The Committee met from 21 to 31 October 1963. This was the first meeting following the meeting of Ministers in May 1963. The report summarizes the discussions in respect of the seven major items taken up by the Committee.

I. Review of Progress in the Elimination of Trade Barriers Affecting Products Examined by the Committee

II. Examination of Further Products of Export Interest to Less-Developed Countries

III. Expanded Programme of Development Plan Studies - Arrangements and Procedures

IV. Examination of Possibilities of Extending the Activities of GATT to Embrace the Financing Aspect of Bridging the Gap between Export Proceeds and Import Requirements

V. Production and Marketing Techniques and Export Promotion Schemes to Assist the Export Trade of Less-Developed Countries

VI. Establishment of an International Trade Information Centre in the Framework of GATT

VII. Use of Export Subsidies by Less-Developed Countries under the Provisions of the General Agreement

1. The Committee was not in a position at this meeting to take up three other subjects, suggested by the Action Committee to be discussed in the first instance in Committee III. The items concerned are set out in AC/3 paragraph 33 (c), (d) and (e).

2. Discussion under the different headings of relevance to more than one of the items on the agenda is identified by cross references.
I. Review of Progress in the Elimination of Trade Barriers Affecting Products Examined by the Committee

A. Introduction

2. A close examination of progress made by contracting parties in the reduction or elimination of barriers affecting exports of products examined by Committee III has always been an important element in the Committee's work. To assist the Committee in reviewing progress the secretariat had prepared a paper (COM.III/119) showing, in respect of major markets, progress made in the reduction or removal of quantitative restrictions, tariffs and fiscal charges and the remaining barriers. The following papers, also relevant for the review, were before the Committee: COM.III/116; AC/3 to AC/7 inclusive.

B. Summary of discussion

3. In view of the important responsibility entrusted to the Action Committee for supervising the implementation of the Action Programme in this regard and bearing in mind that progress in the implementation of the Action Programme will be under constant review in Sub-Committee 1 of the Action Committee, and that consultations with the industrialized countries concerned regarding their remaining barriers had only recently been carried out by the Action Committee (see AC/3), the Committee agreed that it should not enter into a similar consultation procedure at this time.

4. While the Committee would continue to keep under review progress in the elimination of barriers in respect of the products included in the first three lists it had examined, it would not wish to duplicate work being done by the Action Committee. In this connexion it had to be noted, however, that traditionally the scope of the Committee's examination had extended to measures applied by less-developed countries as well as by industrialized countries and that, in examining possibilities for the removal of quantitative restrictions, the Committee had addressed itself to all restrictions which impeded the export trade of less-developed countries, whether the restrictions were inconsistent with the General Agreement or not. For example, where restrictions were maintained for balance-of-payments reasons, contracting parties concerned had nevertheless been asked, to the extent permitted by their balance-of-payments position, to give sympathetic consideration in the implementation of their import control policy to the relaxation or removal of restrictions affecting items examined by Committee III. The view was expressed that less-developed countries invoking the balance-of-payments provisions of the General Agreement for the maintenance of restrictions should keep this consideration in mind when relaxing their control measures in line with any improvement in their balance of payments. Periodic reporting to the Committee on progress made in the removal of such restrictions would be welcomed.
5. Taking account of the examination to be undertaken by the Committee in respect of a further group of products (see II below), and bearing in mind that some time had elapsed since Committee III had first started work aimed at the elimination of barriers affecting products included in Lists 1 to 3, the Committee considered it useful to take stock of the progress which had been made so far and of the barriers which remained. For this survey, the Committee based itself on a paper prepared by the secretariat showing, in respect of major markets, progress made in the reduction or removal of quantitative restrictions, tariffs and fiscal charges and the remaining barriers (COM.III/119).1

6. The Committee noted with satisfaction that since it had started its work, significant inroads had been made in the reduction or elimination of barriers affecting the products it had examined. The number of industrialized countries applying quantitative restrictions on items examined by Committee III had constantly decreased. Some countries had eliminated all restrictions or had reduced their application to one or two items. In fact, in many markets, quantitative restrictions had ceased to constitute a significant barrier to trade. Progress, though probably less pronounced, had also been made in the reduction of custom tariffs affecting these products. Although, in numerical terms, progress in the removal of quantitative restrictions had been substantial, there was no reason for complacency.

7. Certain hard-core problems remained. Import control measures or restrictions continued to be in force in a number of countries. Items most often affected by quantitative restrictions, in the following order, were cotton textiles, vegetable oils, jute manufactures, coir manufactures, canned fish, oilseeds and coffee; products of considerable export interest to a number of less-developed countries. Also, it was pointed out by members of the Committee that progress had often been slow and had fallen short of the expectations of the less-developed countries. It was urged that the remaining restrictions should be eliminated at an early date. Moreover, 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.

8. As regards cocoa, the Committee took note of a report on the outcome of the United Nations Cocoa Conference which had been adjourned on 24 October, sine die. Disappointment and concern were expressed at the failure of the United Nations Cocoa Conference to come up with substantive agreement designed to improve the conditions of trade in cocoa, particularly after the earlier

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1A revised document will be issued to take account of corrections announced during the course of the meeting.
work which had been done in the GATT Special Group on Trade in Tropical Products and the Conclusions reached by Ministers relating to the negotiation of an international cocoa agreement. It was pointed out that, 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. With this in mind, the Group had made its submission to Ministers. In the light of the failure of the United Nations Cocoa Conference to reach an agreement it seemed appropriate to reconsider what steps should now be taken in the GATT.

9. The Committee recommended, that the Special Group on Trade in Tropical Products should be reconvened at an early date to re-examine the problems facing the cocoa industry, following the failure of the United Nations Cocoa Conference to reach an agreement during the recent negotiations, and to seek solutions to these problems in so far as they come within the purview of the GATT.

II. Examination of Further Products of Export Interest to Less-Developed Countries

A. Introduction

10. Following the examination of the products included in Lists 1 to 3, it was repeatedly pointed out in the Committee that it should not restrict its attention to the items contained in these lists (L/1925, para.41). In preparation for the last meeting of Committee III, in March 1963, the secretariat had been asked to prepare a draft list of products of importance to the export trade of the less-developed countries (COM.III/105). While the Committee did not feel in a position at that meeting to enter into a substantive discussion on that matter, the Committee indicated in its submission to Ministers (L/1989, para. 16 and 20) that it intended to consider an enlargement of the list of products already examined, in order to broaden the area of trade subject to the Action Programme which, as agreed by the Committee (L/1989, para.5), would relate, in the first instance, to the products which had already been examined by the Committee.

11. In the Conclusions adopted by Ministers, it was agreed that the Action Programme related to products identified by Committee III, it being understood that the Action Programme might subsequently be extended to an enlarged list of products, to be agreed upon (MIN(63)7, para.3).
12. The Committee had before it a document (COM.III/120) setting out products nominated by less-developed countries for inclusion in a further list of products to be examined by the Committee, and indicating other products brought to the notice of the secretariat as being of special export interest to less-developed countries. Further notifications regarding such products were received during the course of the meeting. A list of these products comprising 178 items and indicating the countries which had suggested these items was circulated to the Committee in document Spec(65)283 and Add.1. The document which also contained preliminary data on tariffs and, where applicable, data on quantitative restrictions affecting these products will be re-issued as a Committee III document, for general distribution to contracting parties.¹

B. Summary of discussion

13. In discussing a further list of products to be examined by the Committee, representatives of less-developed countries emphasized that the examination to be undertaken in respect of these products should not detract from early action being taken by contracting parties to remove remaining barriers in respect of products included in Lists 1 to 3. Also, the decision to draw up a further list of products did not imply that the less-developed countries were fully satisfied with the progress which had been made in removing obstacles affecting products examined earlier. Concern was expressed by one member of the Committee that the examination of a further list of products would lead to a dissipation of the Committee's efforts. In the view of his Government it would be more fruitful if the Committee would address itself to the removal of various types of barriers as affecting the products in the first three lists. In view of the continuously growing number of products of export interest to less-developed countries, the addition of lists of products to be examined could be a never-ending process.

14. While considering that, at the present time, it would be most practical to seek results in the removal of barriers to trade in relation to specific product categories, representatives of other less-developed countries emphasized that the list of products notified as being of special export interest to them should in no way be regarded as constituting a comprehensive listing of products currently of export interest to them; nor should it be understood that these were the only products in respect of which less-developed countries would like to see positive action being taken by the CONTRACTING PARTIES as regards work in progress or being undertaken in various subsidiary bodies of the GATT. For instance, such items as cereals and meat, which were of considerable export

¹When re-issuing the document (which will be circulated as COM.III/124) account will be taken of corrections and amendments brought to the notice of the secretariat.
interest to a number of less-developed countries, did not appear in the list since solutions to problems affecting trade in these products were being sought in the Group on Cereals and the Group on Meat.

15. The Committee agreed that it should not dissipate its efforts in the pursuit of studies affecting a very large and continually growing range of products. Nevertheless, it was important that the Committee should give attention to all products notified as being of export interest to less-developed countries. In respect of these products, data on trade barriers and trade flows would need to be collected and would have to be constantly kept up-to-date so as to enable rapid headway to be made by the Committee when examining problems affecting trade in these commodities.

16. The Committee agreed, however, that in view of the significance of this aspect of the Committee's work, as it related to the envisaged enlargement of the list of products covered by the Action Programme, it seemed necessary to select, on reasons of urgency, those products from the larger list which should be examined in detail. On the basis of such a detailed examination, and clearly spelling out the Committee's findings in respect of each of the products concerned, as had been done earlier in respect of the products included in Lists 1 to 3, the Committee should be in a position to recommend for adoption by the CONTRACTING PARTIES further products to be covered by the Action Programme.

17. Having the above considerations in mind, and taking account of the fact that where barriers were predominantly in the form of tariffs it could be envisaged that a solution would be found in the context of the forthcoming trade negotiations, the less-developed countries selected thirty-seven products or product categories (seventy-eight tariff headings or sub-headings in terms of the Brussels Tariff Nomenclature) for examination by the Committee on a priority basis; it being understood that the other products should not be left aside. A list of the products selected is contained in Annex I to this report.

18. Taking account of the large number of products being added to the lists under consideration in Committee III and also of the need to proceed expeditiously, the Committee urged contracting parties to supply the secretariat at their earliest convenience, with information on commercial policy measures applied by them on these products and with further relevant trade statistics.

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1Subject to the qualification in paragraph 13 above.
III. Expanded Programme of Development Plan Studies  
- Arrangements and Procedures

A. Introduction

19. The intensification and enlargement of the Committee's work relating to 
the study of trade and payments aspects of development plans was one of the 
matters taken up by Ministers at their recent meeting. They reached unanimous 
agreement that:

"the work of Committee III should be extended, in collaboration with 
other interested agencies, particularly the lending agencies, through 
the adoption of concerted, systematic and prompt studies of trade and 
aid relationships in individual less-developed countries aimed at 
obtaining a clear analysis of export potential, market prospects and 
any further action that may be required to overcome any difficulties 
that the studies reveal." (MIN(63)7, para. 27)

20. To assist the Committee in implementing the Conclusions of Ministers at 
an early date, the secretariat prepared, for the consideration of the Committee, 
a paper setting out proposals regarding the scope and content of the studies to 
be undertaken and listing, on the basis of a number of criteria set out in that 
paper, countries which it might be particularly useful to study at an early stage 
of the Committee's work. (COM.III/118 and Add.1)

B. Summary of discussion

21. The Committee welcomed the initiative taken by the secretariat in preparing 
the note on the programme of development plan studies. It took clearly into 
account that the objective of the mandate given by Ministers was not the 
preparation of a series of academic studies but was aimed at establishing 
supporting material for the operations of the CONTRACTING PARTIES and for any 
concrete measures to be taken by them to assist the development and export 
trade of less-developed countries and the co-ordination of trade and aid 
policies. (see IV below).

22. In considering the different types of work arising in connexion with the 
programme of development plan studies and the suggested outline for the 
preparation of the individual country studies, the Committee took into 
account a statement by the Deputy Executive Secretary1 defining further the 
proposed programme of studies and the procedures suggested for implementing 
them.2

1A summary of this statement is contained in Annex II to this report.

2See also COM.III/110; COM.III/111, COM.III/112 and L/1989, para. 61; 
also see Section V, para. 41 below.
23. The Committee agreed that the proposal submitted by the secretariat would be a good basis for the Committee to proceed. Following the completion of a number of development plan studies, it would be useful to review the arrangements and procedures for the programme of studies and to examine whether any changes would seem to be indicated at that time to ensure that work under this heading would achieve the objectives set by Ministers.

24. The Committee, except the representative of Indonesia, endorsed the list of countries which had tentatively been put forward for the first series of studies to be undertaken. The representative of Indonesia entered a reservation, however, regarding the inclusion of Malaysia in this list since, in the opinion of his Government, Malaysia was not recognized as a full contracting party. The Committee agreed that if, in connexion with the study of Uganda, the Governments of Tanganyika and Kenya would consider it desirable to have their countries’ development plan studied at the same time, the secretariat should be free to make the necessary arrangements for carrying out these studies. As regards further studies which might be completed towards the middle of 1964, as provided for in paragraph 12 of COM.III/118, the Committee registered a request by the authorities of Israel to have their country’s development plan studied at an early date.

25. The Committee requested that arrangements should be made from the outset which will enable the Committee to take effective follow-up action after country studies have been completed. Further, it was proposed that the assessment of trends in trade and development, envisaged to be undertaken from time to time, might usefully be complemented by an assessment of trends in production and trade of particular commodities of special export interest to less-developed countries.

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1. The list also includes Turkey which had already been selected by the Committee for the study of its development plan. One copy of the First Five-Year Development Plan, 1963-1967, published by the Turkish State Planning Organization, was distributed to the members of the Committee.

2. See also L/2076 and L/2077.

3. In this connexion the Committee took note of a paper submitted by India, whose development plan had earlier been studied, on "Trade and Payments Aspects of Development Planning" (COM.III/114).
IV. Examination of Possibilities of Extending the Activities of GATT to Embrace the Financing Aspect of Bridging the Gap between Export Proceeds and Import Requirements

A. Introduction

26. In accord with a proposal originally put forward by the Minister of the United Arab Republic, it was agreed by many Ministers at the recent ministerial meeting that the problem of financing the gap between the export proceeds and import requirements would also have to be given careful consideration. More specifically, Ministers of less-developed countries considered that in order to extend the activities of the GATT to embrace the financing aspect, and as a practical measure to achieve this end, a working group should be formed to study ways and means for enabling the less-developed countries to obtain from the industrialized contracting parties, loans on soft terms, and thus enable the GATT to realize its objective of fostering trade between the contracting parties. (MIN(63)7, para. 27)

27. Since the proposal had, however, not been fully elaborated during the ministerial meeting, the matter was placed before the Action Committee at its first meeting in September. The Action Committee decided that the question should, in the first instance, be taken up by Committee III (AC/3, para. 33).

B. Summary of discussion

28. Discussion under this heading was opened with a statement by the representative of the United Arab Republic in which he placed before the Committee a number of concrete proposals, designed to overcome the difficulties facing the less-developed countries in bridging the gap between export proceeds and import requirements (see COM.III/121). Briefly, the proposals were as follows:

(a) to insert in the General Agreement a provision that industrialized countries shall be prepared to grant financial assistance to developing countries within the framework of bilateral agreements. In granting this assistance, the following provisions shall be observed:

(i) the granting of the loan should aim at financing projects embodied in the development plan and relevant to the expansion of international trade;

(ii) the loan may also aim at meeting a trade deficit resulting from an unexpected fall in export proceeds and/or from severe internal damage in production;

(iii) the minimum duration of the loan should not be less than ten years;

(iv) maximum interest rates and other charges should not exceed 3 per cent;
(v) the secretariat should be informed of all loan agreements concluded accordingly. In addition, the secretariat should keep records of all loans, interest, maturities and amortization of principal and interest;

(b) to call a joint meeting of the representatives of the international lending agencies and of the CONTRACTING PARTIES to (i) arrange for effective ways and means of co-operation; and (ii) to study the establishment of a trade insurance fund. Both industrialized and less-developed countries would participate in the fund which would have the purpose of compensating primary commodity producing countries, Members of GATT, against short-falls in their foreign exchange earnings. Contributions to the fund would be determined on the basis of some equitable criteria, for example, the value of exports of the country concerned. In case of short-falls of export proceeds, beneficiaries would be entitled to draw funds automatically. Funds drawn could be either a final compensation or provision might be made for partial or total reimbursement over an extended period of time, at low rates of interest.

(c) At the meeting referred to under (b) above, the United Arab Republic might also put forward a proposal intended to supply the International Monetary Fund with additional resources for the purpose of assisting the less-developed countries of the GATT. What was envisaged was a "club" or "consortium" which would grant less-developed Member countries loans on easy terms for meeting unexpected short-falls in export earnings and other payments difficulties arising from trade and development.

29. In submitting this proposal, the representative of the United Arab Republic stressed that it was not intended to convert the GATT into a lending institution. The aim was simply to achieve closer co-operation between the GATT and the lending institutions and to confer upon GATT the sponsorship of financial assistance to less-developed Member countries.

30. Taking account of the implication of these proposals in a number of fields and of the fact that the Committee had not had time to study in detail the proposals by the United Arab Republic, the Committee felt that at the present meeting it would not be feasible to go beyond a preliminary discussion. The Committee agreed, however, that the proposals should be given prompt and careful consideration. With this in mind the Committee recommended that a small expert group should be established. The terms of reference and membership of the expert group are set out in Part C below.

31. The Committee took note of the statement by the representative of the United Arab Republic that it was not intended to transform the GATT into a lending agency. There was widespread agreement that, although trade and aid flows could not be separated, and endorsing the efforts being made in the GATT to harmonize
trade and aid policies, the primary rôle of the GATT would be in the field of trade. Reference was made in this connexion to the study of the trade and payments aspects of development plans to be undertaken by the Committee. (See III above.) The view was expressed that it might be preferable to envisage concrete action on the United Arab Republic's proposal to be taken after some of these studies had been completed.

32. As regards the proposal for the establishment of a trade insurance fund, reference was made to studies which were being carried out by other organizations, such as the CICT, which should be taken into account.

33. The Committee also took note of a statement by the representative of Argentina, clarifying his Government's position with respect to compensatory financing, a matter which seemed to be closely related to the proposed trade insurance fund. Briefly, the principles elaborated by the representative of Argentina were: (i) Any satisfactory compensatory financing scheme would have to result in a net transfer of funds in favour of the less-developed countries; (ii) The system of compensatory financing should cover short-term fluctuations as well as long-term fluctuations; (iii) Financing should be granted automatically and contributions should be borne by industrialized countries as well as by less-developed countries; (iv) As regards the assessment of contributions, account would have to be taken to such criteria as national income, the foreign reserve position of the country concerned and trade prospects for its most important export commodities.

C. Terms of reference and membership of the Expert Group

34. The Committee agreed that the terms of reference and the membership of the expert group should be as follows:

I. Terms of reference
- taking into account the request contained in the Conclusions of Ministers (MIN(63)7, para. 27);
- considering the work which has already been done in other international and inter-governmental agencies;
- taking into account the discussion in Committee III of the proposals made in this regard;
- to study the rôle of GATT in regard to the problems of relationship between trade and financial assistance;
- to report to the Council

II. Membership

United Arab Republic
Argentina
Ghana
India
United States
United Kingdom
European Economic Community
Japan

Representatives of the United Nations Organization, the International Bank for Reconstruction and Development, the International Monetary Fund, and the Organisation for Economic Co-operation and Development shall be invited to the meeting of the expert group.
V. Production and Marketing Techniques and Export Promotion Schemes to Assist the Export Trade of Less-Developed Countries

A. Introduction

35. The examination of measures relating to production and marketing techniques which might usefully be undertaken in the GATT has for some time engaged the attention of the Committee. Taking account of the vast scope of the subjects falling under this heading and of work in progress elsewhere (COM.III/91), the Committee decided at its meeting in November 1962 that the most practical way to proceed would be to receive from contracting parties papers on particular difficulties which they had encountered in this field. Industrialized countries, particularly those which already had experience in providing assistance on these matters to less-developed countries, were invited to submit papers on possibilities for providing such assistance. (L/1925, para. 45 and 46.)

36. The question of providing assistance in the framework of GATT to export promotion measures received further impetus by a number of proposals put before the Action Committee, when discussing point (viii) of the Action Programme (see AC/3 para. 18 and AC/W/2). The Action Committee suggested that these proposals might, in the first instance, be taken up by Committee III (see AC/3, para. 35). In discussing possibilities for action under this heading the Committee based itself on documents COM.III/117 and COM.III/122 containing communications from Tunisia and Sweden, respectively, relating to production and marketing techniques, and AC/W/2 referred to above.¹

B. Summary of discussions

37. In discussing action to be taken under this heading, the Committee was aware that export promotion schemes and techniques developed in industrialized countries, might not be fully applicable to the trade of less-developed countries. Nevertheless, there seemed to be a number of areas where the fund of know-how in this regard could usefully be transmitted to meet the needs of the less-developed countries. For instance, it was suggested in the paper submitted by Tunisia, that the creation of national or international services, to carry out research and give assistance, in such fields as market studies, sales expansion, quality control, packaging and standardization, would be of considerable assistance to exporters in less-developed countries.

38. Apart from the possible establishment of such services, practical steps to encourage the participation of less-developed countries in trade fairs of industrialized countries should be explored (see COM.III/92). The Committee agreed that measures which might be taken in this regard by the CONTRACTING PARTIES should also be examined by the expert group, established to examine

¹ The Committee also took into account COM.III/92 and COM.III/102 which had been prepared for previous meetings of the Committee.
the most efficient method of providing trade information services in the frame-
work of GATT. (See Section VI:C below.) As regards practical solutions it was
suggested that the operations of transit traders in other countries could do
much to overcome the difficulties experienced by exporters in the less-developed
countries.

59. Lack of information in less-developed countries about market opportunities
and requirements abroad, but also lack of information in industrialized countries
about export availabilities from the less-developed countries, was, indeed, a
limiting factor to trade expansion. This was shown by the interesting paper
submitted by Sweden summarizing the views expressed by Swedish traders'
organizations regarding the marketing of products of less-developed countries
and of difficulties of a commercial nature experienced in selling those products
on the Swedish market (COM.III/122). Based on this survey in the note submitted
by Sweden it was suggested that Committee III might, in the first instance,
consider ways and means for rendering assistance to less-developed countries in
the following fields:

- preparation and launching of export promotion programmes;
- market investigations;
- adaptation of the products of less-developed countries to the requirements
  of the markets of industrialized countries;
- sales techniques; and
- establishment of export organizations.

40. The Committee welcomed the survey undertaken by Sweden as being a very
practical approach to the problem under discussion. The Committee agreed that it
would be useful if similar surveys were to be undertaken by other contracting
parties, in order to identify technical and communications problems which had
to be overcome if exports from less-developed countries were to be significantly
expanded. Contracting parties, industrialized and less-developed countries,
were invited to supply the Committee with papers setting out their experiences
and difficulties in the fields of production for export and marketing techniques.
This would not only help the Committee to deal with the problem in a more
detailed and concrete form but would also help in the preparation of a document
showing the consensus of opinion and useful suggestions of importers in
industrialized countries, for use by exporters in less-developed countries. It
was suggested that communications from governments in this regard should also
be submitted to the expert group referred to above.

41. In the further discussion of this subject it was pointed out that the en-
largement of the scope of the Committee's work in a number of fields would permit
benefits to be derived from the increasing complementarity of work. For instance,
the identification of problems in the field of production for export, the
availability, or lack, of export promotion services, and marketing techniques might be subjects to be taken up in the country studies with a view to initiating appropriate action.¹

42. The Committee recognized, however, that notwithstanding the importance of such studies and of practical measures to be initiated for the exchange of information and the transfer of technical know-how, there remained other more difficult problems to be solved. One of the prerequisites for the success of any export promotion schemes was the willingness and ability of importing countries to absorb greater quantities of products from the less-developed countries. In this context, it was suggested that, in addition to the study of the development of export potential in the less-developed countries, it might also be necessary to study the structure of various industries in importing countries with a view to identifying those cases where adjustment assistance to the industries concerned might be required, to enable them to face increasing import competition from the less-developed countries.

43. Finally, it had to be recognized that progress by the less-developed countries in the improvement of production and marketing techniques and export promotion services had often been less hindered by lack of information or know-how, but by the difficulties for exporters to obtain the funds to effect the necessary improvements which would enable them to compete in foreign markets. In addition to finding funds for improving production and marketing techniques and for financing export promotion activities for penetrating into new markets, exporters in less-developed countries normally had to bear higher transport costs and had to provide for longer periods during which goods were in transit. At the same time, export credits and export risk insurance, to the extent that the latter was available, were normally more expensive, largely on account of the generally higher rates of interest prevailing in the less-developed countries as compared with the industrialized countries.

44. To overcome these difficulties, it was suggested by the representative of Israel, taking up proposals first raised in the Action Committee, that the Committee should give consideration to:

(i) the provision of export risk insurance by industrialized countries for exports of less-developed countries²; and

(ii) the provision of export assistance funds by industrialized countries:
   (a) derived from customs duty receipts on imports from less-developed countries; and
   (b) through contributions by exporters in respect of products exported to less-developed countries.

¹See para. 22 above, and COM.III/118/Add.1.
²This proposal is set out in detail in document AC/W/2.
45. In respect to the proposal under (ii)(b) above, the representative of Israel explained that he was thinking of some token contributions to the export assistance fund, of the order of 1 per cent, deducted from the price charged for like exports to industrialized countries. He further pointed out that such a contribution would seem to be in the interest of exporters in the industrialized countries as their export opportunities to less-developed countries depended on the adequacy of the foreign exchange earnings of these countries.

46. The Committee agreed that these proposals would require further careful study and decided to take them up again at its next meeting. In considering these proposals, due account would have to be taken, inter alia, of their legal and practical implications and of the present availability of funds for assisting exports of less-developed countries.

VI. Establishment of an International Trade Information Centre in the Framework of GATT

A. Introduction and summary of conclusions

47. In discussion of this item of the agenda, the Committee based itself on a paper prepared by the secretariat (COM.III/115) summarizing comments and replies to a questionnaire by thirty-three governments on a proposal by Brazil for the establishment of an international trade information centre (COM.III/93).

48. The Committee noted that, while the types of service envisaged for the proposed 'Centre' were generally available to exporters in industrialized countries, many of the less-developed countries felt that the availability of such services on an international basis would meet what was for them a real need and would make a useful contribution to their efforts to increase their export earnings.

49. The Committee agreed, therefore, that it would be desirable for the CONTRACTING PARTIES to consider on the basis of the advice of experts, the establishment of an international trade information service as a further useful development in the GATT for the benefit of the less-developed countries; possibly as an autonomous centre under the supervision of GATT. The Committee recommended that arrangements should promptly be made to convene a meeting of experts in the field of trade information. The terms of reference for the expert group are set out in C below.

1 Two further countries, Portugal and Uruguay, indicated at the meeting their country's support for the establishment of the 'Centre'. 
B. Summary of discussion

50. There was widespread feeling in the Committee that, while bearing in mind the objective of providing comprehensive trade information services and possibly market research facilities, it would be practical to proceed step by step and to concentrate, in the first instance, on the provision of trade information in the strict sense of the term.

51. To start with, the 'Centre' could publish data on commercial policy measures relating to products notified to Committee III as being of special export interest to less-developed countries. There was already available a substantial body of relevant information and more data would be forthcoming as work proceeded on the new list of products recently identified as being of export interest to less-developed countries. Data on market opportunities would also become available in connexion with the work to be undertaken under the expanded programme of development plan studies of Committee III. Other subjects could be taken up as the 'Centre' becomes established. Decisions on the expansion of the work of the 'Centre' might be preceded by a periodic review of its operations.

52. As regards market research activities by the 'Centre', it was felt that there was merit in concentrating on the more promising markets, including, however, those which could be opened up in the developing countries. Several representatives indicated that their governments were prepared to supply the 'Centre' with data and studies of interest to exporters in less-developed countries, and to render assistance to exporters in less-developed countries in respect of market research projects which they might wish to undertake. The Committee agreed that similar indications from other governments would be welcomed. Further, it was suggested that it might be useful to provide for the exchange of market research studies among different countries for their respective markets.

53. Steps suggested by the Committee for the establishment of a more comprehensive trade information service were: (i) the resuscitation of the GATT publication "International Trade News Bulletin", possibly in a modified form; (ii) the publication of a register of sources of trade information and (iii) the establishment of a documents centre in the GATT.

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1See COM.III/118 and Add.1 and Section III above.

2It was suggested that such a register could usefully be prepared in collaboration with the International Chamber of Commerce and national Chambers of Commerce.
54. As information on various subjects proposed for coverage by the 'Centre' accumulated, the 'Centre' would be in a position to provide increasingly useful services, such as the provision of information under the "correspondence facility" for specific markets or commodities, as envisaged in the original proposal. Thereafter, in line with the progress made in collecting and processing trade data, the 'Centre' might proceed to the publication of magazines, any special booklets, and the proposed exporters handbook or "encyclopaedia". The subject coverage of the "encyclopaedia" and the other publications envisaged for the 'Centre', taking account of their more or less permanent nature, might be decided upon on the basis of predetermined rates of obsolescence for various types of data.

55. Ideally, information on commercial policy measures should be based on notifications from governments. One of the questions to be considered in establishing the 'Centre' would be to examine how the present notification requirements could be implemented more effectively and whether further notifications might be required for the efficient operation of the 'Centre'. The desirability, both as regards reliability and cost, of obtaining material from official sources should not prevent the 'Centre' from using non-official sources of trade information if the use of such material seemed to be indicated in the interest of comprehensiveness and speed.

56. The Committee agreed that duplication of the work of other agencies should be avoided. It was pointed out, however, that although data were being published in respect of most of the subjects this did not necessarily mean that information was available to exporters in a readily assimilable form. Indeed, one of the difficulties which had prompted the proposal for the establishment of the 'Centre' was the overabundance of so-called trade information, not really relevant for exporters, which made it more difficult for them to obtain the information they needed. The 'Centre' could thus provide an important service not only through publishing relevant trade information, but also by referring exporters to fruitful sources of trade information.

57. The representative of Brazil suggested that work by the 'Centre' on subjects requiring the collection and processing of large quantities of statistical data, such as data on the regional distribution of purchasing power, might usefully be done in collaboration with the United Nations technical services.¹

¹Reference was made by the representative of Brazil to the United Nations Processing and Programming Centre and to its programme of work as being relevant to the subject under discussion. (ECOSOC documents E 3668 and E 3764.)
58. As regards the demand for the services of the 'Centre', the representative of Brazil emphasized that, in his view, the estimates given in COM.III/II5 were on the low side. Some countries had not provided any estimate, while others seemed to have excluded demand by private traders which would undoubtedly account for the greatest number of subscriptions. While it could not be expected that the 'Centre' would be able to pay for itself at the outset, demand for its services, and thus income from subscriptions, could be expected to grow with time so that eventually it would be self-financing.

59. The Committee agreed that it would be desirable to convene the meeting of experts at an early date, to be determined by the Executive Secretary after consultations with the parties concerned. The Committee welcomed the indication given by a number of countries represented in the Committee that they would be prepared to make experts available for the meeting of the expert group and agreed that in addition to the specific proposal for the establishment of a 'Centre', the expert group should be free to take up related matters referred to it by the Committee or subsequently advised to the secretariat by contracting parties. The Committee considered that it would be useful in preparation of the meeting, if less-developed countries which had experienced difficulties in obtaining trade information would submit notes setting out in detail these difficulties, with a view to ensuring that effective solutions to such problems would rapidly be found.

C. Terms of reference of the expert group

60. With a view to finding effective and rapid solutions to the need expressed by less-developed GATT countries for the supply of adequate trade information services as a means of expanding their exports, the Committee recommended that a meeting of experts in the field of trade information should promptly be convened.

61. The experts should be nominated by governments and should be given the following terms of reference:

(i) to advise the CONTRACTING PARTIES on the most efficient means of establishing and operating an international trade information centre within the framework of GATT;

(ii) to indicate work which the international trade information centre should undertake on a priority basis;

(iii) to assess the financial implications of establishing and operating such a centre, account being taken of various alternative schemes;

The Committee also took note of a proposal by the representative of Brazil that the UNESCO which had done work in the field of scientific abstracts and data processing should be invited to send an expert to the meeting.
(iv) to explore, taking into account specific proposals submitted by governments, other measures in the field of trade promotion and production and marketing techniques which the CONTRACTING PARTIES and individual countries could implement to assist the less-developed countries in expanding their export earnings;

(v) to report on the above to the Committee.

62. In their work the experts shall take due account of the views of governments on this subject as summarized in COM.III/115, particularly paragraph 25 of that document, and of the discussion in the Committee on this subject, paragraphs 47-59 above, and, as it relates to point (iv) of the summary of discussions, in paragraphs 37-46 above.

VII. Use of Export Subsidies by Less-Developed Countries under the Provisions of the General Agreement

A. Introduction

63. This item was included in the agenda of Committee III at the suggestion of the Committee on the Legal and Institutional Framework of the GATT in Relation to Less-Developed Countries which had recently held its first meeting. Specifically, Committee III was asked to consider;

(a) the legal position in regard to the use of export subsidies for trade development purposes and the possibility that subsidies may lead to recourse to Article VI of the General Agreement;

(b) in collaboration with less-developed countries who had had experience in the use of subsidies, the actual difficulties which had been encountered by less-developed countries in this regard.

64. The Committee had before it a secretariat note on the use of subsidies by less-developed countries (COM.III/123), containing a summary of (i) the legal position as regards the use of subsidies, (ii) a brief survey of the use of such subsidies by less-developed countries and (iii) a summary of the existing situation.

B. Summary of discussion

65. The Committee decided that at the present meeting it would not be feasible to examine all relevant aspects of this question, particularly since the short time available had not permitted the gathering of comprehensive data regarding the use of export subsidies by less-developed countries and possible resort by importing countries to Article VI of the General Agreement.
66. It was noted, however, that, on the basis of available information, there was little indication that less-developed countries, which were legally free to impose such subsidies on both primary and non-primary products, had experienced difficulties through the imposition of anti-dumping and countervailing duties applied by importing countries on subsidized products. At the same time, it was felt by some members of the Committee that the relevant provisions of the GATT did not give full freedom to less-developed countries to give assistance to exporters without fear of being subjected to anti-dumping measures and that it might be necessary to give specific freedom to less-developed countries in this field. The Committee noted that there appeared to be a few cases where less-developed countries had been affected by anti-dumping or countervailing duties.

67. The Committee agreed that, in preparation of further consideration of this matter, either in Committee III or in other subsidiary bodies of the GATT, it would be desirable to obtain information on instances where less-developed countries had experienced difficulties during the last two or three years through the use of anti-dumping and countervailing duties by importing countries. The Committee invited less-developed countries to inform the secretariat of such cases as a basis for further appropriate action. The secretariat was instructed to gather information from contracting parties on this subject.
## ANNEX I

**List of Products Selected by the Less-Developed Countries for Priority Study**

<table>
<thead>
<tr>
<th>Description of products</th>
<th>B.T.N. Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frozen and canned shrimps</td>
<td>0303, 1605</td>
</tr>
<tr>
<td>Fresh and dehydrated onions and garlic</td>
<td>0701, 0704</td>
</tr>
<tr>
<td>Manioc and tapioca</td>
<td>0706, 1904</td>
</tr>
<tr>
<td>Cashew nuts</td>
<td>0801</td>
</tr>
<tr>
<td>Citrus fruits, fresh and dried</td>
<td>0802</td>
</tr>
<tr>
<td>Tropical spices</td>
<td>0904, 0906, 0907, 0908, 0910</td>
</tr>
<tr>
<td>Rice</td>
<td>1006</td>
</tr>
<tr>
<td>Kapok and crin</td>
<td>1402</td>
</tr>
<tr>
<td>Sugar, molasses and sirups</td>
<td>1701, 1702, 1703</td>
</tr>
<tr>
<td>Biscuits</td>
<td>1908</td>
</tr>
<tr>
<td>Prepared and preserved vegetables</td>
<td>2001, 2002</td>
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<tr>
<td>Fruit juices</td>
<td>2007</td>
</tr>
<tr>
<td>Fish meal</td>
<td>2301</td>
</tr>
<tr>
<td>Vegetable oil cakes</td>
<td>2304</td>
</tr>
<tr>
<td>Salt</td>
<td>2501</td>
</tr>
<tr>
<td>Bromine and bromine compounds</td>
<td>2801, 2833, 2902</td>
</tr>
<tr>
<td>Essential oils</td>
<td>3301</td>
</tr>
<tr>
<td>Soap</td>
<td>3401</td>
</tr>
<tr>
<td>Rubber tyres and tubes</td>
<td>4011</td>
</tr>
<tr>
<td>Articles of sponge rubber and foam rubber</td>
<td>4014</td>
</tr>
<tr>
<td>Rubber footwear</td>
<td>4101, 6402</td>
</tr>
<tr>
<td>Hides and skins, raw or tanned</td>
<td>4101, 4102, 4103, 4104, 4105</td>
</tr>
<tr>
<td>Wool and other animal hair, carded and combed</td>
<td>5305</td>
</tr>
<tr>
<td>Worsted yarn</td>
<td>5307</td>
</tr>
<tr>
<td>Woollen fabrics</td>
<td>5311</td>
</tr>
<tr>
<td>Raw fibres (jute, hemp, abaca, sisal, flax)</td>
<td>5701, 5702, 5703, 5704, 5401</td>
</tr>
<tr>
<td>Flax yarns and fabrics</td>
<td>5403, 5404, 5405</td>
</tr>
<tr>
<td>Rugs and carpets</td>
<td>5801, 5802</td>
</tr>
<tr>
<td>Asbestos and asbestos products</td>
<td>2524, 6813</td>
</tr>
<tr>
<td>Glass and glass ware</td>
<td>7001, 7002, 7003, 7004, 7005, 7006, 7007, 7010, 7013</td>
</tr>
<tr>
<td>Pig iron</td>
<td>7301</td>
</tr>
<tr>
<td>Iron and steel, semi-processed</td>
<td>7306, 7307</td>
</tr>
<tr>
<td>Machine tools</td>
<td>8445, 8446, 8447</td>
</tr>
<tr>
<td>Radio receivers</td>
<td>8515</td>
</tr>
<tr>
<td>Plywood</td>
<td>4415</td>
</tr>
<tr>
<td>Wooden furniture</td>
<td>9401, 9402, 9403</td>
</tr>
</tbody>
</table>

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1. Paragraph 17 of this report; see also COM. III/124.
In introducing the proposals put forward in the secretariat note on the programme of development plan studies (COM.III/113 and Add.1), the Deputy Executive Secretary pointed out that the term "development plan", as used in the secretariat note, did not mean that it was intended to study only those countries which had formally adopted a development plan but that the term had been used in a broader sense so as to apply also to governmental development policies and programmes which, in the strict sense of the term, could not be described as a development plan. It would obviously be unfortunate if the studies were to be limited to a selected group of less-developed countries who had decided to operate on the basis of a formal plan and to leave out those less-developed countries who were approaching their development problems under a different institutional set-up. The object of the exercise was to have as broad a coverage as possible, ideally covering all the less-developed countries.

It was not intended, however, to engage in a vast series of studies in order to add to the voluminous literature on development already in existence. The purpose of the studies was rather to examine the development plans and development policies of the less-developed countries in order to establish a better basis for action by the CONTRACTING PARTIES in a field of great importance. The studies were, therefore, not to be made for the sake of studying but with a view to establishing supporting material for the operations of the CONTRACTING PARTIES and for any concrete measures to be taken by them to assist the development and export trade of less-developed countries.

The proposed outline of the studies to be prepared by the secretariat did not go into great detail and had been kept deliberately sketchy to take account of the considerable differences in the problems and needs of one country as compared to another and of the differences in approaches to development programming or planning. Similarly, it had not been felt necessary to go into administrative details on how the secretariat would prepare the studies. That much should be said, however, that it was the intention to collaborate fully not only with the other agencies in the field but foremost with the countries being studied. In this connexion it would also be necessary to send a mission to the country concerned to ensure that the staff undertaking the study would be fully familiar with all data, problems and policies relevant to the studies. Constant contact with the authorities of the country being studied would be maintained.

1 Paragraph 22 of this report.
The purpose of the proposed outline was, without setting up a rigid pattern, to establish a blue-print to which the secretariat would try to adhere in the studies so that there could be as much order and parallelism between the different studies as possible in such an exercise. Undoubtedly, it would be necessary to have a certain amount of introductory information describing the economic indicators in the country under study, and the manner in which it proposed to tackle its economic problems. The focus of the paper should, however, be on the clarification of the special problems in the field of trade and development of the country concerned and information would have to be arranged around these key problems. Only by limiting documentation in this way could the studies be expected to be of help to the Committee and to other organs of the CONTRACTING PARTIES in carrying out their tasks. Certainly, these studies would prove useful for the work which the CONTRACTING PARTIES had undertaken to dismantle trade barriers on commodities of interest to the less-developed countries.

As regards the link between the trade and aid aspects of the proposed programme of studies, the examination would have to cover, by necessity, the financial as well as the trade aspects. It would be impossible to make a useful study of a development plan or of the development policy of a less-developed country without covering the financial aspects in some detail as otherwise the picture would be distorted and would lack its salient features. An important result of these studies would be to place the CONTRACTING PARTIES in a better position to carry out their rôle in the process of establishing better co-ordination in the aid and trade field, matters which obviously could not be separated.