The Committee held its eleventh session on 27 and 28 June 1968. The meetings were presided over by H.E. Mr. A.S. Kolo (Nigeria), Chairman of the Committee.

The Chairman welcomed the Republic of Korea as a new member of the Committee. The representative of the Republic of Korea expressed his Government's keen interest in the work of the Committee.

In his opening statement the Chairman commented on the significance of the present session, the first held after the twenty-fourth session of the CONTRACTING PARTIES and the second session of UNTAD, at both of which important discussions had taken place. The Committee had not been convened earlier as it was thought that governments might need some time for reviewing those developments and for reflection on the policies to be pursued. The purpose of the present session, as indicated in the annotated provisional agenda, was to provide an opportunity for an exchange of views on trade problems of developing countries in general and for considering the Committee's future work programme.

The Committee approved an agenda for the session, comprising the three items proposed in the provisional agenda COM.TD/52.

I. Developments relevant to the operation of Part IV

The Committee held an interim review of developments relevant to the operation of Part IV on the basis of a background paper prepared by the secretariat (COM.TD/53) and discussed a number of subjects covered in that paper.
Acceptance of Part IV (COM.TD/53, Section I)

The Committee noted that since the Committee last met some more contracting parties had accepted Part IV. The representatives of Chile, Greece and Uruguay informed the meeting that the necessary constitutional steps for the acceptance of Part IV were being taken in their respective countries and that their governments hoped to complete the procedure for the acceptance of the relevant protocol in the near future. The Committee noted, however, that a few contracting parties, including one major developed country, had not yet accepted Part IV. The Committee appealed once again to those governments which have not yet accepted Part IV to do so as early as possible.

Kennedy Round concessions and tariff negotiations (ibid., Section II)

Members of the Committee drew attention to the continued decline in the export earnings of developing countries and the deterioration of their trade and financial position in general as indicated in the secretariat paper COM.TD/53. In the circumstances they felt that it was timely for the Committee to renew its determination to find ways and means of improving the access to the markets of developed countries for the exports of developing countries. They noted in this connexion the action that had been taken by eighteen developed countries to effect advanced implementation of certain Kennedy Round concessions in the interest of developing countries and urged developed countries to continue to explore all possibilities of taking additional action of this kind.

Some members of the Committee referred to the recent developments in international financial and trade situation discussed at the Council meeting on 27-28 April and dealt with in documents L/3001 and L/3007. They stressed the need for the Committee to keep a close watch on these developments which might affect the interests of developing countries no less than those of developed countries.

In reply to a question as to whether there had been any new developments subsequent to those described in L/3007, the Director-General confirmed that in its broad lines the situation had remained unchanged and that to the best of his knowledge no further exchange of views or discussions had taken place since the discussion of the matter at the Council meeting in April. While prediction
would be hazardous in the current complex situation there seemed to be no doubt that the concessions due for implementation on 1 July 1968 would become effective on that date. It would be up to the contracting parties to see to it that the succeeding deadlines were met. Some members of the Committee expressed the hope that the Director-General would continue to watch developments closely and with the interests of developing countries in mind, and that they would be given an opportunity of participating in any discussions that might take place on this very important matter.

The representatives of certain developing countries drew attention to paragraph 8 of Article XXXVI and to the interpretative note to that paragraph. The experience they had had in negotiations with developed countries showed there was need for a more precise interpretation of the meaning of the paragraph and the interpretative note. It was suggested that the secretariat might prepare a background paper outlining past discussions of this subject so that the Committee could have a thorough discussion of the matter at their next session.

**Non-tariff measures (COM.TD/53, Section III)**

The Committee noted from document COM.TD/53 that certain developed contracting parties had, over the past year, removed some of the restrictions applied on products of export interest to developing countries. The representative of Finland stated that as from 1 January 1968 Finland had eliminated the remaining quantitative restrictions on industrial products with the result that products of particular interest to developing countries such as woven fabrics and other textiles as well as footwear were now fully liberalized. Effective 1 July 1968 quantitative restrictions would be removed on all agricultural tariff items with respect to which liberalization was offered in the Kennedy Round, including items of specific interest to developing countries. More detailed information on this action would be communicated shortly.

Members of the Committee observed that many products of export interest to developing countries, particularly unprocessed and processed agricultural products, were still subject to import restrictions in many developed countries and urged those countries to make further efforts to remove these restrictions. Some members also emphasized that the import restrictions maintained by some
developed countries on industrial products were without economic meaning or justification. Members of the Committee hoped that arrangements could be made for the notification of import restrictions and other non-tariff barriers maintained by one important developed contracting party which at present refrained from taking part in the work of the Committee.

The representative of Brazil, commenting on the quantitative restrictions applied by one developed contracting party on coffee, said that while it was true that this product was de facto liberalized in that country coffee exporting countries would undoubtedly wish to see this situation regularized on a de jure basis. He recalled that in the early stages of the Kennedy Round negotiations a developed country had made an offer involving its tariff on coffee, and that this offer had subsequently been withdrawn and replaced by a promise that proceeds from this levy would be used for the creation of a fund to promote investments in developing countries. He thought it would be appropriate for the contracting party concerned to provide information on the creation and operation of this fund. The Chairman suggested that since the Special Group on Trade in Tropical Products would be meeting early in July the matter could be raised in that Group.

The representative of Nigeria stated that while his Government appreciated the efforts made during the Kennedy Round by Japan with regard to items of interest to Nigeria, it could not but note that groundnuts and groundnut oil were still subject to import restrictions. He hoped that early efforts would be made to speed up the liberalization of these items, or consideration given to the possibility of allocating a substantial percentage of the general global quota to developing countries.

Relevant activities in and collaboration with UNCTAD (COM.TD/53, Section V)

In a statement to the Committee the representative of the Secretary-General of the UNCTAD emphasized the identity of objectives between UNCTAD and GATT and the need for the two organizations to co-ordinate their activities. He stressed that the co-ordination successfully undertaken in the field of trade promotion leading to the Joint International Trade Centre, and in the field of trade
negotiations among developing countries facilitating participation in the exercise of a number of countries not members of GATT, could be extended to other fields of activity such as tariff reclassification on which work was already being done by UNCTAD in collaboration with the Customs Co-operation Council.

Outlining the work being undertaken in UNCTAD relating to non-tariff barriers maintained by developed countries on products of developing countries he stated that a programme involving preliminary studies and aiming at a progressive elimination of non-tariff barriers on manufactured and semi-manufactured products of interest to developing countries had been proposed within UNCTAD. In this connexion he reiterated the desire expressed in the message from the Secretary-General of UNCTAD to the twenty-fourth session of the CONTRACTING PARTIES for joint action between GATT and UNCTAD in particular fields where such co-operation could be useful. A similar procedure, he proposed, could be envisaged with respect to trade problems in the tropical products sector.

With regard to the general non-reciprocal preferential system in favour of developing countries, agreed on in principle at the New Delhi Conference, the representative of UNCTAD stated that the Special Committee formed with a view to providing a framework for consultations among interested countries would commence its work in the autumn. In the meantime the UNCTAD Secretariat was engaged in preliminary studies of relevant problems.

II. Implementation of the Work Programme adopted at the twenty-fourth session

The Committee referred to the Conclusions relating to the trade of developing countries adopted by the CONTRACTING PARTIES at the twenty-fourth session and reviewed the arrangements that had been made for the implementation of the programme embodied in those Conclusions. In the course of this discussion particular attention was paid to certain points in the Conclusions as may be seen from the notes in the following paragraphs. Certain points arising from these discussions which were relevant to the further work of the Committee are dealt with in Section III below.
(i) Import restrictions

It had been agreed at the twenty-fourth session that panels of governmental experts may be appointed to examine problems relating to quantitative restrictions maintained by developed contracting parties on industrial products of particular interest to developing countries. The secretariat had initiated collection of detailed analytical data bearing on production, prices, trade, etc. of jute manufactures which in due course could serve as background material for an analysis of the problems relating to those products. Certain members of the Committee pointed out that bilateral discussions regarding this item were proceeding satisfactorily and their successful conclusion might make it unnecessary to resort to the panel procedure. Several members of the Committee recalled that the panel procedure had not been conceived to be a substitute for the previous arrangements made by the Committee for dealing with residual restrictions and proposed that the Group on Residual Restrictions be asked to pursue the unfinished task at an early date. The Committee agreed that the Group on Residual Restrictions should resume its work on the basis of an up-to-date list of import restrictions on products of export interest to developing countries. It was suggested that the Group might also take into account documentation prepared by the UNCTAD Secretariat on import restrictions.

(ii) Special tariff problems

The Committee had before it a pilot study on import duties on copper, prepared by the secretariat in the context of the special tariff studies requested by the CONTRACTING PARTIES at their twenty-fourth session.

Several members of the Committee said that they had forwarded the secretariat paper to the competent department of their governments for detailed and technical comments. Their first impression, however, was that the study was useful and some members felt that it clearly demonstrated the situation faced by developing countries when they attempted to process their primary products. Some members felt that similar studies could usefully be made on other products, for example timber and vegetable oils and oilseeds. It was also suggested that delegations wishing to make suggestions on other products for study might contact the secretariat directly. Certain members of the Committee hoped that studies already made by the GATT and in other international organizations on particular products would not be overlooked.
(iii) Tariff reclassification and elimination of duties on labour-intensive products, etc.

At the twenty-fourth session the CONTRACTING PARTIES had urged the developed countries to give early and sympathetic consideration to requests by developing countries for the separate identification in their tariffs of products for which developing countries sought further tariff concessions or duty-free treatment. Lists of products for action in this regard had been submitted by three developing countries within the framework of the Kennedy Round negotiations. A secretariat note reviewing the work done so far on this subject in GATT and elsewhere was circulated in document COM.TD/55. The Committee also received a paper from the Secretary-General of UNCTAD on the work being done in that organization on this subject (COM.TD/55/Add.1).

The representative of Switzerland said that while the tariff incidence of the Swiss tariff did not lend itself to any spectacular action in this field, his Government would nevertheless give careful attention to possibilities and would inform the Committee of any action that might be found useful and practicable. The representative of Finland, supplementing the information given in COM.TD/55 on action by contracting parties, informed the Committee that Finland had granted concessions through tariff reclassification on pre-tanned leather, and had taken action with respect to certain kinds of skins similar to that taken by Norway. The representative of the United States pointed out that any action by the United States in this area would require congressional authority and approval. The Australian representative described the experience of his Government in reclassifying products for the purpose of providing duty-free entry for handicraft products. He mentioned some of the difficulties faced by customs officers in clearing goods benefiting from this special treatment and the use of certificates of origin as one of the ways to overcome them. The representative of Japan stressed that the kind of difficulties mentioned by the representative of Australia should not be lost sight of in their further work on this question. The representative of the Commission of the European Communities stated that in the new common external tariff of the EEC to be available shortly, the reclassification technique had been used in a number of cases for the benefit of developing countries but that the limitations of this technique should not be overlooked.
Several members of the Committee stressed the interest of their governments in the continuation of efforts in this field and hoped that the subject should continue to receive attention in this Committee. Action taken by some developed countries had shown that the technique of tariff reclassification to assist developing countries was feasible. They pointed out that in addition to the work on the purely technical aspects such as had been undertaken by the UNCTAD and the Customs Co-operation Council, there was also the substantive side of the matter which deserved urgent consideration by governments.

Some members felt that tariff reclassification was not only relevant for action in the tariff field, but also useful for other commercial policy action, such as the removal of import restrictions. In the course of the discussion some members observed that the interest they showed in this subject should not be taken to indicate that they no longer supported the early introduction of a scheme of general preferences for exports of developing countries. Nor did they lose sight of the importance of diversification away from traditional exports; exports of developing countries should be expanded in whatever manner possible and there was no reason to eschew methods benefiting traditional exports merely because diversification was also the objective.

III. Future work of the Committee and programme of meetings

The Committee considered its future work programme in the light of discussions on the two preceding agenda items.

(i) Review of implementation of Part IV

The Committee agreed to carry out a review of the implementation of Part IV at its twelfth session in accordance with the procedures adopted in 1965. Governments were invited to send the necessary notifications and the secretariat was requested to prepare background documentation.

(ii) Trade expansion among developing countries

One member of the Committee proposed that the Group on Expansion of Trade Among Developing Countries be convened in the near future, to examine some of the basic questions underlying the proposed exchange of preferences among developing countries, such as the effectiveness of preferences as a means of expanding the
mutual trade of developing countries, distortionary effects of preferences that might be damaging to long-term economic growth, the inter-relationship between regional arrangements and preferential arrangements among developing countries in general, etc. It was also suggested that questions brought to light in the recent discussions of the special agreement between India, the United Arab Republic and Yugoslavia should be taken up for further consideration in the Group.

Several members of the Committee pointed out that the CONTRACTING PARTIES had already taken a decision on the negotiations among developing countries and had agreed that the developing countries could work out concrete arrangements which would be presented to the CONTRACTING PARTIES for consideration. They recalled that the Group in question had already taken up most of the general questions mentioned above before the aforesaid decision was reached and that questions of principle had been fully discussed also in UNCTAD and dealt with in the "concerted declaration" on the subject adopted at its second conference. The tripartite agreement between India, the United Arab Republic and Yugoslavia had already been discussed in a GATT Working Party. The reconvening of the Group would be warranted only if there were new elements for discussion such as the kind of support action which developed countries could take to assist the efforts of developing countries to expand their mutual trade.

Members of the Committee who favoured the proposal to convene the Group recalled that the Working Party on the tripartite agreement had agreed that the Committee on Trade and Development should consider all the trade, legal and economic aspects of the agreement, as relevant to the work of the Committee. Those who considered the reopening of the issues unwarranted maintained that the reference in the report of the Working Party was confined to the general question of the status of the tripartite agreement in relation to Part IV, there being no intention that the Committee should once again go over the points already covered.

The Committee heard a statement made by Mr. M.G. Mathur on behalf of the secretariat on past discussions in GATT on this subject. Part IV of the GATT contained provisions aimed at relaxation of trade barriers by developing countries in their mutual interest to which references had been made in the Kennedy Round.
In addition it was to be recalled that in 1965-66 the Group on Expansion of Trade Among Developing Countries had examined certain proposals for the establishment of preferences among developing countries on a regional and inter-regional basis. In February 1966, the Group had reached the conclusion that the establishment of preferences among developing countries, appropriately administered and subject to the necessary safeguards, could make an important contribution to the expansion of trade among these countries and to the furthering of the objectives of the General Agreement. The Committee had endorsed this conclusion and agreed that before an attempt was made to draw up specific legal provisions or formulae for the exchange of such preferences, it would be useful to see what concrete proposals or arrangements might in practice be made or negotiated by developing countries acting within the spirit of Part IV of the General Agreement. These views were noted in the Committee's report, which was approved by the CONTRACTING PARTIES at their twenty-third session. The CONTRACTING PARTIES also recommended in the report that arrangements should be made by the CONTRACTING PARTIES for the examination of any such proposals or arrangements when they were received. It was against this background that developing countries had been discussing in the past two years arrangements for the negotiations. Both the Committee and the CONTRACTING PARTIES had been kept informed of developments. In the work programme adopted at the twenty-fourth session on the trade problems of developing countries, the CONTRACTING PARTIES had noted with satisfaction the initiatives taken by developing countries to explore the possibilities of an exchange of tariff and trade concessions directed towards the expansion of their mutual trade. They had noted the establishment of the Trade Negotiations Committee of Developing Countries to establish a basis for such negotiations and the fact that in due course the results would be brought to them for their consideration as necessary. Since the twenty-fourth session the Trade Negotiations Committee had held three meetings at which the procedures to be followed in the negotiations and such questions as the participation of non-GATT members had been discussed. At a meeting in December 1967, the Committee considered the procedures that might be adopted to enable the participating countries to identify specific products for inclusion in their requests lists, to discuss the specific problems affecting the products identified and to assess the value of
any concessions granted on them in relation to the objectives of trade expansion. At its last meeting, on 24 June 1968, the Committee carried out a preliminary examination of the lists of products which a number of participating countries had submitted, and came to the conclusion that a further effort was needed in order that the participating countries might arrive at a more precise identification of the products for negotiation and of the specific concessions that might be requested. The Committee therefore invited the participating countries to seek information from their governments on trade patterns as well as on relevant tariff and trade regulations in preparation for a series of bilateral and multilateral exchanges of information beginning next September. A number of non-GATT countries had been taking part in the work of the Committee and had submitted product lists.

The Committee agreed that having regard to the recommendations of the Committee approved at the twenty-third session of the CONTRACTING PARTIES (cf. BISD, Fourteenth Supplement, p. 132) and the relevant Conclusions adopted at the twenty-fourth session (BISD, Fifteenth Supplement, p. 71) there was no need for the Committee or the Group on the Expansion of Trade Among Developing Countries to revert to questions of principle concerning the negotiations at this time. For the reason that the matter had already been examined in a GATT Working Party which had established a report for the Council, it was also felt that it would not be appropriate to have the Group discuss the tripartite arrangement between Yugoslavia, the United Arab Republic and India. The Group could however be convened as and when it received any new proposals falling outside the ambit of existing decisions or was faced with new developments requiring attention.

(iii) Adjustment assistance measures

Some members of the Committee suggested that the Expert Group on Adjustment Assistance Measures could usefully be reconvened and that governments should be asked to submit information on action in this field in accordance with the procedure endorsed at the twenty-third session. A suggestion was made in this connexion that the Group could discuss the application of adjustment assistance in the field of cotton textiles. Some members felt that it would be premature to hold a meeting of the Expert Group until the Group on Residual Restrictions had met. Other members suggested that two bodies could be merged.
It was recalled that in its report to the twenty-third session, the Committee on Trade and Development had recommended that contracting parties participating in the Group on Residual Restrictions, the Cotton Textiles Committee and the Kennedy Round machinery should be invited to consider to what extent adjustment assistance could be employed in dealing with the issues with which they were concerned. It had also been agreed that where a more detailed examination of the contribution which adjustment assistance could make to the solution of particular problems not taken up elsewhere was thought useful, the matter could be taken up by agreement in the Expert Group. In the Conclusions adopted at the twenty-fourth session the CONTRACTING PARTIES had invited importing countries participants in the cotton textiles arrangement to report to the Cotton Textiles Committee in advance of its next meeting the steps taken by them to facilitate adjustments in their domestic industry during the period of special protection provided by the cotton textiles arrangement. It was agreed in the Committee that the Expert Group could be reconvened whenever it was considered that useful work could be performed. A decision concerning the reconvening of the Group might be taken after the meeting of the Group on Residual Restrictions and in the light of the discussions that took place in that Group.

(iv) **Special tariff problems**

The secretariat was asked to continue with the studies of special tariff problems decided upon at the twenty-fourth session. Governments were requested to keep in touch with the secretariat on points relevant to the studies.

(v) **Tariff reclassification**

The secretariat was requested to keep in touch with this subject so that the Committee could take note of any action taken by governments. It was also instructed to pursue the study of technical problems involved in the reclassification of tariff items to facilitate the granting of concessions on exports of developing countries, taking fully into account the work done in UNCTAD and the Customs Co-operation Council.
(vi) **Residual import restrictions**

The Committee agreed that the Group on Residual Restrictions should resume its work on the basis of its original terms of reference and of an up-to-date list of import restrictions affecting products of export interest to developing countries to be prepared by the secretariat.

(vii) **Economic problems of Chad**

The representative of Chad thanked the Committee for the contribution it had made to studying the economic problems of Chad. He recalled that the GATT secretariat had been participating in an important study in co-operation with the UNCTAD and the FAO on cotton problems in Chad. While it was too early to formally request the reconvening of the Working Party on the Economic Problems of Chad to consider the joint study, it was to be hoped that when the request was made the Committee would display the same goodwill which had characterized its reception of her previous request.

(viii) **Implementation of the twenty-fourth session conclusions in general**

It was agreed that at its twelfth session the Committee should again review the arrangements made for the implementation of the Conclusions relating to the trade of developing countries reached at the twenty-fourth session and consider, where necessary, lines for further action. The secretariat was asked to prepare and circulate in advance of that session a report on the discussions in UNCTAD and other international organizations relevant to the Committee's future work.