1. The sponsoring governments are of the opinion that at the present moment the General Agreement is being subjected to great stresses arising from regional and other economic developments. Yet it remains the only forum for the discussion of trade problems among all countries of the world. As such, it requires strengthening in terms of the full and equitable application of its provisions. The sponsoring governments wish to emphasize that all GATT resources should be utilized for the furtherance of these objectives and there should be no need to have recourse to extra GATT measures.

2. It is important to underline the great significance for the sponsoring governments of the issues appearing on the agenda of the meeting of ministers dealt with in this paper. Less-developed countries have normally been unable to progress adequately in the field of capital formation. Outside of foreign assistance which creates obligations they are almost exclusively dependent on their exports to finance imports for both consumption and development purposes, and this creates a strain on their financial reserves and on their balance-of-payments position. Simultaneously, they are faced with complex problems in the demographic, social and economic spheres, which require immediate and effective attention if a suitable degree of internal stability and increase in the standard of living are to be attained. There can be no substitute for adequate and growing trade outlets and in this respect only the General Agreement among inter-governmental arrangements is qualified to provide proper means of co-operation.

3. Considering that questions of fact and objectives to be attained have now been extensively considered by the CONTRACTING PARTIES the sponsoring governments feel it incumbent upon them to propose adoption of a positive programme of action that should be comprehensive, specific and fitted to a clear-cut time schedule.

Committee I.

4. Whatever procedure of tariff reduction is eventually agreed as being the most convenient for attaining the aims of the Agreement in this matter, such as specific programmes of phased reduction over a set period of years, the sponsoring governments wish to express clearly their willingness to participate consistent with their development and fiscal needs in such negotiations since they consider that tariff reduction negotiations must offer advantages to all the participant contracting parties and should, therefore, also entail the granting of benefits by all.
5. On the lines of recommendations made by Committee III and of procedures originally contemplated in respect of the present Tariff Conference, the reductions expected from less-developed countries should be at a relatively lower level reflecting their stage of economic development.

6. Considerable evidence is now available to show the extent of nullification or impairment of tariff concessions through the application of non-tariff restrictive practices and avoidance of such measures must constitute a prerequisite of really effective tariff negotiations.

7. In the light of the recommendations of Committee III, high tariffs, internal revenue and fiscal charges on raw materials in the industrialized countries, should be eliminated or reduced, as the case may be. Further that the disproportion between duties on raw materials and processed products in such countries should also be removed to provide for increasing exports of processed products and manufactures from the less-developed countries for which they possess considerable potential.

8. The preferences at present available in the common external tariff of the EEC are restricted to the Associated Overseas Territories. While continuing the benefits to these Territories it should be possible to extend the benefits on a non-discriminatory multilateral basis and in a progressive way to eliminate such restrictions.

Committee II

9. The third report of Committee II, as well as the special report of Committee III, contain ample information on the degree of protectionism and discrimination presently being applied to a wide range of primary and semi-processed or processed goods which are of fundamental importance to the less-developed countries. Whilst recognizing the issues involved in eliminating these practices, the sponsoring governments consider that the time has come for definite and tangible progress to be made on the matter, unless the present serious imbalance between benefits and obligations arising from the Agreement for less-developed countries is to acquire a permanence that would be improper from every point of view.

10. Although the General Agreement has not concerned itself directly with commodity price stabilization schemes, it is considered that the contracting parties have failed to discharge a basic responsibility in this field since a main cause of the failure of the prices of primary commodities to maintain suitable levels...
in the course of the last few years lies in the widespread network of restrictions brought out by the Committees II and III. It is pertinent to point out that in relation to 1953 the price index of foodstuffs has fallen to 85 and of agricultural raw materials to 95, while the price index of industrial goods has advanced to 109. It is therefore not surprising that the trade imbalance of less-developed countries has totalled up to eleven billion dollars in the last four years.

11. The sponsoring governments propose

(1) barriers of trade which have been detailed and specified in the latest reports of Committees II and III should be eliminated or reduced by the importing countries, either totally and immediately, or at the very least progressively and by percentages over a reasonable period of time in accordance with a programme of progressive reduction to be recommended by ministers and launched by the CONTRACTING PARTIES at the nineteenth session;

(11) periodical reports of progress made by individual countries in the removal of restrictions in fulfilment of this programme should be sent to the CONTRACTING PARTIES.

Committee III

12. If less-developed countries are to expand and to diversify their exports and if the unduly heavy concentration of such exports on a limited number of free markets is to be avoided, wider opportunities by means of the relaxation of existing restrictions must be made available. This will require in turn proper stimulation of what appears to be both a desirable and logical process of economic evolution whereby more advanced countries should gradually transfer their industrial and processing activities towards more complex forms, thus opening the way for greater trade in semi-processed and processed goods from the less-developed countries.

13. Committee III has formulated specific recommendations (document L/1557, paragraph 8) on the manner in which real assistance can be provided towards the expansion and diversification of exports of less-developed countries. As in the case of Committee II the work of Committee III encompasses a broad field of study and renders it both feasible and imperative that effective action should follow immediately. The sponsoring governments recommend the adoption of positive measures and the working out of a programme for the elimination or progressive reduction of the obstacles identified by Committee III and that appropriate procedures be established to notify action taken in accordance with procedures recommended by ministers and implemented at the nineteenth session.
14. **Conclusions**

The application of the General Agreement has had the effect in the past, as it still does, of creating commitments which are in excess of the benefits available to less-developed countries as a result of their membership of the Agreement. It is essential that the Agreement be applied fully by all contracting parties so that the equilibrium which was originally negotiated should have effective application. The sponsoring governments are nevertheless desirous of considering formulae which take account of such real difficulties as may exist for other contracting parties but such formulae must incorporate formal undertakings for effective and satisfactory action over a reasonable period; this spirit of compromise should in no case be interpreted as an abandonment of their rights under the Agreement. The problems to be dealt with at the ministerial meeting are of the utmost importance and have a direct effect on certain fundamental aspects of life in less-developed countries, and the sponsoring governments feel that unless effective action is taken for the solution of these problems in the light of the programme of action proposed by them they may have to reconsider the position that they have up to now taken as members of the General Agreement.