GENERAL AGREEMENT ON
TARIFFS AND TRADE

Committee on Trade and Development
Working Party on Economic Problems of Chad

SUMMARY AND CONCLUSIONS
ADOPTED BY THE WORKING PARTY

1. The Working Party recognized the seriousness of the problems presented by Chad, having regard particularly to the country's special geographical position and other obstacles to a more rapid development of Chad's economy.

To identify the main elements of the economic problem of Chad, the Working Party organized its discussion into three parts. The introductory part of the discussion was devoted to developments in the international cotton market.

Subsequently, the Working Party discussed the efforts of the Government of Chad to improve productivity in cotton cultivation so as to make Chad cotton marketable without any subsidy, and the budgetary problem that has to be faced during this transitional period. The last part of the discussion focused on the longer-term aspects of development and diversification of the economy of Chad.

2. The Chad delegation wished to stress the value of the aid in the field of production which it had so far received from the European Economic Community and moreover from France. It expressed its gratitude in this regard and hoped that it would be continued and, if possible, augmented.

3. In the international context, Chad is only a marginal producer and exporter of cotton without influence on world cotton prices. To establish a basis for its discussion the Working Party first reviewed the present developments and tendencies of the international cotton market.

4. The Working Party noted the general conclusions of the secretariat paper concerning the future trend of international cotton prices. In the subsequent discussion the delegation of the United States drew attention to the recently observed strengthening of prices; particularly for longer than the strict middling (1 inch) varieties of staple, which suggests some improvement.

The report of the Working Party to the Committee will comprise these "Summary and Conclusions" which have been approved at the meeting of the Working Party on 26 May 1967 and notes on the discussions which have been drawn up by the secretariat and are being cleared with members of the Working Party. The complete document, including certain Annexes, is expected to be issued (as COM.TD/44) by the middle of June.
of the price prospects over the estimates made last year. The Working Party recognized the impossibility of making any firm price forecast for the long run but the view was expressed that continuing inter-governmental consultation and co-ordination of production policies, through the appropriate international institutions, would be helpful in ensuring a better equilibrium in international cotton markets.

5. The problem faced by the Government of Chad with respect to cotton has two distinct though inter-related aspects, technical and budgetary. To make Chad cotton competitive without a subsidy and at the same time to maintain the growers' receipt per kilogramme of cotton crop will require a substantial improvement in productivity in the per hectare yields of cotton and improvement in the staple length and quality of the cotton harvested. The Working Party noted the problem faced by Chad as a result of decline over recent years in international cotton prices, and the simultaneous decline in the level of external resources available to Chad for supporting producer prices. In the absence of additional external assistance, the Chad Government would be faced with the alternative of either reducing the price guaranteed to cotton growers or financing the cotton price stabilization programme from its ordinary budget. The Working Party recognized that a reduction of the guaranteed growers' price could endanger the whole productivity programme into which much effort had already been invested and which, in the most recent years, has given hopes for accelerated progress in the future. The Chad delegation pointed out that, on the other hand, to maintain the guaranteed growers' price by payments from the ordinary budget would imply that internally generated funds, originally foreseen for the financing of investment projects under the Five-Year Development Plan, have to be diverted to the Cotton Price Stabilization Fund.

6. In this connexion, the Working Party noted that the length of the period for which these subsidies might be required depends predominantly on two factors, the behaviour of international cotton prices and the rate of progress achieved in the cotton productivity improvement campaign conducted by the Chad authorities. The delegation of Chad explained that if the programme were extended so as to cover the whole acreage sown to cotton, the producer should benefit from a resulting increase in receipts.

7. The Working Party noted the present and future reliance of the Chad on appropriate international, financial and technical assistance to supplement its own resources devoted to the attainment of this objective.

8. The main difficulties experienced at present in the productivity improvement campaign, indicated by the Chad delegation, are the following:

- the need to extend the Campaign to the entire cotton acreage;

- constant increases in the prices of insecticides and fertilizers imported from developed countries;
difficulties encountered by the Government in training and providing competent personnel at all levels;

- the need to maintain a sufficient rate of growth.

The Chad delegation informed the Working Party that, if appropriate additional financial and technical assistance needed to correct these weaknesses became available, the Ministry of Agriculture would be confident of attaining the targets of the productivity improvement campaign within the stated period.

9. In the discussion of the problems encountered by Chad in the marketing of cotton lint, the Working Party took note of the concern, expressed by the delegation of Chad, over the pressure increasingly felt in certain importing markets where additional outlets for Chad cotton could be secured only through the medium of tied sales. These pressures imply a danger of a further deterioration of Chad's overall terms of trade. The Working Party considered that the importing countries should endeavour to ensure that access to their markets is provided on normal commercial conditions.

10. The Working Party then turned its attention to the possibilities of reducing Chad's dependence on cotton through diversification of its economy, and in particular its agriculture. The Government of Chad informed the Working Party in a special note that its own research, as well as studies undertaken by several international and national organizations active in the field of economic development, indicated good possibilities for expanding the exports of meat and slaughter by-products, such as hides and skins, of simply preserved fish and fish products, and, in particular, of the products of intensive agriculture such as vegetables, fruit, wheat and other products to be established in the areas specified by the Five-Year Development Plan. For a rapid progress in export diversification along these lines, the Government of Chad would need financial assistance as well as technical assistance, which might include expert market surveys and services of marketing experts.

11. In this context the Working Party took note of the statement of the representative of the Food and Agriculture Organization to the effect that his organization agreed with the analysis presented in the background document and that the Chad was in need of substantial, financial and technical assistance, and would give careful consideration in the planning and execution of their technical assistance activities in Central Africa to any recommendations that may be made by this Working Party. The delegation of Chad expressed the view that the assistance of the GATT International Trade Centre could significantly contribute to the success of Chad's export
diversification plans by helping to identify new marketing possibilities and advising on the organization of new lines of export. The Working Party noted that the GATT/ITC could make a useful contribution in this area.

12. The Working Party noted that development and diversification to the economy of Chad depend basically on a substantial improvement of the existing infrastructure. In this area, a further development of both internal and external transport facilities is a need of first priority. The improvement of Chad's external links to the sea is, of course, a matter of long-term transport development programme for West and Central Africa as a whole. In the view of Chad Government it was indispensable to accelerate the measures taken to improve the country's access to the sea; in this context the proposed prolongation of the Trans-Cameroon Railway to Port Archambault was of the utmost importance. More immediately, the average cost of exported lint, as well as of the other actual and potential exports, could be reduced through further development of the internal transportation system of Chad. This would not only reduce the direct transportation charges, but would also have favourable effects on other cost elements. Improvement in the internal transportation system would enable ginning mills to be more efficiently utilized and thereby by reducing average ginning charges per ton. Similarly, commercial utilization of cottonseed would be greatly advanced by an improvement of internal transport possibilities.

13. The Working Party expressed the hope that the governments and international agencies concerned would give appropriate consideration to the contributions which external assistance in the areas mentioned in this report would make to the alleviation of the difficulties experienced by Chad and to its economic growth and development.

14. The delegation of Chad indicated its intention to present to the Committee on Trade and Development a draft resolution in this regard. For lack of time it was not possible for the delegation of Chad to present the text of this proposal to the Working Party for its consideration. The delegations of the Central African Republic and Nigeria, nevertheless, indicated their desire to be associated with it. At the request of the delegation of Chad, the text of the proposal is attached as Annex 3.1

1Will be attached to the report.