

GATT/AIR/316

28 DECEMBER 1962

SUBJECT: IMPLEMENTATION OF THE PROPOSALS OF COMMITTEE III

1. I HAVE CONSIDERED IT USEFUL TO ANALYZE AND CLARIFY THE WORK PROGRAMME OF COMMITTEE III, AS IT EMERGES FROM THE LAST REPORT OF THE COMMITTEE (L/1925) WHICH WAS ADOPTED BY THE CONTRACTING PARTIES ON 16 NOVEMBER, AND TO INDICATE, IN A CONCISE MANNER, THE ACTION THAT IS NOW REQUIRED. WHILE IT IS EVIDENT THAT THE COMMITTEE HAS BEEN GREATLY CONCERNED WITH PRESSING AHEAD WITH THE OTHER WORK IT HAS BEEN DOING IN RELATION TO THE REMOVAL OF BARRIERS TO TRADE IN PRODUCTS ALREADY IDENTIFIED BY THE COMMITTEE AS BEING OF INTEREST TO LESS-DEVELOPED COUNTRIES, IT IS ALSO CLEAR THAT THE COMMITTEE FEELS THAT ITS WORK SHOULD BE BROADENED TO TAKE ACCOUNT OF THE DIVERSIFICATION OF THE ECONOMIES AND TRADE OF LESS-DEVELOPED COUNTRIES WHICH WILL BE REQUIRED IF THE FULL NEEDS OF SUCH COUNTRIES ARE TO BE MET.

2. IN CONSIDERING THE FIRST PART OF THIS WORK PROGRAMME, THE COMMITTEE REVIEWED THE PROGRESS WHICH HAD BEEN ACHIEVED AND AGREED THAT FURTHER EFFORTS SHOULD BE MADE TO CONTINUE AND INDEED ACCELERATE THE REDUCTION AND REMOVAL OF EXISTING BARRIERS TO TRADE OF LESS-DEVELOPED COUNTRIES. IN THIS CONNEXION CONTRACTING PARTIES HAVE BEEN REQUESTED TO GIVE SERIOUS CONSIDERATION TO CERTAIN SPECIFIC PROPOSALS, PUT FORWARD BY A GROUP OF LESS-DEVELOPED COUNTRIES (L/1925 ANNEX), WHICH HAVE ALSO BEEN REFERRED TO THE COUNCIL FOR STUDY IN RELATION TO THE PREPARATION OF AN AGENDA FOR THE FORTHCOMING MINISTERIAL MEETING. IN THE LIGHT OF THIS REVIEW AND TAKING ACCOUNT PARTICULARLY OF THE SPECIFIC PROPOSALS REFERRED TO, THE COMMITTEE AGREED THAT CERTAIN STEPS SHOULD BE TAKEN, SOME OF WHICH REQUIRE SPECIFIC ACTION BY CONTRACTING PARTIES.
THUS:

(a) QUANTITATIVE RESTRICTIONS

IT WAS AGREED AT THE MAY MEETING OF THE COMMITTEE THAT PERIODIC REVIEWS OF THE REMAINING QUANTITATIVE RESTRICTIONS ON PRODUCTS STUDIED BY THE COMMITTEE SHOULD BE CARRIED OUT AT EACH FUTURE MEETING OF THE COMMITTEE. AT THE LAST MEETING OF THE COMMITTEE IT WAS PROPOSED THAT A FIRST CONFRONTATION MIGHT TAKE PLACE AT THE NEXT MEETING OF THE COMMITTEE AND THAT AT SUCH TIME THE INDUSTRIALIZED COUNTRIES SHOULD BE ASKED TO REPORT ON THE PROGRESS THEY HAD MADE IN ELIMINATING RESTRICTIONS, WHAT ACTION THEY HAD TAKEN TO INCREASE ACCESS TO THEIR MARKETS, AND THEIR PLANS FOR FUTURE ACTION. THE COMMITTEE HAS ALSO UNDER CONSIDERATION A PROPOSAL FOR THE SETTING OF TARGET TERMINAL DATES FOR THE REMOVAL OF SUCH RESTRICTIONS. IT IS MY INTENTION TO ADDRESS A SEPARATE COMMUNICATION TO ALL CONTRACTING PARTIES ON THIS SUBJECT ENQUIRING AS TO THE

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NATURE OF ANY ACTION WHICH MAY HAVE BEEN TAKEN TO INCREASE ACCESS TO THEIR MARKETS AND WHAT FURTHER STEPS THEY CONTEMPLATE TAKING IN THE IMMEDIATE FUTURE. THE REPLIES TO THIS COMMUNICATION WOULD BE AVAILABLE FOR CONSIDERATION AT THE NEXT MEETING OF THE COMMITTEE.

(b) CUSTOMS TARIFFS

THE COMMITTEE HAS DISCUSSED THE VARIOUS ASPECTS OF THE QUESTION OF THE REDUCTION OF CUSTOMS TARIFFS AND HAS AGREED THAT THE CONSIDERATIONS WHICH IT FORMULATED AT A PREVIOUS MEETING (CF. L/1768, PARAGRAPHS 15-21) SHOULD BE MADE AVAILABLE TO THE WORKING PARTY ON PROCEDURES FOR TARIFF REDUCTION TO BE TAKEN INTO ACCOUNT IN ITS DELIBERATIONS. A NUMBER OF PROPOSALS CONCERNING PARTICULAR ASPECTS OF TARIFFS, E.G. THE DUTY-FREE ENTRY OF TROPICAL PRODUCTS, THE ELIMINATION OF TARIFFS ON INDUSTRIAL RAW MATERIALS, THE REDUCTION AND ELIMINATION OF TARIFFS ON CERTAIN SEMI-PROCESSED AND PROCESSED PRODUCTS, WHICH HAD BEEN GIVEN PRELIMINARY CONSIDERATION IN THE COMMITTEE, HAVE BEEN REFERRED FOR FURTHER ACTION TO APPROPRIATE BODIES, NOTABLY THE TARIFF WORKING PARTY, THE SPECIAL GROUP ON TRADE IN TROPICAL PRODUCTS, AND THE COUNCIL. THE SECRETARIAT IS NOW PREPARING A STUDY ON THE EXISTENCE OF DIFFERENTIAL TARIFFS ON THE SEMI-PROCESSED AND PROCESSED DERIVATIVES OF THE MAJOR PRODUCTS EXPORTED BY LESS-DEVELOPED COUNTRIES AND A COMPARATIVE STUDY ON THE GENERAL INCIDENCE OF IMPORT DUTIES ON THE MAJOR MANUFACTURED EXPORTS OF THESE COUNTRIES IN THE MAIN MARKETS FOR THESE GOODS, COMPARED WITH THE INCIDENCE OF THE DUTIES ON MORE SOPHISTICATED MANUFACTURED GOODS PRIMARILY TRADED BETWEEN THE HIGHLY INDUSTRIALIZED COUNTRIES. THESE STUDIES, WHICH WILL BE AVAILABLE AT THE END OF JANUARY, CAN ALSO BE CONSIDERED BY THE COMMITTEE AT ITS NEXT MEETING AT WHICH TIME THE COMMITTEE MAY WISH TO PUT FORWARD FURTHER VIEWS FOR SUBMISSION TO THE WORKING PARTY ON PROCEDURES FOR TARIFF REDUCTION. IT MAY BE INDICATED THAT AT THE RECENT MEETING OF THE WORKING PARTY IT WAS AGREED THAT A NOTE CONTAINING THE VIEWS OF LESS-DEVELOPED COUNTRIES ON PROPOSALS FOR FUTURE TARIFF REDUCTION COULD BE OF CONSIDERABLE VALUE TO THE WORKING PARTY.

(c) TROPICAL PRODUCTS

THE PROBLEMS OF TRADE IN TROPICAL PRODUCTS ARE BEING ACTIVELY DEALT WITH BY THE SPECIAL GROUP WHICH, ON THE RECOMMENDATION OF THE COMMITTEE, IS PRESSING AHEAD WITH ITS WORK AS QUICKLY AS POSSIBLE.

(d) INTERNAL CHARGES AND REVENUE DUTIES

APART FROM THE CONSIDERATION BEING GIVEN TO THEM BY THE SPECIAL GROUP ON TRADE IN TROPICAL PRODUCTS, PROBLEMS RELATING TO INTERNAL CHARGES AND REVENUE DUTIES HAVE BEEN SCHEDULED FOR DISCUSSION AT THE NEXT MEETING OF THE COMMITTEE ON THE BASIS OF VARIOUS PROPOSALS BEFORE IT (PARAGRAPH 19 OF L/1732; PARAGRAPH 6(vi) COM.III/95). IT IS ASSUMED THAT IN THE MEANTIME THE COMMITTEE WILL BE ADVISED OF ANY CHANGES IN INTERNAL CHARGES AND REVENUE DUTIES WHICH HAVE BEEN UNDERTAKEN BY GOVERNMENTS SINCE THE LAST MEETING OF THE COMMITTEE. IN ITS LAST REPORT THE COMMITTEE AGREED THAT GOVERNMENTS WHICH HAD INDICATED

THAT THEY HAD DIFFICULTIES IN ACCEPTING PROPOSALS FOR THE REDUCTION OR REMOVAL OF THESE CHARGES AND DUTIES SHOULD AGAIN CONSIDER POSSIBILITIES FOR IMPLEMENTING THESE PROPOSALS OR SUBMIT ACCEPTABLE ALTERNATIVE PROPOSALS TO THE COMMITTEE PRIOR TO ITS NEXT MEETING.

(e) ENLARGEMENT OF LISTS OF PRODUCTS STUDIED BY COMMITTEE

IT HAS BEEN AGREED (L/1925, PARAGRAPH 4) THAT THE SECRETARIAT SHOULD PREPARE COMPREHENSIVE LISTS, SUPPLEMENTING THE THREE LISTS SO FAR EXAMINED BY THE COMMITTEE, OF PRODUCTS OF PRESENT OR POTENTIAL IMPORTANCE IN THE EXPORT TRADE OF LESS-DEVELOPED COUNTRIES. IN ORDER THAT THESE LISTS MAY BE COMPILED AS QUICKLY AS POSSIBLE, LESS-DEVELOPED COUNTRIES ARE INVITED TO SUBMIT TO THE SECRETARIAT BY THE END OF JANUARY 1963 AT THE LATEST A LIST OF PRODUCTS CURRENTLY OF IMPORTANCE IN THEIR TRADE AND A FURTHER LIST OF PRODUCTS WHICH THEY EXPECT TO BE IN A POSITION TO EXPORT IN THE RELATIVELY NEAR FUTURE. THE SECRETARIAT IS SEEKING FROM GOVERNMENTS AND OTHER INTERNATIONAL ORGANIZATIONS, AS APPROPRIATE, INFORMATION ON PRODUCTS OF INTEREST TO LESS-DEVELOPED COUNTRIES WHICH ARE NOT MEMBERS OF GATT. THE PROVISION OF THESE LISTS WILL ENABLE THE COMMITTEE TO BROADEN THE SCOPE OF ITS WORK IN RELATION TO EXISTING BARRIERS BUT IT WILL ALSO, NO DOUBT, BE IN THE MIND OF THE COMMITTEE THAT THE LISTS WILL ALSO BE IMPORTANT FOR THE WORK OF THE WORKING PARTY ON PROCEDURES FOR TARIFF REDUCTION.

3. WHILE, AS JUST NOTED, THE WORK OF THE COMMITTEE WILL BE ENLARGED BY BRINGING WITHIN ITS PURVIEW ADDITIONAL PRODUCTS, THE COMMITTEE HAS SHOWN A REALIZATION THAT IN LOOKING TO THE FUTURE A BROADER PERSPECTIVE IS REQUIRED. IN ITS LAST REPORT THE COMMITTEE DREW ATTENTION TO DISCUSSIONS IN THE ICCICA AND THE STUDY PUBLISHED IN THE GATT REPORT INTERNATIONAL TRADE 1961, WHICH FORECAST THAT THE PRESENT IMPORT REQUIREMENTS OF LESS-DEVELOPED COUNTRIES FROM INDUSTRIAL COUNTRIES WERE LIKELY TO DOUBLE BY 1975. IT SHOULD BE NOTED THAT THESE ESTIMATES ARE BASED ON A "MINIMUM PROGRAMME" WITH AN ENVISAGED GROWTH OF NO MORE THAN 3 PER CENT IN PER CAPITA INCOME IN THE LESS-DEVELOPED COUNTRIES, WHICH CAN HARDLY BE CONSIDERED ADEQUATE OR SATISFACTORY.

4. AGAINST THIS BACKGROUND THE COMMITTEE STATED CLEARLY THAT ITS WORK WAS TO TRANSLATE A RECOGNITION OF THE TASK FACING THE INTERNATIONAL TRADING COMMUNITY INTO POSITIVE ACTION. ITS REPORT SHOWS THAT, AS A FIRST STEP IN THIS DIRECTION, THE COMMITTEE IS PREPARED TO STUDY THE POSSIBILITY OF ADOPTING, IN ACCORDANCE WITH THE MINISTERIAL DECLARATION OF NOVEMBER 1961, APPROPRIATE MEASURES FOR FACILITATING THE EFFORTS OF LESS-DEVELOPED COUNTRIES TO DIVERSIFY THEIR ECONOMIES, STRENGTHEN THEIR EXPORT CAPACITY AND INCREASE THEIR EARNINGS FROM OVERSEAS SALES.

5. THE COMMITTEE HAS, IN FACT, ALREADY ENTERED THIS FIELD OF WORK IN ITS EXAMINATION OF THE CURRENT DEVELOPMENT PLANS OF INDIA AND PAKISTAN AND HAS AGREED TO EXPLORE THE POSSIBILITY OF HOLDING FOLLOW-UP MEETINGS WITH CONTRACTING PARTIES WHOSE PLANS HAVE ALREADY BEEN DISCUSSED. FURTHERMORE, THE COMMITTEE HAS BEFORE IT A PROPOSAL THAT IT SHOULD EXAMINE AND REPORT ON THE PROSPECTS FOR TRADE EXPANSION ON A COMMODITY-BY-COMMODITY BASIS IN THOSE COUNTRIES WHICH HAVE NOT YET FORMULATED COMPREHENSIVE DEVELOPMENT PLANS.

6. THE WORK THE COMMITTEE HAS UNDERTAKEN SO FAR HAS SHOWN THAT THERE IS A POSITIVE LINK BETWEEN TRADE AND AID. ON THE ONE HAND, THERE IS THE NEED FOR THE UTMOST EXPANSION OF EXPORTS AND, ON THE OTHER, THE NECESSITY OF ENSURING THAT FINANCIAL AID IS DIRECTED TOWARDS STRENGTHENING AND DIVERSIFYING THE ECONOMY SO THAT THE COUNTRY CONCERNED CAN BUILD UP ITS INDUSTRIAL STRUCTURE TO THE POINT WHERE IT CAN, FROM ITS EXPORTS, EARN THE FUNDS IT NEEDS FOR FURTHER GROWTH. THE PROBLEM IS THUS NOT CONCERNED SOLELY WITH REMOVAL OF BARRIERS TO TRADE, IMPORTANT AS THIS IS, BUT ALSO WITH ENSURING THAT, GIVEN THE RIGHT DIRECTION OF INVESTMENT, THE PRODUCTS OF THAT INVESTMENT CAN ENTER INTERNATIONAL MARKETS AND COMPETE ON REASONABLE TERMS.

7. THE REPORT OF COMMITTEE III SHOWS AN APPRECIATION OF THIS SITUATION. IN ORDER THAT THE COMMITTEE CAN PROGRESS IN A BROADER APPROACH, IT HAS ASKED THE SECRETARIAT TO PREPARE A STUDY OF THE POSSIBILITIES FOR ACTION. TO CARRY OUT THIS TASK, THE SECRETARIAT MUST HAVE THE VIEWS OF THE LESS-DEVELOPED COUNTRIES. IT IS ESSENTIAL, IN THIS CONNEXION, TO HAVE INFORMATION ON THE DIRECTION IN WHICH EACH LESS-DEVELOPED COUNTRY ITSELF BELIEVES ITS OWN PRODUCTION COULD BE DEVELOPED. THAT IS TO SAY, WHAT ADDITIONAL PRODUCTS IT BELIEVES IT WILL HAVE AVAILABLE FOR EXPORT AS THE RESULT OF THE SUCCESSFUL CONCLUSION OF DEVELOPMENT PLANS OR WHICH STUDIES HAVE SHOWN ARE POSSIBLE LINES OF DEVELOPMENT IN THE LIGHT OF EXISTING ECONOMIC CONDITIONS, INCLUDING THE AVAILABILITY OF NATURAL RESOURCES AND OTHER RELEVANT FACTORS. SUCH PAPERS SHOULD ALSO INCLUDE INFORMATION ON DIFFICULTIES AT PRESENT ENCOUNTERED OR FORESEEN IN THE PRODUCTION AND MARKETING OF ADDITIONAL PRODUCTS AND GIVE AN ASSESSMENT OF THE WAYS IN WHICH IT IS THOUGHT GATT MIGHT CONTRIBUTE TO OVERCOMING SUCH DIFFICULTIES.

8. THE POINT HAS BEEN RAISED IN COMMITTEE III THAT FUTURE WORK SHOULD TAKE INTO ACCOUNT THE RELATIONSHIP BETWEEN THE TRADE-AND-PAYMENTS ASPECTS OF THE DEVELOPMENT PLANS OF LESS-DEVELOPED COUNTRIES AND THEIR FOREIGN ASSISTANCE NEEDS. CONSIDERABLE WORK IN THIS FIELD HAS ALREADY BEEN UNDERTAKEN BY SOME OF THE PRINCIPLE LENDING AGENCIES, INCLUDING THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, AND IT IS PRESUMED THAT IT WOULD CERTAINLY NOT BE THE INTENTION OF THE COMMITTEE TO SEEK DUPLICATION OF THIS WORK. HOWEVER, THE CONTRACTING PARTIES, HAVING SPECIALIZED KNOWLEDGE IN THE TRADE FIELD, MAY WELL BE ABLE TO MAKE A POSITIVE AND REAL CONTRIBUTION TO THE SOLUTION OF A PROBLEM WHICH HAS BOTH TRADE AND AID ASPECTS. HERE AGAIN THE SECRETARIAT HAS BEEN REQUESTED TO STUDY WHAT ACTION CAN APPROPRIATELY BE TAKEN IN THE GATT AND THE VIEWS OF THE LESS-DEVELOPED COUNTRIES ON THIS POINT, AS WELL AS ON THE POINTS RAISED IN PARAGRAPH 7, WOULD BE APPRECIATED.

9. IT WOULD ASSIST THE WORK OF THE COMMITTEE IF RESPONSES TO THE QUESTIONS RAISED IN PARAGRAPHS 7 AND 8 COULD BE MADE AVAILABLE TO THE SECRETARIAT BY THE END OF FEBRUARY AT THE LATEST.

10. IT IS ALSO RECALLED THAT THE COMMITTEE HAS AGREED THAT ALL CONTRACTING PARTIES SHOULD BE INVITED TO SUBMIT PAPERS ON PROBLEMS IN RELATION TO PRODUCTION AND MARKETING TECHNIQUES. IT WAS FELT THAT INDUSTRIALIZED COUNTRIES, ESPECIALLY THOSE WHICH HAD ALREADY HAD EXPERIENCE IN PROVIDING ASSISTANCE ON THIS SUBJECT TO LESS-DEVELOPED COUNTRIES, MIGHT HAVE A VALUABLE CONTRIBUTION TO MAKE AND ALSO THAT IT WOULD BE USEFUL TO HAVE PAPERS FROM THE LESS-DEVELOPED COUNTRIES THEMSELVES SETTING OUT THE DIFFICULTIES WHICH THEY HAD ACTUALLY ENCOUNTERED. ON THE BASIS OF THESE PAPERS THE INTENTION OF THE COMMITTEE IS TO EXAMINE THESE PROBLEMS IN A DETAILED AND CONCRETE FASHION.