Committee III - Expansion of Trade

REDAFT OF THE REPORT OF COMMITTEE III ON THE MEETING
21 TO 28 MARCH 1961

1. In accordance with the decision taken by the Committee during the seventeenth session (COM.III/38) the Committee met from 21 to 28 March 1961 to consider in detail its future work programme and the best ways of implementing this programme.

2. During its meeting the Committee examined a report by the secretariat (COM.III/40) on the progress made by individual contracting parties since its last meeting in carrying out the recommendations of the Committee, as contained in its second, third and fourth reports (see documents L/1063, L/1162 and L/1321 respectively). Further progress, reported during the meeting by several delegations, is contained in document COM.III/40/Add.1. The Committee welcomed the measures taken but expressed disappointment at the very limited progress achieved. The measures taken were largely confined to the relaxation or removal of quantitative restrictions; the Committee noted that in a number of cases the removal of quantitative restrictions applied only to the raw material while the products processed from the material remained subject to restriction.

3. The Committee considered that the forthcoming round of tariff negotiations would provide an important opportunity for the reduction or removal of many of the barriers confronting the exports of less-developed countries. The Committee, therefore, decided to postpone the drawing up of a report on progress until an autumn meeting of the Committee which would be an opportune time to undertake a full review of the Committee's work in the light of the results of the Tariff Conference. In the meantime, the Committee felt that a preliminary examination of the progress expected.
to result from the Tariff Conference could be undertaken when the Committee reconvenes for its next meeting on 12 June 1961. The Committee, therefore, appealed to industrialized countries to examine speedily and sympathetically the possibilities offered by the Tariff Conference for removing or reducing tariffs and other negotiable obstacles to the trade of less-developed countries and to examine every possibility of removing other obstacles identified by the Committee as confronting the exports of less-developed countries. Contracting parties were requested to inform the secretariat of measures introduced by them with regard to the products which have been examined by the Committee.

Participation of less-developed countries in the general round of tariff negotiations

4. It was brought to the attention of the Committee that less-developed countries had not made full use of the possibilities which were open to them in the forthcoming tariff negotiations to request tariff and other concessions on the products examined by the Committee. In this connexion, some less-developed countries explained the difficulties which they envisaged in participating in the negotiations. They were, in the first place, rarely principal suppliers of the products on which they would seek concessions. Secondly, if such products became subject to negotiation they felt that the present system, based as it was on reciprocity, required them to grant tariff reductions in exchange, which for developmental and fiscal reasons they could ill afford. In addition, a large part of the import outlays of less-developed countries was often for capital goods for which duties were in any case low or negligible.

5. With regard to these problems, the attention of the Committee was drawn to a number of ways in which less-developed countries may usefully participate in tariff negotiations. A detailed explanation of the facilities available to less-developed countries in participating in the tariff negotiations is contained in Annex A.
6. In view of the possibilities which did exist for meeting the 
difficulties envisaged by less-developed countries, the Committee urged the 
less-developed countries to avail themselves of the opportunities offered 
by the negotiation procedures for obtaining reductions in the barriers 
confronting their exports by submitting request lists of items of interest 
to them. Industrialized countries in turn, when preparing for an entering 
into negotiations, should bear in mind and give sympathetic consideration to 
the needs of less-developed countries. In this regard the Committee 
expressed the hope that industrialized countries would not require full 
reciprocity and would take into consideration not only those requests which 
were officially submitted by the less-developed countries to the Tariff 
Negotiations Committee but also those which were set forth in the various 
recommendations of Committee III.

7. The Committee felt that because of the technical difficulties which 
had again been voiced by less-developed countries concerning their ability 
to participate in the forthcoming negotiations, the attention of the 
Tariff Negotiations Committee should again be directed to this problem. 
The Committee, therefore, recommended that the Tariff Negotiations Committee 
seek solutions to these problems so as to enable all contracting parties 
to participate effectively in the forthcoming tariff negotiations.

Secretariat document on barriers to the expansion of exports 
of less-developed countries

8. At its meeting during the seventeenth session, the Committee had 
requested the secretariat to prepare a working document which would indicate 
and illustrate the findings of the Committee with respect to the various 
types of barriers imposed by contracting parties, particularly industrialized 
countries, which affected exports from less-developed countries of the 
products which had so far been examined by the Committee. In accordance 
with the request, document COM.III/W.14 was prepared on the basis of the
reports of the Committee, the commodity information prepared for the Committee, and recent GATT documents such as reports on import restrictions and liberalization communiqués. In order to ensure that the information contained in this document is accurate and up to date, the Committee agreed that contracting parties should submit any factual amendments required as requested in paragraph 4 of the documents. The Committee was of the opinion that the secretariat document would prove useful to individual contracting parties in connexion with the forthcoming tariff negotiations as well as in other work of the CONTRACTING PARTIES.

Third list of products

9. The Committee, recognizing that certain less-developed countries, particularly those which have recently acceded to the General Agreement or associated themselves with the work of the CONTRACTING PARTIES, might wish the Committee to undertake an examination of the difficulties confronting certain products not yet examined by the Committee, had invited less-developed countries to submit additional requests for a third list of products. On the basis of the requests received the Committee decided to establish a third list of the following products: certain copper rollings and ferro-chrome and ferro-manganese; (ii) cement; (iii) phosphates; (iv) steel furniture; (v) coir manufactures; and (vi) fish in airtight containers including prawns and shrimps. The Committee requested the secretariat to prepare draft summary schedules showing details on tariffs, quantitative restrictions, revenue duties and internal fiscal charges, State-trading and other measures in force in relation to imports of these products. The Committee agreed that these draft summary schedules should be submitted to individual contracting parties for comment in sufficient time for the final versions to be made available for the autumn meeting of the Committee.

Channelling of expansion or establishment of industries by less-developed countries

10. The Committee undertook a discussion of section II/2 of its basic work programme which calls for a "study of the possibility of channelling
expansion of existing industries by less-developed countries into
directions where such countries will be economically efficient producers". It will be recalled that the Committee had invited less-developed countries among contracting parties to furnish information on any plans which they might have for the development of their industries, on export targets for various products, and on their estimated overall foreign currency requirements and exchange receipts from exports. In response to this request a number of governments have submitted development plans.

11. The Committee examined suggestions which had been put forward by the secretariat (COM.III/43) with a view to defining and establishing the programme of studies which would be undertaken by the Committee under its terms of reference. The Committee agreed to examine, in the first instance, the Indian Third Five Year Plan, the draft outline of which had been distributed to all contracting parties in December 1960. The approved programme for the Committee's study of development plans is set out in Annex B.

12. For the purpose of this discussion, the factual paper to be prepared by the secretariat will set out the planned production and export targets for the more important export products mentioned in the Plan, for which additional information, as mentioned in paragraph 3 above, will be sought from the Indian authorities. The Committee agreed to ask industrialized countries to submit any information which might facilitate the assessment of the possibilities of industrialized countries to absorb larger imports from less-developed countries. With the advance of technology, the increasing concentration of production in capital intensive industries and, in some countries, the shortage of manpower in relation to demands for investment, the industrialized countries may find that their industries can attain higher levels of competitiveness and productive efficiency if their requirements of semi-finished and finished components and of the simpler
industrial products are met by imports from less-developed countries instead of being manufactured at home. The changes in western Europe, following the establishment of the Common Market and the Free Trade Area, would appear to offer special possibilities in this direction.

13. The Committee felt that the commodity studies carried out so far would provide useful documentation for the detailed examination of national development plans which the Committee had decided to undertake.

Implementation

14. The Committee stressed the importance of the implementation of its recommendations to contracting parties for the elimination of obstacles to the trade of less-developed countries. The Committee instructed the secretariat to follow closely any developments relating to the implementation of the Committee's findings and to report to the Committee for further discussion any suggestions in this regard. Contracting parties were invited to communicate to the secretariat all new measures and developments relating to the implementation of the Committee's recommendations.