countries, should examine their tariffs with a view to an early expansion of the export earnings of less-developed countries;
- (iv) during tariff negotiations, should keep in mind the needs of less-developed countries, for a more flexible use of tariff protection;

- (v) should adopt a sympathetic attitude to the question of reciprocity of tariff concessions, to meet the special needs of less-developed countries;
- (vi) considering methods to bring about a future general reduction of tariffs, should take account of the needs of less-developed countries;
- (vii) especially industrialized countries with favourable financial and economic situations, should re-examine the possibility of reducing substantially their internal revenue and fiscal charges on products of interest to less-developed countries;
- (viii) especially industrialized countries, in their commercial and economic policies, should give increasing emphasis to measures which would enable less-developed countries to enjoy a progressively increasing rate of growth; where their requirements can be met by imports from less-developed countries, they should give sympathetic consideration to moderating their tariff and non-tariff measures affecting these products;
- (ix) should take account of the long-term development plans of the less-developed countries and recognize that, important as financial assistance is, an expansion of exports of less-developed countries is essential if these countries are to develop on a sound economic basis; and
- (x) operating State import monopolies or purchasing agencies, should endeavour to improve access to their markets for products of less-developed countries by decisions to import larger quantities of the products concerned and, if necessary, by reductions in the difference between import and sales prices."¹

8. The recommendations of the Committee were fully reflected in the Ministerial Declaration on the Promotion of the Trade of Less-Developed Countries, of 30 November 1961 (reproduced in full in Annex 2 to this paper). This Declaration was subsequently adopted by the CONTRACTING PARTIES as a basis for their work in the field of trade and development. In drawing up the Declaration, Ministers agreed that their governments would undertake to observe the guiding principles embodied in the Declaration to the fullest extent possible, with the object of reducing, in the near future, obstacles to exports of less-developed countries.

¹As the special report also contains certain general observations regarding the importance of an enlargement of the export earnings of less-developed countries to their capacity to meet their import requirements, and to take full advantage of international specialization, the text of the introductory part of the report is reproduced in Annex 2.

9. The Declaration expresses the recognition by Ministers and by the CONTRACTING PARTIES of the need for a conscious and purposeful effort on the part of all governments to promote an expansion in the export earnings of less-developed countries through the adoption of concrete measures to this end. Consequently, contracting parties were asked to reduce to a minimum restrictions inhibiting access to their markets for the products of less-developed countries. The governments of the major industrialized areas expressed recognition of their particular responsibility in this regard. Further, the Ministers and the CONTRACTING PARTIES recommended that governments should give immediate and special attention to the speedy removal of those quantitative restrictions which affected the export trade of less-developed countries and, where such restrictions were applied under the appropriate provisions of the GATT, to apply them in a non-discriminatory manner causing the minimum hinderance to trade. In addition, governments were invited to pursue policies designed to remove the underlying conditions requiring the use of such restrictions.

10. As regards tariffs, governments were invited to give special attention to tariff reductions which would be of direct and primary benefit to less-developed countries. In this connexion governments were asked to consider the elimination of tariffs on primary products important in the trade of less-developed countries, and also to consider reducing those tariffs which differentiate disproportionately between processed products and raw materials. As regards internal fiscal charges, Ministers expressed appreciation of the fact that adjustments in a fiscal system may be a complex matter with important financial, economic and other consequences which have to be taken into account, but agreed that the removal, or considerable reduction of revenue duties and fiscal charges in industrialized countries would be a useful contribution to the foreign exchange earning capacity of the less-developed exporting countries. In regard to the operation of State trading, they adopted the recommendation, contained in point (x) of the special report of Committee III (para. 7 above).

11. With a view to ensuring that all less-developed countries obtain equitable and satisfactory access to world markets, the Ministers and the CONTRACTING PARTIES also made a number of recommendations relating to the establishment of new preferential régimes, the use of production and export subsidies for primary products, and the disposal of commodity surpluses. (BISD, Tenth Supplement, pages 30-31).

12. As regards the negotiations under the Dillon Round for the reduction of barriers to trade, Ministers and the CONTRACTING PARTIES recommended that contracting parties should adopt a sympathetic attitude on the question of

reciprocity, keeping in mind the needs of the less-developed countries for a more flexible use of tariff protection. They recommended further that, in making arrangements to bring about the general reduction of tariffs, account should also be taken of the special needs of less-developed countries. Another recommendation related to assistance to be provided to less-developed countries in their efforts to improve their production and marketing techniques. Industrialized countries were asked to give greater attention to this matter in the framework of their technical and financial assistance programmes.

13. The CONTRACTING PARTIES also recognized that efforts to expand the export earnings of the less-developed countries, and to lessen the instability of these earnings due to fluctuations in primary commodity markets, should proceed concurrently and that it was essential that progress should be made towards reducing market instability, and its effect on foreign exchange receipts, in order that the efforts to expand trade should yield full benefits. Finally, the CONTRACTING PARTIES pointed to the importance of increased trade among less-developed countries, and recommended that these countries should keep this in mind in formulating their tariff, commercial and economic policy measures.

Implementation of the Ministerial Declaration

14. The Ministers also recommended - and the CONTRACTING PARTIES agreed - that immediate steps should be taken 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 and that procedures be drawn up for notifying and reviewing action taken by contracting parties in accordance with the programmes so established or otherwise taken to improve market opportunities for the exports of less-developed countries.

15. The CONTRACTING PARTIES also set the stage for the examination of a proposal, submitted by Nigeria, for duty-free entry for tropical products. This proposal - together with other related questions - was subsequently discussed in detail by the Special Group on Trade in Tropical Products, established in February 1962 on the basis of a recommendation by Committee III. The Group drew up a number of recommendations and agreed conclusions which were submitted to the Ministerial Meeting held in May 1963 and are reflected in the Ministerial Conclusions of that meeting (BISD, Twelfth Supplement, pages 152-161). In accordance with the mandate given to it, Committee III, at meetings held in February, April/May and in October and November 1962, addressed itself to the task of establishing procedures and programmes which would facilitate the implementation of the Ministerial

Declaration. This examination culminated in the consideration, at its meeting in November 1962, of a proposal for a Programme of Action - sponsored by twenty-one less-developed GATT countries.

16. Stated briefly, the Programme of Action provided, in respect of the products examined by Committee III, that industrialized countries should:

- (i) not impose new tariff or non-tariff barriers;
- (ii) remove quantitative restrictions, inconsistent with the GATT, within one year, but not later than 31 December 1965;
- (iii) grant duty-free entry for tropical products by 31 December 1963;
- (iv) agree to the elimination of customs tariffs on primary products;
- (v) prepare a schedule for the reduction and elimination of tariff barriers affecting semi-processed and processed products;
- (vi) reduce progressively fiscal charges and revenue duties on products mainly or wholly produced by less-developed countries;
- (vii) report annually on the implementation of the Action Programme; and
- (viii) adopt other appropriate measures for assisting the expansion and diversification of the trade of the less-developed countries.

17. The proposals contained in the Action Programme were subjected to a full discussion at the meeting of Committee III in November 1962, and at the meeting in March/April 1963, at which time the Committee also drew up a number of understandings in regard to the Action Programme which were submitted, together with the Action Programme, to the meeting of Ministers in May 1963 for consideration and adoption. The record of discussions in Committee III regarding the Action Programme is set out in BISD, Eleventh Supplement, pages 191-200, and BISD Twelfth Supplement, pages 99-105. The statement of the understandings reached at the meeting in March/April 1963 can be found on pages 89-94 of the Twelfth Supplement.

18. At the conclusion of the Ministerial Meeting, the eight-point Programme of Action, together with understandings and conclusions reached earlier by Committee III, and those submitted by the Special Group on Trade in Tropical Products, was adopted, in general, subject to understandings and to reservations by certain countries.

19. As regards point (viii) of the Action Programme: "other measures", in relation to which Committee III had also made a number of suggestions (see BISD, Twelfth Supplement, pages 93 and 94), the Ministers made specific reference in their Conclusions, to a number of measures which should be given urgent consideration. These measures can be summarized as follows¹:

- (a) Study of the grant of preferences to imports from less-developed countries;
- (b) adjustments in the structure and pattern of production and trade in industrialized countries, to permit increasing import competition from less-developed countries;
- (c) effective joint action to arrest the deterioration in the terms of trade of less-developed countries and to eliminate excessive fluctuations in exports and export earnings, for instance through commodity agreements, price stabilization schemes, compensatory financing and market organization;
- (d) extension of Committee III's work in the field of trade and aid studies;
- (e) examination of possibilities for financing the gap between export proceeds and import requirements of less-developed countries (including examination of possibilities of providing loans on "soft terms");
- (f) study of, and possible amendment of, the legal and institutional framework of GATT; and
- (g) establishment of a centre for trade information and market research within the framework of GATT.

Work of other GATT bodies for the implementation of the Ministerial Conclusions

20. The Ministers also decided on the establishment of an Action Committee. The Committee was given the task of assisting the CONTRACTING PARTIES in the implementation of the Programme of Action, and, as appropriate, to initiate, process, and co-ordinate further positive measures which would be of assistance to less-developed

¹(MIN(63)7, paragraphs 6, 7 and 24-30; BISD, Twelfth Supplement, pages 36-47.)

countries. By the same Resolution, the Ministers also provided: (i) for the establishment of a Working Party on Preferences - to examine possibilities for the grant of preferences to exports of less-developed countries - and (ii) for the establishment of a Committee on the Legal and Institutional Framework of GATT in Relation to Less-Developed Countries.

21. With the adoption of the Ministerial Conclusions, and the establishment of additional GATT bodies to deal with the important question arising in relation to trade and development, the scope of the work undertaken by the CONTRACTING PARTIES in these fields was significantly intensified and extended. As a result of the dispositions made, the work of Committee III was reinforced by the activities of the newly established Action Committee, the Working Group on Preferences, and the Committee on the Legal and Institutional Framework. Certain other problems which had earlier been dealt with by Committee III continued to be under review in the Special Group on Trade in Tropical Products.

B. Work Relating to the Removal of Trade Barriers
in respect of Selected Commodities

22. As has been pointed out earlier, the principal effort of Committee III has been directed toward facilitating the adoption of measures for the elimination of trade barriers affecting products selected as of special export interest by the less-developed countries. To date, the Committee has undertaken a detailed examination of some thirty products, or groups of products, included in Lists 1-3.¹ These products, taken together, accounted in recent years for approximately 40 per cent of the total export earnings - excluding petroleum - of less-developed countries. After carrying out a detailed examination, product group by product group, and reporting its findings regarding the measures identified as trade barriers, the Committee made appropriate recommendations, and, thereafter,

¹The following products, or product groups, were included in Lists 1-3 respectively:

List 1: Coffee, tea, cocoa, oilseeds and vegetable oils, tobacco, lead, copper, timber, cotton, cotton textiles, jute manufactures.

List 2: Iron ore, bauxite, alumina, aluminium, leather, leather goods, leather footwear, diesel engines, sewing machines, electric motors, electric pans, bicycles, sporting goods.

List 3: Canned fish, phosphates, cement, coir manufactures, ferro-chrome and ferro-manganese, copper products, steel furniture.

For a complete list of the products referred to Committee III for study see COM.III/136.

provided a forum for review of action for the early removal of these barriers. It is to be noted that in its examination the Committee has addressed itself not only to measures applied inconsistently with the General Agreement, but to all types of barriers affecting trade in these products.

The Committee's findings and recommendations

23. Depending on the products, and on the import markets concerned, the Committee found that the major obstacles of a commercial or economic policy nature to the expansion of the export trade of less-developed countries, were: (i) high tariffs; (ii) differential tariff rates for raw materials and processed products; (iii) differential tariffs according to the country of origin; (iv) revenue duties and internal fiscal charges; (v) quantitative restrictions (particularly discriminatory restrictions); and other measures such as; (vi) State-trading and monopoly operations; (vii) mixing regulations; (viii) price support schemes; and (ix) surplus disposal operations.

24. By the middle of 1961, after the examination of the third list of products, the Committee felt that, as far as the identification of the major types of trade barriers were concerned, it had substantially completed the exploratory and fact-finding stage of this part of its work. At that time, the Committee was able to note that some progress had been made in the reduction of trade barriers, particularly as regards quantitative restrictions, but that, on the whole, progress had not been as comprehensive as the less-developed countries had expected. In these circumstances, the Committee felt that the question of further action regarding the removal of these barriers should be sought at the policy level. With this in mind, the Committee made a number of recommendations, and drew up a special report for submission to the Ministerial Meeting in November 1961 (see Section A above).

Progress made in the removal of trade barriers

25. The last major review of progress made in the dismantlement of trade barriers affecting products in Lists 1-3, carried out by Committee III itself, took place at the meeting held in October 1963. (See COM.III/119/Rev.1.) Thereafter, the progress made was reviewed by the Action Committee which - through its Sub-Committee I - also conducted the consultations with industrialized countries in respect of barriers affecting products covered by the Action Programme.

26. As a result of the efforts by Committee III, and also by the Action Committee, significant progress has been made in the removal of quantitative restrictions affecting the products examined by Committee III. (Items

included in Lists 1-3.) A quantitative assessment of progress in the reduction and elimination of quantitative restrictions shows that, when the products included in Lists 1-3 were first examined¹, quantitative restrictions were applied by industrialized GATT countries in almost 30 per cent of all cases. At the beginning of 1965, there remained, in all, approximately forty-five instances of the use of quantitative restrictions in the sixteen countries covered by the survey.² Detailed information on the progress made in the removal of quantitative restrictions in regard to the products in Lists 1-3 was brought to the notice of contracting parties in documents COM.III/119/Rev.1, AC/SC1/11/Rev.1 and L/2307/Add.1.³

27. As a result of duty reductions effected in the Dillon round of trade negotiations, and also taking into account action taken by contracting parties to implement the Ministerial Conclusions of May 1963, duties have been suspended, reduced or eliminated by industrialized GATT countries in approximately 40 per cent of all cases (i.e. where duties higher than zero had previously been in force) in respect of foodstuffs and tropical products covered by Lists 1-3 in one third of all cases, in regards industrial raw materials and semi-manufactures covered by these lists, and in approximately one fourth of all cases involving manufactures included in the three lists. For details of duty reductions, or removal of duties, see document COM.III/119/Rev.1 and AC/SC1/11/Rev.1, referred to above.

Extension of the range of commodities under examination in the Committee

28. The Committee has also agreed on certain arrangements for an extension of the range of commodities to which the commitments in the Action Programme would apply. These are more fully described in Part III of this paper.

C. Trade and Aid Studies

29. The work programme drawn up by Committee III at its first meeting also made provision for the "study of possibilities for channelling the expansion of existing industries, or the starting of new industries, of less-developed countries into directions where such countries will be economically efficient producers". Work designed to implement this part of the Committee's work programme got under way in 1961 as a complement to the work aimed at the removal of trade barriers affecting specific products of special export interest to less-developed countries.

¹1959-1960-1961 respectively.

²Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Italy, Japan, Luxemburg, Netherlands, Norway, Sweden, Switzerland, United Kingdom and United States.

³Copies of these documents are available from the secretariat on request; see also Annex 3 to this paper.

It was felt that an approach on these lines would enable the CONTRACTING PARTIES to deal with the trade problems of less-developed countries in a context which would take account not only of difficulties affecting trade in particular commodities but also of problems of economic development and international trade policy generally. Accordingly, a procedure for the study of development plans of less-developed countries was established. The studies were aimed at obtaining a clearer idea of the foreign exchange requirements of developing countries and of their production and export potential, and at determining the extent to which exports were being affected by restrictions in importing countries.

30. The first country to submit its development plan for study was India. The study of the Indian third Five-Year Plan was taken up by Committee III in June 1961. This was followed by a study of the second Five-Year Plan of Pakistan in November 1962. The background papers for these studies, prepared by the secretariat, and the Committee's findings in regard to these studies, were published in two brochures, GATT Sales No's. 1962/3 and 1962/7, respectively.

31. In the light of the experience gained in the conduct of these studies, the Committee felt that the exercise had been useful and had, inter alia, enabled importing countries to obtain a clearer picture of the overall trade and development needs of these two countries and of their export potential. The examination had also underlined the need for the developed countries to remove barriers impeding an expansion of exports from these countries. When the Committee considered its future work under this heading of its work programme at the meeting in November 1962 it was pointed out that, in general, there appeared to be a relative lack of information regarding the export earning potential of industrial or agricultural development projects in any given country, nor was there available, through international organizations, sufficiently comprehensive data for comparing investment needs with potential export receipts or data which would point to the broad trade implications of development projects in individual developing countries. In this connexion it was felt that the GATT could play an important and constructive rôle by advising on export possibilities and trade barriers in respect of export products of less-developed countries. The secretariat was instructed to study the implications of a number of proposals made in this regard (see COM.III/98) and to report back to the Committee. The matter was again discussed at a meeting of the Committee in March/April 1963 on the basis of proposals made by the Executive Secretary (COM.III/111). Suggestions regarding the extension of the Committee's work in this field were included in the report submitted by Committee III to the meeting of Ministers in May 1963 (see BISD, Twelfth Supplement, page 94).

32. In the light of these proposals, and of the views expressed during the 1963 Ministerial Meeting, the Ministers decided that the work of Committee III in this field should be extended, in collaboration with other interested agencies

particularly the lending agencies, through the adoption of concerted, systematic and prompt studies of trade and aid relationships in individual less-developed countries, aimed at obtaining a clear analysis of export potential, market prospects, and pointing towards further action required to overcome the difficulties which the studies reveal.

33. Bearing in mind the primary purpose of the studies, namely to serve as supporting material for the operations of the CONTRACTING PARTIES and as a basis for any concrete measures to be taken by them and by governments for assisting the development and export trade of less-developed countries, the secretariat drew up proposals for carrying out a programme of such studies (see COM.III/118 and Add.1). The secretariat note envisaged that some twenty countries would be studied over a period of approximately two years.

34. The proposals contained in document COM.III/118, were adopted by Committee III, at its meeting in October 1963. At that meeting the Committee also agreed on a list of countries to be studied on a priority basis. Taking account of the requests subsequently made by a number of countries for having their development plans studied also, the Committee agreed on an extension of this list at its meeting in March 1964. Of the countries which have submitted requests to be studied, or which had been suggested for study in the secretariat note, the following eleven countries have confirmed that they would wish to see their development plans studied:

Chile	Kenya	Tunisia
Israel	Madagascar	Turkey
Ivory Coast	Malaysia	Tanzania
	Nigeria	Uganda

35. When the Committee reviewed at its meeting in November 1964, the progress in the implementation of the programme of studies, it took note of a statement by the Deputy Executive Secretary; that it would be possible for the appropriate GATT body to take up the first series of development plan studies early in 1965.

D. Measures for Assistance in Export Promotion

36. Work in relation to this heading was also provided for in the original work programme of the Committee. While the question of measures which might usefully be taken in the GATT in this regard has engaged the attention of the Committee for

some time, this question has, in fact, become more acute in recent years, as the number of less-developed countries interested in supplying export markets with the newer lines of exports which require more of a promotional effort, has shown a rapid increase.

37. The following subjects regarding possibilities of rendering assistance to less-developed countries have been suggested for detailed discussion in the Committee¹:

- preparation of market surveys to inform local producers and exporters of the nature and scope of the market in foreign countries of the type, design or style of products in demand;
- advertising and publicity aimed at acquainting foreign consumers and purchasers with available goods for export (e.g. participating in trade fairs);
- establishment of trade representations or agencies abroad, which would facilitate the exchange of information and the negotiation and conclusion of transactions;
- preparation and launching of export promotion programmes;
- sales techniques and the establishment of export organizations;
- standardization and grading of products;
- quality control;
- measures to ensure that exports meet the sanitary, health and similar requirements of importing countries;
- general improvements in the transport and commercial facilities that might facilitate the exportation of goods.

In this connexion contracting parties were invited to inform the Committee of any difficulties encountered in marketing the products of less-developed countries on export markets and their experience in overcoming such difficulties. The invitation for the supply of such papers has been reiterated on various occasions, including the last meeting of Committee III in November 1964, (L/2304, paragraph 15). To date only a few such indications have been received. (See document COM.III/122.)

¹See BIRD, Ninth Supplement, page 125 and BISD, and Twelfth Supplement, page 122.

38. The Committee has dealt briefly with such questions as assistance to less-developed countries in relation to the construction of national stands at trade fairs, assistance in relation to the use of communication media (for publicity purposes) in importing countries (COM.III/92), the provision of export risk insurance by industrialized countries for exports of less-developed countries (see AC/W/2) and the provision of export assistance funds by industrialized countries - derived (a) from customs duty receipts on imports from less-developed countries (by means of token contributions of the order of 1 per cent, deducted from the price charged for like exports to industrialized countries); and (b) through contributions by exporters in respect of products exported to less-developed countries. The two latter proposals relating to export risk insurance and export assistance funds had first been raised in the Action Committee, but were later referred to Committee III (see AC/3, paragraph 33). When Committee III took up these questions at its meeting in October 1963, it was agreed that the proposals would require further careful study and it was suggested that they should be taken up at the next meeting of the Committee. In view of the short duration of the two meetings which Committee III has held since that time no further action has so far been taken on these proposals.

39. A major part of the Committee's work falling under this heading has been devoted to the elaboration of a proposal made by Brazil in October 1963, regarding the establishment of an International Trade Information Centre under the auspices of GATT (COM.III/93). On the instructions of the Committee, the secretariat prepared a survey of the need for such a Centre and of the different types of services it should render. The results of the survey (COM.III/115 and Add.1) were examined at a meeting of the Committee in October 1963 (BISD, Twelfth Supplement, pages 124-127). On the basis of this examination the Committee concluded that, although services of the type envisaged in the Brazilian proposal were generally available to exporters in industrialized countries, the availability of such services on an international basis would be of assistance to many of the less-developed countries. The Committee agreed, therefore, that it would be desirable for the CONTRACTING PARTIES to consider the provision of such services through the GATT. They further recommended that an expert group in the field of trade information be convened, to advise the CONTRACTING PARTIES on the most efficient means of establishing and operating such a Centre.

40. The Expert Group, comprising experts from twelve countries met from 3 to 5 February 1964. The experts unanimously agreed on a number of recommendations designed to permit the establishment, rapidly, and on a sound basis, of combined trade information and trade promotion advisory services. The report of the Expert Group was distributed in document COM.III/128.

41. The report of the Expert Group, and the recommendations contained therein, were unanimously endorsed by Committee III which recommended the establishment of a Centre to provide trade information and trade promotion advisory services for the benefit of less-developed countries. The Committee also drew up a Recommendation Relating to Co-operation in the Field of Trade Information and Trade Promotion - (annexed to document L/2181) - to facilitate the effective operation of such a Centre. The report of Committee III, and the recommendations contained therein, were adopted by the CONTRACTING PARTIES at their twenty-first session in March 1964. The new GATT International Trade Centre commenced operations on 1 May 1964.

42. The Committee also recommended that the Expert Group in the Field of Trade Information should continue to give guidance on the development of the Centre's activities. The second meeting of the Expert Group has been scheduled for 15 to 17 February 1965.

43. It is relevant to note that the Committee has, on various occasions, pointed to the close link of this work with that arising in relation to the study of the development plans of less-developed countries. In this connexion the Committee suggested that the development plan studies might also take up problems relating to the availability of export promotion facilities in individual countries so that the areas in which the GATT Centre could make a contribution may be better known. It was also expected that the activities of the Trade Centre would help to identify marketing possibilities for individual less-developed countries which could be taken into account in the study of development plans.

E. Other Work

44. Committee III has also addressed itself (i) to the specific as well as the more general problems encountered by less-developed countries in the commodity sector; (ii) possibilities of extending the relevant activities of the GATT to financial assistance measures and (iii) the use of export subsidies by less-developed countries under the provisions of the General Agreement. A proposal envisaging action in relation to the second of these three points was put forward by the United Arab Republic at the Ministerial Meeting in May 1963. The matter was raised thereafter in the Action Committee in September 1963. The first substantive discussion of possibilities for action in this field, on the basis of a further elaboration of the original United Arab Republic proposal (see COM.III/221), took place at the meeting of Committee III in October 1963. Essentially, the proposals made by the United Arab Republic envisaged:

- (i) the granting of "soft", long-term, low-interest loans by industrialized contracting parties to less-developed countries, within the framework of bilateral agreements; and
- (ii) establishment of effective ways and means of co-operation between the CONTRACTING PARTIES and the international lending agencies, in particular (a) through the establishment of a trade insurance fund, and (b) through the creation of an aid "club" under the auspices of GATT.

45. On the basis of its preliminary discussion (BISD, Twelfth Supplement, pages 117 to 120), the Committee agreed that the proposals by the United Arab Republic should be given careful consideration by experts in the field of financial assistance matters. At the recommendation of Committee III, such a meeting was convened from 27 to 29 January 1964. The report of the Expert Group (COM.III/127) was submitted to the CONTRACTING PARTIES at their twenty-first session in March 1964. Taking account of the recommendation made in this respect, and noting the close link between certain elements of the United Arab Republic proposals and the programme of trade and aid studies in progress in Committee III the CONTRACTING PARTIES agreed that the GATT could make a useful contribution to fuller international co-operation in this sector. The agreement reached by the CONTRACTING PARTIES is reflected also in the Chapter on Trade and Development.

46. The Expert Group felt that other points in the United Arab Republic proposal would need further elaboration. Experts of less-developed countries reserved their right to revert to the discussion of these matters at an appropriate time.

PART III. MATTERS REMAINING TO BE DEALT WITH

47. Since September 1963, most of the work of Committee III has been linked closely with that of the Action Committee so that any summary of matters remaining to be dealt with in Committee III would also link up matters which have been under examination in the Action Committee.

Work relating to the removal of trade barriers in respect of selected commodities

48. At their meeting in May 1963, Ministers agreed that the Action Programme might subsequently be extended to cover an enlarged list of products, to be agreed upon. At the meeting of Committee III in October 1963, less-developed countries nominated a further list of products of export interest to them - approximately 170 tariff items (in terms of the BTN) - for examination by the Committee. To expedite work; the less-developed countries selected from this list seventy-eight tariff items for priority study with a view to extending, at an early date, the product coverage of the Action Programme also to these products. Another product - instant tea - was later added to the priority list at the request of Ceylon.

49. When the Committee met in November 1964 it had before it data on import treatment in the major markets in respect of all the products selected by the less-developed countries for examination by the Committee (see COM.III/136). The Committee agreed that the appropriate GATT body should examine, early in 1965, the products selected by the less-developed countries for priority study without prejudice to the examination of additional products at a subsequent date.

Elaboration of guide-lines for action in the field of trade and development

50. It will be recalled that - in the past - Committee III and the Action Committee have followed closely, the formulation of procedures applying to the participation of less-developed countries in trade negotiations in the GATT and, in this connexion have made appropriate recommendations to the GATT bodies concerned. While the question of the participation of less-developed countries is being dealt with in a special Sub-Committee of the Trade Negotiations Committee, the question is of such importance that the successor body to Committee III may need to follow developments in this field with a view to keeping the position under review and making such recommendations as may be appropriate.

Trade and aid studies

51. Most of the Committee's work falling under this heading remains to be done. As indicated in the progress report by the Deputy Executive Secretary at the time of the last meeting of Committee III, the first series of studies is due to be taken up by the Committee on Trade and Development early in 1965. Background papers on the trade and aid aspects of the development plans of Chile, Kenya, Nigeria and Uganda are presently being finalized and will shortly be circulated to contracting parties.

52. In this connexion it might also be recalled that contracting parties have been invited at the last meeting of Committee III to give consideration to the procedures to be followed in examining the development plan of the different countries, so that the studies will yield specific conclusions and constructive results.

Measures for assistance in export promotion

53. When the question of assistance to less-developed countries in the field of production for export and export marketing was last discussed in substance by Committee III, it was agreed that certain proposals, relating to the provision of export risk insurance and export assistance funds by industrialized countries for the benefit of less-developed countries, would be taken up again at the Committee's next meeting. To date, no further action on these proposals, summarized in para. 38 above, has been taken.

54. At earlier meetings, Committee III had also suggested a number of subjects (summarized in para. 37 above) to be examined on the basis of information to be supplied by contracting parties regarding their experience in marketing export products of less-developed countries. At its last meeting Committee III reiterated its invitation to contracting parties to supply papers in this regard.

55. Also under this heading it is relevant to note a proposal, made in Sub-Committee 2 of the Action Committee, that the GATT should examine the question of simplification of export documents due account to be taken of proposals made in this regard, and of work undertaken by other international organizations.

Other areas of work

56. When Committee III last met, it was agreed that proposals made in relation to point (viii) of the Action Programme, referred earlier to Committee III by the Action Committee but not dealt with so far, should not be lost sight of. The Committee envisaged that these proposals might be taken up early in 1965 by the Committee on Trade and Development.

57. The following are the proposals which had been referred to Committee III by the Action Committee (see AC/3, paragraph 33), but have not so far been dealt with by Committee III: (i) possibilities for assisting the expansion of trade and economic development of less-developed countries by extending the participation in, and the period of validity of, international commodity arrangements and relating such arrangements to national development plans; (ii) examination of possibilities for developing countries of increasing their export earnings through the operation of market organization schemes¹; and (iii) examination of possibilities for less-developed countries of expanding and diversifying, production and trade through the application of measures designed to encourage selective industrialization.²

58. In an initiative put forward at the last meeting of Committee III, it was suggested that the GATT should study measures taken by industrialized countries for assisting adjustments in the structure and pattern of production and trade, so as to permit the adaptation of domestic industries to increasing import competition. This matter is among those specifically referred to in the Ministerial Conclusions of May 1963. The question has been raised briefly in Sub-Committee 2 of the Action Committee. The secretariat was instructed to prepare a paper on the measures in existence in the different countries, on the basis of information and documentation to be supplied by governments. Arrangements have been made by the secretariat for the preparation of the background paper.

¹This matter has, however, briefly been taken up by Sub-Committee 2 of the Action Committee. (See AC/SC2/2.)

²Certain aspects of this question have been dealt with by the Working Group on Preferences.

ANNEX 1A. Membership of Committee III^{1,2,}

(1) Argentina	(11) F.R. Germany	(21) Peru
(2) Australia	(12) Ghana	(22) Rhodesia (and Nyasaland)
(3) Brazil	(13) Greece	(23) Sweden
(4) Canada	(14) India	(24) Tanzania
(5) Ceylon	(15) Indonesia	(25) Turkey
(6) Chile	(16) Israel	(26) United Arab Republic
(7) Cuba	(17) Japan	(27) United Kingdom
(8) Czechoslovakia	(18) Netherlands	(28) United States
(9) Dominican Republic	(19) Nigeria	(29) Uruguay
(10) France	(20) Pakistan	(30) Yugoslavia

The Commission of the European Economic Community participates in the work of the Committee.

B. Schedule of Past Meetings of Committee III

Date of Meeting	Title of Report and Major Subjects dealt with	Report on Meeting
11-13 March 1959	<u>First Report</u> Establishment of work programme	COM.III/1
22 May 28 May 28 Sept.-6 Oct.	<u>Second Report</u> Arrangements for, and first discussion of, trade barriers affecting first list of products	L/1063
11 and 12 Nov. 1959	<u>Third Progress Report</u> Detailed examination of first list of products, establishment of second list; problems in export promotion.	L/1162 and Add.1
14-25 March 1960	<u>Fourth Progress Report</u> Discussion of work programme; review of progress (on first list) examination of second list of products	L/1321
1 June 1960 26 Sept.-7 Oct.	<u>Report on the Meeting 21-28 March</u> Review of progress; participation of less-developed countries in tariff negotiations, establishment of third list of products, arrangements for the study of development plans	L/1435
21-28 March 1961	<u>Report on Third Five-Year Plan of India</u> Study of the Third Five-Year Plan of India	L/1510

¹ As of 1964.

² Over the approximately 5½ years of its operation, the Committee has been chaired successively by Mr. Warwick-Smith (Australia), Baron C.H. von Platen (Sweden), Mr. G. Phillips (Australia) and Mr. F.P. Donovan (Australia).

³ Most of the Committee's reports have been reproduced in Supplements 8-12 to the BISD.

Date of Meeting	Title of Report and Major Subjects dealt with	Report on Meeting
11-19 September	<u>Fifth Report - and Special Report</u> Comprehensive survey of progress made; examination of third list of products; preparation of Special Report (the Committee's findings and recommendations for submission to the 1961 Ministerial Meeting)	L/1554 and L/1557
19-22 February 1962	<u>Report on Future Work Programme</u> Implementation of Ministerial Declaration of 30 November 1961 - trade in tropical products, (establishment of Special Group on Trade in Tropical Products)	L/1732
1-9 May 1962	<u>Report on Meeting in May 1962</u> Arrangements for consultations to speed-up removal of trade barriers; implementation of Ministerial Declaration; consideration of principle for the participation of less-developed countries in trade negotiations; effects of State trading on exports of less-developed countries	L/1768
8-11 October 1962	<u>Interim Report on Meetings in October</u> Work aimed at establishment of action programmes	L/1859
1-14 November 1962	<u>Report on Examination of Pakistan's Second Five-Year Plan</u> and	L/1924
	<u>Report on Meetings of October/November 1962</u> Implementation of Ministerial Conclusions; consideration of draft Action Programme; examination of Pakistan development plan; problems in commodity trade, production and marketing techniques; export promotion	L/1925
25 March-4 April 1963	<u>Report on the Meetings of March and April 1963</u> Elaboration of understandings to Action Programme and preparation of submission to 1963 Ministerial Meeting; consultations on trade barriers; future work programme	L/1989
21-31 October 1963	<u>Report on October 1963 Meeting</u> Review of progress; establishment of a further list of products; arrangements for trade and aid studies; financial assistance matters; production and marketing techniques; trade information and trade promotion; use of export subsidies by less-developed countries	L/2080
4 and 10 March 1964	<u>Report on Meeting in March 1964</u> Establishment of Trade Information Centre; review of progress on other parts of the Committee's work programme	L/2181
12 November 1964	<u>Chairman's Report</u> Preparations for examination of a further list of products; review of developments on other work in progress; work still to be dealt with	L/2304

Annex 2

(a) EXCERPT FROM SPECIAL REPORT OF COMMITTEE III OF SEPTEMBER 1961

1. Introduction

This special report lists the principal findings¹ of the Committee and sets forth recommendations which the Committee has placed before the CONTRACTING PARTIES. The annex to this report contains a brief account of the Committee's approach to the problems confronting an expansion of export earnings of less-developed countries.....

(To a very large extent the annex brings together the results of the earlier work of the Committee which had been fully described in previous reports to the CONTRACTING PARTIES. This work involved: (i) a detailed examination on a product-by-product basis of obstacles to the expansion of exports of some thirty products in which less-developed countries had indicated either actual or potential interest; and (ii) a review of the progress made by individual contracting parties in reducing such obstacles.)

... The seriousness of the problems facing less-developed countries has been made clear in other organizations as well as in GATT. Although substantial efforts are being made in these other bodies to develop aid programmes, nevertheless, the Committee feels that in the field of trade, the CONTRACTING PARTIES are in a position to make a most useful contribution which, as this report points out, will not only serve to make the less-developed countries less dependent on external aid, strengthen their economies and accelerate their development, but will reinforce the prosperity of their trading partners as well. Furthermore, while the economies of industrialized countries, in the wake of increased levels of trade, have continued to expand, export earnings of the less-developed countries, as a group, have remained relatively stagnant as a result, among other things, of the continuing deterioration of their terms of trade. The urgency and magnitude of the problem of financing imports into less-developed countries is well illustrated by the substantial trade deficit experienced by the non-industrial areas in the recent past. Even if a substantial increase in international financial assistance should be forthcoming in the form of grants and loans, and even if account is taken of the possibilities offered to less-developed countries in expanding intraregional trade, nonetheless, there will remain a gap in their balance of trade of alarming proportions which will not be bridged unless the less-developed countries can increase their earning capacity not only from traditional exports but also from exports of manufactured goods.....(Sections 2 and 3 of the report - which have in substance been summarized in this paper, pages 3 and 4, are not reproduced here).....

2. General Approach and Basic Considerations

The Committee in its work focused attention on:

- (a) an examination of obstacles to the expansion of exports of some thirty products in which less-developed countries had indicated either actual or potential export interest, since it was felt that positive action by importing countries in reducing and eliminating measures identified by the Committee as obstacles to an expansion of exports of the less-developed countries would contribute to an early and significant increase in their export earnings;
- (b) the possibility of channelling expansion of existing industries or starting of new industries by less-developed countries into directions where such countries would be economically efficient producers, by carrying out a detailed examination of the trade and payments aspects of the Third Five-Year Plan of India thus laying the groundwork for the examination of other development plans which individual less-developed countries might wish to see examined by the Committee.

¹
The findings of the Committee in regard to obstacles affecting trade in products in Lists 1-3 are not reproduced here. For details of the Committee's findings regarding the situation as it then existed see BISD - Tenth Supplement, page 185.

²
This section constituted an Annex to the Special Report.

When examining the problems confronting less-developed countries, the Committee had in mind the effect on economic development of such trade liberalization and tariff reductions as have already been effected in accordance with the General Agreement, of facilities under the General Agreement, and other ways of using foreign exchange resources to maximize economic development, and the part to be played by economic and technical assistance and by international commodity arrangements. The Committee was aware that, important as such measures as international financial assistance were for the development of many less-developed countries, they could not be substitutes for trade expansion; for the development of the less-developed countries to proceed at a satisfactory pace and in desirable directions, the enlargement of export earnings is of vital importance. The Committee recognized that a rapid increase in the export earnings of less-developed countries is vital, both in the short-term and the long-term, for meeting import requirements, servicing and amortizing loans, enabling less-developed countries to take full advantage of international specialization, and providing a pattern for sound economic development.

The Committee considered that the development of the economies of the less-developed countries in economically sound directions is of utmost importance to an expansion of international trade in general. However, the success or failure of the efforts of these countries in this direction depend to a large extent on their being able to rely upon liberal access to world markets and above all to the markets of industrialized countries. Furthermore, the Committee had in mind that almost all of the less-developed countries were facing serious balance-of-payments difficulties and that there was a tendency to give emphasis to development policies which, by promoting import substitution, were expected to help economize on foreign exchange. The Committee repeatedly stressed that economic development policies by less-developed countries which resulted in their fuller integration in the world economy should promote, rather than decrease, the trade of industrialized countries by increasing the capacity of less-developed countries to import increasing quantities of the products of the industrialized countries.

The Committee had in mind also the advantage to be gained by less-developed countries by realizing economies of scale and achieving greater efficiency of production provided that, in addition to supplying domestic markets, which in some cases are very limited, they have access to export markets.

In its work, the Committee was also aware of the importance of measures which might be taken by less-developed countries to improve their production and marketing techniques with a view to increasing their competitiveness in foreign markets.

(b) Promotion of the Trade of Less-Developed Countries

Ministerial Declaration¹

1. The CONTRACTING PARTIES recognize that there is need for rapid and sustained expansion in the export earnings of the less-developed countries if their development is to proceed at a satisfactory pace. They recognize the magnitude of the task before the governments of those countries in increasing per capita incomes and raising the standard of living of their peoples. To achieve these ends, increasing amounts of foreign exchange will be required for financing the imports needed to sustain and develop their economies. Although international aid is now, and will continue to be, essential in covering these needs, aid can be no substitute for trade. In the final analysis, economic development will have to be paid for from the earnings of the countries concerned.
2. The export trade of the less-developed countries is not growing at a pace commensurate with the growth of their foreign exchange needs or with the growth of world trade generally. The CONTRACTING PARTIES accordingly recognize the need for a conscious and purposeful effort on the part of all governments to promote an expansion in the export earnings of less-developed countries through the adoption of concrete measures to this end. The success of the efforts of developing countries will depend to a great extent upon their ability to find the necessary markets. Accordingly, contracting parties should reduce to a minimum restrictions inhibiting access to markets for the export products of the less-developed countries. The governments of the major industrialized areas, on whose markets the less-developed countries must necessarily largely depend, recognize a particular responsibility in this respect.
3. The CONTRACTING PARTIES agree that, if the needs of the less-developed countries for enlarged and diversified export trade are to be met, these countries must develop trade in other than traditional products. They note that some developing countries already have the investment and technological resources for the processing of raw materials and are able to produce efficiently some manufactured goods. They recognize that it is desirable that these countries, and others possessing the necessary materials and skills, be provided with increased opportunities to sell in world markets the industrial goods which they can economically produce, and urge that governments give special attention to ways of enlarging these opportunities.
4. The CONTRACTING PARTIES recognize that governments can contribute to the general objectives outlined above by observing the following principles and taking into account the following facts regarding tariff and non-tariff measures affecting access to markets.
 - (a) Quantitative restrictions. Governments should give immediate and special attention to the speedy removal of those quantitative import restrictions which affect the export trade of less-developed countries. Where it is necessary for a government to maintain such restrictions under appropriate provisions of the GATT, it should apply them in a non-discriminatory manner, causing the minimum hindrance to international trade, pursue policies designed to remove the underlying conditions requiring the use of such restrictions and, pending their elimination, give careful and sympathetic consideration to progressive increases in quotas. Contracting parties which are in process of moving out of balance-of-payments difficulties should take particular care that liberalization benefits are extended in the fullest measure to the trade of less-developed countries, having regard to the urgent need for helping these countries attain rapid, self-sustaining growth.

¹ This Declaration was proposed by the Ministers at their meeting on 30 November 1961 for adoption by the CONTRACTING PARTIES. The Declaration was adopted by Decision of the CONTRACTING PARTIES of 7 December 1961. An excerpt from the Decision of the relevant section is also reproduced.

- (b) Tariffs. Governments should give special attention to tariff reductions which would be of direct and primary benefit to less-developed countries. In this connexion, they should consider the elimination of tariffs on primary products important in the trade of less-developed countries. They should also consider reducing those tariffs which differentiate disproportionately between processed products and raw materials, bearing in mind that one of the most effective ways in which less-developed countries can expand their employment opportunities and increase their export earnings is through processing the primary products they produce for export.
- (c) Revenue duties. Fiscal charges, whether imposed as tariff duties or internal taxes, may inhibit efforts directed towards increasing consumption of particular products important in the trade of less-developed countries and, even where applied equally to imports and to competing domestic products, can be a serious obstacle to the expansion of trade. The CONTRACTING PARTIES appreciate that adjustments in a fiscal system may be a complex matter, with important financial, economic and other consequences which have to be taken into account. Bearing in mind, however, the urgent development needs of less-developed countries and the current financial and economic situation in the industrialized countries mainly concerned, they agree that the removal or considerable reduction of revenue duties and fiscal charges in industrialized countries would be a useful contribution to the foreign exchange earning capacity of less-developed exporting countries.
- (d) State trading. Access to markets for products of the type studied by Committee III should not be unnecessarily impeded through the operations of State import monopolies or purchasing agencies. For many products exported by less-developed countries, the prices charged on resale by some State monopolies, whether in countries with centrally-planned economies or in others, involve an implicit heavy taxation of imports. Countries operating State import monopolies or purchasing agencies should endeavour to improve access to their markets for products of less-developed countries by decisions to import larger quantities of the products concerned and, if necessary, by reductions in the difference between import and sales prices.
- (e) Preferences. Some less-developed countries benefit neither from the preferential tariff systems which were in operation when the GATT came into being nor from the preferential treatment being established in the new customs unions or free-trade areas. The CONTRACTING PARTIES appreciate the concern of these less-developed countries whose export trade in certain products may be placed at a competitive disadvantage by the preferred treatment given to certain less-developed suppliers. They note, however, that the benefits afforded participating less-developed countries may include not only tariff preferences but other forms of assurances in the marketing of the products concerned. While it is important that these various advantages should not operate to the detriment of other less-developed countries, it is also necessary that action to deal with this problem should be on a basis that meets the marketing needs of supplying countries now enjoying preferred access to markets.
- (f) Subsidies. The subsidization of either the production or export of primary products may restrict the market opportunities of less-developed countries. Where this is so, the governments concerned should seek to limit the use of the subsidies in question with a view to avoiding injury to the export earnings of less-developed countries.
- (g) Disposal of commodity surpluses. Governments disposing of commodity surpluses should bear in mind that the products concerned are generally important in the export trade of one or more less-developed countries, and that this is an added reason for careful observance of the principles and guidelines regarding such disposals accepted in the GATT Resolutions of 4 March 1955 on the Disposal of Commodity Surpluses and on the Liquidation of Strategic Stocks, and in the Principles of Surplus Disposal of the Food and Agriculture Organization of the United Nations.
5. In negotiations for reductions of barriers to the exports of less-developed countries, contracting parties should adopt a sympathetic attitude on the question of reciprocity, keeping in mind the needs of these countries for a more flexible use of tariff protection. In making arrangements to bring about a general reduction of tariffs, account should also be taken of the special needs of less-developed countries.

6. An important contribution to the expansion of export earnings can also be made by intensified efforts to improve the production and marketing methods of the less-developed countries. The efforts of the less-developed countries along these lines would be greatly assisted if the industrial countries would give greater attention to this matter in the framework of their technical and financial assistance programmes.

7. Efforts to expand the export earnings of the less-developed countries and efforts to lessen the instability of such earnings which results from fluctuations in primary commodity markets should proceed concurrently. Progress towards reducing market instability, or towards offsetting its effects on foreign exchange receipts, is essential if the maximum benefits of the trade expansion effort are to be realized; at the same time, progress towards a diversified export trade will reduce the vulnerability of primary exporting countries to market fluctuations.

8. Finally, it is recognized that there are important possibilities for encouraging sound economic development in the less-developed countries through increased trade among themselves and that these countries should keep this in mind in formulating their tariff, commercial and economic policy measures. Less the development of this important trade potential be prevented or unduly delayed, they should strive to attain and preserve liberal access to one another's markets in the same manner as they now seek to secure improved access to the markets of the economically advanced countries.

Implementation of Conclusions of Ministers

Excerpt from the Decision of the CONTRACTING PARTIES of 7 December 1961

Obstacles to the trade of less-developed countries

The CONTRACTING PARTIES adopted formally the Declaration on Promotion of Trade of Less-Developed Countries, annexed to the Ministers' conclusions, as a basis for their future work in this field.

The CONTRACTING PARTIES agreed, in the light of the Ministers' discussions and of the conclusions reached by the Ministers:

- (a) that immediate steps should be taken to establish specific programmes for action, and where feasible target terminal dates, for progressive reduction and elimination of barriers to the exports of less-developed countries; in this connexion it will be necessary to bear in mind the view of most Ministers that the question of duty-free entry for tropical products should be given careful consideration;
- (b) that procedures be drawn up for notifying and reviewing action taken by contracting parties in accordance with the programmes so established, or otherwise taken by contracting parties to improve market opportunities for the exports of less-developed countries.

Further, the CONTRACTING PARTIES agreed that Committee III was the appropriate subsidiary body to undertake these tasks and to make recommendations to the CONTRACTING PARTIES. To enable the work of the Committee to begin at an early date, the CONTRACTING PARTIES:

- (i) urged contracting parties to deal with the questions involved as a matter of priority, recognizing that the presentation by contracting parties of specific proposals directed to the objectives set out in (a) above would facilitate expediting the work of Committee III;
- (ii) decided that Committee III should hold a meeting just before the Council's meeting in February 1962 to arrange its programme of work, taking account of any specific proposals presented by contracting parties, and that the Committee should hold a further meeting in April/May 1962 to carry out the task referred to in (a) above; and
- (iii) directed Committee III to draw up procedures for notifying and reviewing action by contracting parties in accordance with the programmes established by the Committee.

ANNEX 3

List of COM.III/ Documents

For general information, this Annex contains a listing of documents issued under the COM.III symbol. No reference is made to working documents which appeared under the COM.III/W or the COM.III/INF symbols. Where Committee III documents were strictly of an information nature, for instance, inviting contracting parties to supply documentation, no title is given. Other documents of relevance to the work of Committee III can be found under the AC/ symbol. Also relevant are the documents issued in connexion with the work of the Special Group on Trade in Tropical Products. As regards the reports of Committee III, please see Annex 1, Part B.

<u>COM.III Series</u>	<u>Title of Document</u>	<u>Date Issued</u> ¹
COM.III/1	First Report of Committee III	26.3.59
COM.III/2	Procedures and Programme of Work of Committee III - Proposals by the Chairman -	23.5.59
COM.III/3	Procedures and Programme of Work for Committee III	30.6.59
COM.III/4 + Corr.1	Commodity Studies	24.8.59
COM.III/5	Commodity Studies (note on tea)	26.8.59
COM.III/6	Commodity Studies (note on copper)	3.9.59
COM.III/7 + Rev.1 + Add.1-10	Documentation for Commodity Studies (First List of Products)	
COM.III/8 + Addenda	Pilot Study on Certain Cotton Products	25.9.59
COM.III/9	- Information Paper -	
COM.III/10	- Information Paper -	
COM.III/11	Commodity Information	
COM.III/12 + Rev.1	Report of Working Party Appointed by Committee III (describing main obstacles to the expansion of exports of less-developed countries)	
COM.III/13	Commodity Studies	5.10.59
COM.III/14	Comments by the French Delegation on Document COM.III/12	13.10.59
COM.III/15	Revenue Duties and Internal Fiscal Charges (comments of the Delegation of the Federal Republic of Germany)	14.10.59
COM.III/16	Statement of Professor R. de Oliveira Campos (relating to internal trade in coffee)	29.10.59
COM.III/17	Procedures and Programme of Work for Committee III	11.12.59

¹

The date listed is that when the document was first issued. In many cases revisions, corrections and addenda were also issued.

COM.III Series	Title of Document	Date Issued ¹
COM.III/18	Background Information on Jute Manufactures	2.3.60
COM.III/19	Suggestions by the Chairman regarding work Procedures for Committee III	23.2.60
COM.III/20	- Information Paper -	
COM.III/21	Production and Marketing of Products of Less-Developed Countries	9.3.60
COM.III/22	Problems in Marketing for Less-Developed Countries	15.3.60
COM.III/23	- Information Paper -	
COM.III/24	Channelling of Industrial Expansion by Less-Developed Countries into Directions of Efficient Production	15.3.60
COM.III/25	- Information Paper -	
COM.III/26	Summary of United States Remarks on Cotton	29.3.60
COM.III/27	Revenue Duties and Internal Fiscal Charges (Comments of the French Delegation)	12.4.60
COM.III/28	Revenue Duties and Internal Fiscal Charges (Comments of the Italian Delegation)	12.4.60
COM.III/29 + Add.1-10	Documentation for Commodity Studies Draft Summary Schedules (Second List of Products)	14.7.60
COM.III/30	Procedures and Programme of Work for Committee III	21.7.60
COM.III/31	- Information Paper -	
COM.III/32	- Information Paper -	
COM.III/33	Quantitative Restrictions and Internal Fiscal Charges - EEC and Denmark -	26.9.60
COM.III/34	Reduction of Obstacles to Trade of Less-Developed Countries (Progress made by individual contracting parties)	26.9.60
COM.III/35 + Add.1-10	Documentation for Commodity Studies. (Second List of Products, Sewing Machines)	23.9.60
COM.III/36	- Information Paper -	
COM.III/37	- Information Paper -	
COM.III/38	Future Work of Committee III	13.12.60

COM.III Series	Title of Document	Date Issued
COM.III/39	- Information Paper -	
COM.III/40	Reduction of Obstacles to Trade of Less-Developed Countries (Progress made by individual contracting parties)	17.3.61
COM.III/41	- Information Paper -	
COM.III/42	- Information Paper -	
COM.III/43	Channelling of Expansion or Establishment of Industries by Less-Developed Countries; Proposed Arrangements for Study of Development Plans	23.3.61
COM.III/44	Supplementary Data on Prices of Coffee, Cocoa and Tea	27.3.61
COM.III/45	- Information Paper -	
COM.III/46	Coffee, Tea and Cocoa Prices in Poland	26.5.61
COM.III/47	Trade and Payments Prospects of the Indian Third Five-Year Plan	May 61
COM.III/48	- Information Paper -	
COM.III/49	Outline of Progress Report of Committee III	12.6.61
COM.III/50	Documentation for Commodity Studies Third List of Products	6.7.61
+ 53-59 + Add.1-6		
COM.III/51	- Information Paper -	12.7.61
COM.III/52	Draft Report of Committee III to the Nineteenth Session	24.8.61
COM.III/53	Documentation for Commodity Studies Third List	
COM.III/60	- Information Paper -	
COM.III/61	Documentation for Third List (Statistics)	
COM.III/62	Draft Fifth Report of Committee III	14.9.61
COM.III/63	Austrian List of Liberalized Products of Interest to Less- Developed Countries	5.10.61
COM.III/64	Reduction of Obstacles to Trade of Less-Developed Countries Progress Report (Norway and Austria)	
+ Add.1		
COM.III/65	Information Supplied from the Government of Yugoslavia	4.12.61

COM.III Series	Title of Document	Date Issued
COM.III/66	Background Documentation in respect of Future Work	27.12.61
COM.III/67	Commercial Policy Measures Affecting Exports of Tropical Products (Tea)	April 62
COM.III/68	Commercial Policy Measures Affecting Exports of Tropical Products (Cocoa)	"
COM.III/69	Commercial Policy Measures Affecting Exports of Tropical Products (Vegetable oils and oilseeds)	"
COM.III/70	Commercial Policy Measures Affecting Exports of Tropical Products (Coffee)	"
COM.III/71	Commercial Policy Measures Affecting Exports of Tropical Products (Timber)	"
COM.III/72	Quantitative Restrictions Affecting Exports of Less-Developed Countries	12.4.62
COM.III/73 + Add.1	Customs Tariffs on Certain Products considered by the Committee	2.5.62
COM.III/74	Action Taken by the United Kingdom	30.4.62
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Other Documents of Direct Relevance to the Work of Committee III

Trade in Tropical Products - Report by Special Group - (Ministerial Conclusions and Commodity Notes on cocoa, coffee, bananas, tropical oils and oilseeds; Country Notes on Ivory Coast, Nigeria, Senegal and the Somali Republic).....	GATT Secretariat Geneva 1963
Measures for the Expansion of Trade of Developing Countries as a Means of Furthering their Economic Development - Ministerial Conclusions	MIN(63)7 November 1963
The Role of GATT in Relation to Trade and Development	L/2171 also published as a brochure GATT, Geneva, March 1964
Report by the Chairman of the Action Committee	L/2307 and Add. November 1964

