

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
Twenty-Second Session

TRADE NEGOTIATIONS

## Progress Report by Chairman of Trade Negotiations Committee

At the twenty-first session of the CONTRACTING PARTIES, I reported on the work which had been carried out by the Trade Negotiations Committee and its various subordinate bodies in preparing for the opening of the trade negotiations which it had been agreed at the meeting of Trade Ministers in May 1963 should begin on 4 May 1964. As a result of this preparatory work, it was possible for the Trade Negotiations Committee, meeting at ministerial level, to declare the negotiations open on the date originally scheduled, that is 4 May 1964. I now wish to report on the progress which has been made in the negotiations since they opened on that date.

In the description which follows, I propose to keep to the division of the various aspects of the negotiations which has been used in the past. It is, however, important to remember that this division, in respect to the products being negotiated on, and the countries participating in the negotiations, is one which has been adopted for reasons only of practical convenience. As the negotiations develop, the various elements will increasingly fuse together, and in the final stages the negotiations, if they are to achieve anything like the ambitious objectives Ministers have set for them, will be concluded not piecemeal but in their totality.

So far as the tariff negotiations are concerned, it was agreed at the ministerial meeting in May last year that the figure of 50 per cent should be adopted as the working hypothesis for the depth of the linear tariff cut and that exceptions lists should be tabled on the basis of this hypothesis. On 16 November last, the countries participating on the basis of the linear cut tabled their intentions in this respect. Several of these countries indicated that, subject to reciprocity, they were proposing to make no exceptions at all in the application to their tariff of the linear cut; five other participants submitted lists of items which they proposed to except from the linear cut.

It was agreed from the first that the exceptions should be the minimum necessitated by reasons of overriding national interest, and that they should be subject to justification on this basis. A group consisting of the countries participating on the basis of the linear offer met between 18 January and 12 February to conduct the justification process. This group discussion is now being followed by a period during which individual delegations can, by direct contact with one another, follow up in more detail particular points which arose in the group.

The discussions I have just referred to - and my remarks on these will be relevant also to the examination which will take place in the early summer, of exceptions of interest to less-developed countries - have had two main results. First, they have exposed to severe questioning and challenge the decisions each participant has taken in drawing up its exceptions list and I am sure that they will each examine carefully how far they can go to meet the various points that have been made. Secondly, the discussion has, by elucidating the difficulties which have led to products being put on the list, given some feeling of what the possibilities are, and has therefore prepared the ground in an important way for the negotiations proper.

In concluding my remarks on the tariff element of the negotiations, I would only like to suggest that too much attention should not be paid to the problem of the exceptions lists at the expense of the other side of the coin, that is, the offers which the countries concerned have made on their tariffs; and it might help to keep these matters in better perspective if it were kept in mind that these offers far exceed, in commodity coverage and in the depth of tariff reductions offered, anything which has previously been made in international negotiations.

So much for the industrial side of the negotiations. As regards agriculture, the Trade Negotiations Committee has approved a plan which is based on starting negotiations on the basis of specific proposals and concrete offers by the participating governments. The details of the procedure agreed have been set out in a paper just distributed, TN.64/39/Rev.1 and I will not, therefore, repeat them here. I will just say that they will make it possible for negotiations on grains to be resumed, on the basis of specific proposals and concrete offers, in the middle of May, and for negotiations on other products to start in the early autumn on the basis of specific proposals to be tabled by 16 September. As regards the products other than grains, the time before 16 September will not be lost but will be used for the preliminary work necessary for the drawing up of these proposals and offers.

As regards non-tariff barriers, the participating governments have identified the barriers on which they wish to negotiate, and these have been subject to initial exploratory discussions in a series of groups set up for the purpose. These discussions have shown that some of the problems involved are best dealt with by bilateral discussion, and these bilateral discussions are proceeding. As regards certain other problems, it has been recognized that they are so related to certain other sectors of the negotiations - for example, the tariff negotiations - that further discussion on them is best left until more progress has been made on those other aspects of the negotiations.

As regards tropical products, Ministers agreed in May 1964 that arrangements and procedures should be worked out for the treatment of trade in these products in the trade negotiations, and, as a result of the discussion at the last meeting of the Trade Negotiations Committee, arrangements have been made for an early meeting of the Tropical Products Group to work out the necessary arrangements. In this connexion contracting parties will note that there is one specific proposal, jointly submitted by the Nordic governments, on the table; this has been circulated as TN.64/40.

One of the most important elements in the trade negotiations is that relating to the participation in them of the less-developed countries. Here again, the Trade Negotiations Committee, at its last meeting, agreed on a detailed procedure, which is set out in full in TN.64/41/Rev.1 under which those less-developed countries which intend to participate in terms of the principles laid down in the Ministerial Resolution of 21 May 1963, and the Conclusions embodied in the Ministerial Resolution of 6 May 1964, will, at an early date, be able to begin to play a full part in the negotiations.

Finally, I should just briefly say that the necessary procedural arrangements have been made for the participation in the negotiations of the countries other than those participating on the basis of the linear cut and other than the less-developed countries. I have in mind here, firstly certain countries - Canada, Australia, New Zealand and South Africa - which fall into the category of countries with a special economic or trade structure in the terms of the Ministerial Resolution of May 1963; secondly, the countries (Argentina, Iceland, Ireland, Tunisia, the United Arab Republic and Yugoslavia) which are seeking accession to the General Agreement, and thirdly a number of other countries - including Greece, Portugal, Spain and Turkey - which do not fall into any of the categories I have so far mentioned. I would like to make mention in this connexion of two particular decisions of the Trade Negotiations Committee; firstly, the decision to regard Czechoslovakia as of now as a full participant in the negotiations, and secondly, the decision to invite Poland to submit an offer at an early date and to regard Poland, as from the date of submission of this offer, as a full participant in the negotiations.

That is all I have to say in brief summary of the position which has been reached in the various elements of the negotiations. I only wish to add in conclusion that, as I hope will be apparent from what I have said so far, we are now in the position where negotiations have either begun, or can shortly proceed, on all the various elements in this ambitious and far-reaching undertaking.