GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Trade and Development
Eighth Session
Punta del Este, Uruguay
16-20 January 1967

DRAFT SUMMARY AND CONCLUSIONS

1. The Committee stressed the need for effective and expeditious implementa­tion of Part IV of the General Agreement as an important means of meeting the urgent Trade and Development needs of developing countries. To this end, the Committee reviewed the progress made in the implementation of Part IV with particular reference to the possibilities provided by the Kennedy Round of trade negotiations for bringing about a substantial relaxation of tariff and non-tariff barriers affecting products of export interest to less-developed contracting parties.

2. The Committee noted that the Kennedy Round represented the most ambitious negotiations yet undertaken to achieve the liberalization of international trade. It recognized the importance of a successful conclusion to the Kennedy Round for the future of international trade cooperation and recalled the affirmation of developed countries that in the trade negotiations every effort shall be made to reduce barriers to exports of less-developed countries and that this consideration should be borne particularly in mind in the approach to the question of exceptions.

3. A number of developed contracting parties drew attention to the scope and the size of the offers of tariff reductions made by them in respect of products of interest to developing countries including tropical and other agricultural products. They also stated that should it prove necessary to make withdrawals from the initial list of offers, efforts would be made to maintain offers on items in which less-developed countries had an export interest.

4. Most of the less-developed contracting parties which participated in the discussions of the meeting expressed concern that some of the developed contracting parties had not, in their view, so far accorded high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties in the course of the current trade negotiations. These representatives also drew attention to the requests for maintenance and improvement of offers addressed by them to developed participants in the negotiations. The initial offers presented by some of the developed contracting parties excluded many items of substantial interest to those less-developed countries. Withdrawal from the original lists of offers would, if implemented, further limit for a number of less-developed countries the benefits which they hope to derive from these negotiations.
5. The Committee noted that a number of less-developed countries had spelt their request in clear and specific terms and that these conditions for a more positive response from the developed contracting parties had been established. The Committee agreed that every effort should be made to ensure that the initial lists of offers on products of interest to less-developed countries are maintained and improved. In this connexion particular regard should be paid to the specific requests made by developing countries concerning products of current and potential export interest to them. The Committee noted that the developed participants had reaffirmed their willingness to consider of improving their initial offers and that they were prepared to consider the possibility of taking such steps as are open to them to make cuts deeper than 50 per cent in, or to eliminate duties completely, on products of special interest to less-developed countries. It also recommended that to the maximum extent possible, the tariff reductions in respect of products of interest to less-developed countries should be implemented immediately. It agreed that the way for securing such action would be specific consultations between the less-developed and developed contracting parties concerned in regard to the interest of developing countries in the products in question.

6. The Committee also noted that action in respect of the points mentioned above might be facilitated through the creation of new sub-items for products of particular interest to less-developed countries, and recommended that the feasibility of this approach should be fully explored.

7. The Committee noted that the reduction, as a result of the most-favoured-nation tariff cuts, of preferences, at present enjoyed by certain less-developed countries in some developed countries, might have unfavourable implications for the export earnings of some of these less-developed countries. It recommended that fuller consideration be given to this matter when all the facts are on the table, towards the end of the negotiations and expressed the hope that the tariff benefits received by these countries in other markets would ensure that the Kennedy Round makes a positive contribution to their economic growth and export earnings.
8. The Committee took note of the situation in respect of tropical products. A number of less-developed countries recalled that at the GATT Ministerial Meeting in May 1963, most GATT Ministers had accepted the objective of complete elimination of barriers on such products. Certain less-developed countries indicated that they could not agree to any elimination or reduction of tariffs affecting these products which involves a loss of preferential benefits at present enjoyed by them until adequate compensatory measures have been agreed upon and effectively implemented. The Committee recognized the importance of achieving agreement as to the best form of action that would permit removal of existing preferences so that the objective of complete duty-free entry for tropical products can be attained. At the same time it noted that there was a wide area over which contracting parties could take individual action to reduce or eliminate tariff barriers on tropical products in the common interest of developing countries.

9. The Committee stressed that the objective of improved conditions of access for agricultural products was important for a number of less-developed countries. The Committee expressed the hope that the offers on products of interest to less-developed countries would be maintained or improved so that these offers as well as the negotiations looking towards multilateral arrangement on cereals, meat and dairy products result in an expansion of the possibilities open to these countries to expand their export earnings from sales of agricultural commodities.

10. Attention was drawn to the commitments that less-developed countries have accepted to make a contribution to the objectives of the Kennedy Round consistently with their development, financial and trade needs, and to the obligations assumed by less-developed contracting parties under Part IV of the GATT. It was urged that a specific effort by less-developed contracting parties to reduce levels of domestic protection in the context of the Kennedy Round could contribute significantly to their own economic development and efficiency, bring appreciable benefits to other less-developed contracting parties and facilitate the overall effort to relax barriers affecting the trade of less-developed countries during the present negotiations.

11. The Committee agreed that the Sub-Committee on Participation of less-Developed Countries in the Kennedy Round and the Trade Negotiations Committee should be requested to arrange such consultations and discussions as may be needed to give effect to these recommendations. The Committee further recommended that a meeting of the Trade Negotiations Committee be held at appropriate level before the close of the Kennedy Round with a view to reviewing the situation and providing such guidance as would help to ensure that the Kennedy Round makes the maximum possible contribution to the trade interests of less-developed countries and the objectives of Part IV.
12. The Committee took note of the views expressed by several delegations that even if the Kennedy Round were to result in a substantial reduction of tariff and non-tariff barriers to the trade of developing countries in accordance with the principles and objectives accepted for these negotiations there would continue to be need for special tariff measures in the form of preferences to secure the elimination of remaining barriers to the exports of these countries and to enable them to overcome the difficulties faced by them in developing export industries and establishing their products on the markets of developed countries. The Committee noted that the issues involved for international trade policy in schemes of preferences and the modalities of such arrangements were being actively studied in several organizations and expressed the hope that these studies would be pushed forward as rapidly as possible so that in the light of the result of these studies and the result achieved in the Kennedy Round, appropriate decisions can be taken in regard to further action to meet the trade and development needs of developing countries.

13. The Committee recognized the serious problems created for many less-developed countries by the instability of commodity markets and the deterioration in the prices of many primary products. It noted that the negotiation of improved conditions of trade for primary products must remain an important preoccupation of trade negotiations conducted by the CONTRACTING PARTIES. The Committee also affirmed its willingness in terms of the provisions of Part IV and the procedures for consultation and negotiation provided in the General Agreement, to cooperate in facilitating bilateral and multilateral consultations aimed at seeking appropriate solutions for commodity problems and at giving support to the activities of other international organizations in this field.

14. The Committee noted that since the last session of the CONTRACTING PARTIES considerable progress had been made by a number of developed contracting parties in eliminating residual restrictions on products of interest to less-developed countries. At the same time, in some countries restrictions on certain hard-core items of considerable importance to the trade of less-developed countries remained. It was noted that a number of contracting parties had indicated their intention to seek the relaxation or elimination of existing quota restrictions in the course of the Kennedy Round trade negotiations. The Committee stressed the need for a further effort to speed up the removal of restrictions, particularly those inconsistent with the GATT, that affect the trade of less-developed countries. The Committee urged contracting parties maintaining restrictions to adopt practical measures to limit their harmful effect on the trade of less-developed contracting parties pending the final removal of the restrictive measures in question. The Committee agreed that urgent consideration should be given to improving consultation procedures for these purposes.
15. The Committee took note of a report on the discussions that have taken place between some developing countries which foresee an exchange of concessions between these countries directed towards an expansion of their mutual trade of developing countries. The Committee recalled the views expressed at its earlier meetings in regard to the role which such an exchange of concessions could play in encouraging economic efficiency and development in the developing countries and expressed its interest in the outcome of the current discussions. It was recognized that, in appropriate circumstances, negotiations between developing countries could make a significant contribution to the objectives of the Kennedy Round. At the same time, it was noted that not all less-developed contracting parties may be in a position to participate in these negotiations and that some of these countries considered that their efforts must, in the first instance, be directed towards promoting economic co-operation on a regional basis. The Committee reaffirmed its sympathetic interest in the successful development of these efforts.
by governments under Part IV of the General Agreement. It recommended that the secretariat should be asked to undertake as one of its first tasks after the completion of the Kennedy Round, an analysis of the results of the trade negotiations so that, in the light of these results, the Committee might identify the problems to which the CONTRACTING PARTIES would need to address themselves in terms of the responsibilities accepted by Governments under Part IV and the possibilities for finding solutions to the trade and development problems of developing countries offered by the specific GATT techniques and procedures for consultation and negotiation between governments.