The Yugoslav delegation welcomes the initiative taken by this Committee to give special attention to the problems of developing countries in the field of non-tariff barriers in response to the Conclusions of the CONTRACTING PARTIES at their twenty-fifth session. My delegation requests the Committee to give priority consideration to the problems of developing countries and to secure early action in the field of non-tariff barriers affecting the trade of developing countries. This is the first stage in the consideration of the specific problems facing developing countries in the field of non-tariff barriers. It is hoped that my statement is directed towards that purpose.

Non-tariff barriers affecting the trade of developing countries are indicated in document Spec(69)81 and addenda. Many of the barriers enumerated in the document are, however, not new to us, but for the concrete and specific discussion it may be necessary for us to study the document thoroughly. Therefore, I would like to limit myself for the moment to the general aspects of the problems facing Yugoslavia and other developing countries. Bearing in mind the discussion in the Committee on Trade and Development on the implementation of Part IV of the General Agreement, I should like to point out that Part IV could be implemented effectively for the trade of developing countries by concrete action in the very important field of non-tariff barriers.

It may be noted that the share of developing countries in the trade of semi-manufactured and manufactured products is still insignificant in its magnitude, representing about 5 per cent of the imports into the developed market economy countries. Likewise, the share of developing countries as suppliers in the increase in the trade over the past years has been insignificant and the share is even declining due to the low growth rate of the exports from developing countries. This fact should be taken into account when the Committee discusses action with regard to barriers affecting developing countries. Even if at an early stage an action has been taken in the field of non-tariff barriers affecting developing countries and the preferential tariff scheme in favour of developing countries has been put into force, it may still be difficult to say whether the resultant possible growth in the exports of developing countries could amount so much as to damage the trade and production possibilities of developed countries. Furthermore, the products of developing countries...
imported into developed countries are limited in the variety. The bulk consists of a limited number of products like non-ferrous metals, food products, textiles, clothing, wood and leather products. In further preparation of the analysis of non-tariff barriers by the secretariat, priority attention should be paid to the existing exports of developing countries, though their potential exports should be given due account having in mind the efforts of developing countries to widen the scope of their exports.

Non-tariff barriers may be distinguished between two types, namely those applied generally and those applied in a discriminatory manner particularly against developing countries. It may be noted that many of the barriers are applied inconsistently with the provisions of the General Agreement. They are applied for the protection of inefficient industries, but not for balance-of-payments reasons. That is why I consider that we are obliged to terminate in GATT the inequality; developed countries apply various types of trade barriers contrary to the General Agreement and without adequate consultations, whereas developing countries are subject to consultations when they apply restrictions based on the General Agreement. Special attention should be paid to these illegal barriers. In the view of my delegation, priority consideration should be given to the barriers of discriminatory character while not losing sight of non-discriminatory barriers. This is a question of granting most-favoured-nation treatment to developing countries at a time when the preferential scheme in favour of developing countries is high on the agenda.

Referring to the examples of discriminatory barriers, I have in mind first of all quotas applied frequently to imports of textiles from developing countries. Particularly with regard to the long-term arrangement, there seems to be a risk that the supposedly temporary measures on cotton textiles be perpetuated. Further, there seems to be a risk that a similar arrangement be introduced for some other textiles. In the quota system of certain developed countries, Yugoslavia is categorized with other developing countries in groups of countries which receive less favourable treatment than countries in other groups which cover primarily developed countries. Secondly, discretionary licensing by certain developed countries is administered in an arbitrary way and sometimes amounts to import prohibition affecting adversely developing countries in particular. The difficulty to evaluate the impact of this system creates uncertainty on the part of exporting countries. Thirdly, escape clauses have been unilaterally invoked in cases of alleged market disruption by certain developed countries. According to an experience of Yugoslavia, the consultation with an importing country took as long as several months. During that period exports to that country were suspended and the importers had to find other sources of supply. Fourthly, Yugoslavia has been forced to accept self-restraint measures under the pressure from certain importing countries to avoid unilateral action which could be stronger in its effects. We consider such practices are contrary to the spirit of the General Agreement particularly when self-restraint measures have been taken by the weaker partners in international trade.
In summarizing the impact of various discriminatory practices maintained by developed countries, I should like to stress the aspect of uncertainty. Such practices have far reaching negative effects not only on trade but on the economic development of the developing countries, which are dependent largely on exports due to a limited domestic market. It was suggested that we improve our agricultural production. When we became able to export agricultural products, we had to face various obstacles particularly in developed countries and we were prevented from using the results of our efforts in this field. It was also suggested that we should develop efficient and competitive manufacturing industries. As soon as we had, as a result of industrialization, some share on the markets of some developed countries, counter-actions were taken to block the export and we were prevented from using our capacities. The impact of such measures on the trade of developing countries and the international trade as a whole is quite far reaching, even though the share of developing countries in international trade is yet small, as I have quoted before.

Reference may be made to the case of my country which felt the impact of various barriers in exporting manufactured products to developed countries. As is well known, we have made great efforts to gear our economic and trade system for the expansion of international trade particularly by the economic reform introduced in 1965. We have accepted as a basis of our action that there is a trend in the international community to liberalize trade and to limit various protectionist measures. As a result of our import liberalization our imports have increased significantly but the deficit in trade with major developed countries has reached a very disturbing level in these years. There has been constant deficit increase in trade with some developed countries; in the case of the EEC our trade deficit almost reached the same level as our exports last year and in the case of Japan our exports cover only 6 per cent of our imports. Although I do not imply that trade has to be balanced between individual trade partners these developments had to disturb not only my country but also our trade partners. This situation is not the result of internal imbalance due to the inflational pressure because domestic prices have been stable and stocks have been increased in recent years. Consequently, it is increasingly felt in our economic circles as a reflection of the public opinion that if we cannot help our trade partners to take into account the mutual interest in trade we would be forced to introduce new restrictions on imports, specifically against those countries which maintain barriers against exports from Yugoslavia.

I made these remarks to illustrate the case of my country, but similar cases should exist with other developing countries. The question is what we can do in this Committee and what is the line of action we should contemplate. In this respect I should like to suggest the following:

1. The Committee should give immediate consideration to the early removal of all non-tariff barriers which discriminate against developing countries.
2. An early action should be taken with regard to those restrictions which are applied generally but inconsistently with the provisions of GATT.

3. If these restrictions could not be removed generally for really very valid reasons, I suggest to contemplate the removal for the imports from developing country sources. Separate consideration may be justified from the point of view of the impact these restrictions have on the trade of developing countries. As I indicated before, the magnitude of trade involved is really small, and if industrial exports of developing countries amounting approximately to $5 billion should wait for the solution of the problems of trade in manufactured products as a whole, which amounted to $74 billion in 1966, the action would be very late. This request will be consistent with Part IV and with the Conclusions of the CONTRACTING PARTIES at the twenty-fifth session.

4. When developed countries introduce new barriers, they should not apply them to developing countries, having regard to Part IV of the General Agreement. In this respect my delegation would like to appreciate that this aspect was taken into account recently by France and the United Kingdom.

These are my suggestions in regard to possible action which may be taken in the next stage of the work of this Committee, which it is hoped would take place some time in the autumn or before the twenty-sixth session of the CONTRACTING PARTIES in February 1970. For this purpose I hope that the GATT secretariat can prepare, if possible, adequate documentation on the different groups of barriers as I have mentioned, covering not only a very detailed account of non-tariff barriers notified affecting the exports of developing countries, but also the impact of those barriers both on exports of developing countries and on the domestic markets of developed countries. I am fully open to any suggestions with regard to the organization of our work whether we need some special body within this Committee to deal with the matter or whether we continue to discuss the matter in the Committee itself.