MEASURES FOR THE EXPANSION OF TRADE OF DEVELOPING COUNTRIES AS A MEANS OF FURTHERING THEIR ECONOMIC DEVELOPMENT

Draft Conclusions

The Ministers during their meeting from 16 to 21 May 1963, discussed the question of measures for the expansion of trade of developing countries as a means of furthering their economic development. The Ministers had before them the Report of Committee III and of the Special Group on Trade in Tropical Products.

The Ministers reached agreement on the following conclusions:

A. Trade in products considered by Committee III other than tropical products

With respect to these products the Ministers considered the following programme of action.

(i) Standstill provision

No new tariff or non-tariff barriers should be erected by industrialized countries against the export trade of any less-developed country in the products identified as of particular interest to the less-developed countries. In this connexion the less-developed countries would particularly mention barriers of a discriminatory nature.

(ii) Elimination of quantitative restrictions

Quantitative restrictions on imports from less-developed countries which are inconsistent with the provisions of the GATT should be eliminated within a period of one year. Where, on consultation between the industrialized and the less-developed countries concerned, it is established that there are special problems which prevent action being taken within this period, the restriction on such items would be progressively reduced and eliminated by 31 December 1965.
(iii) Elimination of tariffs on primary products

Industrialized countries should agree to the elimination of customs tariffs on the primary products important in the trade of less-developed countries.

(iv) Reduction and elimination of tariff barriers to exports of semi-processed products from less-developed countries

Industrialized countries should also prepare urgently a schedule for the reduction and elimination of tariff barriers to exports of semi-processed and processed products from less-developed countries, providing for a reduction of at least 50 per cent of the present duties over the next three years.

(v) Progressive reduction of internal fiscal charges and revenue duties

Industrialized countries should progressively reduce internal charges and revenue duties on products wholly or mainly produced in less-developed countries with a view to their elimination by 31 December 1965.

(vi) Reporting procedures

Industrialized countries maintaining the above-mentioned barriers should report to the GATT secretariat in July of each year on the steps taken by them during the preceding year to implement these decisions and on the measures which they propose to take over the next twelve months to provide larger access for the products of less-developed countries.

The Ministers agreed to the above programme of action subject to certain observations by Ministers of industrialized countries. In the first place, it was pointed out that there was recognition of the fact that acceptance of the programme was without prejudice to the rights and obligations of contracting parties under the provisions of the GATT, under arrangements negotiated within the framework of the GATT or covered by international commodity agreements. Further, it should be understood that, where action under the programme would affect the interests of third countries, as under preferential arrangements, action by countries granting such preferences would depend, inter alia, on the consent of the trade partners concerned. As regards tariffs on primary products, Ministers of industrialized countries indicated that their governments would work towards the elimination or, where
this was not possible, at least towards the substantial reduction of tariffs on these products; action in connexion with both primary products and exports of semi-processed and processed products from less-developed countries would be taken within the framework of the GATT trade negotiations, although this did not mean that the possibility of earlier action was precluded. On the question of internal fiscal charges and revenue duties, some Ministers indicated /to be drafted/.

C. Additional action to further the trade and development of less-developed countries

The Ministers agreed that industrialized countries, in framing their policies which affect the pattern of production, should take full account of the need to facilitate the efforts of less-developed countries to diversify their economies, and strengthen their export capacity.

The Ministers agreed that the fundamental need of the less-developed countries in the field of trade was to achieve an increase in their export earnings. Under present conditions whereby their export trade was heavily dependent on a limited number of primary products, efforts on the part of the less-developed countries to increase their earnings by a higher volume of exports were often frustrated/declining prices. Unless effective joint action, for instance by way of commodity agreements, were taken, there appeared to be no basis for expecting any substantial favourable change in the level of export prices of primary products relative to prices of manufactured goods.

The Ministers agreed that certain suggestions for preferences which had been put forward in Committee III, designed to improve the conditions of access for the exports of less-developed countries, should be further studied and that the Executive Secretary should be requested to make arrangements for such study to be carried out. The suggestions concerned are the following:
(a) the granting of preferences on selected products by industrialized countries to less-developed countries as a whole; and

(b) the granting of preferences on selected products by less-developed countries to all other less-developed countries.

The Ministers agreed that the work of Committee III should be extended, in collaboration with other interested agencies, particularly the lending agencies, through the adoption of concerted and systematic 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.

The Ministers recognized the need for an adequate legal and institutional framework, to enable the CONTRACTING PARTIES to discharge their responsibilities in connexion with the work of expanding the trade of less-developed countries and agreed that a working party should be established with instructions to report to the twenty-first session.