UNCTAD III: SANTIAGO

Statement Made in the Second Committee (Manufactures)
by Mr. M.G. Mathur, Assistant Director-General, GATT,
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The UNCTAD Secretariat and, indeed, most of the delegations in this Committee have participated in meetings of the Industrial Committee and the Agriculture Committee as well as in meetings of the non-tariff barrier sub-groups and other bodies dealing in GATT with non-tariff barriers. Furthermore, in document TD/120 a broad description of GATT's activities in this field has been given. Since, however, the main document does not contain information on proposals being made and solutions found in GATT, and since TD/120, Supplement 1, only gives you the status of work until the twenty-seventh session of the CONTRACTING PARTIES, you might find it useful to get an up-to-date report on GATT's work on NTB's. In making such a report I shall try to be as factual as possible. I shall, however, have some brief comments to make on some aspects of the work so that it can be seen in its due perspective and also to give some assessment regarding future developments.

Let me, first of all, recall the statement made by the GATT representative at the fifth session of the Manufactures Committee where he referred to the note provided by the GATT secretariat in document TD/B/C.2/108 with respect to GATT's work on non-tariff barriers. The GATT representative then emphasized that the non-tariff barriers' exercise consisted of three stages: identification, selection and positive action for the removal of these barriers to trade. The first two stages having been completed by selection of thirty groups of barriers, GATT initiated the search for solutions for the more pressing NTB problems in the form of ad referendum agreements to be put before governments.

As of today, one such ad referendum text on principles for customs valuation has been finalized. The work on standards and their application has resulted in a text which, from a technical point of view, is nearly complete. Some important policy issues, however, remain to be resolved. Hopefully, we will be able to present this text to governments, including relevant provisions on packaging and labelling, in the course of a few months. Likewise, Group Four, which deals with import restrictions, will in another two months have completed an ad referendum text on import licensing. Preparatory work on export subsidies and import documentation is well under way and it is not to be excluded that ad referendum texts will be ready for submission to
governments by the end of July. Similar work in regard to other non-tariff barriers is likely to be agreed upon at the next meeting of the Industrial Products Committee.

It is not, of course, easy to foresee to what extent governments will consider these ad referendum agreements self-balancing and whether their acceptance will be conditional upon agreement on other texts. Another question is how soon these agreements, individually or collectively, will be put into operation.

The declarations of intent made by several trading nations with respect to the initiation of global trade negotiations in 1973 will, evidently, have an important bearing on these matters and on further progress. The preparatory work and the search for solutions will tend to be greatly intensified and governments will increasingly be taking up pre-negotiating positions. Further, it is to be expected that the uncertainties arising from the possible interest of some governments in negotiating only on the basis of "package solutions," or to make acceptance of agreements on non-tariff barriers in industry contingent on progress in the field of tariffs or agriculture, will disappear now that a comprehensive negotiating framework will be available.

Both the Industrial and the Agriculture Committee will make comprehensive reports on non-tariff barriers to the CONTRACTING PARTIES at a session planned to be held towards the end of this year. These reports may be expected to review five years of NTB activity in the GATT and to contain suggestions for the incorporation of NTB solutions in the new round of negotiations.

I should now like to say a few words about the position of developing countries in this exercise. Let me recall that, of the notifications with respect to non-tariff barriers received in the GATT, no less than 250 emanated from developing countries. Developing countries have participated in the discussion of various types of barriers, for example those relating to import licensing, valuation, subsidies, standards, sanitary regulations, etc., and they have been assisted in this endeavour by documentation prepared by the GATT secretariat. The selection of barriers on which ad referendum agreements have been worked out was made after taking into account the areas of particular interest to the developing countries. It is also important to note that a number of suggestions made by developing countries for meeting their special difficulties with respect to standards, import licensing and valuation practices such as, for example, those arising from absence of inspection facilities, or from distance of markets, or from lack of comparability between domestic and export prices, have been incorporated in the preliminary texts prepared on this subject. Some of these suggestions also appear in UNCTAD documentation.

It is needless to say that the more active developing countries are in the discussion and negotiation of non-tariff barriers, the better are their possibilities of ensuring that their interests are fully taken into account. Now
that we are approaching towards the stage of active negotiations, there will
be need for developing countries to be even more active in this regard than before.
At the last GATT Council meeting, it was agreed that the Committee on Trade in
Industrial Products and the Committee on Agriculture should now examine and
analyze techniques and modalities for negotiations, including the special modalities
required for the participation of developing countries. This agreement was trans­
lated at the last meeting of the Industrial Committee into the following language:
"The Committee recognizes that an important objective of the prospective negotia­
tions is that they shall provide effective benefits for the trade of developing
countries. The Committee will analyze and evaluate techniques and modalities
necessary for the participation of developing countries with this objective in
mind."

At its next meeting, scheduled to take place in the middle of June, the
Industrial Committee will discuss suggestions and proposals in this context,
including those for the negotiation of non-tariff barriers to be included in the
global negotiations.

The analysis and evaluation of techniques and modalities appropriate to the
participation of developing countries will also extend to the field of tariffs
and agriculture. The documentation compiled in connexion with the GATT Tariff
Study, to which the GATT representative also made a reference at the fifth session
of the Committee, analyzes and compares the tariff structure in the different
developed countries in relation to different sectors and different BTN headings,
with special emphasis on the escalation of tariffs and particularly high rates of
duties in sectors and products of interest to the developing countries.

With respect to non-tariff barriers affecting processed agricultural products,
to which the representative of Kenya drew our attention only this afternoon, the
GATT representative had pointed out that the protection given to the processing
industry through licensing and quantitative restriction, packaging and labelling
requirements, health and sanitary regulations or marketing standards often tends
to be inseparable from the protection given to the raw material, as part of the
general support given to domestic agriculture. Here again, the decision to analyze
techniques and modalities for negotiation on all elements of world trade, including
agriculture, should provide a new impetus for concerted action.

It has taken the GATT nearly five years to work out some solutions and prepare
for negotiations on non-tariff barriers. The process has been slow because, unlike
tariffs and with the exception of certain types of quantitative restrictions, non-
tariff barriers are relatively unknown phenomena and vary greatly in their
character, justification and intent. There has been little experience of multi­
lateral negotiations on non-tariff barriers and the work in GATT represents a
first systematic exploration of techniques for dealing with these barriers. It
is, however, entirely understandable that the developing countries should be
impatient at the slow pace of advance and that they should seek urgently priority
action on those non-tariff barriers that are of particular concern to them.
I should now like to deal briefly with that aspect of the GATT's work programme for the expansion of trade which has been directed towards promoting priority action on non-tariff barriers of interest to the developing countries. The Joint Working Group on Import Restrictions has assembled comprehensive documentation on quantitative restrictions and has singled out for particular examination restrictions on products of particular interest to the developing countries. The GATT Group on Residual Restrictions has continued over the last year to carry out a product-by-product examination of restrictions imposed on twenty-one product groups of interest to developing countries. It has in this context given particular attention to the role that measures of adjustment assistance might play in dealing with the problems underlying the maintenance of restrictions. In an effort to see that early action is taken on those non-tariff barriers which had already been identified in GATT and, for example, on which the Group on Residual Restrictions has not yet been able to secure action, the Committee on Trade and Development also set up a Group consisting of the three main office bearers of the CONTRACTING PARTIES, to examine possibilities for the elimination, on a priority basis, of tariff and non-tariff barriers affecting the trade of developing countries. In a report submitted to the twenty-seventh session of the CONTRACTING PARTIES in November last year, the Group of Three has made a number of recommendations to this end. These include, in particular, proposals for the elimination of remaining quantitative restrictions, especially where these affect tropical or processed agricultural products, or are applied on the basis of discriminatory country listings, or affect products included in the GSP. It has also recommended, among other things, the reduction and elimination of certain internal taxes and charges on tropical products and a review of the operation of monopoly and State-trading arrangements in developed countries, particularly in such products as wine and beverages and manufactured tobacco products, with a view to facilitating purchases from the developing countries.

The mandate of the Group of Three was enlarged at the last session of the CONTRACTING PARTIES to include follow-up action on these recommendations and to seek solutions for problems which affect implementation. The further consultations carried out by the Group have focused also on the assistance that may be provided to developing countries in meeting some of the current requirements with respect to customs valuation rules and practices, health and sanitary regulations etc. The Group may be expected to continue in the coming months its search for possibilities of unilateral action, particularly in the field of quantitative restrictions and internal taxes where some positive steps have already been taken by certain governments. However, it will also now be focusing on what may be done to seek solutions for some of these problems in the context of the forthcoming multilateral negotiations.

To facilitate the task of the Group of Three, the GATT secretariat furnished to it a full listing of quantitative restrictions, internal taxes and monopoly trading arrangements applying in each developed country to products of export interest to the developing countries. On the basis of suggestions made by the Group, the CONTRACTING PARTIES at their last session also commissioned the
secretariat to compile for individual developing countries data on the tariff and non-tariff barriers facing their individual exports to the developed country markets. This should be of assistance to developing countries in seeking solutions for non-tariff barriers within the framework of the discussion on techniques and modalities for negotiation.

I should finally like to refer to two points. The GATT secretariat believes that there is no problem in non-GATT developing countries notifying non-tariff barriers of interest to them, having them taken into account by GATT and participating in the discussions in the various groups and committees where these are taken up.

Further, as indicated by me at the beginning of this statement, the UNCTAD Secretariat is invited to meetings of groups and committees where non-tariff barriers are discussed and has access to documentation relating to such meetings.