NOTE ON THE MEETING OF THE AD HOC GROUP
HELD FROM 5-8 APRIL 1965

1. At its meeting in March, the Committee on Trade and Development established an Ad Hoc Group to undertake an examination of products notified as of export interest to less-developed countries. The terms of reference and composition of the Group are as set out in document COM.TD/A/1. The Group held its first meeting from 5-8 April.

2. The Group had before it document COM.TD/W.1/Rev.1 and Add.1, containing data on trade flows and import treatment in respect of seventy-nine tariff items, which had earlier been nominated by less-developed countries for priority study from a more comprehensive list submitted to Committee III (COM.III/124/Rev.1).

3. The Group agreed that its present meeting should be devoted primarily to a review of the factual data contained in document COM.TD/W.1/Rev.1 with a view to noting such amendments, corrections and additional information as might be made available by delegations in the course of the meeting, identifying any additional information that might be required, and thus securing a fuller picture of trade flows and import treatment for these items and of any other relevant facts which could usefully be taken into account. It was further agreed that at its next meeting in May, the Group would, on the basis of this review and of additional data made available at the meeting or subsequently, establish findings and recommendations in accordance with its terms of reference for submission to the Committee on Trade and Development.

4. In its examination of the data contained in document COM.TD/W.1/Rev.1, the Group was aware also of the importance, present or potential, to the development and diversification of the export trade of less-developed countries of other items than those contained in the "priority list". It was agreed, however, that, for practical reasons, the examination of further products would have to await completion of the examination of the products listed in document COM.TD/W.1/Rev.1

1 The note has been prepared by the secretariat at the request of the Group.
5. Members of the Group emphasized that discussion of the items included in the "priority list" should not preclude action by contracting parties in the context of Part IV of the General Agreement, also in respect of other items of export interest to less-developed countries. There was widespread agreement in the Group that it would not be necessary for a product notified as being of export interest to a less-developed country, to have been examined in detail before action in terms of Part IV of the General Agreement could be taken in respect of it.

6. In relation to the determination of the export interest of less-developed countries in a given product, it was suggested that an important criterion would be the share of such item in the total exports of the less-developed country, or countries, concerned. As regards products not yet exported in significant quantities by less-developed countries, but notified as of potential export interest, the Group felt that it would be important to obtain from the country or countries concerned an indication of any targets or projections made in the development plan or other relevant information regarding the envisaged increase in production for export.

7. As regards products notified as being of export interest, the Group agreed that it would be useful if the products were defined as closely as possible.

8. The Group recognized that, in relation to any action that might be taken, it would be important to take into account special conditions or factors governing trade in the item concerned, for instance, the operation of an international commodity agreement or bilateral arrangements. Further it was felt by some delegations that where trade in certain items was closely inter-related (as for example in oilcakes and vegetable oils) action in relation to the related product or products might also have to be taken into account.

9. The Group noted that in respect of items for which the major suppliers were developed countries, it might be possible to deal with problems through joint action as envisaged in Article XXXVII, paragraph 2(b)(ii). It was suggested by some members in this context that such action could embrace compensations by the developed country or countries benefiting from such action.

10. To facilitate an assessment of the export interest of less-developed countries in the different items, the Group invited countries notifying such interest, to provide supplementary information, particularly in regard to production and export targets. The Group also invited indications from developed countries in relation to their import policy measures, and regarding any special factors influencing their import policy for the items under consideration.

11. The Group heard statements from less-developed countries regarding their export interest in the notified items and took note of the request by a number of countries to be added to the list of those which had earlier notified their
export interest in respect of the different items. The Group also took note of factual amendments and additions to the data contained in document COM.TD/W.1/Rev.1. The information thus provided will be circulated in due course in a revised version of that document.

12. In connexion with the commodity by commodity examination, the Group also took note of indications given by certain developed countries regarding difficulties which some of their industries had experienced as a result of sharp increases in imports from low-cost suppliers.

13. The Group agreed that though both the data compiled by the secretariat and information supplied in the course of the meeting were very useful for the Group, it would nevertheless, seem desirable to have supplementary information in respect of certain of the commodities to facilitate the drawing up of appropriate findings. It was suggested that the additional information to be provided should relate to the following headings:

(i) **Products of export interest to less-developed countries**

The Group agreed that it would be useful to obtain more specific indications from less-developed countries of the specific items of interest to them, particularly in cases where the notifications of their interest related to a broad commodity heading (e.g. prepared and preserved vegetables).

(ii) **Production data**

The Group noted that in many instances production data were lacking including in some instances data from countries who had notified these items, and expressed the hope that further production data would be made available.

(iii) **Export and import data**

The Group felt that it would be useful to show under these headings not only the share of the country concerned in world trade of the product concerned, but, as far as less-developed countries were concerned, also the share of the items in the country's total export earnings and, as regards industrialized countries, an indication of the share of imports in domestic consumption.

(iv) **Determination of export interest**

The Group felt that, where a product was primarily of potential interest, some details might be provided regarding any production and export targets which might have been established for that item in the development plans of the countries concerned. Similarly, it was felt that it would be helpful to those cases where increases in production and/or exports had recently been recorded or production and export possibilities were likely to develop.
(v) **Export restrictions and export incentive schemes**

Members of the Group felt that, in addition to the information on import treatment in respect of developed countries set out in document COM.TD/W.1/Rev.1, it would also be useful to have details of export restrictions operated by less-developed countries. Data should also be provided in regard to export incentive schemes applicable to the products under consideration.

(vi) **Multilateral arrangements**

The Group felt that, where applicable, details regarding the existence of international commodity agreements, or of bilateral arrangements affecting trade in these items, should also be shown.

14. The secretariat was requested to compile such data to supplement the information contained in document COM.TD/W.1/Rev.1.

15. Referring to the broad obligations of contracting parties under Part IV of the General Agreement, the representative of Nigeria reserved the position of his delegation regarding the method adopted for dealing with items notified as being of export interest to less-developed countries.

ANNEX

Draft Summary of the Discussion of the Items on the Priority List

1. At its meeting held from 5-8 April, the Ad Hoc Group for the Examination of Products of Export Interest to Less-Developed Countries undertook, in accordance with its terms of reference, a first examination of the data set out in document COM.TD/W.1/Rev.1.

2. In discussing the information made available, the Group also took note of indications by different delegations, supplementing or correcting the information contained in the document under consideration.

3. In respect of four, out of the thirty-eight commodity groups set out in that document, namely salt, worsted yarn, pig iron and machine tools, there was no substantive discussion at the meeting and no corrections or amendments were notified.

4. In respect of a number of other commodity groups, namely kapok and crin, instant tea, soap, woollen fabrics, asbestos and asbestos products, semi-processed iron and steel and plywood, the Group did not engage in a detailed discussion, but took note of certain amendments and additions to the data set out in the document for incorporation with other such amendments and corrections in a revised version of document COM.TD/W.1/Rev.1. In respect of bromine and bromine compounds, the Group agreed that the examination of this product would be taken up after further information showing the export interest of less-developed countries as well as other relevant data had been made available.

5. During the course of the discussion, a number of delegations requested that their countries be added to the list of countries notifying an export interest under one or other of the items under examination. Notifications were received in respect of the items listed below. The country name abbreviations shown against the different items correspond to those used in document COM.TD/W.1/Rev.1.

- Manioc and tapioca - BRZ
- Cashew nuts - KEN and BRZ
- Citrus fruits, fresh and dried - BRZ and IND
- Pepper - BRZ
- Prepared and preserved fruit - YUG and BRZ
- Vegetables otherwise prepared or preserved - BRZ
- Vegetable oilcakes - BRZ, UAR and YUG
- Rubber tyres and tubes - BRZ
- Rubber footwear - BRZ
Hides and skins, raw or tanned - ERZ and KEN
Wool and other animal hair, carded and combed - ERZ
Manila fibre - YUG
Jute - BRZ and KEN
Sisal - BRZ and KEN
Asbestos and asbestos products - YUG
Iron and steel, semi-processed - YUG
Plywood - BRZ and IDN
Wooden furniture - BRZ

6. The specific points relating to the individual items discussed by the Group are summarized below. Points which are of relevance to more than one item have been taken up in the main note to which this summary is annexed.

Discussion Relating to Individual Items

1. Frozen and canned shrimps

7. The Group noted that a large number of less-developed countries had expressed interest in the export of this item. The Group recognized that at present trade in this item was mainly in frozen shrimps, but it was felt that less-developed countries might be interested in exporting canned shrimps to more distant markets.

8. The Group noted the consumption trends in these items and in particular the possibilities for higher consumption in a number of countries. The Group felt that these items might offer real possibilities for the expansion of exports from less-developed countries. As this industry was labour intensive less-developed countries might have a comparative advantage in producing these items. In this connexion, the Group took note of the statements made by the representatives of India, Peru and the United Arab Republic concerning the importance their countries attached to an expansion of exports of these items, and the provisions made to this end in their respective development plans.

9. In response to a question regarding the maintenance of quantitative restrictions on shrimps, the representative of the Netherlands, informed the Group that no application for import licence by any importer had ever been refused. He added that his Government was also giving consideration to the matter. Representatives of less-developed countries expressed the hope that the Government of the Netherlands would soon find it possible to liberalize these items.

2. Fresh and dehydrated onions and garlic

10. The representative of the United Kingdom suggested that in view of the fact that one of the industrialized countries accounted for a large share of total exports of fresh onions, this might be an item in respect of which the provisions of Article XXXVII paragraph 2(b)(ii) for joint action could appropriately be used as this would enable account being taken of the possibility of obtaining compensation from the industrialized country benefiting from the concession. During

1The number reference in respect of the different commodities or commodity groups, correspond to the numbers of the commodity notes used in document COM.TD/W.1/Rev.1.
further discussion of this matter, it was pointed out that a part of the Netherlands exports of fresh onions were re-exports, and that a substantial part of the exports might be directed to the other European Economic Community countries.

11. The Group also took note of supplementary export data supplied by India. In 1963 exports of fresh garlic had amounted to approximately $3.0 million.

3. Manioc and tapioca

12. In the discussion of these items, representatives of less-developed countries pointed out that these products were predominantly produced and exported by less-developed countries. At the same time, it was recognized that the major part of the trade in items falling under the tariff headings, ex 07.06 and ex 19.04 were mainly between less-developed countries, and that there appeared to be relatively limited demand or prospects of increased demand for these products in industrialized countries. On the other hand, flour of manioc (tariff item 11.06) was exported in fairly substantial quantities to industrialized countries and it was suggested that there might be possibilities for further expansion of exports of that item. In this connexion, the representatives of Brazil and India stated that their countries were in fact interested in exporting manioc in all its various forms. Commenting on the relatively low demand for manioc and tapioca in industrialized countries, it was observed that there might be little need for the maintenance of high tariffs on these items.

13. The representative of Brazil said that the Brazilian exports of manioc and tapioca which had practically been non-existent in 1962 had risen to $600,000 and $171,000 respectively in 1963. His country was interested in expanding its exports of these items.

4. Cashew nuts

14. It was pointed out by the representatives of less-developed countries that there seemed to be no justification for the maintenance of high tariffs on this product, since it was entirely produced by less-developed countries. The representative of Kenya informed the Group that cashew nuts was one of the items, the production of which was expected to increase under his country's Six Year Development Plan (1964-1970). Consequently, Kenya hoped to be able to export cashew nuts in larger quantities than for example in 1962 when exports amounted to $259,000. The representative of Brazil also underlined the importance attached by his country to exports of this item. Although the total export value of $780,000 in 1963 was relatively small, the product was of special significance to one of the poorer areas in the north eastern part of Brazil.

15. The Group heard a statement from the delegate of Switzerland explaining that the import figure for Switzerland under this item related to the whole of tariff item 08.01 and not only to cashew nuts.
5. **Citrus fruits, fresh and dried**

16. While noting that citrus fruit was being produced and exported by a number of less-developed countries, some members of the Group pointed out that this nevertheless seemed to be an item of interest to a number of other countries as well.

17. The Group also took note of a request by India and Brazil that their countries be added to the list of those which had notified export interest in this item. The representative of Brazil explained in this connexion that the exports of citrus fruit from Brazil had registered a significant increase in recent years.

18. With regard to the level of import duties maintained by certain industrialized countries, the hope was expressed that the incidence of the duties would be reduced for the benefit of less-developed exporting countries.

19. The Group also took note of certain corrections in the data relating to EEC regulations concerning citrus fruits.

6. **Tropical spices**

20. As it was generally recognized that tropical spices were mainly produced by less-developed countries and were of direct export interest to them, the Group did not engage in a detailed discussion of the data relating to this item.

7. **Rice**

21. The representative of the United Arab Republic explained that rice was an important export commodity for his country. Referring to the EEC rice regulations, he expressed the hope that these regulations would not have an adverse effect on the exports of rice from his country, which had traditionally been a low cost supplier. In the course of the discussion, the representative of the EEC indicated that, on the whole, the Community's rice regulations did not affect exports of less-developed countries. Out of the total imports, valued at $45.0 million in 1962, the United States had supplied rice amounting to $15.0 million; Madagascar $6.3 million; Thailand $5.3 million; Surinam $2.4 million; China $2.0 million; Argentina $1.7 million and Uruguay $1.0 million. He also pointed out that a large share of trade in rice was subject to bilateral arrangements.

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1 The representative of the United Arab Republic indicated that according to statistics available, United Arab Republic's exports of rice to the EEC had amounted to $3.4 million in 1963.
9. Sugar, molasses and syrups

22. The representative of Peru commented on the operation and adverse effects of preferential arrangements in sugar on third countries, the price instability in the international sugar market, and the difficulties thereby caused for countries largely dependent on the exports of sugar. He felt that sugar was an item which should be given urgent attention by the CONTRACTING PARTIES in the context of Part IV of the General Agreement.

23. The representative of Brazil explained in some detail the development of his country's sugar industry. At present 14 to 15 per cent of the country's total production was being exported. The total consumption which presently amounted to 3.0 million metric tons per year was expected to go up to approximately 4.8 million metric tons in 1970-1971. Over the same period production would increase from 5 1/2 million tons to 6 million tons. His country expected to continue to export approximately 15 per cent of its total production. He also commented on the adverse effect of high tariffs and quota restrictions maintained by some of the industrialized countries in respect of this item.

24. The United Kingdom representative felt that for future discussion of this item, and in regard to any action envisaged under Article XXXVII 2(b)(ii), it would be necessary to have more detailed data regarding the type of raw sugar which the notifying less-developed countries were interested in exporting.

10. Biscuits

25. The representative of Kenya explained that the biscuit industry had recently been established in his country and that some exports were taking place to neighbouring countries. Eventually, his country would be interested in finding a wider market for this item, including the markets of industrialized countries.

11. Prepared and preserved fruit

26. The Group invited less-developed countries interested in the export of this item to furnish an indication of the products of specific interest to them. In this connexion, the Group heard indications from the representative of Brazil regarding the interest of his country in exporting this item also to countries outside Latin America.

12. Prepared and preserved vegetables

27. In response to a request to the notifying less-developed countries to supply information on specific items of export interest to them, the representative of Brazil informed the Group that heart of palms, canned olives, tomato sauce and peas were the products of major export interest to his country.
28. The Group also took note of certain corrections and supplementary data in respect of this item provided by several delegations.

13. Fruit juices

29. In response to an invitation several delegations provided information on the types of fruit juices of particular export interest to them. It was pointed out by the representative of Canada that, to the extent that imports would compete with apple juice which was of considerable economic significance to certain regions in his country, it might be difficult to provide for enlarged import opportunities for this item.

15. Fish meal

30. The representative of Peru explained the very substantial interest which his country had in exporting fish meal. Exports of this item accounted for 26 per cent of Peru's total exports in 1964. Over the period 1962 to 1964, exports of fish meal had more than doubled, and further increases in exports of this item were being envisaged by his country.

16. Vegetable oilcakes

31. The representative of the United Arab Republic informed the Group that his country was interested in exporting this product. He explained that depending on the availability of cottonseed, it was sometimes necessary to restrict exports of this item.

19. Essential oils

32. Members of the Group felt that, as there existed a large number of essential oils, this was another item in respect of which more specific indications from less-developed countries regarding their export interest would be necessary.

21. Rubber tyres and tubes

33. It was pointed out that the major part of the exports of these items was accounted for by the industrialized countries. Here again importing countries may wish to consider the question of compensatory concessions by countries benefiting from tariff reductions on these items.

34. The Group also took note of a statement by the representative of Brazil, in which he informed the Group of his country's export interest in these items, and supplied relevant trade statistics. Exports from Brazil which at present were only to Latin American countries had tended to increase in recent years. It was expected that the Brazilian exports of these items would continue to increase.
22. Articles of sponge rubber and foam rubber

35. The representative of the Federal Republic of Germany pointed out that this product category included a large variety of items. There was need therefore for a closer definition of the export interest of less-developed countries.

23. Rubber footwear

36. The representative of Brazil explained that on the basis of the experience of his country, rubber footwear seemed to be one of the products which less-developed countries could develop for export. Brazil had begun to export some rubber footwear and was envisaging a further increase in these exports.

37. Members of the Group expressed the hope that more detailed statistics, including production data, would be forthcoming from less-developed countries which had notified export interest in this item.

38. The representative of Canada pointed out that his country had experienced some difficulty due to large scale increase in the imports of this item from low-cost suppliers.

24. Hides and skins, raw or tanned

39. The representative of Brazil explained that these items had traditionally been of export interest to less-developed countries. He expected that there would be an increasing shift towards exports of tanned hides, since generally the value added by the tanning process was considerable. On the other hand, investment required for the industry was not very substantial. Moreover, many countries, including Brazil, had the necessary tanning materials available from local resources. In 1961 Brazil's production of hides and skins for further processing had amounted to 180,000 tons. Production was expected to double by 1975 in step with the envisaged production of cattle. At the present time, approximately 15 per cent of total production was exported. Brazil did not expect that this percentage share of exports would change much, although it had to be remembered that total production was expected to increase significantly. For the reasons mentioned, Brazil had increasingly improved its exports of processed hides. It was expected that the shift towards tanned hides would continue.

40. The Group took note of a statement by the representative of Kenya explaining his country's export interest in these items. While, at the present time, exports were in the form of raw hides, Kenya also expected to export tanned hides in the future. He hoped that industrialized countries would give sympathetic consideration to tariff reductions on these items in the Kennedy Round of negotiations.
25. Wool and other animal hair, carded and combed

41. Brazil informed the Group that although no exports of these items had taken place in 1962 - the year for which data had been generally shown in COM.TD/W.1/Rev.1 - there had been fairly significant exports of these items in 1963. The Group also invited clarification on the product coverage of the statistics supplied for this item.

28. Raw fibres (jute, hemp, abaca, sisal)

42. The representative of Brazil pointed out that his country was a substantial producer and exporter of sisal. As far as jute was concerned, his country was mainly interested in exports of jute manufactures. Total exports of jute manufactures in 1963 had amounted to approximately $700,000. He expressed the hope that jute manufactures would also benefit from the same liberal access to markets that seemed to be available for raw jute.

29. Flax, flax yarns and fabrics

43. Referring to the trade and production statistics relating to these items, representatives of developed countries felt that it might be appropriate to note in any findings which the Group might wish to draw up, that these items were primarily of export interest to developed countries.

30. Rugs and carpets

44. Representatives of certain developed countries invited less-developed countries having an export interest in these items to give more specific indications of the products of interest to them.

45. The representative of the United States pointed to the difficulties which the United States industry had experienced as a result of large scale increases in imports of these items.

32. Glass and glassware

46. The representative of the United States informed the Group of the problem of "market disruption" which had been caused by large scale imports of these items into the United States.

36. Radio receivers

47. The representative of Brazil informed the Group of the development of the production of radio receivers in his country. There had been a considerable increase in production since 1958, the last year for which statistics had been
available to the secretariat. He undertook to supply more up-to-date statistics, emphasizing at the same time that his country had a definite export interest in this item.

48. The representative of Canada explained that his country had experienced problems of "market disruption" caused by large scale imports of this item.

38. Wooden furniture

49. The representative of Brazil informed the Group of the efforts which were being made by his country to increase exports of wooden furniture.