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

Revised Draft Conclusions

1. 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.

2. The Ministers reached agreement on the following conclusions:

A. Trade in products 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 shall 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 and 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 shall 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 shall 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.

3. The Ministers agreed to the above programme of action subject to the following observations and qualifications.

4. It was agreed that in the first instance the above programme of action relates to the products identified by Committee III, it being understood that the programme of action might subsequently be extended to an enlarged list of products to be agreed upon. It was also recognized 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 arrangements. 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 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, and, while not precluding action in advance of the trade negotiations, they would propose to ensure, as far as possible that these products would be included in their offer lists in the negotiations and not be exempted therefrom.

Specific qualifications put forward by individual contracting parties

(i) Standstill

In accepting point (i) the United States and Japanese Ministers stated that they would use their best endeavours to maintain the standstill provision although situations might arise where there could be a compelling need for limited exceptions.

(ii) Elimination of quantitative restrictions

In accepting point (ii) the Austrian Minister referred to his Government's programme of liberalization under which import liberalization would be completed with the exception of certain hardship cases by the end of 1964. The Japanese Minister indicated that it was the intention of his Government to remove remaining restrictions as soon as possible, but there was a few products in regard to which it was not possible at the present time to give an undertaking to eliminate restrictions by the specified target dates. The United Kingdom Minister indicated that the United Kingdom maintains restrictions on imports of bananas from certain sources in the interests of certain less-developed countries of the Commonwealth and cannot undertake that such restrictions should be progressively reduced and eliminated by 31 December 1963.
(iv) Reduction and elimination of tariff barriers to exports of semi-processed and processed products from less-developed countries

In accepting this point the United States agreed to include such products, as far as possible, in their offer lists for substantial reductions in the forthcoming trade negotiations. United States legislation, however, requires staging of tariff reductions over a period of five years.

PROPOSAL BY THE EUROPEAN ECONOMIC COMMUNITY AND THE EIGHTEEN AFRICAN AND MALAGASY STATES ASSOCIATED WITH THE EEC REGARDING A PARAGRAPH TO BE ADDED TO THE MINISTERIAL CONCLUSIONS ON ITEM A OF THEIR AGENDA

While recognizing that some of the points contained in the above-mentioned programme of action can be regarded as objectives on which concrete policies should be focussed to the fullest extent possible, the Ministers of the EEC and the spokesman for the eighteen African and Malagasy States associated with the EEC pointed out that the programme referred only to measures for the elimination of barriers to trade.

It seems to them, however, that more positive measures are required to achieve the sharp and rapid increase in the export earnings of the developing countries as a whole, which is their fundamental objective.

Accordingly, these Ministers urge that international action should, in particular, be in the direction of a deliberate effort to organize international trade in products of interest to the less-developed countries. Such an effort will take account of economic inequalities as between the under-developed countries themselves. It will also take account of the fact that certain less-developed countries cannot at present, without a transitional phase, face competition from the countries which have already achieved a certain degree of development or from the long-industrialized countries without suffering damage.

The effort should therefore be aimed at ensuring increasing exports at remunerative, equitable and stable prices for the less-developed countries producing primary products. In this respect any desirable arrangement made at
The world level could take into consideration systems already tried out on the regional, bilateral or even national level.

As regards processed and semi-processed products, a study should be made to determine the selective measures, specially conceived on the basis of the needs of developing countries, which could assure those countries of the requisite disposal facilities for the products in question.

In this connexion various relaxations of present rules regarding non-discrimination might be considered (in particular the suggestions made at the ministerial meeting by Mr. Brasseur, Minister for Foreign Trade and External Assistance of Belgium). A rapid study of them by a special group should enable decisions to be taken without delay.

In the opinion of certain Ministers, the same special group could, as a matter of urgency, analyse the possibility and conditions for establishing within the framework of GATT a centre for trade information and market research with a view to the expansion of exports of the less-developed countries.

Proposal by a Number of Less-Developed Countries

The Ministers of the less-developed countries expressed great disappointment with the qualifications and reservations made by some industrialized countries. They emphasized that the eight-point Programme of Action itself represented a practical compromise between the difficulties stated by some industrialized countries and their obligations under the GATT. In particular it was stressed that all contracting parties are committed to carry out their obligations in respect to quantitative restrictions, without any qualifications. The Programme of Action fell far short of the minimum conditions necessary to enable the less-developed countries to make their full contribution to the expansion of international commerce. They therefore urged most strongly that the Programme of Action should be implemented in full, within the time-table proposed therein, independently of the forthcoming trade negotiations, in the course of which it is expected that more positive measures would be undertaken.
SECTION C

The Ministers agreed that contracting parties should give urgent consideration to the adoption of other appropriate measures which would facilitate the efforts of less-developed countries to diversify their economies, strengthen their export capacity, and increase their earnings from overseas sales. In this connexion it was suggested that one of the measures which should be studied promptly would be the accordance of preferential treatment to the semi-manufactured and manufactured goods exported by the less-developed countries. It was agreed that a working group shall be established to study the following proposals and to report to the [proposed] Trade Negotiations Committee for necessary action:

(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 industrialized countries, in drawing up and implementing their policies which affect the pattern of production and trade, should take full account of the need to facilitate the efforts of less-developed countries to strengthen their export capacity and to diversify their economies.

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. In those cases where under present conditions 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 by declining prices and violent price fluctuations. Effective joint action was required to arrest the deterioration of the terms of trade of the less-developed countries and to mitigate and eliminate excessive fluctuations in their exports and export earnings. Some Ministers felt that this action might for instance, take the form of commodity agreements, price stabilization schemes, compensatory financing and market organizations.
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, 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. In this connexion the problem of financing the gap between the export proceeds and import requirements of the developing countries needs to be given careful consideration. Many Ministers 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 the 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 objectives of fostering trade between the contracting parties.

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.

The representative of Brazil has proposed the following text for insertion in Section C.

"The Ministers agree that there must be an urgent amplification of the objectives and revision of the principles and rules of GATT, with a view to contemplate safeguarding fully and satisfactorily the interests of the less-developed countries in their international trade and development programmes. This action should not preclude, but contribute to, broader initiatives in which the CONTRACTING PARTIES might participate, such as the International Conference for Trade and Development of the United Nations.

The Ministers recommend for the above said purposes, that a Committee of the contracting parties be established, which should report its conclusions to the twenty-first session of the CONTRACTING PARTIES."