Committee on Trade and Development

DRAFT SECRETARIAT NOTE ON THE MEETINGS OF THE NINTH SESSION

1. The ninth session of the Committee was held from 26-27 July 1967. The Committee approved the provisional agenda proposed by the secretariat in COM.TD/45/Rev.1. The conclusions agreed on by the Committee are set out in Section A below. Notes prepared by the secretariat on the discussions are contained in Section B.

A. Conclusions

Evaluation of the Kennedy Round and further consideration of problems of developing countries taken up in the trade negotiations

2. The Committee agreed to establish an ad hoc group composed of participants in the Kennedy Round trade negotiations with the following terms of reference:

(i) carry out an assessment of the results of the Kennedy Round negotiations for developing countries in the light of the Ministerial conclusions and resolutions of 1963 and 1964 and of the relevant provisions of the General Agreement;

(ii) identify specific problems that might have prevented fuller action on particular products or product groups of export interest to developing countries;

(iii) report on suggestions for future work on problems in particular sectors aimed at facilitating the expansion of trade of developing countries.

3. The ad hoc group should submit a report on these points prior to the next meeting of the Committee on Trade and Development.

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1 Paragraphs 2, 3, 4, 5, 7 and 8 represent texts circulated to the Committee or read out by the Chairman.
Advance implementation of Kennedy Round tariff reductions on products of interest to developing countries

4. The Committee agreed to invite each of the developed contracting parties to use their best endeavours to submit by 15 October 1967, a list of products on which it proposes to take action to give advance implementation to Kennedy Round tariff reductions on products of interest to developing countries. It was further agreed that at the meeting of the Committee which will be held prior to the twenty-fourth session of the CONTRACTING PARTIES, the Committee would review the further arrangements that need to be made for securing complete information, and would prepare a report at this meeting for submission to the session.

Further consideration of the problem of tropical products in relation to the question of the objective of duty-free entry

5. The Committee agreed that:

(i) the ad hoc group set up to assess the results of the Kennedy Round should review problems experienced in the negotiations in respect of tropical products, with a view to facilitating consideration of further action in relation to the objective of duty-free entry for these products, taking into account the views expressed during the discussion on this question;

(ii) at its next meeting, the Committee should consider what arrangements might be made for the establishment of suitable machinery for securing agreement on further action in respect of particular tropical products and make appropriate recommendations in this regard;

(iii) the secretariat should be asked to undertake, in co-operation as appropriate with UNCTAD and other agencies concerned, such studies of the trade in tropical products as may be useful in elucidating the problems that exist, with particular reference to the adjustments involved in accommodating the interest of different producers of tropical products.

1For notes on the discussions on this item see page 10.
Import restrictions on products of interest to developing countries

6. After a first examination of the secretariat proposals in COM.TD/W/64 on procedures for dealing with import restrictions, the Committee was generally favourable to the proposals but considered that before a final decision could be taken, further consideration would need to be given to the matter. The secretariat was requested to prepare a paper giving further particulars on the proposals, after which the question would again be taken up in the Committee or in the Group on Residual Restrictions.

Economic problems of Chad

7. On the basis of its examination of the report of the Working Party (COM.TD/44), the Committee submits the report to the CONTRACTING PARTIES drawing their attention in particular to:

(a) the dependence of Chad's economy on cotton which will continue for some time despite its efforts to diversify;

(b) falling world cotton prices over the past decade and financial difficulties that have accompanied this development have seriously hampered the economic advancement of a country so very underdeveloped and so dependent on cotton as Chad;

(c) the need of Chad to support cotton and to improve cotton productivity;

(d) the need of Chad to accelerate the diversification of its economy and as part of this process to improve infra-structure and transport;

(e) the importance of the economic programmes of Chad and especially the first five-year plan to its efforts to improve the productivity of existing production and to achieve greater diversification;

(f) the reliance of Chad on appropriate financial and technical assistance to supplement its own resources.
8. The Committee suggests that the CONTRACTING PARTIES draw the attention of governments to the analysis of Chad's problems contained in the Working Party report; especially to the contributions which external assistance in the areas mentioned in that report could make to the economic growth and development of Chad and expresses the hope that appropriate consideration may be given to the report. The CONTRACTING PARTIES might also instruct the secretariat to forward copies of the report of the Working Party to other international organizations concerned for such action as these organizations might wish to take in respect of the conclusions contained therein. Finally, the secretariat might be instructed to keep the situation of the Chad under review and bring to the attention of the Committee on Trade and Development any further developments relevant to the application of Article XXXVIII.

Further work and other questions

9. The Committee agreed that at its next meeting which would be held prior to the twenty-fourth session of the CONTRACTING PARTIES, it would continue the discussion on this matter.

B. Note on the discussions

1. Evaluation of the Kennedy Round and further consideration of problems of developing countries taken up in the trade negotiations

10. The Chairman, H.E. Ambassador Carlos Valenzuela (Chile), recalled that the Committee was required to undertake an evaluation of the Kennedy Round negotiations from the point of view of developing countries in accordance with the understandings reached at the previous meeting of the Committee in Punta del Este. The secretariat had circulated in COM.TD/46 and addenda a preliminary summary of the results of the Kennedy Round negotiations and suggestions on the way in which the Committee might carry out an evaluation of the results of the negotiations for developing countries in COM.TD/W/62.
11. Mr. Mathur, Assistant Director-General, introduced the documents prepared by the secretariat. He explained that the raw material for the study consisted of a detailed examination of the tariff schedules of the European Economic Community, Japan, Sweden, Switzerland, the United Kingdom and the United States. The products covered were limited to those listed in document TN.64(SECRET)/6 to which major developed contracting parties were required to give priority consideration in favour of developing countries in the Kennedy Round. To these were added other items of current importance to the trade of developing countries in which their exports to developed countries amounted in each case to approximately $1 million in 1965. In all, some 367 product headings under the Brussels Tariff Nomenclature system were chosen for classification. These products covered almost all actual imports into the major developed countries originating from developing countries with the exception of cereals, meat and dairy products. For the 367 product headings, addenda were provided to COM.TD/46 showing for each of the six countries in question, the tariff rates in force before the Kennedy Round and the tariff rates which would be applicable when the results of the negotiations were fully implemented. Part III of the document contained summary tables for each of the six countries, grouping the tariff items according to twenty-three commodity classes. The tables showed the frequency distribution of tariff rates in each of these classes before and after the Kennedy Round and indicated the extent of the tariff concessions. Finally, Part II of the document contained a consolidated table summarizing the frequency distribution of tariff rates before and after the Kennedy Round according to five-percentile point ranges for all the six countries under study, supplemented by descriptive summaries of the results for each of the commodity classes.

12. The provisional study was intended to give an approximation both of the depth of the tariff cuts resulting from the negotiations and of their frequency with respect to the major commodity classes affecting the trade of developing countries. It also gave a general impression of the dispersion of tariff rates
after the Kennedy Round in product classes of particular interest to developing countries. As was to be expected from such a general exercise, the analysis was subject to a number of qualifications of a methodological nature. The time available for the analysis did not permit the inclusion of statistics relating to the volume of trade covered by the individual concessions. As a result of giving each item an equal weight, the summary tables showing tariff distributions pre- and post-Kennedy Round were not related to the level of trade involved and it was not thus possible to make an evaluation of the likely trade increase resulting from these cuts. The lack of uniformity between the number and distribution of tariff items in respect of products in each tariff schedule would also affect the value of the comparisons. Further, any categorization of tariffs according to a selective duty range would of necessity hide the full extent of changes in the tariff incidence where pre- and post-Kennedy Round duties had to be shown within the same heading. The secretariat intended as soon as it was practicable to make available additional data that would assist countries to assess the significance of reduction on individual items in relation to the degree of trade involved. This could perhaps best be done for certain selected sectors of more particular interest to developing countries and in this form might permit some evaluation of possible trade benefits and more meaningful comparisons between duty rates affecting products at different stages of processing.

13. Mr. Mathur also commented on the secretariat proposals in document COM.TD/W/62. The general aim of the proposals was to facilitate detailed discussions on the results of the Kennedy Round in a way which would bring out the reasons why specific results or deeper cuts were not obtained. A fruitful discussion could, for example, be arranged by picking out at least for certain commodity categories, products of particular interest to developing countries and to hold discussions on these on an item-by-item or a case-by-case
basis. This would enable, inter alia, an elucidation of any general problems which might have been experienced by more than one developed country in extending concessions to developing countries on certain products.

14. Members of the Committee thanked the secretariat for having prepared a preliminary summary of the results of the Kennedy Round negotiations in such a short time and looked forward to receiving supplementary data in due course. There was general support for the suggestions put forward by the secretariat in COM.TD/W/62 and for the setting up of an ad hoc group to carry out a detailed evaluation of the negotiations. Some members expressed the hope that the intended evaluation would show not only what the negotiations failed to achieve but would also bring out the positive results obtained. Certain members noted that the secretariat suggestions had referred to consultations between developed and developing countries. They assumed that this did not involve country-by-country consultations. In their view, the task of the proposed ad hoc group should be to carry out an appraisal of the results of the negotiations and not to arrange consultations. It was suggested by some members that the evaluation should cover the results achieved in the Kennedy Round in the field of non-tariff barriers as well as the situation in respect of so-called tariff escalation where the tariff incidence increased according to the degree of processing. It was also pointed out that a full evaluation of the results of the Kennedy Round negotiations could not really be made immediately considering that the effects of the reductions made in the negotiations would not be felt until some years hence. Some members also felt that the evaluation should not be a mere historical assessment but should contain a report of suggestions for further work on any problems brought to light.

15. Mr. Mathur, Assistant Director-General, commenting on the question of non-tariff barriers, pointed out that the current situation on import restrictions affecting products of interest to developing countries was set out in COM.TD/W/60 and Corr.1 and had been prepared on the basis of the most recent
up-to-date information available to the secretariat. As far as he was aware, no notifications had been received by the secretariat concerning action taken on non-tariff barriers during the Kennedy Round negotiations. Asked to explain what was meant by the reference in document COM.TD/W/62 to a "case-by-case study", Mr. Mathur said that the idea had been that under each commodity sector, products of particular interest to developing countries could be picked out for examination in order to clarify the precise problems involved. This examination would not necessarily need to be done on a country-by-country basis.

16. After discussion there was general agreement that the evaluation should be carried out as far as possible on a case-by-case basis, that it should try to avoid generalities, and that an examination of specific obstacles which had inhibited fuller progress during the Kennedy Round negotiations should be carried out in a manner which would indicate how progress might be made in the future. The Committee agreed to establish an ad hoc group composed of countries which participated in the Kennedy Round negotiations. The terms of reference of the group are set out in paragraphs 2 and 3 above. It was further agreed that the ad hoc group would be convened by the secretariat in consultations with delegations.

2. Advance implementation of Kennedy Round tariff reductions on products of interest to developing countries

17. The Chairman recalled that, at the final meeting of the Sub-Committee on the Participation of Less-Developed Countries in the Kennedy Round, it was agreed that a positive result should be obtained on the question of advance implementation of tariff reductions negotiated in the Kennedy Round before the first tariff cuts came into effect. The secretariat had circulated a paper containing suggestions in this regard in COM.TD/W/63.

18. Several representatives of developing countries stressed the importance attached by their countries to advance implementation of the results of the Kennedy Round. The spokesman for members of the EEC present at the meeting said that the Community had approved the idea of advance implementation in principle but was not yet in a position to transmit a decision on its application.
of this principle. The EEC was, therefore, unable to commit itself to a specific date. The representative of Canada said that his delegation was in favour of the secretariat proposals but could not accept in advance a commitment on a specific date by which action contemplated by the Canadian Government would be reported. The representative of the United Kingdom said that the difficulties of his Government on this question were well-known. Action by the United Kingdom was directly related to its special relations with the Commonwealth countries. Further, the United Kingdom's ability to move ahead in this area was dependent on similar action by the major importing countries. The United Kingdom would, however, do its best to comply with the secretariat's suggestions. The representative of Czechoslovakia said that his Government had made provision in its schedule of concessions for the implementation of 50 per cent of its tariff cuts by January 1968 in respect of fifty-four items of interest to developing countries. If sub-items were taken into account, this would represent about 194 tariff concessions. Representatives from Norway, Sweden, Denmark and Switzerland recalled that the action which was being taken by their Governments was also indicated in their schedules of concessions. The representative of the United States pointed out that his Government had already made advance cuts on a most-favoured-nation basis amounting to about $45 million mostly on products of interest to developing countries. His Government was considering the possibility of further advance cuts on products of interest to developing countries but it was not possible to say at present whether any positive information would be available in this regard by 15 October particularly as the question of legislative authority from the United States Congress might also arise. The representative of Austria said that his Government was prepared to enter into consultations with developing countries in order to identify the items on which it was felt that action could be taken. He added that any action taken in this field by Austria, which was a small country, would depend to a large extent on the action taken by other industrialized countries. The conclusion reached by the Committee in respect of this item is recorded in Section A of this document.
3. **Further consideration of the problems of tropical products in relation to the question of the objective of duty-free entry**

19. The Chairman recalled that the situation on tropical products had been summarized in the annotated agenda circulated by the secretariat (COM.TD/W/61) and that a document summarizing the concessions granted on tropical products in the Kennedy Round was distributed in L/2808.

20. Some members of the Committee, while noting that some duty reductions on tropical products had been achieved in the Kennedy Round, regretted that it had not been possible to attain the objective of duty-free entry, and that the target dates established in the Ministerial Conclusions of 1963 had not been completely met. One member expressed particular concern that the duty on palm oil was at present higher than the duty existing before the EEC was formed. He also drew attention to the recent levying of certain new taxes on manioc and tapioca chips in the Community. Certain members suggested that in considering further action, thought should be given to the possibility of granting technical and financial assistance to developing countries at present benefiting from preferences or, in the case of certain developing countries, general preferences to compensate for any benefits they might be obliged to forego in efforts to achieve duty-free entry on tropical products. It was also recalled that at the meeting of the Committee in Punta del Este, it was agreed that the Committee should give adequate consideration to the problem of compensation for loss of preferences when all the facts were on the table towards the end of the Kennedy Round negotiations. Now that the negotiations were completed, this matter should be pursued. One member stressed that, in further work on this question, it should be borne in mind that some developing countries had obtained the preferences they now enjoyed as a result of negotiations in which they had exchanged mutual advantages with their negotiating partners.

4. **Import restrictions on products of interest to developing countries**

21. The Chairman drew attention to the summary of restrictions applied to products of interest to developing countries circulated in document COM.TD/W/60 and Corrigendum 1. At the Punta del Este meeting, the Committee had stressed
the need for a further effort to step up the removal of restrictions, particularly those inconsistent with the GATT and had agreed that urgent consideration should be given to the improving of consultation procedures for the removal if import restrictions. The secretariat had circulated in document COM.TD/W/64 certain proposals on procedures for dealing with these restrictions.

22. Mr. Mathur, Assistant Director-General, introduced the secretariat proposals. He said that an attempt had been made in COM.TD/W/64 to distinguish between restrictions imposed on industrial products and on those applied to agricultural products. In the case of industrial products, although only a few restrictions remained on products of interest to developing countries, they did, in certain instances, affect products which were of major importance to developing countries. The secretariat had felt that it would be useful if panels of experts were established to study the problems involved on a case-by-case basis. The suggestion had been made in the belief that an objective study of the problems involved would be more fruitful than the type of confrontation which had taken place hitherto. With respect to agricultural products, it was suggested that the matter be dealt with in a pragmatic way with a view to seeing what solutions could be worked out to deal with particular products. Subsequently, consultations could be arranged between developed and developing countries in order to reach agreement on action to be taken.

23. Several members, while agreeing with the secretariat proposals in principle, felt that it would be useful if further particulars were circulated to enable governments to reflect more fully on the proposals. Some members felt that the proposed consultations should be limited to concrete situations where developing countries indicate that they were experiencing difficulties in expanding their exports. It was also suggested that, if panels were established, they should be requested to look into all aspects of the problem including the difficulties experienced by developing countries from the maintenance of import restrictions.
by developed countries, and should recommend programmes for the speedy removal of such restrictions. Certain members hoped that, in any future consultations which might follow the adoption of the proposed procedures, the interest of exporting countries which were not developing countries would also be taken into account. Some members suggested that efforts to deal with import restrictions should be concentrated on the elimination of restrictions which were inconsistent with the General Agreement. Some other members, while welcoming the initiative of the secretariat, felt that any procedures adopted should supplement existing procedures and not replace them. The Group on Residual Restrictions, for example, should continue to meet from time to time to review the situation and establish target dates for the removal of restrictions.

24. Some members noted from COM.TD/W/60 that, in respect of certain products, some contracting parties had not yet indicated target dates for the removal of quantitative restrictions. They expressed the hope that the contracting parties concerned would establish target dates and that in cases where target dates were already established they would be maintained and where possible accelerated. One member of the Committee suggested that future documents setting out import restrictions should also mention those applied to exports from the so-called Eastern countries and that information would be circulated concerning the commercial policy régimes with which exports from these countries were faced.

25. Replying to questions regarding the number and composition of the proposed panels, Mr. Mathur said that the number of panels need not exceed three or four since the product groups in question were fairly limited. The composition of the panels should present no problems; the Uruguayan invocation of Article XXIII, for example, provided much experience in this regard. As in many previous instances, the members of the panel would serve in their personal capacity and not as representatives of governments. The task of the panel would be to report on the liberalization of trade on the products in question
taking account of the factors and problems involved. Since the Committee was agreeable to the secretariat proposals in principle, a paper describing the details would be circulated shortly.

5. Economic problems of Chad

26. At its eighth session in Punta del Este, the Committee had established a Working Party to consider, in the light of the provisions of Article XXXVIII, the problems created for the Chad by the current world market conditions for raw cotton and to make appropriate recommendations. The Working Party met in May and submitted a report for the consideration of the Committee in COM.TD/44.

27. Mr. Hauser (Canada) presented the report on behalf of Mr. McPhail, Chairman of the Working Party, who had left Geneva to take up other duties in Canada. He drew the attention of the Committee in particular to the summary and conclusions of the Working Party in paragraphs 4-16 of the report, and to Annex VI of the same document in which the delegation of Chad had attached a proposal on action which might be taken by the Committee. The Working Party had not had time to study this proposal but it was understood that the delegation of Chad had had informal consultations subsequently with delegations on the way in which the matter might be dealt with by the Committee.

28. The Chairman of the Committee said that, following informal consultations between himself, the Chad delegation and members of the Committee, he had prepared a draft text which, if acceptable to the Committee and to the delegation of Chad, would form the conclusions of the Committee on this item and would be included in its report to the CONTRACTING PARTIES (see pages 2-3 for the text approved by the Committee).

29. The representative of Chad recalled that the original proposal put forward by his delegation in Annex VI of the Working Party report had been a preliminary one and had not been discussed in the Working Party owing to lack of time. He
had, therefore, taken the opportunity during the intervening period to consult informally with delegations on the way in which the Committee might wish to deal with the report of the Working Party. The text proposed by the Chairman was fully acceptable to his delegation and reflected the pre-occupations of his Government. He expressed appreciation to the Chairman of the Working Party, Mr. McPhail, and to members of the Working Party for the constructive manner in which the Working Party had dealt with Chad's case. As could be seen from the report, the economic difficulties faced by the Chad were unique among developing countries and were such that Chad would be unable to resolve them by itself. Nevertheless, the amount of assistance which individual contracting parties and interested international agencies could extend to Chad in its difficulties would not pose insurmountable problems. The receipt of such assistance would enable the Chad to make its best effort to play an active part in the development of the world economy. The representative of the Chad also stressed that, if the necessary aid was not forthcoming, the Chad would be faced with a veritable catastrophe.

30. Members of the Committee, in supporting the conclusions of the Working Party's report and the suggestions proposed by the Chairman, expressed the hope that constructive action would be taken to assist the Chad in its difficulties. The spokesman for the member States of the EEC present at the meeting supported the report of the Working Party. He said that the conclusions suggested by the Chairman of the Committee were acceptable to the Community in the light of the remarks made by the representative of Chad in the discussions and, in particular, his introductory statement in Annex II of the Working Party's report.

31. The representative of Chad expressed appreciation for the interest displayed by the Committee in the economic problems of his country. He hoped that all countries and competent international agencies would give sympathetic consideration to the Working Party's report and to the conclusions of the Committee, with a view to assisting Chad to resolve its grave economic problems. He was confident
that the goodwill which had been shown by the international community in studying his country's economic problems would result in concrete action and, thereby, demonstrating the true value of Part IV of the General Agreement.

6. Trade information and trade promotion

32. Members of the Committee noted with satisfaction the continuing progress made by the GATT Centre in the field of trade information and trade promotion and the very useful work performed by the Centre in spite of its relatively modest resources. They also welcomed the reference in the report of the meeting of the Executive Secretaries of the Regional Economic Commissions and in a statement made by the Secretary-General of the UNCTAD during a recent meeting of the ECOSOC to the possibility of GATT and UNCTAD combining their resources in the field of trade information and trade promotion. They looked forward to receiving further details of these developments at the next session of the CONTRACTING PARTIES.

7. Future work and other questions

33. During discussion on the future work of the Committee, the Chairman announced that he would be returning to Chile to take up a post in the Ministry of Foreign Affairs of his Government. He thanked members of the Committee for the co-operation they had afforded him during his term of office. As this would be the last occasion he would be presiding over a meeting of the Committee, he wished to take the opportunity to make a statement in connexion with a suggestion he had outlined in his closing statement at the meeting of the Committee in Punta del Este.

34. After referring to various statements by certain eminent personalities on the problem of the technological gap between countries, the Chairman went on to say that the Kennedy Round had shown the importance of the effects of this phenomenon on concrete negotiations. The percentage share of developing countries in the production and export of raw materials and primary products had changed as a result of technological transformation. The resulting disequilibrium in the
volume and value of exports was increasingly to the disadvantage of the developing countries. He believed that the GATT was the organization best suited to examine this problem from the point of view of international trade. This would not conflict with or duplicate the item in the agenda of the Second UNCTAD Conference; nor would it interfere with the Industrial Development Seminar scheduled by UNIDO. Accordingly, he wished to propose the inclusion in the agenda for the coming session of the CONTRACTING PARTIES, an item on the scientific and technological gap and its repercussions on international trade. Finally, he believed that the GATT would make a very valuable contribution if it were to appoint a panel of experts to examine relevant problems in this field brought out by the experience of the Kennedy Round, and to suggest practical measures in this regard, taking special account of the situation of the developing countries. (The Chairman's statement is reproduced in full in COM.TD/W/67.)

35. Members expressed regret that Ambassador Valenzuela would be unable to continue as Chairman of the Committee. They hoped that his Government would, nevertheless, make it possible for him to preside at the next meeting of the Committee which would be held prior to the twenty-fourth session. They also hoped that his new duties would enable him to keep in touch with the work of the Committee and with the GATT. Tribute was paid to his outstanding qualities both as a diplomat and as a person. The exceptional abilities he had brought to the Committee as Chairman, the manner in which he had dealt with very complex issues involved in the Committee's work, and the persuasive talents he had exerted on numerous occasions enabling the Committee to reach conclusions on highly controversial issues would long be remembered.

36. Members of the Committee also expressed interest in the suggestion made by Ambassador Valenzuela that the GATT should study the problem of the scientific and technological gap and its repercussions on international trade. They stated their intention to reflect on the points he had made.