The Deputy Executive Secretary explained briefly the origin and rationale of the work being undertaken in Committee III in connexion with the study of development plans.

In the first place, Committee III had concentrated on finding solutions to the problems affecting the export trade of less-developed countries in specific commodities which had been suggested by these countries for examination. This work had recently been expanded and now covered some 270 tariff headings in the Brussels Nomenclature or more than three quarters of the value of exports from less-developed countries to industrialized countries (excluding petroleum).

The underlying aim of this part of Committee III's activities was the removal of trade barriers adversely affecting the less-developed countries' exports of the commodities concerned. In the process, it was building up a comprehensive body of information on trade barriers and trade flows and was helping to identify areas where export potential was developing in less-developed countries.

This work was, of course, of considerable importance, had produced positive results, and was being vigorously pursued. The CONTRACTING PARTIES had felt, however, that this commodity-by-commodity approach needed to be supplemented by a broader approach which would permit the trade problems of less-developed countries to be dealt with in a wider context, encompassing both the particular problems of individual countries and those of economic development and international trade policy generally.

It was primarily for this reason that Committee III had undertaken studies of the trade and payments aspects of the current Indian and Pakistan Development Plans in 1961 and 1962 respectively. It was generally felt that the studies had been useful and profitable and had inter alia enabled importing countries to
obtain a clearer picture of the overall trade and development needs of the two countries and of their developing export potential. This, in turn, had underlined the need for the developed countries to make progress in the removal of barriers impeding an expansion in the exports of less-developed countries. The constructive spirit in which the study of the plans had been conducted had satisfied the less-developed countries that action in this direction by the GATT would not distract attention from the overall objective of making rapid progress in the dismantling of trade barriers and was likely to be helpful to the less-developed countries in connexion with their development planning.

Already in the commodity-by-commodity approach the relationship between trade and aid was relevant and important. In many cases there was a link between the urgent need for the removal of barriers against the less-developed countries' exports of individual commodities and the fact that these countries were receiving financial assistance for the development of their export potential. Even in this context, therefore, it would have been useful for the GATT to know more intimately what was happening in the financial field as regards building up lines of production for export, just as a closer association with the activities of the GATT would, no doubt, have been of interest to the lending agencies.

The commodity-by-commodity approach, however, tended to place the main emphasis on commodities already being exported, whereas in the broader exercise which the GATT was now undertaking in the study of development plans attention would not only be focussed on present exports but also on potentialities for the future. The need for co-ordination between trade and aid policies was, therefore, now posed even more clearly.

The GATT's principal aim would be to try and clear trade channels for the less-developed countries' exports whenever possible in advance of the flow of exports, so as to avoid the sort of acute complications which have arisen, for example, in the case of cotton textiles. The products likely to be available for export would to a large extent depend on the scope and direction of financial assistance. Some co-ordination between the two exercises was, therefore, obviously necessary and important.
It was not surprising that there was general recognition in the GATT that an expansion of the work already done in connexion with the study of development plans would be useful and profitable and a proposal by Committee III to this effect was submitted to the meeting of Ministers in May 1963. The growing feeling that there should be closer co-ordination between trade and aid policies led the Committee to suggest that the proposed studies should also bear on the relationship of trade and aid policies. These proposals were unanimously accepted by the Ministers and Committee III was instructed to carry out, on that basis, a programme of studies covering a large number of less-developed countries.

A main purpose of the studies and, for that matter, of the discussion in Committee III, would be to help identify those sectors where export potential exists in the countries studied and to discuss problems which arise from the development of this potential, in the light of a realistic assessment of trade possibilities. This assessment would take into account inter alia general economic factors but would not consider investment decisions as such or the technical feasibility of any particular project.

The studies would acquaint importing countries with the export potential which exists in the less-developed countries concerned and would build up a better understanding of the way exports from these countries are likely to develop. This would be useful knowledge for the importing countries in the determination of their economic and commercial policies. It would also considerably reinforce the less-developed countries' case for the removal of barriers against their exports.

The less-developed countries which are the subject of the studies would benefit from seeing their developmental activities and export potential within a global framework. Both the studies and the discussion in Committee III would acquaint them in a systematic way with the views of others on particular difficulties in the trade field, and the possibilities for finding solutions to these difficulties, and should give them a clearer indication of those sectors which offer the best opportunity for an expansion of exports.

Furthermore, the information on development plans and targets which would be available from the studies to other less-developed countries, and the discussion and consideration which would be given to these on a broad basis must also have an impact on these countries and assist them in deciding on the sectors they themselves should select for development, and particularly the lines of production for export which they should develop. This could also be a factor contributing towards the avoidance of surpluses.

The studies would also provide supporting material for the operations of the CONTRACTING PARTIES themselves and for concrete measures to be taken by them to assist the economic development and export trade of less-developed countries.
Generally, the studies should provide impetus for the removal of obstacles to the trade of less-developed countries through appropriate action in the GATT.

An important aspect of the whole programme of studies from the GATT's point of view is the hope that this close scrutiny of trade and development policies and the information which would become available as the programme proceeds, including information on new and advantageous possibilities for economic diversification, would be useful to the lending agencies and governments who no doubt would wish to take into account in their financial operations the information and any conclusions contained in the studies, together with any consequential action by the CONTRACTING PARTIES. The GATT attaches considerable importance to the complementary character of its work in this field and, in the pursuit of the common effort, would greatly welcome the co-operation of other agencies.

As regards the carrying out of the programme of studies, the GATT certainly does not intend to undertake work already done by other agencies nor to enter fields in which it has no particular competence, for example in purely financial matters. It would hope to be able to draw on the knowledge and expertise of the competent agencies and to use and, where appropriate, quote from their documentation.

In the first place, the GATT would prepare a preliminary paper on each of the less-developed countries concerned. In this it would hope to have the assistance of the other agencies in establishing the accuracy of facts, etc., and would also invite them to comment on the papers as a whole. The next stage would be for a GATT mission, normally consisting of a high-level official and a team of qualified economists, to visit the countries which are the subject of study. The preliminary papers prepared by the GATT would form a basis for discussion between the mission and the authorities in those countries.

The task of the mission would be to ascertain the intentions of the planning authorities and to establish the rationale and justification underlying the plan targets, particularly as regards those relating to exports, in the light, inter alia, of physical, geographical and marketing factors. The mission might similarly be expected to discuss with the competent authorities relevant questions on the domestic and commercial policies relating to the formulation and implementation of the plan. The paper which would subsequently be established on the basis of the mission's findings would be discussed in Committee III.

It follows from the above that, while the main aim underlying the GATT studies is the removal of barriers against the exports of less-developed countries, the CONTRACTING PARTIES have felt - and this view was supported by the Ministers - that the GATT has an effective contribution to make towards the closer co-ordination of trade and aid policies.