SECRETARIAT NOTE ON THE FOURTH MEETING OF THE COMMITTEE ON TRADE AND DEVELOPMENT

1. The Committee held its fourth meeting on 16 December 1965, to review developments relating to the implementation of Part IV of the General Agreement and to take stock of the work done, or in progress, in its Sub-Groups. At the outset of the meeting, the Committee welcomed and approved a request by Sierra Leone to become a member of the Committee, bringing the Committee's membership to fifty-three countries.

2. The Committee had before it document COM.TD/11, a note prepared by the secretariat containing reports received from governments concerning the implementation of Part IV, and other information relevant to the Committee's work. The Committee took note of these reports, but did not enter into a detailed discussion of action taken by governments in relation to Part IV, since it was expected that a full review of the implementation of Part IV would be carried out at its next meeting to be held early in 1966, at which time the new Part IV will have been in force on a de facto basis for somewhat more than a year. The Committee expressed the hope that, in preparation for that meeting, all contracting parties, developed as well as developing countries, would submit reports relating to the implementation of Part IV, in accordance with the reporting procedures adopted by the Committee at its March meeting (L/2410, paragraphs 11-13).

3. The Committee took note of a statement by the representative of Japan in which he pointed out that a number of developing countries had not so far established GATT relations with Japan. He explained that this presented difficulties for the implementation vis-à-vis these countries of the obligations assumed by his country under Part IV, and for the extension to such countries by Japan of the benefits which the current trade negotiations are expected to provide for less-developed countries. He, therefore, hoped that the countries concerned would give urgent consideration to establishing full GATT relations with Japan.

4. The Committee also took note of the information provided in document COM.TD/11 on developments of special interest to trade of less-developed countries in the Kennedy Round. The Committee welcomed the statement by the Chairman of the Sub-Committee on the Participation of Less-Developed Countries in the Kennedy Round that he would circulate to members of the Committee a report on the latest discussions in the Sub-Committee. The Chairman of the Committee on Trade and Development
drew the attention of less-developed countries to the facilities provided in the Kennedy Round for the negotiation of trade concessions between less-developed countries. He expressed the hope that they would avail themselves of these opportunities.

5. In reviewing the work of the Groups, the Committee invited the chairmen of these Groups which had met since the July meeting of the Committee to report briefly on the work done in their respective Groups.

Ad Hoc Group on Legal Amendments to the General Agreement

6. The Chairman of the Ad Hoc Group on Legal Amendments to the General Agreement introduced the record note on the meeting of the Group held from 11 to 15 October (COM.TD/F/3) and stated that, although a number of issues remained to be resolved, considerable progress had been made in arriving at conclusions and recommendations in respect of the two principal proposals before the Group, namely:

(a) specific proposals for amending or improving Article XXIII;
(b) an amendment to Article XVIII, designed to permit the use of surcharges for balance-of-payments reasons.

7. As regards Article XXIII, the Chairman of the Ad Hoc Group felt if agreement could be reached on the treatment of one major issue of substance the Group might find itself in a position to recommend to the CONTRACTING PARTIES a draft decision providing for a more efficient and rapid procedure for dealing with complaints by less-developed contracting parties under than Article. A draft of such a decision containing a number of bracketed points still outstanding is annexed to document COM.TD/F/3. The Group had also discussed a number of drafts of provisions to permit the use of import surcharges under Article XVIII. The Chairman of the Group believed that at its next meeting early in 1966 the Group should be able to draw up its conclusions and recommendations for presentation to the next meeting of the Committee.

8. The Committee noted the statement with appreciation and expressed the hope that the work at present before the Ad Hoc Group would soon be brought to a successful conclusion. In this connexion some members of the Committee referred to certain other proposals under consideration in the GATT for bringing about a better balance of advantages between developed and less-developed countries under the Agreement. They felt that the CONTRACTING PARTIES should not unduly delay a decision on these matters.
In presenting the report of the Group on Residual Restrictions (COM.TD/B/3), the Chairman of the Group highlighted the Group's findings in the consultations held with twelve developed countries on residual restrictions affecting products formerly notified to Committee III. He drew attention to Annex IB to COM.TD/11, showing recent progress in import liberalization, and to the concerns voiced in the Group regarding the continued maintenance of restrictions and the absence of specific target dates for import liberalization for a number of products of export interest to developing countries, including certain items covered by the Action Programme.

The Chairman of the Group also invited attention to the recommendation set out in paragraph 7 of the report, that periodic reviews and consultations be held in respect of items notified as being of export interest to less-developed countries - including those notified in the context of the Kennedy Round - and still subject to residual restrictions, and to the proposal that contracting parties concerned be invited to furnish the necessary data on these restrictions early in 1966. Further, the Group had suggested that developed contracting parties maintaining such restrictions which have not so far consulted, also be invited to consult with the Group. The Group had not dealt with a proposal for compensation to less-developed contracting parties for the loss of trading opportunities resulting from the maintenance of restrictions applied inconsistently with the General Agreement, as it was thought that the legal issues involved were under study in the Ad Hoc Group on Legal Amendments to the General Agreement.

The Committee took note of the statement and the conclusions embodied in the Group's report.

Members of the Committee expressed concern regarding the continued maintenance of residual restrictions affecting products of export interest to less-developed countries. A number of these products were covered by the Action Programme, and the Ministerial Conclusions of May 1963 had envisaged the elimination of restrictions on these items by 31 December 1965. In this connexion members of the Committee recalled the points made by their delegations in the Group on Residual Restrictions and in other GATT bodies regarding the adverse effects of these restrictions on the export earnings of less-developed countries and on their development programmes. They hoped that the governments concerned would do their utmost to eliminate the remaining restrictions at an early date.

In an address to the Committee the Director-General recalled the proceedings at a recent meeting of the OECD Ministerial Council at which many Ministers of OECD countries had declared their countries' earnest intention of doing everything possible for the removal of trade barriers affecting the trade of developing countries.
It was to be hoped that the present gap between intent and performance was attributable merely to lapses in communication between the policy makers and administrators.

14. The secretariat was requested to prepare a paper outlining the implementation of the 1963 Ministerial Conclusions and the outstanding problems relating to the removal of residual restrictions. On the basis of this material the Committee would, at its next meeting, examine the present situation and endeavour to formulate suitable recommendations for consideration by the CONTRACTING PARTIES.

Working Group on International Commodity Problems

15. The Chairman of the Working Group on International Commodity Problems introduced the record note of the first meeting of the Group (COM.TD/C/2) and the Committee discussed briefly what action might appropriately be taken by the Group in furtherance of the Committee's work in this field, taking account of the suggestions contained in COM.TD/C/2 in this regard. The Committee reaffirmed the terms of reference given to the Group (L/2410, paragraph 25). The Committee further felt that the Group was most likely to achieve concrete results if it were to concentrate its work on such trade and tariff problems as lent themselves for action in the context of the work of the CONTRACTING PARTIES. The Committee endorsed the suggestion set out in the record note that the discussions in the Group relating to cocoa be brought to the urgent attention of the Special Group on Trade in Tropical Products with a view to exploring, when the Special Group next met, the possibilities of speedy progress in the removal of barriers affecting trade and consumption in that commodity. Similarly, as suggested by the Group, discussions in the Group relating to international trade in cotton should be brought to the attention of the International Cotton Advisory Committee.

16. During the discussion reference was made to the points in the Ministerial Conclusions of 1963 relating to trade in selected tropical products, and it was noted that in respect of some of those, further action would seem to be required in order to give effect to those Conclusions. The secretariat was asked to draw up a paper showing action so far taken by governments in pursuance of the Ministerial Conclusions relating to tropical products. Some members of the Committee welcomed the suggestion made by the representative of Sweden that governments consider putting into effect as from 1 July 1966 tariff reductions to result from their offers on tropical products in the Kennedy Round. It was noted that, for its part, the Swedish Government intended to present to the Swedish Parliament a proposal to that effect. They expressed the hope that the Swedish initiative would be given serious consideration and that other developed countries would also find it possible to take similar action.
Expert Group on Trade and Aid Studies

17. The Committee noted that the Expert Group on Trade and Aid Studies was currently holding its second meeting discussing the studies on the Ugandan and Nigerian plans and that the findings of the Group would be available to the Committee on Trade and Development at its next meeting.

Group on the Expansion of Trade among Less-Developed Countries

18. The Chairman of the Group informed the Committee that, following discussions among interested delegations, it was hoped that the Group would be in a position to work out certain specific proposals for expansion of trade between less-developed countries through duty reductions on products of predominant export interest to less-developed countries and through other action in the tariff field as might be found appropriate. The Group would, of course, also have to concern itself with the legal means of implementing such measures.

19. The Committee emphasized the importance it attached to the work of the Group. Reference was also made to the desirability of examining how trade among less-developed countries could be expanded through the help of appropriate payments arrangements.

Working Group on Preferences

20. The secretariat was requested to submit for the next meeting of the Committee a note summarizing the present stage of international discussions on this problem.

Expert Group on Adjustment Assistance Measures

21. The Group noted with regret that it would not be possible for Mr. A. Allot, of the United Kingdom, to continue as Chairman of the Group. The hope was expressed by the Chairman of the Committee that the United Kingdom would continue to be represented in the Expert Group and to assist in giving guidance to its deliberations by providing the next Chairman. A number of delegations stressed the importance they attached to progress being made in the work under consideration in the Group, since the adoption and use of appropriate adjustment measures by importing countries could be a means of enabling their economies to benefit from the stimulus of greater import competition and also of encouraging larger exports from less-developed countries. A reference was made in this connexion to the need for examining how policies aimed at promoting the adaptation of national economies to technological developments and to the processes of economic integration could be adapted to the problem of expanding trade opportunities for less-developed countries.
22. The Committee took note of information provided by the International Trade Centre on its recent activities. Several delegations took the opportunity to express their appreciation for the useful services the Centre had rendered to their respective countries, pointing out that the information furnished had been of assistance to their authorities, and to traders, in exploring and opening up new export opportunities.

Next meeting of the Committee and its Sub-Groups

23. The Committee decided to reconvene late in February or early in March 1966 in the light of the final schedule of meetings to be drawn up by the Council at its meeting in January. The Director-General was requested to make the necessary arrangements and, in consultation with interested delegations, to set dates for the meetings of the following three Sub-Groups in January-February 1966:

1. Group on Legal Amendments to the General Agreement;
2. Expert Group on Adjustment Assistance Measures;