GATT AND THE TRADE AND ECONOMIC DEVELOPMENT PROBLEMS OF THE LESS-DEVELOPED COUNTRIES

Discussion at the Twenty-First Session

The twenty-first session of the Contracting Parties to the General Agreement on Tariffs and Trade was held at Geneva from 24 February to 20 March 1964, under the chairmanship of Mr. J.H. Warren, Assistant Deputy Minister, Department of Trade and Commerce of Canada. Much of the work of the session was concentrated upon the trade problems of the less-developed countries.

At their meeting in May 1963 the Ministers recognized that there was need for the General Agreement to be expanded in order to reflect more accurately the activities and responsibilities of the GATT in relation to the trade and economic development problems of the less-developed countries. For this purpose the Committee on the Legal and Institutional Framework of GATT in relation to the Less-Developed Countries was set up. It presented to this session its report which includes the draft of a proposed additional chapter to the GATT, to cover Trade and Development. A large number of contracting parties took part in the discussion of this report and all stressed the importance and significance and encouraging character of the results so far achieved in relation to the future work of the Contracting Parties in connexion with the problems of the trade and economic development of the less-developed countries. In summing up the discussion the Chairman stated that the Contracting Parties had noted:

1. That there is agreement that it is appropriate and timely to incorporate in the General Agreement, provisions which would (a) adequately reflect the activities already undertaken by the Contracting Parties with respect to trade problems related to the economic development of the less-developed countries; (b) provide the necessary legal and institutional basis for the future functioning of the Contracting Parties with respect to these matters.
2. That there is also agreement that such provisions should be incorporated in a separate chapter on trade and development.

3. That on a number of provisions to be incorporated in the chapter there is agreement, on some, the outstanding issues appear to be largely a question of more precise drafting, whilst on others more substantial issues remain.

4. That the United Nations Conference on Trade and Development will shortly be considering relevant or related matters.

The Chairman also noted the agreement of the Contracting Parties to pursue, through the Legal and Institutional Committee, discussions on the proposed draft chapter with a view to resolving outstanding issues.

The Committee should prepare the text of a protocol for amendment of the General Agreement and consider the possibility of providing for a Declaration for the provisional application of the chapter pending entry into force of the amendment protocol. The Committee should present a report to the Council not later than 30 September 1964.

The Council, in the light of the report submitted to it by the Committee, will submit appropriate recommendations to the session of the Contracting Parties to be held not later than mid-November 1964 with the intention that governments of contracting parties should be prepared to reach final agreement.

The Ministers at their meeting in May 1963 suggested that one of the measures that should be studied to further the trade and development of less-developed countries was the accordence of preferential treatment to the semi-manufactured and manufactured goods exported by the less-developed countries. It was agreed that a working group should be established to study the following proposals: "(a) the granting of preferences on selected products by industrialized countries to less-developed countries; and (b) the granting of preferences on selected products by less-developed countries to all other less-developed countries."

The discussion of the working group's report showed a general appreciation of the fact that the various proposals which had been submitted to the group involved complex and difficult questions which required careful consideration. In summing up the discussion the Chairman stated that the Contracting Parties had formally taken note of the report of the working group. On the basis of this report it appeared that there is a broad measure of agreement that, following the preliminary examination, in accordance with the ministerial directive of May 1963, of the question of the granting of preferences by industrialized countries for the manufactured and semi-manufactured products of developing countries, and the exchange of preferences by developing countries with each other, there are sufficient possibilities in such arrangements to warrant a
more detailed study of the terms and conditions on which such preferences might be envisaged. In this connexion, the Contracting Parties note that there are considerable divergencies of opinion between contracting parties as to the terms, conditions and procedures which would be appropriate to govern any such preferential arrangements, and accordingly, in view of the importance of these matters, invite governments to give them early consideration.

The Chairman also noted that there was agreement to instruct the Council to reconvene the Working Party on Preferences at the earliest date that the Council deems, in the light of further examination by governments, that its work can be usefully resumed. In this connexion the Council should bear in mind the desirability of so arranging these further discussions that a further report from the Working Party on Preferences might be submitted to the Council in time to enable the Council to make a submission to the session of the Contracting Parties to be held not later than mid-November 1964.

The Contracting Parties reviewed the progress which had been made under the Action Programme which had been adopted by Ministers at their meeting in May 1963 and in connexion with the other activities which had been initiated in the GATT as a result of directives received from Ministers. Apart from the question of preferences and the Legal and Institutional Framework of the GATT, to which reference has already been made above, much work has been done in the GATT, particularly by Committee III, in connexion with the proposed study of development plans of less-developed countries and the fostering of their export potential, the establishment of trade information and promotion services (see Press Release GATT/835), and arrangements for closer co-operation with international agencies, particularly lending agencies in connexion with the development of this export potential.

In addition to these activities, the Action Committee itself, which is initiating and co-ordinating further positive measures to help developing economies to strengthen their production potential and export capacity, submitted a report to the session. The Committee has met on three occasions since its inception in September 1963. Although, during the discussion, the progress that had been made in the elimination of barriers to the exports of the less-developed countries was welcomed, there was still a number of hard-core restrictions on products which are of great importance for the economic development of certain less-developed countries. The Action Committee noted that, with one or two exceptions, all industrialized countries were now granting duty-free entry to tea and tropical timber. Furthermore, in certain
important markets, duties on a number of other products had been suspended at the beginning of 1964. In the course of discussion in the session, a strong appeal was made to contracting parties to exercise the necessary political will and to give the additional impetus and directives required for the implementation of the Action Programme.

The Contracting Parties also discussed problems concerning trade in tropical products. It was agreed that these problems could be usefully considered during the Kennedy round and that it would be appropriate to seek mutually advantageous solutions to problems in this important sector of the trade of less-developed countries in the course of these negotiations.

The report of the Cotton Textiles Committee on its first annual review of the Long-Term Arrangement on Cotton Textiles was considered by the Contracting Parties who noted that steps had been taken to render the implementation of the Arrangement more constructive so far as the trade of less-developed countries is concerned.

The Contracting Parties heard a report by the Executive Secretary in his position as Chairman of the Trade Negotiations Committee on the preparations for the Kennedy round of trade negotiations, during the course of which he emphasized that the preparations had been taken to the point where the opening of the negotiating stage proper could be expected with confidence on 4 May, as scheduled. The major industrialized countries emphasized that they considered that one of the major objectives of the negotiations should be the attainment of a significant contribution to the trade of less-developed countries and it was agreed that full consideration would be given to the problems involved at an early date by the special sub-committee set up for this purpose. There is the expectation that the negotiations will make an important contribution towards meeting the trade problems of the less-developed countries.