Committee III, which has been given the task of finding solutions to the problems faced by less-developed countries in promoting their development and expanding their export earnings, met on 21 October for a period of two weeks. This was the first time the Committee had met since the meeting of GATT Ministers in May 1963. It will be recalled that during the ministerial meeting the Programme of Action which had been elaborated by Committee III was in general adopted and that further impetus was given to the work of Committee III in a number of fields.

On the basis of a set of factual data which summarized the progress made since the Committee had started its work and indicating the remaining restrictions, the Committee noted with satisfaction that significant inroads had been made in the reduction or elimination of barriers affecting the thirty-two products or product categories included in the three lists which had been drawn up at earlier stages by the Committee, in accordance with the wishes of the less-developed countries. The number of industrialized countries applying quantitative import restrictions on these products had constantly decreased. Some countries had eliminated all quantitative restrictions or had reduced the use of such restrictions to one or two items. In fact, in most markets of industrialized countries quantitative restrictions had ceased to constitute a significant barrier to trade. Progress, though somewhat less pronounced, was also noted in the reduction of customs tariffs on products of special export interest to less-developed countries.

Nevertheless, as certain hard-core problems remained, the Committee considered that there was no reason for complacency. Quantitative restrictions continued to be in force in a number of countries affecting various items which were of considerable export interest to less-developed countries. Further, it was a matter of continuing disappointment to the less-developed countries that progress in the reduction or elimination of high fiscal charges on cocoa, coffee and tea was still lacking in the case of the few major markets where such measures were being applied.
Considering the work which had been done in the GATT Special Group on Trade in Tropical Products, disappointment was expressed at the failure of the United Nations Cocoa Conference, which had been adjourned sine die on 24 October, to reach substantive agreement designed to improve the conditions of trade in cocoa. When cocoa was discussed in the Special Group it had been thought that the question of trade barriers affecting this commodity would be solved in the context of an international cocoa agreement. In the light of the recent developments the Committee considered it appropriate to reconvene at an early date the GATT Special Group on Trade in Tropical Products with a view to seeking solutions to the problems facing the cocoa industry in so far as they come within the purview of the GATT.

The Committee decided that, without detracting from its work aimed at the early elimination of barriers on products already examined by the Committee, it would be desirable to enlarge considerably the list of products under examination in the Committee, with a view to extending the coverage of the GATT Action Programme to further product categories of special export interest of less-developed countries. Out of a list of a further 178 products or product categories identified as being of special export interest to one or more less-developed countries representatives of these countries selected thirty-seven items (seventy-eight tariff headings or sub-headings in terms of the Brussels Tariff Nomenclature) for detailed examination on a priority basis. Included in this list are citrus fruit, tropical spices, rice, sugar, prepared and preserved fruit, fruit juices, fish meal, salt, soap, rubber tyres, rubber footwear, hides and skins, wool yarn, woollen fabrics, rugs and carpets, asbestos, glass and glassware, radio receivers, wooden furniture, pig iron, and semi-processed iron and steel.

Another important item on the agenda of the Committee was to draw up a programme and time schedule for the studies of development plans and trade and aid relationships which was entrusted by Ministers to Committee III. The arrangements decided upon by the Committee, which take account of the experience gained in examining the current development plans of India and Pakistan, are designed to ensure that these studies will not result in a series of academic exercises but will enable a clear analysis to be obtained of trade and aid relationships, export potential and market prospects for individual less-developed countries. The studies will establish supporting material for concrete measures to be taken by the CONTRACTING PARTIES and also by individual countries to assist the development and export trade of less-developed countries and the co-ordination of trade and aid policies. In carrying out the studies close co-operation will be maintained not only with the countries concerned but also with the major lending institutions.
The programme of studies, which is not strictly limited to countries operating within the framework of a formal development plan, envisages, in the first instance, some twenty detailed country studies to be carried out over a period of approximately two years. The first series of seven or eight country studies is to be completed by mid-1964. The programme also envisages an assessment from time to time of global trends in trade and development so as to provide data which will be of assistance to governments of importing and exporting countries, in formulating and implementing commercial, economic and development policies.

A further important topic taken up by the Committee was the possibility of extending the activities of the GATT to embrace the financial aspect of bridging the gap between the export proceeds and import requirements of less-developed countries. This question was first raised at the 1963 ministerial meeting but was not elaborated at that time. At the meeting of Committee III, the representative of the United Arab Republic put forward specific proposals designed to overcome the difficulties facing the less-developed countries in this regard. The Committee agreed that careful consideration would have to be given to them and decided that an expert group should promptly be convened to examine these and any related proposals. The expert group will be composed of representatives from four less-developed and four industrialized countries. Representatives of the United Nations, the International Monetary Fund, the International Bank for Reconstruction and Development and the Organisation for Economic Co-operation and Development will be invited to participate.

Further subjects taken up by the Committee included (i) production and marketing techniques and export promotion schemes as a means to assist the export trade of less-developed countries (ii) the use of export subsidies by less-developed countries under the provisions of the General Agreement (iii) and the establishment of a trade information centre within the framework of GATT. In respect of the last item mentioned above, the Committee agreed that it would be desirable for the CONTRACTING PARTIES to consider, on the basis of the survey conducted by the Committee and also advice from an expert group shortly to be convened, the setting up of an international trade information service as a further useful development in the GATT for the benefit of the less-developed countries. The expert group will also address itself to possibilities in the GATT to further the trade of less-developed countries through export promotion measures.