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GENERAL AGREEMENT ON TARIFFS AND TRADE

L/3952
2 November 1973

Limited Distribution

CONTRACTING PARTIES
Twenty-Ninth Session

REPORT OF THE COMMITTEE ON TRADE AND DEVELOPMENT TO THE CONTRACTING PARTIES

Introduction

1. Since the twenty-eighth session of the CONTRACTING PARTIES, the Committee on Trade and Development has held four meetings, comprising the twenty-third to twenty-sixth sessions, under the Chairmanship of Mr. P. Nogueira Batista (Brazil).
2. At the twenty-sixth session, Hungary and Singapore were welcomed as members of the Committee.
3. The work of the Committee during the past year has been mainly geared to the consideration of matters of interest to developing countries in the context of preparations for the multilateral trade negotiations. A summary of the main points relating to the preparatory work which were taken up by the Committee at its twenty-third¹, twenty-fourth² and twenty-fifth sessions in February, March and June 1973 is contained in the Report of the Committee on Trade and Development (L/3873) which was adopted by the Committee at its June meeting. The present report on the twenty-sixth session thus supplements the information on the Committee's activities earlier in the year as described in L/3873, it being understood that the two reports should be considered together.
4. In addition to carrying out its annual review of the implementation of Part IV of the General Agreement, the twenty-sixth session of the Committee considered the third Report of the Group of Three and gave particular attention to the future rôle and work of the Committee in relation to the trade negotiations, having regard to its terms of reference. The provision of further technical assistance by the secretariat to developing countries in order to facilitate their participation in the trade negotiations was also discussed.

¹These included questions relevant to the interests of developing countries in connexion with tariffs, tropical products, quantitative import restrictions, other non-tariff measures, non-reciprocity, safeguards and agricultural products.

²More complete details of the discussions and the views expressed on particular items at these meetings are contained in secretariat notes on proceedings COM.TD/89 and COM.TD/90 respectively.

Report of Group of Three and Implementation of Part IV

5. At their twenty-eighth session in November 1972, the CONTRACTING PARTIES had decided that the Group of Three should continue to seek ways of ensuring the implementation of recommendations made by its predecessors and should examine specific problems brought up by any developing country with a view to seeking a solution. Several delegations had also suggested that the Group could perform a useful rôle in relation to the interests of developing countries in the preparatory work for the trade negotiations. The Group's Report, document L/3871, which had been made available just prior to the last meeting of the Preparatory Committee for the Trade Negotiations, was introduced at the twenty-sixth session of the Committee on Trade and Development by Ambassador B.R. Patel (India).

6. Speaking on behalf of the Group of Three, Ambassador Patel referred to the informal consultations the Group had held with delegations of developed and developing countries, including several non-GATT members, in the course of its work and drew attention to action taken by developed countries in response to earlier recommendations of the Group which was described in Section III of the Report. In Sections IV and V, the Group had also described the main points brought up in the consultations on certain aspects of the participation of developing countries in the trade negotiations and in a concluding section, the Group had attempted to put forward some suggestions and ideas for action that might be envisaged.

7. Ambassador Patel suggested that one point which might be taken up by the Committee and the CONTRACTING PARTIES was whether, in the light of developments related to the multilateral trade negotiations, the work of the Group of Three might be put in abeyance for the present, it being understood that the Group could be reconvened as and when considered desirable.

8. Members of the Committee expressed appreciation for the work carried out by the Group and the practical approach it had adopted with respect to its mandate. Some delegations recalled that the procedure of informal consultation utilized by the Group had enabled their authorities to take note of a number of problems which might not otherwise have received adequate consideration and had helped governments to take positive action with respect to some of these problems. Some delegations stated that solutions to certain issues subject to recommendations by the Group of Three still remained outstanding and hoped that these matters would be taken up in the context of the multilateral trade negotiations.

9. Members of the Committee generally agreed that, while the Group of Three should be kept in being, its activities could be suspended until it was considered that there was some specific work that the Group could be asked to undertake in the interests of developing countries. In this connexion, one representative suggested that, at the appropriate time, the Group might be able to identify specific sectors and problems which might be taken up in the trade negotiations. Another representative suggested that the

information on governmental measures contained in the three reports of the Group might be updated and the various ideas and recommendations consolidated into one single document for easier reference in the course of the negotiations.

10. The Chairman noted that there appeared to be a consensus in the Committee that, while the Group of Three should continue in existence, it should not undertake any specific activities for the time being. With regard to the proposal for a consolidation of the reports of the Group, this matter could be further considered between members of the Group, interested delegations and the secretariat.

11. In noting action taken by contracting parties regarding the implementation of Part IV as outlined in document COM.TD/W/204, some delegations provided details of recent developments in this connexion. The representative of Japan informed the Committee that his Government had recently taken action to liberalize six products of which two - roasted groundnuts and smoked fish - were of particular interest to developing countries. Further details of action taken by Japan in connexion with tariff and non-tariff barriers would be provided at a later stage. The representative of Switzerland said that the target date for the implementation of the second stage of the Swiss scheme of preferences for developing countries would be met. The representative of Austria stated that during the year the Austrian Government had supported the cost of an official working for the International Trade Centre and had provided promotional facilities through the Austrian Foreign Trade Office for export firms and government officials of developing countries interested in the Austrian market. Austria had also organized a special course for customs officials from developing countries. He referred to action being taken by Austria in connexion with the Generalized System of Preferences and indicated that a bill was currently before the Austrian Parliament providing for further duty reductions in respect of certain spices and coffee extracts. The representative of Finland stated that the list of countries benefiting from the Finnish Generalized System of Preferences scheme had been extended during 1973.

12. The representative of the Commission of the European Communities informed the Committee that the improved GSP scheme of the enlarged Communities would come into operation at the beginning of 1974. The revised scheme would, among other things, provide for substantially increased ceilings, a reduction in the number of items subject to tariff quotas and an improvement in procedures. The representative of Norway stated that Norway's scheme of preferences had been improved both with respect to product coverage and the number of beneficiaries. The representative of Australia said that an announcement regarding the introduction of the new scheme of preferences for developing countries, which would be considerably broader in scope than the present scheme, may be expected shortly. He pointed out that the 25 per cent across-the-board reduction in most-favoured-nation tariffs in the middle of the year was now being reflected in increased imports. He also referred to his Government's decision to set up an Adjustment Assistance

Board to facilitate the restructuring of Australian industry, thereby providing, inter alia, larger opportunities for imports from developing countries. The representative of the United States said that introduction of the United States scheme of preferences was an important priority of the United States Administration and was part of the Trade Reform Bill now before Congress. In connexion with the recommendations of the Group of Three, the representative of Canada stated that his Government continued to support the elimination of barriers to trade in tropical products. However, his Government considered that tropical vegetable oils and oilseeds should be excluded from this field of activity and furthermore that discriminatory treatment should not be accorded developing countries in the area of temperate zone agricultural products.

Future Work of the Committee Including Technical Assistance to Developing Countries in the Negotiations

13. The Committee exchanged views in regard to the organization of its future work and in particular to its relationship to the Trade Negotiations Committee.

14. Several members felt that it was premature to try to determine what precise rôle the Committee might have in the context of the trade negotiations. They nevertheless thought that, in view of the Committee's terms of reference, it was in a position to put forward suggestions which could be taken up in the appropriate negotiating bodies.

15. It was also the general feeling that the Committee on Trade and Development should not undertake such review functions during the negotiations as would amount to overlapping with the Trade Negotiations Committee itself in this field.

16. Some members took the view that while the Committee on Trade and Development should not evaluate progress in negotiations, it could perform a useful rôle in discussing how the interests of the developing countries should best be taken care of. The functions of the Committee on Trade and Development could be defined only when the negotiating organs have been given more precise shape and the Trade Negotiations Committee had proceeded with its work.

17. It was recalled that a number of non-GATT countries had been participating in the activities of the Committee in connexion with preparations for the multi-lateral trade negotiations. Several members of the Committee expressed support for non-GATT countries participating in the negotiations being associated with its future work in accordance with the terms of paragraph 1 of the Tokyo Declaration.

18. The Chairman said that there appeared to be agreement that while there should be no overlapping with the Trade Negotiations Committee it was too early to specify what precise rôle the Committee on Trade and Development might play in the negotiations. It was clear that while the Committee on Trade and Development could not become a forum for negotiations, it had certain statutory

functions by way of the review of progress in the elimination or reduction of barriers to trade of developing countries which should not be lost sight of. It would be open to the Committee to revert to this matter in the light of further developments. He noted that the Committee had welcomed attendance of non-GATT countries participating in the trade negotiations at the Committee's future meetings.

19. Several representatives referred to the important rôle played by the GATT secretariat in helping developing countries identify their trade problems in the context of the preparatory work for the trade negotiations. In this context, appreciation was expressed of the technical assistance provided by the secretariat both through country and sector studies and other analytical material relating to the interests of developing countries in the negotiations. It was clear that developing countries would continue to need technical assistance by the secretariat throughout the period of the negotiations.

20. Some representatives considered that the Committee on Trade and Development would have a rôle to play in advising on the form of technical assistance which could meet the requirements of developing countries during the negotiations. In response to a request, the secretariat undertook to circulate a document providing details of assistance so far provided to developing countries.

21. Some delegations took the view that the technical assistance work of the UNCTAD secretariat, as well as help provided to developing countries through the UNDP technical assistance programme should be taken into account in the context of the trade negotiations.

22. Members generally agreed that the Committee might usefully make suggestions in respect to the technical assistance provided by the secretariat as the negotiations proceed.

Future Meetings of the Committee

23. It was noted that in accordance with usual practice the Committee would convene at a suitable date after the twenty-ninth session of the CONTRACTING PARTIES to establish a programme of work as appropriate.