1. The Action Committee met on 13 March 1964, to give consideration to the report it would wish to submit to the CONTRACTING PARTIES on the Committee's activities (see Section A below), to review further progress in the implementation of the Action Programme, and to draw the attention of the CONTRACTING PARTIES to problems which require their urgent consideration (see Section B below).

A. Work undertaken or initiated by the Action Committee

2. The Action Committee, which was established in accordance with the Ministerial Resolution of 21 May 1963 (MIN(63)8), held its first meeting from 9 to 12 September 1963. At that meeting the Committee examined the submissions by governments (AC/3 - Annex 1) regarding steps they had taken, or those which they proposed to take in the near future, for the implementation of the Ministerial Conclusions. On the basis of this examination the Committee drew up its work priorities and work procedures. In this connexion it is relevant to note that the Committee established three Sub-Committees to assist the Action Committee in dealing effectively with the three major areas of work it had decided to undertake. A summary of the proceedings of that meeting was distributed in document AC/3.

3. Since that meeting the Action Committee has met on two further occasions, namely on 19 December (see AC/8) and on 13 March 1964. Sub-Committee 1 has held a series of meetings and has, inter alia, carried out consultations with twelve industrialized countries, with a view to achieving the rapid removal of trade barriers on products covered by the Action Programme (see AC/SC1/8, AC/SC1/9 and Corrigenda). Sub-Committees 2 and 3 have held one meeting each (see AC/8, Annex 1).

For its discussion the Committee had before it a note by the secretariat containing a short summary of recent developments of relevance to the work of the Action Committee (AC/W/6; also see AC/8 - Annex 1).

See also C/M/16 and 17.
4. In regard to a number of proposals under point (viii) of the Action Programme made at the first meeting of the Action Committee, the Committee recommended that these might, in the first instance, be taken up by Committee III in order to avoid duplication of work (see AC/3, paragraphs 18-20 and 33). Two of these proposals - (i) the question of the rôle of GATT in the field of financial assistance, and (ii) possibilities in the GATT for providing assistance in export promotion schemes - have so far been acted upon.

5. The question of the rôle of GATT in the field of financial assistance was briefly examined by Committee III (L/2080/IV). In accordance with a recommendation of Committee III the question was taken up by a Group of Experts. The report of the Group of Experts has been submitted to the CONTRACTING PARTIES in document COM.III/127.

6. As regards possibilities for the provision of assistance in export promotion schemes, Committee III decided to refer this question to the Expert Group in the Field of Trade Information, which was convened to examine the most efficient means of establishing a trade information service within the framework of GATT. On the basis of the report of the Expert Group (COM.III/128), Committee III has now recommended to the CONTRACTING PARTIES the establishment of trade information services and trade promotion advisory services within the framework of GATT. This recommendation is contained in document L/2181 which is before the CONTRACTING PARTIES for adoption. Further possibilities for action in this field of export promotion schemes are expected to be taken up at the next meeting of the Expert Group.

7. The Action Committee itself has concentrated its efforts on providing guidance and, where necessary, has used its persuasion - for example through the consultation procedure on specific problems, set in motion by Sub-Committee I, discussions in the Committee, or direct contacts with governments through diplomatic channels - for the early implementation of the various measures envisaged in the Ministerial Conclusions. As part of its work, the Action Committee has closely followed, and has been aided by, the work being undertaken in other bodies of GATT, particularly Committee III, the Working Group on Preferences, the Committee on the Legal and Institutional Framework of GATT in Relation to Less-Developed Countries and the Special Group on Trade in Tropical Products. The Action Committee has been trying to complement and, where necessary, to expand and intensify, the work being done by these bodies with a view to giving practical effect to the Ministerial Conclusions.
B. Progress made - and need for further action

8. In accordance with its mandate, which, inter alia, calls on the Action Committee to assist the CONTRACTING PARTIES in the implementation of the Action Programme, the Committee has considered it useful to review, at the occasion of each of its meetings, the progress made. The situation, as it existed at the last meeting of the Committee, showed that, as regards the reduction or elimination of trade barriers in accordance with points (i) to (vi) of the Action Programme, further progress has been made in the elimination of quantitative restrictions on many products covered by the Action Programme while in a number of further cases target dates for the removal of restrictions were announced (see COM.III/119/Rev.1, AC/SCL/8) and AC/SCL/9). Nevertheless there are still a number of hard core restrictions (which specifically discriminate against less-developed countries) on products which are important for the economic development of certain less-developed countries, for which no target dates for complete liberalization have been indicated. It is therefore necessary to continue the country-by-country and the commodity-by-commodity exercises so usefully performed till recently by Sub-Committee I of the Action Committee.

9. As regards tea and tropical timber, the Committee was able to note that, with one or two exceptions, all industrialized countries were now granting duty-free entry to these products. Furthermore, in certain important markets, duties on a number of other products have been suspended at the beginning of 1964 (see COM.III/130). As regards the elimination of internal fiscal charges on tropical beverages one of the six industrialized countries which applied such charges abolished them with effect from 1 January 1964.

10. As regards other work of relevance to the Action Programme, the Action Committee noted that Committee III has considerably enlarged the scope of its commodity-by-commodity examination and has drawn up a further list of products which are of special export interest to less-developed countries, with a view to having these products covered also by the Action Programme (see L/2080, II, particularly Annex l). Further, Committee III has taken the necessary steps, and has drawn up a programme and time-schedule, for implementing the mandate given by Ministers to expand and intensify its work in the field of studies of development plans and trade and aid relationships. Reference to other work of Committee III which is of relevance to the Action Programme was made in paragraphs 5 and 6 above.

11. When reviewing progress in the implementation of the Action Programme, the Committee was aware of the considerable efforts which had been made in the various subsidiary bodies of GATT, and of the work in progress for ameliorating the unsatisfactory position of the less-developed countries in world trade. To some extent these efforts have already produced concrete results, but in respect of some of the issues considered most important - notwithstanding certain progress - the Committee felt that work is still at a formative stage.
12. Gratifying as the progress was which had been made in several fields, in respect to a number of specific points, action envisaged to be taken at an early date was found to be still lacking. For instance, Sub-Committee 2, which was specifically charged with the implementation of certain tasks in relation to point (viii) of the Action Programme, has only met once since no concrete proposal has been submitted for consideration in depth. From the discussion it was evident that the less-developed countries feared that with the passage of time the initial impetus emanating from the ministerial meeting was being lost. The resulting feeling of frustration among less-developed countries has been intensified by what, to many of them, appears to be a reluctance on the part of governments, both as regards action in the GATT or in other international bodies - specific reference being made to the United Nations Cocoa Conference - to come to final arrangements at the present time. The discussions clearly demonstrated that there were feelings that the progress which has been made falls short of what was expected when the Ministerial Conclusions were adopted, for example whether it be (a) in the removal of discriminatory quantitative restrictions, (b) reduction or elimination of fiscal charges, (c) providing specially favourable access to the products of less-developed countries, (d) increased return in monetary terms for primary commodities, or (e) the participation of less-developed countries in the Kennedy round.

13. As regards the question of preferences, the less-developed countries have repeatedly stressed that progress in dealing with some of the technical problems has been slowed by the lack of a clear indication from some of the most important industrialized countries, whether or not they are prepared, in principle, to accord preferential treatment to imports from less-developed countries or allow preferential arrangements to be extended to all the less-developed countries by those industrialized countries who may be so willing under certain well defined circumstances.

14. Concerning the participation of the less-developed countries in the forthcoming trade negotiations, the Committee noted the genuine desire on the part of the less-developed countries to participate in the negotiations. However, as a prerequisite for their effective participation, agreement will have to be reached on a number of problems arising from the special position in which the less-developed countries find themselves. Development of the conditions and criteria for the participation of the less-developed countries in the Kennedy round has been delayed pending elaboration of the rules which will govern the negotiations between the major negotiating partners.

15. In relation to the third major issue, namely the adaptation of the General Agreement in a way which will take the particular needs of the developing countries more fully into account, the Committee noted with satisfaction that the Committee on the Legal and Institutional Framework of the GATT in relation to Less-Developed Countries, has reached the stage of drafting a new "Chapter on Trade and Development" for inclusion in the General Agreement. Much useful work has been done by the Committee, but again, its work has not yet been completed.
16. Much as the Committee appreciated the work which has been done by the various bodies set up to deal with these issues, it was agreed that more rapid action in solving the remaining problems is of vital importance. The Committee generally agreed that, in view of the importance attached to the solution of these problems, every effort should be made to ensure the adoption of acceptable solutions at the earliest possible time. In the discussion, developed countries, after reaffirming their support for the Action Programme and their intention to move forward with its implementation, called attention to the complexity of the problems involved and the impossibility of developing sound and effective solutions without adequate preparatory work. Since much of this work cannot be completed by the end of the present session, the Committee considered it desirable that the CONTRACTING PARTIES make the necessary arrangements for ensuring that work on these problems would continue unabated.

17. In summing up the Committee's discussions, it should be recalled that the Action Committee was established by an unanimous decision of Ministers and that the Committee had been charged with the specific task of ensuring that the Ministerial Conclusions relating to the Action Programme would be fully implemented. An assessment of the work done so far clearly indicates that, although some progress has been achieved - as is evident from this report - action in a number of fields has been slower than was envisaged or is, in effect, still lacking. This is, of course, a matter of concern and disappointment to the Committee. The Committee recognizes that some of the unresolved problems are difficult and complex. Rapid progress towards their solution is, however, essential if the CONTRACTING PARTIES wish to give practical effect to the Ministerial Conclusions. The Committee, therefore, wishes to make a strong appeal to contracting parties to exercise the necessary political will and to give the additional impetus and directions required for the implementation of the Action Programme. The Action Committee itself stands prepared to play its part in finding solutions to these problems.