GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee III - Expansion of Trade

FIRST REPORT OF COMMITTEE III ON EXPANSION OF TRADE

The Committee's terms of reference are:

To consider and report to the CONTRACTING PARTIES regarding other measures for the expansion of trade, with particular reference to the importance of the maintenance and expansion of export earnings of the less developed countries to the development and diversification of their economies.

The Committee held its first meeting in Geneva between 11 and 13 March.

The Committee agreed that the first session should be devoted to establishing an initial work programme. It was agreed that the work programme would consist of three parts.

I. Less developed countries should submit a list of primary and secondary products (including minerals and metals) and manufactured goods produced by them and in which they have an actual or potential export trade. In the studies based on these lists, primary products and manufactured goods should be dealt with on separate lines where necessary. Certain background information necessary for such studies should be collected along the lines set out in the Annex.

II. 1. Study of the above background material and any other relevant factors in order to decide what practical measures can be taken to reduce such obstacles to the maintenance and expansion of export earnings of less developed countries as are disclosed, and in order to examine the possible advantages to trade of less developed countries of reductions in revenue and internal fiscal charges, possibly through multilateral action or possibly by unilateral action by the more developed countries.

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1 The terms of reference of Committees I, II and III on Expansion of Trade were established by the CONTRACTING PARTIES' Decision of 17 November 1958 (L/939). The word "other" should be read in the context of the terms of reference of the three Committees as a whole.

2 A statement on the position of the Brazilian delegation has, at their request, been appended to this report.
2. Study of the possibility of channelling expansion of existing industries or starting of new industries by less developed countries into directions where such countries will be economically efficient producers - e.g., in regard to a few such industries selected on the basis of raw material availability, feasibility of labour-intensive rather than capital-intensive techniques, etc. - thus avoiding relatively inefficient use of capital.

3. Study of measures which might be taken by less developed countries with, where appropriate, technical assistance and advice from other countries and international organizations, in order:

(a) to improve their own production and marketing techniques;

(b) to examine their trade controls or other internal measures, which might discourage exports of their products or imports from other less developed countries.

4. Review of the Report of the GATT Working Party on Commodities, as it relates to the terms of reference of Committee III.

III. Review by the Committee of the above studies and of action taken, or to be taken, by the contracting parties in conformity with the objectives underlying the terms of reference of this Committee.
A. Imports, production, consumption and exports

What is the volume, for each product, of:

(i) Imports, showing sources of supply?
(ii) Domestic production?
(iii) Domestic consumption?
(iv) Exports?

B. Tariffs

(i) What duties are levied on the product, and in the case of specific duties, what is their incidence?
(ii) Are there any tariff preferences? If so, what are the margins?
(iii) Which of these rates are bound under the GATT (most-favoured-nation and/or preferential)?

C. Quantitative Restrictions

(i) Is the product subject to import controls and restrictions?
(ii) If so, description of the methods used and policies followed in the appliance of such controls and restrictions.
(iii) Do such controls and restrictions involve distinction in the treatment of imports from different sources? For example,
(a) are licences valid for all sources or for specified countries?
(b) Are there global quotas valid for all sources without distinction or quotas allocated to different countries or areas?
(c) Are there any bilateral quota commitments which favour import from particular countries including non-contracting parties?

1 The secretariat will request information only to the extent that such data are not available from material already collected by other committees or working parties of GATT or publications of other international organizations.
(iv) Are there any other measures or arrangements tending to limit importation of the product (particularly from less developed countries)?

D. Revenue and internal fiscal charges

(i) Are revenue and fiscal duties or charges levied on the product? If so, are these duties and charges levied on the product or on goods manufactured from that product?

(ii) What is the level of these duties and charges (incidence expressed as a percentage of the value of the primary product)?

(iii) What is the volume of revenue derived?

(iv) What is the proportion of total revenue?

E. State Trading and Monopolies

(i) How are imports controlled?

(ii) (a) How are imports treated in comparison with domestic products?

(b) Are any imports treated in a discriminatory manner as between external sources of supply?

F. Other

Are there other measures (such as special surplus disposal arrangements, export subsidies, etc.,) which promote production or export of products which compete with the products produced by less developed countries (including substitutes for such products)? This question is not intended to involve any duplication of the information collected in Committee II.
In the course of discussion in Committee III, the Brazilian delegation proposed that revenue duties and fiscal charges should be considered negotiable in the sense of the Interpretative Note to Article 17 in Annex P of the Havana Charter and with paragraph 4 of the Rules and Procedures for the Tariff Conference of 1956 (BISD, Fourth Supplement, page 80).

Bearing in mind the terms of reference established by the Decision of 17 November 1958 of the contracting parties for Committees I, II and III on Expansion of Trade and considering the proposed round of tariff negotiations under study in Committee I, the plan for general consultations recommended by Committee II and, in particular, the terms of reference of Committee III, it was the view of the Brazilian delegation:

(a) that the principle should be established, before any new round of tariff negotiations took place, that internal fiscal charges as obstacles to trade should be considered negotiable, and

(b) that the agricultural exporting countries should be compensated for the fact that the increasing resort to internal fiscal charges on agricultural products by the more developed countries impaired the value of the concessions the latter had granted.

1 "An internal tax (other than a general tax uniformly applicable to a considerable number of products) which is applied to a product not produced domestically in substantial quantities shall be treated as a customs duty under Article 17 in any case in which a tariff concession on the product would not be of substantial value unless accompanied by a binding or a reduction of the tax."