The Contracting Parties have undertaken a thorough review of the GATT programme for expansion of international trade in all its aspects. It may be recalled that at the thirteenth session in November 1958, following ministerial discussions which arose out of the publication of the Haberler Report, the Contracting Parties decided to establish a co-ordinated programme of action directed towards the further expansion of international trade and established three Committees to carry out the programme. Committee I was to make arrangements for a further general round of multilateral tariff negotiations, which resulted in the GATT Tariff Conference, 1960-61, now in progress at Geneva. Committee II covered the agricultural policies of Member governments and in particular it was charged with examining the effects of agricultural protectionist measures on international trade. Committee III had to tackle the broad problem of the difficulties which face the less-developed countries in expanding their export trade with the rest of the world, thus enabling them to earn an increasing amount of foreign exchange with which to promote their economic development and so raise their standards of living.

At the seventeenth session the Contracting Parties had before them a progress report of Committee II. Up to November 1960 the Committee has held consultations with thirty-one countries on their agricultural policies and during the seventeenth session three more consultations have been held (with Cambodia, India and Tunisia). These country-by-country consultations have formed the first stage of the Committee's work. The second stage involves an analysis, on a global basis, of the overall effects of individual agricultural policies and systems on international trade in each of the groups of commodities which had been examined by the Committee during the country-by-country consultations. During its meeting in October 1960 the Committee undertook discussions on dairy products, meat, cereals and fish; it commenced the discussion on sugar and postponed the discussion on vegetable oils until a future meeting. It should also be mentioned that as part of the work of Committee II a small group of experts is undertaking a study of the possibilities of measuring agricultural protection.

The Contracting Parties also had before them the fourth progress report of Committee III. This report reviews the progress made by individual contracting parties in removing obstacles to trade in a "first" list of commodities of particular interest to less developed countries. The types of commodities included in this review were cocoa, coffee, copper, cotton, textiles, jute manufactures, lead, oilseeds and vegetable seeds, raw cotton, tea, timber and tobacco.
of obstacles to trade fall in the following broad categories: quantitative restrictions on imports, customs tariffs and internal revenue and fiscal charges. The report also describes the preliminary work of the Committee in examining the obstacles facing the exports of a "second" list of products. These include some products of light industries in which some less developed countries have a surplus of production above their domestic needs, available for export. The Committee stressed the urgency with which the less-developed countries view the need to diversify their economies and expand their exports of such goods.

At the opening of the discussion in plenary session the Acting Chairman of Committee II, Mr. D.P. Taylor, New Zealand, and the Acting Chairman of Committee III, Baron C.H. von Platen presented their reports. The latter pointed out that the exportable products of the less-developed countries could be divided into (a) products for which there is an "already existing surplus capacity" (examples are coffee, possibly jute, some tropical timber, some vegetable oils); (b) goods with a "latent surplus capacity", i.e., goods which could be made available within a short time and with but little extra effort (examples are cocoa, tea, sports goods, finished leather, leather footwear etc.); (c) products involving "long term expansion plans", i.e., calling for simultaneous solution of complex questions such as manufacturing skill, marketing methods, investments etc. (examples are light engineering goods, aluminium etc.). Baron von Platen stressed that nothing should delay the diminution, as soon as possible, of the present degree of protectionism which prevents the less-developed countries from developing their exports to the industrialized countries and their intra-trade. Regarding the work of Committee III he said that too little time had elapsed to make a fair assessment; nevertheless he had been much impressed by the obvious wish of all parties to understand problems which fundamentally are of mutual concern, and to co-operate. In conclusion, Baron von Platen said that the lowering of protective barriers sometimes calls for the solution of delicate and intricate tax questions, that most industrialized countries could well afford to increase their imports from the less-developed countries and that it would be in the long-term interest of all GATT members if the industrialized countries would make every effort to overcome existing difficulties in order to implement the recommendations of Committee III.

In the discussion which followed delegates expressed their views on the various aspects of the programme for trade expansion. In connexion with the Tariff Conference it was pointed out that it was vital that the first phase, involving negotiations of unique complexity, should succeed and that this would require goodwill and effort on all sides. Representatives of less-developed countries urged the European Economic Community to provide opportunities for their economic expansion by lowering their tariffs on simple types of manufactures. These countries also felt that there should not be too strict an adherence to the rule of strict reciprocity in the tariff negotiations, in cases where they could not offer balanced concessions and they asked that the feasibility of discriminating in their favour should be considered.

1 Light engineering goods (bicycles, sewing machines, electric fans, small diesel engines and electric motors); finished leather, leather footwear and leather goods; iron ore; aluminium, alumina and bauxite; and sports goods.
The work to date of Committee II was described as fruitful and constructive. Nevertheless, it was stressed that agricultural protectionism is not capable of easy or rapid solution. Delegates pointed out that the Committee had reached an important and crucial stage in its work; it had virtually completed the first phase, which called for the assembling of the facts concerning national agricultural policies and measures. It now had the much more difficult task of evaluating this material and drawing conclusions as to the direct and indirect effects of national agricultural policies on world trade. It was pointed out that the facts show that virtually all governments have intervened in one way or another to assist or support agricultural producers, resulting in serious distortions of the normal patterns of production and trade. Reference was also made to the fact that in a number of instances tariff concessions made in the past had been nullified by measures of agricultural protection. It was also stated that, in relation to the Tariff Conference, the agricultural policy of the European Economic Community would be of special importance and hopes were expressed that this policy could be discussed in an appropriate GATT forum before it was established.

Committee II will meet again in March 1961.

While the Report of Committee III was in general welcomed, the delegates of less-developed countries expressed disappointment at the slowness with which its recommendations were being implemented by the industrialized countries. While Committee III had helped to identify such obstacles as high tariffs, restrictive fiscal charges and import quotas which inhibit the entry into industrialized countries of primary products, there was, in the view of the less-developed countries, no real justification for the use of these protective and fiscal devices by the industrialized countries, in the context of the increase in national incomes and industrial activity. Although they had relaxed some quota restrictions in recent months, the benefits accruing to less-developed countries had been insignificant and there had been little or no action specifically directed towards improving the access of exports from the less-developed countries to the markets of the industrialized countries. It was pointed out that over the last two years, during which Committee III has been in existence, the export earnings of the less-developed countries had, by and large, continued to stagnate; they had not kept pace with the rate of growth in trade achieved by the industrialized countries. Attention was drawn, in particular, to the use by industrialized countries of fiscal levies or internal taxes which, it was stated, had actually been increased on products such as tobacco, tea and coffee in certain countries. The less-developed countries felt that conditions are now very favourable for the industrialized countries to reduce fiscal charges on primary and tropical products such as tea, coffee, cocoa, tobacco etc. They regretted that the progress which most industrialized countries have made towards liberalization of imports has not extended to any real freeing of markets for imports from the less-developed countries and that restrictions continue to be maintained on items like cotton textiles, jute goods and other simple manufactures. In conclusion the less-developed countries emphasized that time is the most important consideration in regard to their economic development. What matters is not only the expansion of their trade and an increase in their export earnings, but even more so, the
rate of such expansion and increase, and the extent to which progress in this field induces investment from abroad.

Delegates representing industrialized countries urged that the difficulties faced by the less-developed countries required immediate and sympathetic attention. It was stated that the most important of all the general efforts which the international community is making to alleviate the trade problems of the less-developed countries is to be found in the initiative under Committee III. While it was admitted that progress to date in removing obstacles to the exports of the less-developed countries had been mainly attributable to the general move towards liberalization, nevertheless assurances were given that earnest efforts were being made as to what could be done to improve the trade prospects of the less-developed countries. In connexion with fiscal duties imposed on products for which the less-developed countries are seeking wider markets, it was stated that the position is not that certain industrialized countries (though recognizing the justice of the requests of the developing countries) decline to accede to those requests; it is that certain countries question the reality of the value which the measures asked for would have for the developing countries themselves. Stress was laid on the need for less-developed countries to diversify their range of products for export. A substantial development of trade and a genuine improvement in the position of those countries would not, it was said, follow from the increase of exports of traditional commodities alone. In this connexion the value of the studies of the possibility of guiding the expansion of the existing industries and the development of new industries in such a way that the developing countries can become economically efficient producers, was underlined. It was also pointed out that the development of inter-regional trade can be of value to the less-developed countries. While the development of trade between the industrialized countries and the developing countries naturally remains the main purpose of the work of Committee III, in many cases the development of trade among countries belonging to the same region can contribute significantly to stimulate investments and production.

Committee III will meet again in March 1961.