Introduction

1. The Committee on Trade and Development held its thirty-third session on 23 June 1977, under the Chairmanship of Mr. Mahmoud Abdel-Bari Hamza (Egypt).

2. In his introductory remarks, the Chairman referred to the continuing serious difficulties in the world economy. In particular, he highlighted the problems that many developing countries were having in financing increases in their imports due significantly to their high levels of international indebtedness and their continuing large balance-of-payments deficits. These problems, in addition to having a serious effect on the capacity of such countries to fulfil their development objectives, also had implications for the strength and speed of recovery in the industrialized countries, inasmuch as many sectors of production in developed countries depended on markets in developing countries for the maintenance of output and demand. It was in this context that the commitments undertaken, inter alia, to reject protectionism and to give a new impetus to the multilateral trade negotiations, by the leaders of major western countries at the recent London summit conference assumed particular importance. While work in GATT was presently concentrated on the multilateral trade negotiations, the Committee on Trade and Development continued to have an important rôle, particularly at times when protectionist pressures were strong and the trade situation of developing countries fraught with difficulties, in keeping under review the application of the provisions of Part IV of the General Agreement and in considering ways of further meeting the objectives of Part IV.

3. The agenda (COM.TD/W/253) which was adopted by the Committee contained five principal items, namely, review of the implementation of Part IV, review of developments in international trade, developments in the multilateral trade negotiations, technical assistance to developing countries in the context of the multilateral trade negotiations and expansion of trade among developing countries.
The Committee commenced its work with agenda items 1 and 2 concerning review of the implementation of Part IV and review of developments in international trade.

Review of implementation of Part IV; review of developments in international trade

5. To assist in the review of the implementation of Part IV, the Committee had before it a background note (COM.TD/W/254) containing a summary of available information on certain commercial policy measures taken by contracting parties since the previous meeting of the Committee as well as information on certain developments in other international fora relevant to Part IV. With regard to the review of developments in international trade, the secretariat had made available a note concerning recent trends in the trade and payments situation of developing countries with particular reference to trade in primary commodities (COM.TD/W/257).

6. A number of delegations provided details of actions relevant to the implementation of Part IV taken by their governments since the last meeting of the Committee which were not recorded in the secretariat background note (COM.TD/W/254).

7. The representative of Australia informed the Committee that tariff quotas on most types of uncoated paper and paperboard falling under Australian tariff item 48.01.921, as described in paragraph 21 of document COM.TD/W/254, had been withdrawn after 31 May 1977.

8. The representative of Austria said that his Government continued to respect its obligations towards developing countries and had refrained from introducing any new trade restrictive measures on imports from developing countries. He added that since the last meeting of the Committee, Austria had tabled within the framework of the MTN Group "Tropical Products" a new and improved list of offers. The Austrian parliament had recently approved the revised offers, which would be included in the Austrian GSP scheme from 1 July 1977.

9. The representative of Czechoslovakia stated that the foreign trade turnover of Czechoslovakia with developing countries was 47 per cent higher in 1976 than in 1972. In 1976 imports were 56 per cent larger than in 1972, while exports to developing countries had increased by 42 per cent in the same period. As regards recent commercial policy measures, the Czechoslovak GSP scheme had been extended to additional beneficiary countries, the scheme was presently being examined with a view to effecting further improvements. In 1976, additional long-term trade, economic and technical co-operation agreements had been concluded with the aim of stabilizing trade on a long-term basis. He added that in 1976 and in the first half of 1977, Czechoslovakia had not increased any import or export duties or internal charges and had not applied any quantitative restrictions or other non-tariff barriers on products imported from developing countries.
10. The representative of Japan said that imports from developing countries in the year 1976 increased by 15.9 per cent over the previous year, attaining a higher rate of increase than that of Japan's global imports, which was 11.4 per cent; imports from developing countries in 1976 amounted to US$35.9 billion representing 55.4 per cent of his country's total imports. He added that the rapid increase in Japanese imports under its GSP scheme, from US$362 million in fiscal year 1972 to US$1,790 million in 1976 was evidence of the value of improvements so far made to the scheme. As of 1 April 1977, m.f.n. tariff reductions on eighteen items at the CCCN four-digit level had been introduced as well as further reductions in preferential duties on another eighteen items; preferential rates for eleven new items had also been established. In addition, the reference year for the computation of GSP preferential quotas had been updated. He also referred to the technical co-operation programme of his country, under which, amongst other things, training courses were provided for technical trainees. In the fiscal year 1976, his Government had utilized $21 million on 5,497 trainees, bringing the total number of trainees since 1970 to 31,000.

11. The representative of Norway said that many of the concrete proposals contained in the comprehensive report outlining Norway's basic philosophy and strategy concerning economic relations with developing countries, which had been submitted by his Government to Parliament some two years previously, had been implemented and some others were in the process of being implemented. He said that the organization set up by his Government with the objective of promoting imports from developing countries to which reference was made in the Norwegian notification to the Committee's thirty-second session (COM.TD/W/246) was now becoming operative. He expressed the hope that developing countries would make full use of this facility.

12. The representative of Switzerland said that with the extension of beneficiary status to Romania, Bulgaria, North Korea and Viet-Nam since the beginning of this year, the Swiss GSP scheme had been extended to all countries that considered themselves to be developing. His country was at present studying the possibility of introducing an element of cumulation in the rules of origin. In the context of the Group "Tropical Products", his country had considerably augmented the list of agricultural products covered by its GSP scheme. He expressed the hope that beneficiary countries would derive maximum benefit from the concessions implemented.

13. The representative of the United States explained that amendments to the list of products eligible for preferential treatment under the United States GSP scheme involved a procedure of petition to the Office of the United States Special Trade
Representative, followed by public hearings and a Presidential decision. Interested countries were encouraged to submit their requests and comments through normal diplomatic channels. Forty-six new items, the trade coverage of which stood at US$8.1 million in 1976, were added to the United States GSP scheme in 1977. Over 100 petitions for the removal of items from the GSP in 1976 were rejected by the Office of the Special Trade Representative. Total imports in 1976 under the GSP scheme amounted to US$4.3 billion as compared to US$2.6 billion in 1975. At the present time, petitions were being considered for the inclusion of additional items in the scheme. His country was making special efforts to ensure that the views of beneficiary countries were taken into account in the consideration of possible modifications to the GSP scheme. With respect to the current review of existing United States adjustment assistance programmes, the President was expected to make an announcement within the next two months.

14. Delegations of many developing countries expressed appreciation for actions taken by developed countries aimed at improving access for their exports. They noted, however, that a substantial number of trade restrictive measures which could adversely affect their exports, had also been taken, and that such actions often tended to nullify advantages accruing from previous liberalization measures, such as under the GSP. Some of these delegations stated that there appeared to be a proliferation of trade restrictive measures affecting a growing number of sectors, such as textiles, etc., which was resulting in a gradual deterioration in the overall conditions of access for developing countries' exports. Reference was also made to the continued adverse impact on the trade of developing countries of the subsidy and agricultural support policies of many developed countries.

15. Some delegations of developing countries stated that the taking of measures limiting access for developing countries' exports was restricting their ability to finance increased imports, often from developed countries, and seriously hampering their development efforts. A number of these delegations were of the view that the current debt problems of developing countries had an important trade aspect, in that improvement in their balance-of-payments situation could basically only take place in the context of increased export earnings. They stressed that every effort should be made to make progress in the multilateral trade negotiations so that tangible results could be achieved both in reducing barriers to trade in specific products of interest to developing countries and in clarifying and improving trading rules and conditions in the light of the relevant provisions of the Tokyo Declaration.
16. The delegation of one developed country said it was not apparent from the information available that there had recently been a net increase in restrictions on imports from developing countries. While he could join in regretting that it had been found necessary in some instances to resort to restrictive measures, he considered that these actions should be seen against the background of the serious economic difficulties experienced by developed countries in the last few years. That resort to restrictive measures in these circumstances had not been much greater was due, in his opinion, to an honest and at times politically precarious effort by the developed countries to maintain an open international trading system. He recalled that this political will to refrain from imposing additional restrictive measures had recently been reaffirmed at the London Economic Summit.

17. Some delegations from developing countries said a major problem both with respect to the application of the GSP and the implementation of Part IV was the lack of an adequate basis for preferential treatment for developing countries in the General Agreement. They said that the need for special and differential treatment in favour of developing countries had been recognized in the Tokyo Declaration and that the work in the MTN Group "Framework" concerning the legal framework for differential and more favourable treatment for developing countries provided a unique opportunity for rectifying the existing deficiencies in Part IV and other parts of the General Agreement.

18. Commenting on this point, the delegation of one developed country said that while these matters were for the Group "Framework" to consider in detail, he could reaffirm the view of his Government that Article 1 remained the cornerstone of the GATT and any proposals to dilute it must be approached with great caution. The delegation of another developed country stated that his country was not at present prepared to undertake any obligatory commitments in respect of the GSP. His country continued to believe that, in practical terms, greater benefits would be accorded to developing countries if the GSP continued to be granted on a unilateral basis.

19. A number of delegations of developing countries commented on the procedures of the Committee with respect to the review of the implementation of Part IV. While recognizing that discussions were under way in the multilateral trade negotiations that could have important implications for both the provisions of Part IV and the work of the Committee, they suggested that, without prejudice to these discussions, the Committee could examine ways of ensuring the better implementation of the present provisions of Part IV. Some other delegations felt that it would be unwise to consider far-reaching changes in the work of the Committee at a time when matters which appeared to be highly relevant to its future activities were under negotiation in the MTN.
20. Some delegations of developing countries stated that there should be a greater readiness to notify actions taken in accordance with the provisions of Part IV and consult where difficulties arise in particular trade sectors, so that possibilities for dealing with trade problems affecting developing countries without resort to restrictive measures could be fully explored. In this connexion, delegations of some developing countries reiterated the points made at the last meeting of the Committee to the effect that where a trade restrictive measure had been taken, reasons for the measure, together with supporting statistical material, should be made available to the Committee. They suggested that both delegations and the secretariat could play a part in providing fuller information.

21. Delegations from a number of developed countries expressed the view that the existing reporting and notification procedures generally worked well and that on the whole the information provided to the Committee was adequate. A great deal of information was made available both in the Committee and elsewhere in GATT and if further details on each trade restrictive action were to be given, the documentation before the Committee could become indigestible. Some delegations of developed countries suggested that a procedure of "reverse notification" might be utilized whereby additional information on particular actions could be given either bilaterally or otherwise in response to requests from developing countries concerned. In this connexion, reference was made to paragraph 49 of the second report of the Group of Three (BISD, Nineteenth Supplement, page 41). The delegation of a developing country said that what was at issue was not the formulation of new requirements, but the fuller implementation of existing notification procedures, particularly in so far as breaches of the standstill were concerned. The aim was to obtain adequate information on the reasons for such actions, the way in which the provisions of Part IV had been taken into account and to see what possibilities there were for the avoidance of restrictive action affecting products exported by developing countries.

22. The Committee agreed that it would revert to the question of notification procedures at its next meeting. In this connexion, it decided to request the secretariat to provide a background note containing factual information on notification procedures relating to the implementation of Part IV followed by the Committee, the experience of the Committee with respect to such procedures and a summary of the observations and suggestions that had been made previously on this subject.

23. A number of other suggestions were made concerning ways in which the Committee could improve its reviews of the implementation of Part IV. One delegation suggested that in order to assess the cumulative impact of trade liberalization measures taken in pursuit of Part IV, trade flow indices with the help of which the real effect of concessions could be examined, should be devised; for example, developed countries
could be requested to give information concerning increases in their imports broken
down into categories of manufactures and semi-manufactures from developed and
developing countries.

24. This delegation also suggested that the Committee's review of the implementa-
tion of Part IV could be improved by the Committee taking up, in greater detail,
follow-up action on particular provisions of Part IV. Although the provisions of
Part IV recognized the desirability of improved access for the exports of developing
countries being complemented by other actions including action to help them promote
their exports, the question of trade promotion had not received the detailed atten-
tion it deserved. He suggested that the Committee was an appropriate forum for
discussing this question in the light of the present activities of individual
countries as sometimes reflected in summary form in notifications on the implemen-
tation of Part IV. It might be useful, for example, to examine possible ways which
would significantly enhance trade promotion measures aimed at helping developing
countries, taking into account the agreement reached on this matter at the recent
Paris meeting of the Conference on International Economic Cooperation. The Committee
agreed to revert to this subject at its next meeting.

Developments in the multilateral trade negotiations

25. The Committee reviewed developments in the multilateral trade negotiations on
the basis of a secretariat note, COM.TD/W/255 and Addendum 1, summarizing develop-
ments since the Committee's last session. While there was a feeling among some
delegations that progress in the multilateral trade negotiations had not come up to
expectations, they welcomed the commitment undertaken at the London Economic Summit
to give a renewed impetus to the MTN and expressed the hope that this would soon be
fully reflected in concrete form in the different Groups and Sub-Groups. The
representative of one developed country said that his government was actively con-
sidering, in consultation with other countries participating in the negotiations,
ways of achieving practical implementation of the commitments undertaken at London.

26. On the question of special and differential treatment in favour of developing
countries, a number of delegations of developing countries, while noting that the
principle of such treatment had been accepted in a number of Groups and Sub-Groups,
stressed the importance of adopting practical measures of special and differential
treatment that would be significant and meaningful. Some of these delegations
referred in particular to the desirability of measures for special and differential
treatment and procedures being agreed before, or at any rate by, the time the tariff
cutting formula or formulae were selected. One of these delegations welcomed the
broad agreement reached in the Sub-Group "Government Procurement" that special and
differential treatment for developing countries might be feasible and appropriate.
27. With respect to the results so far achieved in the Group "Tropical Products", some delegations of developing countries recalled their view that special and priority treatment as indicated in the Tokyo Declaration related both to the timing and the depth and coverage of concessions. They expressed the hope that developed countries would substantially improve the offers so far implemented and that the requirement to give tropical products special and priority treatment would be reflected in developments in the other Groups and Sub-Groups as well as in the Group itself. Some delegations of developing countries also urged that offers on tropical products not so far implemented should be implemented as quickly as possible.

28. With regard to the question of reciprocity, some delegations of developing countries reiterated that they were prepared to consider making contributions to the negotiations in accordance with the provisions of the Tokyo Declaration when they were able to view the additional benefits they would gain from the negotiations as a whole. In this respect, the delegation of one developing country said that consideration might be given in the Group "Framework" as to how developing countries could contribute to the negotiations through concessions of general interest to all participants, such as the simplification of certain formalities and adherence to codes of conduct in various areas, etc. The representative of one developed country said that his country believed that developing countries should indicate the contributions they might make within the context of the negotiations as the work proceeded. He said that this would not prevent developing countries at the end of the day from looking at the concessions obtained and those granted and making such adjustments as were necessary to ensure that their contributions were consistent with their development needs. The representative of another developed country said that the Tokyo Declaration did not provide a complete dispensation to developing countries from the obligation to give some reciprocity and stated that his delegation was looking forward in the not too distant future to learning what contributions developing countries might be prepared to make; those contributions might be decisive for the final outcome.

29. Delegations of some developed countries recalled that the five points under discussion in the Group "Framework" did not in their view constitute an agreed work programme and that these points should continue to be viewed in the context in which they were set out by the Chairman of the TNC in his note on the TNC meeting of 5 November 1976 (MTN/17 of 3 November 1976). These delegations also recalled that their positions regarding the fifth point of this list were well known. The representative of one of these delegations reaffirmed his country's position that it regarded only import, and not export, restrictions as falling within the ambit of the Sub-Group "Quantitative Restrictions". This representative also referred to recent activities in connexion with the work of the Group "Sector Approach". He stated that since the last meeting of the Committee, his delegation had been involved in a series of bilateral and plurilateral discussions with other delegations, including a number of those representing developing countries. In
these discussions, his delegation had explained in detail its proposals concerning the greater liberalization of trade in the non-ferrous metals and forest products sectors.

Technical assistance

30. Delegations from developing countries expressed their appreciation for the assistance they were continuing to receive from the secretariat under the MTN technical assistance programme which was described in document COM.TD/W/252. A number of delegations stressed the value and usefulness of such technical assistance to developing countries and supported the continuation and the strengthening of secretariat activities in this field even beyond the MTN. Specific suggestions for future work were made by some developing countries which included, inter alia, an updating of information on non-tariff measures which were being applied to their exports and the provision at short notice of an evaluation of the impact on the trade of individual developing countries of a tariff-cutting formula once it was chosen. It was suggested that assistance in evaluating the results of the trade negotiations at a later stage would help developing countries determine their contributions to the MTN consistent with their individual development, financial and trade needs. In addition, it was suggested that the Special Assistance Unit might be able to provide assistance to developing countries in their preparations for a possible new round of negotiations under the Protocol Relating to Trade Negotiations Among Developing Countries.

31. The Chairman noted that there appeared to be a general sense of satisfaction in the Committee with the technical assistance the secretariat was continuing to provide to developing countries participating in the multilateral trade negotiations. The secretariat had taken note of the various suggestions that had been made concerning matters which might be given consideration at the appropriate time in the future work programme.

Expansion of trade among developing countries

32. The Chairman referred to the discussion at the previous session of the Committee which had shown that many delegations of developing countries participating in the Protocol Relating to Trade Negotiations Among Developing Countries supported a new round of trade negotiations at the appropriate time aimed at expanding the membership of the Protocol and extending the product coverage and the scope of concessions. He mentioned that the Committee of Participating Countries at its meeting in January 1977 had decided to request the secretariat to initiate the collection of technical data that might be helpful in assessing the prospects of a new round of trade negotiations among interested developing countries. The secretariat had recently written to all developing countries to enquire whether they would wish to participate in this exercise. The inclusion of a country in the study would not, of course, commit that country to take part in
any eventual negotiations. It would be for individual countries to decide on such participation at the appropriate time taking into account all relevant factors. The Committee had before it in document COM.TD/W/256 further background information on the work under way on this subject.

33. A number of delegations welcomed the initiative taken by the Committee of Participating Countries and hoped that as many developing countries as possible would take part in the exercise. It was observed that the Protocol provided a forum for trade negotiations open to all developing countries and that it also remained open to accession by any developing country. Some delegations indicated their belief that an expansion of the product coverage and depth of concessions under the Protocol would lead to the accession of a greater number of developing countries.

34. Some delegations from developing countries referred to the overall efforts being made to increase economic co-operation among developing countries. They stated that the work under way in the context of the Protocol could make a significant contribution to giving concrete realization to certain of the resolutions and decisions reached in other fora, such as at the Manila and the Mexico City Conferences and at UNCTAD IV. Some of these delegations also expressed the view that, in the current difficult international economic situation, the expansion of trade among developing countries could play an important role in easing the foreign exchange problems being experienced by many developing countries. They felt that only limited advantage had been taken so far of the scope for multilateral trade co-operation among developing countries and that a new round of trade negotiations in the context of the Protocol could therefore yield important benefits for the trade of countries participating in such negotiations.

35. The representative of UNCTAD informed the Committee about the work programme which had been established by the UNCTAD Committee on Economic Cooperation Among Developing Countries: studies were being initiated in a number of specified areas including the trade field.

36. The Committee took note of recent developments in connexion with the expansion of trade among developing countries and generally welcomed the initiative taken by the Committee of Participating Countries concerning the collection of basic data with a view to assessing the prospects for a new round of trade negotiations among developing countries within the framework of the Protocol.

Next meeting of the Committee

37. It was agreed that the date for the next meeting of the Committee would be fixed by the Chairman in consultation with delegations.