SUMMARY RECORD OF THE THIRD MEETING

Held at the Palais des Nations, Geneva, on Wednesday, 17 November 1971 at 3 p.m.

Chairman: Mr. Carlos BESA (Chile)

Subjects discussed:

1. Trade negotiations among developing countries
2. Progress under GATT Programme for Expansion of International Trade:
   - Trade in Industrial Products
   - Report of the Committee on Trade in Industrial Products (L/3609)
   - Trade in Agricultural Products
   - Reports of the Agriculture Committee (L/3472, L/3600)
   - Trade of Developing Countries
   - Report of the Committee on Trade and Development (L/3487, L/3625 and Corr.1)
   - Report of Group of Three (L/3610)
   - Tropical Products (SGTP/20, SGTP/25 and Corr.1)

1. Trade negotiations among developing countries

Mr. VALENZUELA (Chile) recalled that the trade negotiations among developing countries had begun at the same time as the Kennedy Round negotiations as an effort by developing countries to help themselves. In comparison with the Kennedy Round results the scope of trade coverage in these efforts of developing countries were small and indeed only experimental in nature. He pointed out that the amount of trade involved could not possibly constitute a threat of unemployment to any developed country. The main difficulties in the way of the granting of a waiver in his view, were the lack of political will and the apprehension of some developed countries that by voting for the scheme they might be creating a precedent which could prejudice decisions on important issues of trade and economic policies.
involving developed countries themselves. He did not consider this fear to be justified. He spoke against the setting up of a working party as such a group was likely to be a delaying factor and stressed that it was imperative that a decision be taken by the CONTRACTING PARTIES at the current session without delay or compromise.

Mr. RAIMONDI (Argentina) stated that the real importance of the present exchange of concessions among developing countries lay in the recognition that it was a first step in the implementation of the principle, enunciated at the Ministerial Meeting of 1963, that the exchange of preferences among developing countries should be fostered as a means of expanding trade among developing countries. In view of the problems faced by the participants, and the rather limited possibilities at their disposal, results had been good and indicated good prospects for future development of trade for all developing countries. He hoped that contracting parties which had followed the work of the Trade Negotiations Committee in recent years with good will would display the same positive attitude during the present session and approve the scheme in the spirit of Part IV of the General Agreement. He pointed out that the concessions exchanged could not possibly harm the interests of developed countries, and that provision had been made in the Protocol for the accession of other developing countries to the scheme. As regards non-participating developing countries, he said that the preferential scheme enabled those countries to join at any time under conditions which took account of their development, financial and trade needs. Paragraph 14 of the Protocol provided for accession through negotiations. Without prejudice, however, to the principle of going through the necessary negotiations, it also provided for the possibility of acceding without negotiations. He expressed the hope that the CONTRACTING PARTIES would give the scheme the necessary approval so that it could be implemented as quickly as possible. Referring to his own country, he stated that some domestic problems had prevented it from participating fully in the negotiations. It was, however, the intention of his Government to open negotiations as soon as possible with a view to joining the scheme.

Mr. DELGADO (Senegal) said that his Government was still examining the scheme and could not take a definite stand on it at this stage. However, his delegation was willing to co-operate fully and constructively in examining the proposal at the present session. By way of preliminary observation he regarded the project as a positive move in line with the spirit of Part IV which encouraged the expansion of trade among developing countries. As such he could not see any major
difficulty in adopting it in principle. However, he considered that a decision to support the scheme demanded that its field of application be as extensive as possible and that it benefited all developing countries. He shared the concern of other delegations that the present scheme involved only the more advanced countries among the developing countries. He pointed out further that some small developing countries like his own, with rather vulnerable economies, were also members of regional customs unions and needed therefore maximum safeguards before they could adapt themselves to a more general system of reciprocal concessions. In view of these considerations he supported the suggestion for the setting up of a working group to consider the various points which had been raised during the discussions. Like other delegations he asked whether the more advanced among developing countries would in principle be disposed to grant concessions to the less developed without reciprocity. He added further that the arrangements should not be confined to tariffs but should also involve non-tariff barriers, which gave rise to more complex problems for certain developing countries because of the vulnerability of their markets and the general weakness of their economy.

Sir Frederick Mason (United Kingdom) stated that although it had been explained that the ultimate aim of the arrangement was to establish a new set of most-favoured-nation obligations embracing all developing countries his doubts concerning possible discriminatory effects had not all been dissipated. He added that the participants should consider extending the concessions temporarily to all other developing countries, at least during the period when negotiations or discussions were being held with applicant countries. He considered that dependent territories should also be eligible for participation in the scheme. This should be specifically mentioned in paragraph 1 of the Protocol. He also had some hesitancy as to the compatibility of the new system with the Tripartite Agreement.

Mr. El-Saheh (Egypt) pointed out that the work of the Trade Negotiations Committee had received the approval of the CONTRACTING PARTIES all along in previous sessions and that there was no justification for the doubts now suddenly being expressed and for the claim that there had not been enough time for a review of the proposals. All questions raised had been clarified by the comprehensive statements of other speakers. He declared that the adoption of the scheme would be in full accordance with conclusions arrived at during the past three sessions of the CONTRACTING PARTIES.

Mr. Pathmarajah (Ceylon) recalled that his country had been a member of the Trade Negotiations Committee from the outset, but had not been able to participate actively in the final stages of the negotiations due to technical reasons. His delegation was, however, prepared to accept the draft Protocol. In the event that Ceylon should apply for accession at a future date, its application should be considered by the Committee of Participating Countries in accordance with
paragraph 14 of the Protocol, taking into account his country's present and future developments, financial and trade needs. He added that his delegation was also prepared to accept the accompanying declaration on the understanding that the declaration relating to customs unions or free-trade areas would apply to Ceylon if Ceylon in the future should enter into any customs union or free-trade area.

Mr. STEWART (New Zealand) stressed that with the arrangements, new ground was being broken with unknown consequences for the future. He pointed out that his Government had not had sufficient time to study the issues involved, and more time was needed, though this should not be interpreted as lack of sympathy or an attempt to raise an objection in principle. He stated that he supported the setting up of a working party to examine the matter either during or after the current session.

Mr. FERNANDEZ (Observer for the Philippines) recalled that his country had participated in the negotiations. He expressed his appreciation to the GATT for making the negotiations possible. He expressed the hope that the explanations given by previous speakers would have dispelled doubts expressed by some Member countries and that the necessary procedural measures would be taken by the CONTRACTING PARTIES without much delay to enable the scheme to be implemented.

Mr. LARKAI (Ghana) expressed his wholehearted support for the scheme although his country for technical reasons had not been able to fully participate in the negotiations. He considered it as an important breakthrough for the GATT and urged the CONTRACTING PARTIES to give its approval, pointing out that the scheme was open to other developing countries to join.

The DIRECTOR-GENERAL recalled that, when the Committee on Trade Negotiations Among Developing Countries had been established in 1967, his predecessor had communicated with all developing countries inviting them to participate in the Committee's work. Since then, he had twice drawn the developing countries' attention to these negotiations and had repeated the invitation to take part in the negotiations. The CONTRACTING PARTIES themselves had twice - in their Conclusions of November 1968 and of February 1970 - given encouragement to the developing countries in their negotiations. Moreover, the Director-General recalled, he had reported on the Committee's progress at the Informal Meeting of April 1971. For these reasons, it seemed that developing as well as developed contracting parties were well aware of these developments. With regard to the technical difficulties in participating in the negotiations to which some delegations had made reference, he pointed out that the secretariat had provided extensive assistance during the whole period of negotiations. Among the thirty-six developing countries members of the Committee, nineteen had participated actively in negotiations and sixteen of these had terminated them successfully, two countries had been nearly successful and one country had been forced to withdraw temporarily for internal reasons. It was his firm impression that this was only a beginning and that several other developing countries would follow suit.
The Chairman proposed that the discussion should be continued in a quite informal manner with a view to obtaining a general consensus. He suggested that to this end an informal Contact Group between participating countries and non-participating contracting parties be formed. This was agreed.

The Chairman invited the following contracting parties to participate in the Contact Group:

- Argentina
- Australia
- Brazil
- Canada
- Ceylon
- Chile
- EEC and their member States
- Egypt
- Gabon
- Ghana
- Greece
- India
- Indonesia
- Israel
- Ivory Coast
- Japan
- Korea
- Nigeria
- Nordic country
- Pakistan
- Peru
- Portugal
- Spain
- Switzerland
- Tunisia
- Trinidad and Tobago
- Turkey
- United Kingdom
- United States
- Uruguay
- Yugoslavia

The Chairman asked Mr. Archibald (Trinidad and Tobago) to organize the work of the Contact Group.

2. Progress under GATT Programme for Expansion of International Trade

Sir Frederick MASON (United Kingdom) addressing himself to the Report of the Committee on Trade in Industrial Products, said that much useful work had been done, both on tariffs and on non-tariff barriers.

As regards non-tariff barriers, he considered that the selective approach adopted following a suggestion by his delegation, had proved justified and in the case of customs valuation had been brought as far as possible short of decisions on the timing and content of any future trade negotiations. His delegation, however, acknowledged the limitations of the approach and the major doubts, inevitable in present circumstances, as to whether it was possible to reach negotiated bargains with a fair balance of interest for all contracting parties in the non-tariff barrier field. Nevertheless, as a result of the preparatory work in some areas, the CONTRACTING PARTIES were now much better prepared to begin to contemplate a future round of negotiations.

As regards future work on non-tariff barriers, he supported the view that the first priority was to continue the present work on standards and on licensing requirements and considered that embarkation on too many additional topics might divert effort away from areas at present under study. At the same time, his
delegation had noted the strong interest of certain contracting parties to start work in the export subsidies field leading at a later stage to work on countervailing measures. He drew attention to a proposal by his delegation, contained in paragraph 11 of the Report aimed at reaching a compromise as regards future work on non-tariff barriers, and suggested that this proposal be again considered by delegations.

As regards the tariff study, he expressed the view that the material assembled constituted the most comprehensive picture ever prepared of the tariff profiles of the major industrialized countries, and of the trade flows between them. This basic documentation and supplementary tables provided a sound basis for deciding the form that future tariff negotiations might take. Careful study of the work revealed that, contrary to some opinions, a large number of high tariffs still remained which in some cases had an inhibiting effect on trade. The analyses also suggested that future action on tariffs should be on a selective basis rather than on a Kennedy Round style negotiation. His delegation fully supported the work programme on tariffs as agreed by the Working Party and by the Committee. He recalled, however, doubts previously expressed by his delegation about the value of the proposed feasibility study of the effects on trade of tariffs and tariff changes.

Mr. SUZUKI (Japan) expressed satisfaction with the substantial progress that had been made in the work of the Committee on Trade in Industrial Products, both in the tariff and non-tariff fields. With regard to the Tariff Study, he indicated his appreciation for the supplementary tables, the general analysis and many of the sector analyses in preliminary form prepared by the secretariat. He pointed out that the tabulations and analyses would be updated, and new countries added so as to make these documents a useful instrument for future work in the tariff field.

Referring to non-tariff barriers, he stated that work done in this field had revealed the complexity of problems involved. The Working Group on Valuation had pursued its task to the utmost. In view of the reservations made and difficulties involved, ways would have to be found to make the results of this work acceptable. He felt that solutions to the problems of valuation should be such as to remove barriers to trade in this field by eliminating practices contrary to the letter and spirit of the General Agreement.

Turning to the Group on Standards, he noted that considerable differences of view remained on fundamental issues which would have to be narrowed down. Referring to the Group on Licensing, which only recently had started the discussion of substantive issues, he expressed the hope that this Group might achieve useful results in the months to come.
As regards future work, he recommended enlargement of the scope of the subjects to be examined. His delegation was interested in many of the subjects mentioned in paragraph 10 of the Committee's report, and was prepared to take a decision during the present session. His delegation was particularly interested in export subsidies together with countervailing duties, import documentation and packaging and labelling regulations. He stressed that any discussion of quantitative restrictions should include the subjects of discriminatory quantitative restrictions and export restraints, in order to make the work truly meaningful.

In his conclusions he drew attention to the problem of implementing the results of the work done in the field of non-tariff barriers. He pointed out that this question should be one of the subjects discussed in a group dealing with the scope and technique of future trade negotiations, if such a group were to be set up by the CONTRACTING PARTIES.

Mr. WARDROPER (Canada) suggested that the report of the Committee on Trade in Industrial Products should be considered, first, from the point of view of whether further work would be useful and, second, from the point of view of the relevance of the report to the serious trade problems currently facing the CONTRACTING PARTIES.

The Committee had completed the task of analyzing the post-Kennedy-Round tariff situation and of assessing the whole range of non-tariff barriers. With respect to formulating conclusions for concrete action, the Committee had probably gone as far as was possible, short of negotiations. Some scope remained for future work on additional non-tariff barriers, for example, countervailing duties, export subsidies and quantitative restrictions as well as for continuing work on standards. However, major decisions in capitals were necessary before negotiations could be held or solutions implemented.

The Committee's report represented the first serious attempt to deal with trade problems arising from non-tariff barriers. It was necessary now to consider a procedure for reduction of these barriers for both industrial and agricultural trade at least in step with further general progress on tariffs. The means had to be found to deal with non-tariff barriers in as concrete and meaningful a way as tariffs had been dealt with in the past. It would facilitate international economic co-operation, if governments could be confident that non-tariff barriers were negotiable, that the results could be firmly secured, and if machinery were developed to deal with non-tariff barriers as they emerged. He supported in this connexion the proposal to establish a small trade policy group as suggested by the Swedish delegation at the informal meeting in April.
He said that recent major developments affecting trade had clearly demonstrated that constant progress towards liberalization of trade was necessary. Solutions to barriers already discussed had to be acted upon. The Committee’s report could perform a useful function if governments were to focus on specific trade problems offering promise of early negotiation, perhaps as early as next year. His delegation recognized that progress even on such specific problems might be possible only following the solution of more immediate trade problems. The CONTRACTING PARTIES could declare their intention to negotiate certain barriers either on a selective basis or through a broader negotiation and to establish some machinery to prepare for such negotiations.

Mr. MILLER (United States), commenting on the work of the Committee on Trade in Industrial Products, expressed the disappointment of his delegation at the lack of progress in the Working Groups on Standards and Licensing. In the Group on Standards, several important delegations had attended the most recent meeting without stating any specific views; this had made any progress impossible. The work in the Group on Licensing was at present proceeding towards an agreement drawn up in such a way as not to commit any participant to an undertaking not in accordance with his country’s existing procedures; this meant that there was no progress in substance. He underlined, however, that the scepticism he had expressed at recent meetings should not be interpreted as lack of interest on the part of the United States in moving forward in this field. He wanted to make clear that his delegation was eager to make progress and he strongly supported the statement in paragraph 9 of the Committee’s report. He said that the work in these two Groups should be pursued with a maximum effort in order to obtain solutions which could be submitted on an ad referendum basis. Emphasis should be placed on pressing forward the work which had already begun and then new items, chosen on a very selective basis, could be added as the completion of the other work permitted.

Turning to possible additional items, he underlined that in the view of his delegation any study on export subsidies would have to include primary commodities as well as industrial products, and that studies of quantitative restrictions should include all quantitative restrictions, but should not include export restraints. In a brief comment on the Tariff Study he stressed the utility of feasibility studies for the future work in this field. He asked the members of the Working Party to come to the next meeting with specific proposals and to agree at that time to analyze the effects of tariffs and tariff changes on trade flows. Delegations should provide the secretariat with the necessary data to conduct such a study, which would lead to a better understanding of the potential effects of possible future negotiation plans.

Mr. RYDFORS (Sweden) stated that although much important work had been carried out since the twenty-sixth session by the Committee on Trade in Industrial Products and its sub-groups, much remained to be done. As regards standards,
differences of view on some crucial points had to be solved if it were to be possible to draw up an instrument in this field. The work in the Group on Licensing had not yet reached a stage which permitted meaningful comment; in the Group on Valuation, on the other hand, work had proceeded as far as possible at the present stage, and the proposals of the Group were now under consideration in capitals.

His delegation was hopeful that the present session would result in a new impetus towards the solution of important non-tariff barrier problems. However, as had been found during the Kennedy Round negotiations, it was difficult to tackle different non-tariff barriers in isolation, since countries held differing views on individual non-tariff barriers based on different conditions prevailing. It seemed to his delegation that only a widening of the issues involved in the non-tariff barriers field and in other fields could lead to comprehensive conclusions as regards further action.

In this situation the CONTRACTING PARTIES should not hesitate now to embark, on a selective basis, on a closer examination of some other non-tariff barriers. His delegation had suggested that such examination should begin in the field of consular formalities, import documentation and marks of origin.

He considered that the tariff study had been very useful, and that the Working Party had collected valuable information. In the view of his delegation, the Working Party on the Tariff Study had now, more or less, completed its work with regard to the first part of its mandate, and it was necessary to devise some procedure to facilitate use of the material.

He recalled that in 1967 a programme had been initiated designed to lead to new major GATT endeavours once the Kennedy Round results were implemented. The point had now been reached when it was necessary to proceed further in order to avoid a complete standstill. It was against this background that his delegation would, during the meeting next week, revert to his delegation's suggestion for setting up a trade policy group in the GATT to prepare in a more comprehensive way for new trade liberalization measures. The task of such a group would of course be much facilitated by the studies carried out within the framework of the Committee on Trade in Industrial Products.

In the meantime, pending new major negotiations, his delegation was prepared to do its share as regards the feasibility studies in the tariff group. It also stood ready to take an active part in the discussions on non-tariff barriers, in which it should be possible to reach some results.
Mr. LUYTEN (European Communities) said that he had been glad to see the progress made since 1967 by the Committee on Trade in Industrial Products, and he noted that the selective approach adopted in February 1971 had made it possible to seek *ad referendum* solutions for the three subjects which had been chosen in connexion with non-tariff barriers. After referring to the fact that the Group on Valuation had agreed on a text which had now been referred to national administrations, he said that it was perfectly understandable and normal that the two other Groups should not yet be in a position to make any suggestions. "Standards" and "licences" were new fields of study in which a number of extremely complicated questions arose. In his view, the information obtained within the two Groups would provide a solid and useful basis on which work on the preparation of *ad referendum* solutions could be actively pursued.

He thought that, in line with the selective approach adopted in February 1971, and taking into account the progress made so far, the time had come to take up new subjects, and he supported the United Kingdom representative's proposal to that effect, which should make possible to study those questions more thoroughly and to try to find solutions for other problems. The technical preliminaries needed before a solution to a number of specific non-tariff barriers could be found were important, and problems of such complexity could only be solved through arduous work over a fairly lengthy period of time.

The Community welcomed the report of the Working Party on the Tariff Study. It was the first time that an analysis of the industrial tariffs of the principal developed countries had been made by GATT, and it would be of assistance in future work on the subject. In conclusion, he said that the Community supported the programme of future work.

Mr. SIQUEIRA FREIRE (Portugal) said that developments in the international situation showed that there had been good reason for the concern expressed on several occasions since the last session; it was now more important than ever to bear in mind GATT's "operational" function and to move on to the phase of seeking mutually acceptable solutions. The proposals which had been made with regard to procedure, and the basic data already available ought to make it possible to draw up programmes for definite action. It had to be remembered too that the work done by the various committees was not an end in itself; its purpose was rather to enable GATT to play its proper part in promoting the liberalization of international trade. His Government intended to participate actively in GATT's programmes for action, especially in the work of the Groups of the Committee on Trade in Industrial Products. He considered the selective approach adopted by that Committee to be useful and realistic, and added that the Portuguese authorities were giving very careful attention to the two proposals made by the Chairman of Group 2 dealing with Valuation and with the interpretation of Article VII of the General Agreement.
He noted that the Agriculture Committee had reached an impasse and recalled the suggestions regarding procedure adopted by the Council in February 1971, which so far had not been taken up.

Turning to the reports of the Committee on Trade and Development and of the Group of Three, he said that development problems were becoming increasingly important to GATT and he thanked the Group of Three for their constructive work. He attached great importance to the work of the Special Group on Trade in Tropical Products and welcomed the statements made in support of the negotiation of an international cocoa agreement.

His delegation shared the prevailing concern about the unfavourable effects which the United States surcharge might have on the trade in certain semi-processed products of tropical origin.

Mr. FOGARTY (Australia), referring to the Report of the Group of Three, noted that the action suggested by the Group to his country as regards expansion of its scheme of tariff preferences was consistent with his Government's policy, and his authorities welcomed the increasing use of the scheme by developing countries, although there remained significant scope for increased use of the opportunities in the system as it stood. His country was also prepared to consider, as part of a concerted action by developed countries, the general problem of tariff escalation for vegetable oilseeds, oils and cakes. This, however, was a problem which could not be solved within the framework of individual preference schemes. He expressed agreement with a number of other specific proposals in the Report. More generally, his delegation shared the concern of a number of developing countries as to the effects on their trade, especially trade in agriculture, arising from the enlargement of the European Communities. His delegation considered it essential to have some form of continuing machinery to follow up the work of the Group of Three.

As regards trade in industrial products, he considered that work was well in hand in the Working Groups of the Industrial Committee, which had prepared draft proposals for study in capitals. This activity, as well as the Tariff Study, should continue. His delegation hoped that a constructive programme for further work would be agreed at the session; it would accept any work programme that found general support.

He considered the picture to be less encouraging in the agricultural sector. While the Agriculture Committee had done valuable basic work, it had been unable to make any real progress to implement the directives of the CONTRACTING PARTIES, and had concluded that further progress may depend on appropriate decisions of the CONTRACTING PARTIES.

At the informal meeting of April, his delegation had proposed the establishment of an Expert Group to be charged with drawing up concrete proposals by way of recommendations to the CONTRACTING PARTIES, which might enable the CONTRACTING PARTIES to tackle the problems of international trade in agricultural
products. In his delegation's view the group, consisting of a small number of persons internationally recognized for their competence in the field of international agricultural trade, should be asked to examine the problems of international trade in agriculture and to prepare as quickly as possible a comprehensive report. The report should include recommendations as to possible solutions likely to be mutually acceptable to contracting parties which could offer the prospect of meaningful undertakings in the field of agricultural trade. The Group should be instructed, however, to bear in mind the complex interrelationship of the political, social and economic factors affecting agricultural policies and to exclude from their report any judgements or recommendations concerning the policies of individual contracting parties. The Group should, of course, utilize to the fullest extent the data prepared by the Agriculture Committee and the work already done by the Committee.

His delegation considered as essential the appointment of such an Expert Group in order to facilitate the work of the CONTRACTING PARTIES in the area of international agricultural trade. He asked delegations to reflect on this proposal so that at next week's meeting they would be equipped to discuss it. He made it clear that the terms of reference of the Expert Group would cover the examination of all aspects of international trade in agriculture, including the trade of developing countries.

He stressed that there was no conflict between this proposal and the proposal of the Swedish delegation, which he also supported. The Australian proposal had to be seen as complementing the Swedish proposal.

Mr. HUMAN ESTEN (Finland) expressed the appreciation of his delegation for the work done in the Committee on Trade in Industrial Products towards formulating conclusions on possibilities for concrete action. Work under way should be accelerated in order to enable governments to take positions on those matters which had been chosen for priority attention. New national tariff barriers should be included in the work of the Committee and he expressed the support of his delegation for new selected topics for active consideration. He felt, however, that the activities of the GATT should not be directed towards some less important tasks while waiting for somebody else to take decisions on the major problems. He stated that the work to be done in the field of national tariff barriers was part of the main task of the GATT and added that his delegation supported the proposal made by the Swedish delegation to concentrate efforts on the main issues of trade policy.

Mr. WILLNER (Austria) stated that valuable work had been carried out by the Committee on Trade in Industrial Products, especially on those non-tariff barrier subjects taken up on a priority basis. Commenting on standards, he expressed the hope that outstanding problems would be solved at the forthcoming meeting and that a final version of an instrument would be elaborated. The rights and obligations accruing from such an instrument should be limited to signatories only, but the instrument should be open for acceptance also to countries which were not contracting parties to the General Agreement. As regards
valuation, he considered that the ultimate aim should be complete harmonization of the existing systems, though he recognized that such a solution could not easily be attained. He believed that in the search for concrete short-term solutions, the establishment of "principles" and "interpretative notes" was indeed the right approach. He hoped that the proposals elaborated by the Group which could lead to early elimination of important obstacles to trade would now be found acceptable by contracting parties. He said that very detailed information produced on licensing systems of various countries had led to a clearer and fuller understanding of these systems. Moreover, the working paper on automatic licensing drawn up by the Group contained a number of elements which merited particular attention. As regards future work, his delegation could support the idea that a list of topics should be prepared and was open to any consensus which could be reached at the session.

As regards tariffs, he considered that the documentation prepared for the Tariff Study would provide a very valuable basis for future negotiations. He also welcomed the efforts made to include certain other countries in the tariff study.

Mr. OLIVERI LOPEZ (Argentina) said he welcomed the considerable progress made by the Committee on Trade in Industrial Products since the last session of the CONTRACTING PARTIES. In the case of non-tariff barriers, however, only one of the Working Groups had reached a measure of agreement on a text for submission to governments, and his delegation supported the proposal in the last sentence of paragraph 9 of the report of the Committee on Trade in Industrial Products. A point which he wished to emphasize in particular was that the work should be continued in a spirit of co-operation, despite the difficulties which still remained. With regard to the inclusion of new subjects in the study, his delegation hoped that the CONTRACTING PARTIES would be able to agree on establishing a list of priorities which would take account, among other things, of the needs of the developing countries. Generally speaking, he could accept the proposals made in paragraph 11 of the report of the Committee on Trade in Industrial Products, especially the proposal that Group 4 should be asked to undertake a study on quantitative restrictions covering all products, including agricultural products. It should be remembered in that connexion that it had been proposed that there should be a definite time-table for the removal of those restrictions.

In the case of products of interest to the developing countries, at any rate, it should be possible to arrive at an agreement, since these products had been clearly defined during the meetings of certain Working Groups. Efforts must be concentrated on major problems; he could not support the inclusion in the list of priorities of the proposal to ask Group 2 to examine consular formalities (paragraph 11 of the Committee's report). With regard to the setting up of a new group to study export subsidies and countervailing duties, he would again emphasize that the study should deal with all the difficulties, including the revision of paragraph 4 of Article XVI of the General Agreement, which should make it possible to include manufactures derived from agricultural products.
Mr. WARDROPER (Canada) stated that his country, as regards trade in agriculture, continued to be concerned over the lack of progress in resolving the problems facing agricultural trade. It was now clear from the Report of the Agriculture Committee that entrenched country positions had made it impossible for that Committee to agree upon mutually acceptable ways of dealing with the various obstacles to agricultural trade.

This situation was of great concern to his country. It created a particular hardship for producers in Canada and elsewhere who rely on exports for a major share of their livelihood. It contributed also to the already severe problems of developing countries. Furthermore, the unsatisfactory situation in agriculture clouded the prospects for dealing with trade problems in other sectors and could pose a major obstacle to resolving certain of the broad issues facing all contracting parties. Some unique action was obviously required in order to break the impasse and to further the task of improving the prospects for agricultural trade, both immediately and over the longer term. In this connexion his delegation found the Australian proposal concerning international trade in agricultural products attractive and would be interested in exploring that proposal in more detail.

As regards trade of developing countries, he said that his authorities were reviewing with interest the report of the Group of Three, and were examining in a positive manner the general and specific recommendations which had been made. Expressing a preliminary reaction, he stated that all the recommendations made were important, reflecting trade difficulties which contracting parties would wish to see reduced or eliminated. He believed that virtually all of the general recommendations could be accepted by his Government.

Multilateral action to deal with the trade problems of interest to the developing countries, should deal not only with tariffs in the industrial field, but should embrace also non-tariff barriers, and should seek solutions in the area of agriculture, and especially for tropical products.

Mr. U.T. LEE (Korea) welcomed the progress made in the Committee on Trade in Industrial Products - in particular the preparation of preliminary possible solutions in the three selected non-tariff barrier areas. The time had come, however, for rapid progress towards conclusion of final solutions to these problems. Such progress would provide the impetus for elimination of various other non-tariff barriers. His delegation hoped that any selection of additional topics would include quantitative restrictions and export restraints, problems of serious concern to developing countries including his own. He also expressed appreciation of the work already carried out on the Tariff Study and welcomed the proposals for future work in this regard.
Commenting on the work of the Agricultural Committee, Mr. PH6PPS (United States) expressed the disappointment of his delegation at the lack of progress of this Committee in seeking mutually acceptable solutions to the principal problems of trade in agricultural products. He stated that a useful amount of work had been done in collecting documentation. This excellent material had shown a great number of problems and, if properly analyzed, should lead the way to solutions.

He recalled his delegation in the Agricultural Committee had proposed that a particular attention be paid to the elimination or restriction of export subsidies in agriculture; to the elimination of protective quantitative restrictions and variable levies, and their replacement, where necessary, by negotiable fixed tariffs; and to the provisions of income assistance to farmers by measures which did not induce increased production of particular products.

He emphasized that in the view of his delegation it would be a valuable approach if the Agricultural Committee proceeded along these lines. The Committee should also be asked to submit to the CONTRACTING PARTIES a draft resolution on concessional transactions. He supported the proposal made by other delegations that the Committee might also consider recommendations regarding the application of Article XVI of the General Agreement to trade in agricultural products.

Another area where the Committee could undertake useful work would be the examination of measures intended by governments to support farmers' incomes and to analyze the degree to which such measures tended to stimulate the production of particular commodities. A study of alternative forms of income support could show to what extent a shift to other forms of support would help to eliminate over-production. He stressed that his delegation considered the GATT to be the appropriate forum for discussing these problems. He felt that it should be possible to eliminate at least those forms of support which most distorted the world economy.

He expressed his support for the proposal made by the delegation of Australia and considered that an expert group, when submitting new suggestions to the Committee, could advance the work in the agricultural field, especially if a report could be made fairly early - by the end of next April, for example. He said it was his understanding that the work of any such group would not interfere with negotiations which would take place, e.g. negotiations under Article XXIV:6 of the General Agreement.

He suggested that it could be useful to constitute a kind of steering committee to consider techniques and timing, so as to properly advance the work of the other sub-groups.
Mr. REED (Norway) recalled that at the last session the CONTRACTING PARTIES had recognized that the liberalization and expansion of international trade would be an essential contribution to the success of the Second Development Decade. In this spirit the Industrial and Agriculture Committees had been instructed to proceed with the task of formulating conclusions on possibilities for concrete action. Although work since the last session had generally proceeded along the lines envisaged, the stage of initiating appropriate action had not yet been reached.

While much preparatory work had been done, especially as regards industrial and agricultural non-tariff barriers, achievements had been limited. A difficult situation now faced the CONTRACTING PARTIES. Events in recent months had demonstrated how precarious the balance was between the maintenance of free trade and a return to protectionism. As a result of various world economic problems, uncertainty had arisen as to the direction of future work in GATT.

His delegation welcomed the increasing attention given by GATT to trade problems of developing countries. In this connexion, he drew attention to the recommendations of the Group of Three and noted that Norway was in the process of implementing some of the specific recommendations addressed to it.

He drew attention to the implications for the work of GATT, of the present negotiations for enlargement of the European Communities. In view of the actual position of these negotiations, it was however, difficult for the governments concerned to envisage at this stage what action would be appropriate in the GATT once the negotiations had been successfully concluded.

He welcomed the fact that the annual tariff reductions agreed in the Kennedy Round had regularly been implemented. The set-backs experienced during the last year had, however, reduced the liberalizing effects of these reductions.

His Government attached importance to the continuation of the preparatory work already undertaken in GATT. It would consider positively any proposals for further constructive work, including the Swedish proposal; however, it should be recognized that developments in European integration would have to be clarified before GATT could actually embark on negotiations.

The meeting adjourned at 18.15 hours.