

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## MEETING OF MINISTERS, NOVEMBER 1961

### Proposals for Agenda

(Note by the Executive Secretary)

1. At their eighteenth session in May 1961 the CONTRACTING PARTIES approved the recommendations of the Council concerning arrangements for a ministerial meeting. The part of the Council's conclusions (C/M/6) relating to the agenda for such a meeting reads as follows:

"It was agreed to recommend that Ministers should be invited to address themselves to the main problems of international trade which had been identified by the CONTRACTING PARTIES in the course of their work under the Programme for the Expansion of Trade. The discussions would thus cover tariff barriers to trade (including a review of the results of the Dillon round of tariff negotiations and the consideration of possible future action in the tariff field), trade in agricultural products and obstacles to the trade of less-developed countries. During the discussion in the Council it was suggested that the questions of market disruption and the implications for international trade of the development of regionalism should be included, but it was the general feeling that these need not be spelt out as they could be considered as falling within the general compass of the items mentioned."

2. It is recognized that the major part of the ministers' deliberations will concern the progress made under the Programme for the Expansion of International Trade. In addition to their review of the results of the tariff negotiations, ministers will wish to give close attention to the findings or recommendations of Committees II and III. The work of these committees has now reached the stage where guidance from ministers is needed to give direction to future action by the CONTRACTING PARTIES on the problems identified by the committees.

3. Some contracting parties have submitted suggestions regarding points that might be placed before ministers within the broad agenda items referred to above. A number of these suggestions are closely linked to the findings of Committees II and III or will be covered during the review of the results of the tariff negotiations. The Government of Uruguay, however, has submitted suggestions which are broader in character and these suggestions have accordingly been distributed separately (C/W/23).

4. The Government of Austria has submitted the following specific point for discussion by ministers: "measures of small industrialized countries regarding low-price imports with a view to achieving an expansion of trade with less-developed countries". As is indicated in the last sentence of the Council's conclusion quoted above, the general feeling was that the question of market disruption need not be spelt out in the agenda as it could be considered as falling within the compass of the items mentioned in the Council's conclusion.

#### Programme for expansion of international trade

##### A. Tariffs

5. It has already been recognized that ministers will wish to review the results of the tariff negotiations. In the light of the Council's recommendation and of subsequent suggestions from contracting parties, such a review should encompass both the Article XXIV (6) negotiations and those of the Dillon round.

6. Based on an assessment of the current situation, the ministers might consider future collaboration between contracting parties aimed at a reduction of tariff levels on a worldwide and multilateral basis and the techniques which might be adopted in current circumstances to effect such reduction, taking into account the growth of regional arrangements and other developments in international trade.

7. In this connexion it will be recalled that, in the course of 1952 and 1953, the CONTRACTING PARTIES worked out the technical details of a plan for the "automatic" reduction of tariff levels. It did not, however, prove possible to adopt a plan of this sort for the 1956 Tariff Conference and the procedures for the conference were based on those followed at the earlier Geneva, Annecy and Torquay conferences. The current Tariff Conference has also had to be carried out on the basis of the old system and, while it is hoped that this Conference will achieve a significant reduction of tariffs, it is not yet possible to judge the results.

8. It is evident that some countries hold the view that a new approach to the question of procedures and technique of tariff reduction should be considered. It is worth pointing out in this connexion that the European Economic Community has made its offers at the current Tariff Conference in the form of a 20 per cent reduction in the common tariff with certain exceptions. Some countries taking part in the negotiations are endeavouring to match this offer, although others have found it difficult to do so, partly because of practical difficulties, but also because, in some cases, there is no legislative basis for such action. Both the experience gained at the present Tariff Conference from the offer by the EEC of a 20 per cent reduction, and that gained under automatic tariff reduction plans now being followed by certain regional organizations, may provide a useful basis for re-examination of the whole question of the approach to future negotiations. There are specific problems in the field of agricultural trade and in connexion with the trade of the less-developed countries which would have to be taken into account in such an examination. Some comments on these two problems are given below.

B. Agriculture

9. The work of Committee II had produced sufficient evidence of the impact of non-tariff measures on international agricultural trade to permit substantive discussion, both in respect of individual commodities and, at least to some extent, in respect of agricultural trade as a whole. The Committee's findings give a full picture of the extensive use of non-tariff devices, the reasons lying behind the various support schemes applied and the effects of the measures used both on international trade in the commodities examined by the Committee and on the trade interests of countries heavily dependent on exports of agricultural commodities.

10. The problems involved have been clearly identified by the Committee and Ministers will wish their discussion under this head to be directed to these problems. In particular, Ministers should be invited to give their attention to the issues raised in Part III of the Committee's third report (L/1461), where the Committee has summarized the conclusions it was found possible to agree upon concerning the broad facts regarding the widespread resort to agricultural protectionism and the consequential influence upon levels and patterns of trade.

11. In discussing agricultural trade problems Ministers will undoubtedly have in mind references in Committee II's report to the longer-term aspects of agricultural protectionism. Nevertheless, they will wish to give special attention to the immediate problems as set out in the concluding paragraphs of the Committee's report. The report brings out clearly that the extensive use of non-tariff devices by importing countries has frustrated or nullified existing tariff concessions negotiated in the past by agricultural exporting countries and has, from the point of view of such countries, made their participation in present and future endeavours to reduce tariff levels of little practical value. This poses the question of what are the prospects for negotiating clearly defined and acceptable terms of access which would be considered by the contracting parties concerned an adequate counterpart for their existing concessions and for their future participation in such endeavours.

C. Problems of the less-developed countries

12. Committee III has examined the trade aspects of a considerable number of commodities of immediate or potential importance to less-developed countries and has identified the major obstacles to an expansion of the exports of these countries. In September the Committee prepared a special report which sets out its findings and which puts before the CONTRACTING PARTIES recommendations designed to meet the less-developed countries' problems. These recommendations are as follows:

- (i) contracting parties should give immediate and special attention to the speedy removal of those remaining quantitative import restrictions which affect the export trade of less-developed countries;

- (ii) contracting parties should consider the immediate removal of any element of discrimination in the application of their import restrictions which affects the export trade of less-developed countries;
- (iii) contracting parties, especially industrialized countries, should examine their tariffs with a view to an early expansion of the export earnings of less-developed countries;
- (iv) contracting parties, during tariff negotiations, should keep in mind the needs of less-developed countries, as stipulated in Article XXVIII bis:3(b) of the General Agreement, for a more flexible use of tariff protection, particularly to assist their economic development;
- (v) contracting parties should adopt a sympathetic attitude on the question of reciprocity of tariff concessions to meet the special needs of less-developed countries;
- (vi) contracting parties considering methods to bring about a general reduction of tariffs in the future should take account of the needs of less-developed countries;
- (vii) contracting parties, especially those industrialized countries with favourable financial and economic situations, should re-examine the possibility of reducing substantially their internal revenue and fiscal charges on the products of interest to less-developed countries;
- (viii) contracting parties, especially industrialized countries when formulating and implementing 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 of processed goods, semi-finished and finished components and of the simpler industrial products can be met by imports from less-developed countries, instead of being produced at home, contracting parties should give sympathetic consideration to moderating their tariff and non-tariff measures affecting these products;
- (ix) contracting parties should take account of the long-term development plans of the less-developed countries and recognize that, important as financial assistance is to less-developed countries, an expansion of exports, both of manufactured goods and raw materials, is essential if less-developed countries are to develop on a sound economic basis;

- (x) contracting parties, 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.

Ministers will wish to direct their discussion to these recommendations and to the steps which their respective governments are prepared to take to implement them.