Committee III - Expansion of Trade

SECRETARIAT NOTE ON THE PROGRAMME OF DEVELOPMENT PLAN STUDIES

I. Introduction

1. In connexion with its examination of development plans the Committee considered a number of proposals for intensifying and enlarging its work under this heading (COM.III/98, and Rev.1, COM.III/111, L/1989). The matter was taken up by Ministers in their Conclusions relating to point (viii) of the Action Programme. They agreed unanimously that:

"the work of Committee III should be extended, in collaboration with other interested agencies, particularly the lending agencies, through the adoption of concerted, systematic and prompt studies of trade and aid relationships in individual less-developed countries aimed at obtaining a clear analysis of export potential, market prospects and any further action that may be required to overcome any difficulties that the studies reveal". (MIN(63)7, para. 27).

2. To assist the Committee in implementing the Ministerial Conclusions, less-developed countries were invited in GATT/AIR/338 to submit to the secretariat any material on their development plan or other plans relating to the expansion of their exports. Further, with the same objective in mind, the secretariat undertook to supply, for consideration by the Committee, a paper setting out proposals regarding the scope and content of the studies to be undertaken and listing countries which it might be particularly useful to study at an early stage of the Committee's work under the expanded programme of development plan studies.

II. Scope and content of the programme of studies

3. Obviously, the objective of the mandate given by Ministers is not simply the preparation of a series of studies but includes the identification of various possible courses of action to be followed in solving the difficulties which the studies reveal. To give full effect to the instructions by Ministers and to ensure that the programme of studies makes the maximum contribution to the development of less-developed countries by enabling them to integrate their economies in the expanding world economy, working arrangements will have to be made which permit a sufficiently large number of studies to be carried out within a reasonable period of time.
4. While the programme of studies may be expected to produce its greatest benefit in the long term, its short-term significance should not be underestimated. Work may, therefore, have to be planned in several stages in a manner which will ensure that progressively an increasingly useful and comprehensive set of data on trends and prospects in production, trade and payments becomes available.

5. Data derived from completed studies will have to be taken into consideration in subsequent studies. Similarly, earlier studies may have to be reviewed from time to time to take into account later findings and developments.

6. The studies which will be of importance to governments in the planning and implementation of commercial, economic and development policies should at the same time enable the GATT to co-operate with the lending agencies in the co-ordination of trade and aid policies. This objective should be taken into account in carrying out the studies.

7. Work arising in connexion with the programme of studies may be arranged under the following headings:

(i) **Basic reference data for the programme of studies:** Preparation by the secretariat of an outline giving data on production, exports and import trends and targets, basic payments data in respect of all less-developed GATT countries. This reference guide would be of assistance to the Committee in assessing trade prospects and problems when studying the development plans of individual less-developed countries.

(ii) **Studies of development plans of individual countries**

(a) **Preparation of background papers:** To be prepared by the secretariat in consultation with the countries concerned and with other interested agencies. The studies should cover all relevant aspects of production, trade and payments of the development plan under examination with a view to obtaining a clear analysis of export potential, market prospects and to identifying action that may be required to overcome any difficulties which the study reveals. A tentative outline setting out the structure and content of these country studies will be circulated separately as an annex to this paper, for the consideration of the Committee. The outline may of course have to be modified in the light of the special circumstances of each case.

(b) **Examination by the Committee of the trade and payments aspects of the development plans of individual countries:** Discussion of the background studies and of any other relevant material in the Committee with representatives of the countries concerned in order to assess possibilities for expanding exports, and to identify import and foreign exchange requirements for the implementation of a particular plan. Examination in the Committee of special difficulties of a technical or commercial policy nature in expanding exports to particular markets; consideration of measures for solving problems or difficulties identified by the study. Also under this heading would fall any follow-up action which the Committee might wish to undertake on earlier country studies.
(iii) Assessment of trends in trade and development

Based on the data which will become available as the programme of studies proceeds, the Committee may wish to undertake, from time to time, an assessment of overall trends in trade and development. Work of this nature, which should be related to trends and prospects in the world economy, may be expected to be of assistance to governments in the formulation and implementation of economic and commercial policies conducive to the expansion of trade and to rapid and sound economic development.

III. Country coverage and time schedule of the programme of studies

8. There are, at present, fifty-seven full contracting parties and sixteen countries which have acceded provisionally, participating in the work of the CONTRACTING PARTIES or apply the GATT on a de facto basis, giving a total of seventy-three countries. Roughly two thirds of these countries are less-developed countries. Approximately one half of all the less-developed GATT countries are located in Africa, a quarter in Latin America and the Caribbean, eight in Asia and the Far East and the remainder in Southern Europe and the Mediterranean area. With only a very few exceptions, all of these countries have formulated a development plan. Practically all of them depend to a significant extent on external financial assistance for the implementation of their development plans. There are, however, considerable differences between these countries as regards stages of development, the degree of industrialization, per capita income and share in world trade.

9. While the preparation of detailed country studies for all less-developed countries should be considered as a desirable long-run objective, for practical measures, and taking account of the resources available to the secretariat for carrying out these studies, it will be necessary, at first, to agree on a limited number of countries to be studied on a priority basis. It is suggested, for example, that the arrangements for the studies should provide for some twenty country studies to be undertaken over the next twenty-four months. Since it is assumed that the Committee would wish that the background papers to be prepared should go beyond a mere description of the development plan of the country concerned, twenty studies would seem to be the maximum number which might feasibly be undertaken by the secretariat within this span of time. This number of studies should, however, be large enough to permit some more general conclusions regarding trends in trade and development to be drawn. In certain instances, the use of outside consultants may be inevitable.

10. In making a selection of countries to be examined first, it will be necessary to bear in mind that one of the objectives of these studies is to obtain an analysis of overall trends in trade and development. The countries selected for study should, therefore, as far as possible, constitute a representative sample of developing countries represented in the GATT. While there is no single objective criterion which is of over-riding importance in making the selection the factors set out below would seem important in any decision regarding the
order of priorities in which the studies might be undertaken: dependence of the country concerned on foreign trade, particular problems in export markets, relative stage of development, dependence on foreign assistance, extent to which other organizations are engaged in similar work in the country concerned, opportunities for obtaining relevant data.

11. Based on a first assessment of the various factors listed above, as they apply to different GATT countries, and taking account of the interest expressed by a number of governments in seeing their development plans examined at an early stage of the Committee's work, it is suggested that the following countries be included in the first series of studies:

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<thead>
<tr>
<th>Chile</th>
<th>Nigeria</th>
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<tr>
<td>Ivory Coast</td>
<td>Tunisia</td>
</tr>
<tr>
<td>Federation of Malaysia</td>
<td>Turkey</td>
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<td></td>
<td>Uganda</td>
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12. If the Committee agrees to the list of countries suggested above, the secretariat will make the necessary arrangements to obtain the formal consent of the governments concerned to have their countries included in the first series of country studies to be undertaken by the Committee. Taking account of the time required for the necessary preparatory work, it is suggested that the first four country studies might be examined by the Committee at a meeting in the spring of 1964, with the remaining three country studies to be taken up shortly thereafter. Any further countries which the Committee might wish to study in this first series of studies would have to be taken up towards the middle of 1964.

13. A further six studies might be completed by the end of 1964, to be followed by six to eight studies in the following year.

14. In carrying out these studies every attempt should be made to avoid duplication of work and to provide for close collaboration with other international organizations working in this field.