The Committee held its second meeting from 4 to 23 March 1965. The Committee had before it document COM.TD/W.8, setting out the agenda drawn up in accordance with the work programme established by the Committee at its meeting on 9 and 10 February. The text of the minutes of that meeting, as approved by the Committee, incorporating the amendments to the secretariat draft, is contained in document COM.TD/W.4/Rev.1.

The Committee took up the various items on its agenda, on the basis of notes and working papers submitted by the secretariat, or put forward by delegations, as listed in the different sections of this report, which summarize the discussion and conclusions of the Committee in regard to each of the items on its agenda.

1The draft sections on items 5 and 10, on which discussion has not yet been concluded, will be submitted separately.
EXAMINATION OF PRODUCTS OF EXPORT INTEREST
TO LESS-DEVELOPED COUNTRIES
(Item 1)

1. In accordance with the decision taken at its first meeting, the Committee addressed itself to the establishment of guide-lines for the examination of the additional list of items set out in document TD/W.1, to be undertaken by a working group.

2. In the course of the discussion, it was pointed out that the examination should help to bring out the importance which many less-developed countries attached to these items in the context of the commitments in Part IV of the Agreement and further that the interest of less-developed countries in these products should be assessed not only with reference to present trade flows but also in the context of need for these countries to diversify their production and exports, and of the potential importance of these items in their future trade. It was agreed that, to this end, it would be helpful if, to the extent possible, less-developed countries in supplying data on any further lists of items, would also include information on export projection and targets. The Committee also considered that, while the examination of the list of products should provide guidance to contracting parties as regards the treatment of these products in the context of the commitments in Part IV of the General Agreement, the lists so established would only be indicative in character so that it should be possible to add other items from time to time.

3. The Committee agreed to the establishment of a Working Group with the following terms of reference:

- to examine those products in which less-developed countries have indicated an interest in the context of Part IV of the General Agreement;

- to submit to the Trade and Development Committee its findings and recommendations with a view to providing guidance to contracting parties as to their work under Part IV of the General Agreement in respect of products of particular export interest to less-developed countries. Any list so established would not be exhaustive and could be supplemented from time to time.
4. As regards the composition of this Group, it was agreed that it should be composed of representatives of the countries listed below, and that it should invite the representatives of the countries who have notified an interest in a particular item to participate in the examination when such item, or items, are taken up for discussion.

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5. The Committee addressed itself to the reporting procedures to be adopted in connexion with the implementation of the provisions set out in Part IV of the General Agreement. The Committee based itself on a note (COM.TD/W.5) prepared by the secretariat at the request of the Committee. There was general agreement in the Committee that, on the whole, the reporting procedures suggested in that document would permit the Committee to keep under review measures taken for giving effect to the provisions in Part IV of the Agreement.

6. As regards the scope and form of the reports there was general support for the suggestion that the reports should focus on major developments affecting matters under consideration by the Committee. With this objective in mind, members of the Committee suggested that the periodic reports submitted by its secretariat should also contain a reference to decisions or recommendations of direct interest to the Committee, adopted by other international and intergovernmental bodies, such as the United Nations and its specialized agencies, the OECD and also those adopted by regional economic groupings, and to relevant documents issued by them, so that, in carrying out the mandate given to it, the Committee may be able to take account of the work done in these bodies. In this connexion considerable importance was attached to the provision of information regarding developments in commodity trade.

7. As regards the proposal that the Committee review developments of world trade in the light of data contained in the GATT annual publication "International Trade", it was emphasized that the major objective of such a review would be to provide data for action to be taken by the CONTRACTING PARTIES, or by governments, rather than provide for a mere review of trade developments.
7(bis). The text of the reporting procedures agreed upon by the Committee is as follows:

**Reporting procedures**

8. Having regard to the provisions of paragraphs 2(a) and (b) of Article XXXVII and also to points 1, 2 and 3 of its terms of reference, the Committee agreed on the following reporting procedures:

(i) the secretariat shall circulate to the Committee all notifications received from contracting parties under paragraph 2(a) of Article XXXVII as and when these are received;

(ii) contracting parties should be requested to notify the secretariat of any action taken by them in pursuance of the provisions of paragraphs 1, 3(a), 3(b) and 4 of Article XXXVII;

(iii) on the basis of the reports so received, and taking into account notable developments in the work of other bodies of the contracting parties as well as any other relevant information available, the secretariat should submit a periodic report summarizing the latest position concerning tariffs or quota restrictions affecting items of interest to less-developed countries as well as any action taken in pursuance of the provisions mentioned in (ii) above;

(iv) in addition, ad hoc reports on the activities of the Trade Negotiations Committee and other sub-committees dealing with matters of interest to the less-developed countries in the trade negotiations, may be made available to the Committee if this proves necessary, taking into account the security procedure applicable to the trade negotiations;

(v) the periodic reports from the secretariat should include a review of notable developments in GATT and other intergovernmental bodies in matters of interest to the Committee and, in particular, in matters relating to the organization of commodity trade so that the Committee may consider appropriate action. This review may also cover any activities under paragraph 2(e) of Article XXXVIII including activities by the CONTRACTING PARTIES in the field of export promotion and the work of the International Trade Centre.
9. With a view to keeping under review the developments of world trade, with special reference to the rate of growth of the trade of less-developed countries, the Committee on Trade and Development should also arrange for an annual review of the GATT publication "International Trade".

10. It may be noted that the reports submitted by contracting parties to the secretariat and those submitted by the secretariat to the Committee on Trade and Development, would relate to the lists of products of interest to less-developed countries identified by Committee III or which may be approved by the Committee on Trade and Development with a view to providing guidance to contracting parties as to their work under Part IV of the General Agreement or which are otherwise noted upon by agreement.
11. Members of the Committee expressed appreciation of the data which had been supplied by a number of contracting parties, and circulated in COM.TD/W.6. It was, however, noted that only a limited number of industrialized countries had responded to the invitation to supply data and further, that the information was not always specific in regard to the nature and type of policies directed towards facilitating adjustments in patterns of trade and production which would offer larger scope in import markets for products from less-developed countries. It was suggested that this might be due to some uncertainty as to the type of information required. It was pointed out that while a number of countries may have legislation and policy measures intended to facilitate domestic structural adjustments, there may be no separate set of rules or policies to deal with adjustments necessitated by import competition from less-developed countries. In this connexion it was indicated by representatives that the examination of measures for assisting adjustments in the structure and pattern of trade should be carried out in the context of the Ministerial Conclusions of May 1963, which refer to the need for industrialized countries, in drawing up or implementing policies affecting patterns of production, to take into account the need to facilitate the efforts of less-developed countries to strengthen their export capacity, to diversify their economies, and of the provisions of Part IV which refer to measures designed to provide greater scope for the development of imports from less-developed contracting parties including steps to promote domestic structural changes.

12. It was, therefore, to be hoped that the GATT examination of these measures would cover such matters as tax exemptions and refunds, special credit facilities, resettling and training facilities for labour etc. for assisting adjustments, to take account of changing conditions in world trade, and give an indication of governments' policies and the scope for international co-operation in this field. It was also suggested that it would be relevant to examine the experience gained in implementing measures for adjustment assistance provided for under the Treaty establishing the ECSC, the Treaty of Rome, and under the Benelux Treaty of Economic Union.
13. The Committee agreed that the detailed examination of the matter might best be carried out by a group of experts nominated by governments. The Committee drew up the following terms of reference for the expert group.

**Terms of reference**

- to study the material set out in document COM.TD/W.6 and addenda, and, as appropriate, to gather additional material,
- to report on the measures being applied, or proposed to be applied, by industrialized countries for assisting adjustments in the changing structure and pattern of production, so as to permit an expansion of international trade in products of interest to less-developed countries and to provide larger opportunities for imports from these countries.

14. The Executive Secretary was requested to make the necessary arrangements for convening the Group.
15. For discussion of this item, the Committee had before it document COM.TD/W.7, prepared by the secretariat in accordance with the request by the Committee, which gives an outline of the points which the Committee might wish to cover in the examination of the development plans and also draft terms of reference and suggestions concerning the composition of an Expert Group, the establishment of which had been proposed at the first meeting of the Committee. The Committee also had before it a draft of the secretariat study on the Development Plan of Uganda in document Spec(65) 23.

16. A number of delegations expressed their appreciation of the work undertaken by GATT in relation to the study of problems in the foreign trade sector of the economies of less-developed countries. Such studies would be of particular value in view of the scarcity of detailed data on the inter-relationship of trade with aid flows and requirements. It was noted that since the studies would concentrate on the trade aspects of development, they would avoid duplication with the work of other international agencies concerned with the study of development planning. The Committee agreed that the examination should be conducted in a way which would facilitate the adoption by contracting parties of constructive measures, notably in the field of commercial policy, for assisting the trade and development of less-developed countries.

17. A number of delegations stressed the need for the studies to take into account trade expansion possibilities and problems in other developing countries, particularly those in the same region. In this context it might be useful for the GATT to collaborate closely, in addition to the agencies listed in the secretariat note, with other inter-governmental organizations and international agencies, particularly those dealing with regional developments or with commodities of particular importance in the context of the study or studies.
18. The Committee endorsed the outline suggested by the secretariat regarding the points to be covered in the examination, and also the suggestions concerning the composition of the Group, subject to whatever modifications might be appropriate in the light of the requirements of a particular study. It was agreed that the arrangements in this regard should be made by the Executive Secretary.

19. The Committee agreed on the following terms of reference for the Expert Group:

"To examine studies submitted by the secretariat on the development plans of individual less-developed contracting parties with a view to analyzing (a) the trade and aid relationships in the plan and (b) the role of the export sector in the development programme, including an assessment of possibilities and prospects, and, on the basis of this examination, to transmit appropriate conclusions and recommendations to the Committee on Trade and Development."

20. The Group took note of the time schedule for the studies proposed by the secretariat which envisage that the development plans of Kenya, Uganda and Nigeria, would be taken up for study by the middle of May.
AMENDMENTS TO THE GENERAL AGREEMENT

(Item 6)

21. At its first meeting on 9 and 10 February, the Committee instructed the secretariat to circulate the specific proposals earlier submitted by contracting parties and to suggest the draft terms of reference and composition of a group to examine these proposals.

22. For the discussion of this item at the present meeting, the Committee had before it document COM.TD/W.4 and Add.1 setting out proposals submitted earlier to the Committee on the Legal and Institutional Framework of GATT for the amendment of Articles XVIII and XXIII of the General Agreement. The proposals for amendment of Article XVIII also included one for the use of import surcharges for dealing with balance-of-payments problems. The Committee also had before it a note prepared by the secretariat on the question of compensation to less-developed countries for the loss of trading opportunities resulting from the maintenance of quantitative restrictions, inconsistent with the provisions of GATT.

23. In discussing the proposed terms of reference, members of the Committee stressed the need for adapting the provisions of Articles XVIII and XXIII to the principles and provisions of the new Part IV of the General Agreement.

24. The Committee noted that, in its note COM.TD/5, the secretariat had endeavoured to clarify the present possibilities under the provisions of the General Agreement and the procedures established by the CONTRACTING PARTIES for less-developed countries to secure compensation for loss of trading opportunities resulting from the maintenance by certain contracting parties of quantitative restrictions inconsistent with the GATT. The Committee agreed that the group set up to examine proposals for amendment to the General Agreement should also examine the secretariat note with a view both to enabling the Committee to fully assess the position and to take account of the existing possibilities when considering any amendment of Article XXIII. Some members of the Committee also proposed that the same group should also discuss action to be taken by the Committee to secure elimination of residual import restrictions affecting the trade of less-developed countries. It was agreed that since this problem was not directly linked to the question of further amendments to the General Agreement, it could best be discussed separately, and not as part of the terms of reference of this group.
25. The Committee agreed on the following terms of reference for the Working Group on Legal Amendments to the General Agreement:

Terms of reference

- basing themselves on proposals submitted by contracting parties, and taking account of discussion in the Committee on the Legal and Institutional Framework of GATT, the Council of Representatives and the CONTRACTING PARTIES, as well as the Committee on Trade and Development;

- to examine what amendments to Articles XVIII and XXIII of the General Agreement, including - in respect of the proposal for use of surcharges to meet balance-of-payments difficulties - consequential amendments in other Articles of the Agreement, are necessary, or desirable, to meet the special trade and development needs of less-developed contracting parties, taking into account the secretariat note in document COM.TD/5, and

- to report its findings together with any recommendations for the amendment of these Articles, as appropriate, to the Committee not later than October 1965.

26. It was agreed that the composition of the Group should be as follows:

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27. For its discussion on item 7 the Committee had before it a proposal put forward by the United Arab Republic (COM.TD/W.2) suggesting certain draft provisions relating to the granting of preferential treatment by less-developed countries to one another. The delegation of India also submitted a proposal (COM.TD/W.11) suggesting certain procedures: (a) for the negotiation of preferential arrangements between less-developed countries, (b) for examination of problems in connexion with the expansion of trade between less-developed countries, and (c) for the establishment of preferences by industrialized countries in favour of less-developed countries.

28. It was recognized that, as a matter of practical convenience, it would be desirable to distinguish between the two aspects of the problem of preferences, namely preferences granted by industrialized countries to less-developed countries, and preferences exchanged between less-developed countries. At the same time it was pointed out that some of the problems involved in the exchange of preferences between less-developed countries might need to be taken into account in the study of the question of preferences by industrialized countries in favour of less-developed countries. The Committee agreed that while the two studies should be carried out in two distinct groups, it should be possible for the two groups to maintain liaison with each other, and for the Committee to take an integrated view of their findings.

29. Some delegations referred to the forthcoming examination of the question of preferences by industrialized countries for less-developed countries in the UNCTAD Committee on Preferences. The Committee agreed that while the GATT
examination should take into account discussions of this question in other bodies, notably the UNCTAD, the GATT should not put this work aside on the grounds that this matter was being also discussed elsewhere.

30. A number of delegations also pointed out that the establishment of new preferences by industrialized countries in favour of less-developed countries, might affect advantages presently enjoyed by certain less-developed countries in certain markets to which they are given preferential access. It was agreed that the question of appropriate compensation for losses which might result for such countries through the extension of preferences to other less-developed countries, should be taken up in the Working Group established to study the problem. The Committee also noted that in approaching the problem of preferences, due regard should be given to the importance of action to stabilize and improve commodity prices for primary producer less-developed countries.

31. The Committee agreed on the establishment of a Working Group on Preferences, with the following terms of reference:

- To examine the proposals submitted for the extension of preferences by industrialized countries to less-developed countries, taking into account discussions in other international bodies,
- To consider also the findings of the Working Group on the Expansion of Trade among Less-Developed Countries in regard to the exchange of preferences inter-se,
- To submit to the Committee on Trade and Development by October 1965, appropriate findings and recommendations in the light of the practical and legal problems involved.
32. The Committee further agreed that the Group should be composed of countries notifying the Executive Secretary of their interest in participating in the work.

33. The Committee's discussion of the question of preferences between less-developed countries was linked with its consideration of the item "Expansion of Trade between Less-Developed Countries". For the discussion on this item the Committee had before it a note (COM.TD/6.3) submitted by the secretariat and containing an outline for a pilot study in respect of certain illustrative items, with a view to examining the possibilities and problems in developing or expanding trade flows between less-developed countries.

34. The Committee agreed that a study on the lines suggested could provide useful guidance as regards the action which could be taken in the field of tariff and other barriers to trade between less-developed countries, taking into account other factors such as credit or insurance facilities, freight problems and trade promotion. It was felt, however, that the list of products to be studied should be extended to cover a more representative range of items.

35. The Committee recognized that while the examination of problems involved in the expansion of trade between less-developed countries might throw light on a range of measures for diversifying and expanding exports of less-developed countries to one another, it would be of particular value in bringing out the rôle of preferences between less-developed countries in promoting such trade. Further the examination of specific proposals submitted by contracting parties for the establishment of such preferences would also be facilitated if it was carried out within this framework. The Committee noted that in any scheme for establishment of such preferences, careful attention would need to be given to ensure that the interests of less-developed countries at the early stages of development are not adversely affected. Having regard to all these considerations, the Committee agreed on the establishment of a second Working Group with the following terms of reference.

(1) To examine the problems involved in the expansion of trade between less-developed countries with particular reference to the rôle of preferences between less-developed countries in promoting such trade.
(ii) To examine in this context, any specific proposals submitted by contracting parties for the establishment of preferences between less-developed countries.

(iii) To examine the pilot studies on trade flows between less-developed countries produced by the secretariat and to arrange for the extension of these studies to additional lists of products.

(iv) To report, with appropriate findings and recommendations, to the Committee on Trade and Development at the next meeting of the Committee and to transmit its findings also to the Working Group on Preferences.

36. The Committee agreed that the Group should be composed of countries notifying the Executive Secretary of their interest in participating in this work.
ASSISTANCE IN EXPORT PROMOTION

(Item 9)

37. The major item considered by the Committee under this heading of its agenda, was a report of the second meeting, held from 15 to 18 February 1965, of the Group of Experts on Trade Information and Trade Promotion (L/2362). The report of the Expert Group was presented to the Committee by Mr. Hans Mott, Sweden, the Chairman of the Group.¹

38. The Committee expressed appreciation of the work carried out by the Expert Group in providing guidance for the future activities of the Centre. It endorsed the recommendations formulated by the Group for a controlled expansion of the Centre's activities and a corresponding strengthening of its staff establishment, as reflected in the budgetary considerations contained in the report. The Committee felt that the activities of the Centre since its inception had given clear evidence of the great value to the less-developed countries of the type of activities carried out by it, and of the scope for further benefit to be drawn from a step-by-step expansion and development of its work.

39. While agreeing with the Expert Group's recommendations regarding the general orientation of the Centre's work, as well as on the individual activities dealt with in the report, the Committee wished to place particular emphasis on certain aspects of the work and to put forward some new ideas.

40. The Committee emphasized the need for the Centre to obtain the fullest co-operation from developed as well as developing countries. In this connexion, several countries informed the Committee of their willingness to provide support to the activities of the Centre, and of special measures they had taken in this regard. The delegate for the Federal Republic of Germany, and the delegate for Switzerland reported on steps their authorities had recently taken to enable their national services to provide information also on their domestic markets. This was in pursuance of the recommendation formulated by the CONTRACTING PARTIES at their twenty-first session (L/2207). The Committee emphasized the importance of this recommendation. In this connexion one delegation suggested that

¹ The statement by the Chairman in introducing the report was circulated in document COM.TD/W.12.
industrialized countries submitting papers relating to the marketing of products from developing countries might make special reference to any steps taken in pursuance of this recommendation.

41. Several delegations also underlined the importance of an active co-operation between the developing and the developed countries, either directly or through the Centre, with a view to opening up concrete trading opportunities. As a general rule the Committee felt that the actual results of the activities of the Centre in the longer run were to be measured in terms of increased trade for the less-developed countries. One delegate stressed the importance of ensuring that the efforts of the Centre to promote an expansion of exports from less-developed countries would not be offset by restrictive measures in importing markets.

42. As regards the general orientation of the Centre's work, the Committee supported the Expert Group's recommendations that, in future, increased emphasis be placed on trade promotion activities. In this connexion, delegates from less-developed countries expressed their appreciation of the training facilities in export promotion that are being made available by several industrialized countries; further news in this respect had just been published in the second issue of the FORUM. While underlining the great value of such training, some delegates from developing countries explained the difficulties they were experiencing in availing themselves of training facilities abroad in cases where overseas travel was not paid for by the host country. They emphasized the desirability of providing training facilities for participants from less-developed countries on an all-expenses-paid basis, including transport. An alternative solution might be to arrange for technical assistance funds to be used to pay for such travel.

43. With a view to enlarging the means of action of the Centre, some delegates suggested that, through the Centre, technical assistance funds might be pooled for financing assistance in the form of training courses; market research and arrangements for market research; on-the-spot surveys in relation to export promotion problems of less-developed countries, and also in relation to special facilities for less-developed countries for participation in international trade.

1 Papers to be submitted in response to an invitation by Committee III to governments to supply information on this subject (cf. paragraph 40 of L/2080 and GATT/AIR/449).
fairs. The delegate of the United Arab Republic informed the Committee that his country intended to put forward a concrete proposal for additional activities - in the form of a clearing house for commercial exchanges - to be undertaken by the Centre.

44. With regard to the Centre's activities in the field of trade information, several delegations pointed to the need for more information on the markets of the developing countries; this gap could be filled by means of a systematic exchange of information through the Centre on the markets of the less-developed countries as well as on the pattern and trend of trade between them. In this connexion some countries pointed to the effect of traditional trade channels, and the need for special efforts to enable the developing countries to break into new markets. Attention would also have to be given to the differences in the levels of standardization achieved in the highly industrialized and the less-developed countries.

45. As regards the orientation of the Centre's future work, the Committee thought it desirable that more developing countries participate in the work of the Group which had guided the establishment and initial plan of operations of the Centre. In this connexion, it was felt that there would be wider participation by less-developed countries if the designation "Expert Group" were to be changed to "Advisory Group" on Trade Information and Trade Promotion.