Subjects discussed: 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/3603)

Trade of Developing Countries
- Reports of the Committee on Trade and Development (L/3437, L/3625 and Corr.1)
- Report of Group of Three (L/3610)
- Tropical Products (SGTP/20, SGTP/25 and Corr.1)

Mr. TOMIC (Yugoslavia) said that his Government attached importance to the co-ordinated programme of work for expansion of international trade. Yugoslavia, as a developing country, was particularly interested in the elimination of restrictions that impeded the development of exports of products originating in those countries.

With respect to the reports of the various committees, the Yugoslav delegation had noted with regret the substantial difference between the results of the work of the Committee on Trade in Industrial Products and of the Agriculture Committee.

The Committee on Trade in Industrial Products had achieved certain results in specific sectors; the speaker hoped that its work would continue with the formulation of concrete solutions and would also move towards the search for solutions in other non-tariff barrier areas. He urged certain contracting parties which were applying discriminatory residual restrictions to eliminate them and to notify the relevant action taken to the CONTRACTING PARTIES at their next session.
On the other hand, the work of the Agriculture Committee had progressed very little and that was regrettable for the desired equilibrium of future negotiations. Having a particular interest in the expansion of agricultural trade, Yugoslavia was affected by the continuing increase in restrictions in that sector; the Yugoslav Government, whose concern was no doubt shared by many other contracting parties, hoped that at the current session the CONTRACTING PARTIES would call for positive and constructive action with a view to seeking appropriate solutions. The developed countries, when defining their agricultural policy, must take account of the trade interests of developing countries. It was well known that the position of developing countries in international trade was deteriorating, and any possibility for improvement was limited by the numerous barriers which impeded access of their products to the markets of developed countries. Satisfactory solutions to their problems should therefore be sought as a matter of urgency. Mr. Tomic expressed the hope that the suggestions made in the report of the Group of Three would be translated into action as soon as possible, and that the governments of developed countries would strengthen their implementation of Part IV of the General Agreement. Those countries should not apply the restrictions introduced for balance-of-payments reasons to products of developing countries which, in most cases, were not responsible for those difficulties.

The Yugoslav delegation was of the opinion that with a view to advancing the preparatory work for future negotiations, it was necessary not only to reach agreement on certain general principles, but also to provide appropriate procedures. As the Swedish and Australian delegations had proposed, the best way would be to establish one or two small expert groups whose suggestions and recommendations would facilitate the preparation for those negotiations.

Mr. BENES (Czechoslovakia) confirmed his country's support for all actions in favour of further liberalization of international trade and the elimination of tariff and non-tariff barriers.

With regard to non-tariff barriers, he stated that quantitative restrictions were the most harmful to trade and required urgent action, especially where those restrictions were applied in a discriminatory manner. The economic reasons for such discrimination were not clear to him since countries which had never applied such discriminations had not suffered any injury from the non-existence of such restrictions. The existing GATT provisions offered enough guarantees of protection against any kind of damage. The prolonged maintenance of discriminatory import restrictions was not only in contradiction to the provisions of the General Agreement, but had no economic justification.

The work of the Working Group on Licensing which would deal later with quantitative restrictions should therefore be accelerated. The collection of information on licensing systems was very useful. It would be necessary, however, to exclude from the list all licensing procedures whose justification and legality
was quite clear such as those based on Articles XX and XXI of the General Agreement. The main work would then have to concentrate first on those licensing procedures which were merely administrative formalities and later turn to licensing procedures intended to administer real quantitative restrictions. He emphasized that there could be no justification for licensing procedures including automatic licensing, applied in a discriminatory way.

With regard to the Group dealing with Customs Valuation, his delegation stressed the principle that as far as possible the invoice price should be accepted as basis for the assessment of duty and that auxiliary methods of customs valuation should be applied only in exceptional cases, which should be limited to a minimum and should in no case be contrary to the principles of Article VII of the General Agreement. In particular, no use of prices prevailing in the importing country should be allowed for these purposes.

Turning to the obstacles resulting from standardization he was of the view that these serious barriers might arise from either hidden protectionism or a rather narrow technical approach which disregarded the interests of trade. In either case, harm could be done to the interests both of the exporting and importing country.

With regard to tariffs he pointed out that the Kennedy Round had not solved all the problems in the industrial field. As might be seen from the Tariff Study, important items had been excluded from the linear reduction and some very high rates were still being applied, even by those countries or groupings of countries generally maintaining a relatively low tariff level. Any further major action towards liberalization of trade should therefore embrace both non-tariff barriers and tariffs.

His delegation shared the deep concern of other countries over the lack of progress in liberalizing trade in agricultural products. Although his country was not a major exporter of agricultural products, its exports were, nevertheless, substantial in respect of several commodities and Czechoslovakia was a principal supplier of some agricultural commodities, even to very important markets. With respect to these markets, such commodities had been excluded from both the Dillon and Kennedy Rounds; it was essential that future negotiations should deal equally with obstacles to the trade of agricultural as well as industrial products.

He welcomed the reports of the Committee on Trade and Development and of the Group of Three as further steps in the interest of the trade of developing countries, and agreed that these interests should be fully taken into account in any further action towards the liberalization of international trade. It was necessary, however, to continue to implement the provisions of Part IV of the General Agreement, as well as to initiate individual further actions without waiting for a major conference on tariffs and non-tariff barriers. He emphasized the significance of the introduction of the General System of Preferences in favour of developing countries. His country intended to introduce its system on 1 January 1972. In 1970, imports from developing countries had risen by 26.6 per cent, while exports to these countries had increased by only 4.5 per cent, as compared to 1969.
Czechoslovakia intended to continue the promotion of imports of manufactures and semi-manufactures from developing countries in the interest of the industrialization and diversification of their economies.

He concluded his remarks by expressing his hope that the current monetary crisis, which had its roots exclusively in the relations between highly-developed western countries, would not threaten or delay the work towards further liberalization of international trade, despite the fact that some countries had already taken unilateral protectionist measures.

Mr. STRUS (Poland) said that it had been generally recognized that the international trade situation was very serious and that GATT was at a turning point in its activities. He praised the work being carried out by the Committees on Trade in Industrial Products, Agriculture and Trade and Development as well as their working groups, but noted that the work being carried out by these Committees was still at the preliminary stage.

He said that the Committee on Trade in Industrial Products and its working groups were primarily dealing with non-tariff barriers, which was the most important question in international trade at present. In his view the stage of gathering information and documentary preparation on the identification of non-tariff barriers had been concluded and his delegation supported therefore, the Swedish proposal to establish a high level group on trade policy which would elaborate conditions for a new round of wide-scale trade negotiations.

Concerning the Report of the Agriculture Committee, he indicated that virtually no progress had been made towards the elimination of barriers to trade in agricultural products. This was of particular concern to his country, which was an important exporter of agricultural commodities. His delegation supported the Australian proposal which had been submitted to the Informal Meeting in April 1971. In his view, the solution of some major problems existing in the agricultural sector would be of particular benefit to developing countries.

With regard to the Report of the Group of Three, he stated that the recommendations should serve as a point of departure for further action. His delegation believed that the problems affecting many countries could not be solved by restrictive groups of privileged countries, but only in all interested parties in a suitable forum like GATT.

Miss HALEI (Israel) in commenting on the Report of the Committee on Trade in Industrial Products, found it encouraging that, with regard to Valuation, a fair measure of agreement had been reached on Principles and Interpretative Notes which were intended to give greater precision to Article VII of the General Agreement. In the view of her Government, the lack of uniformity in
valuation systems impaired the achievements of GATT in the field of tariff reductions and bindings, as the actual amount of charges to be paid remained uncertain. She expressed the hope that it would be possible to reach a provisional accord on valuation along the lines proposed by the Group. This could be done without prejudicing the broader issue of complete harmonization of the various valuation systems. On the subject of licensing, her delegation expressed disappointment that greater progress had not been made, although she recognized the complexity of the problem. She acknowledged, however, that the Group had served to define the sensitive areas. In the field of automatic licensing there was probably most chance of achieving a solution. This was of particular importance to developing countries who needed an intermediate stage of liberalization to assist in building up new industries. For this specific purpose she could certainly subscribe to the idea of a Code of Good Conduct for the administration of automatic licensing systems. However, her Government was still doubtful as to the need for the retention of automatic licensing by developed countries.

She expressed appreciation for the basic background material provided for the Tariff Study. This material was of undeniable interest to developing countries but required a certain amount of expertise to make best use of the information, even with the existing explanatory notes. She suggested therefore, that consideration be given to the preparation of a guide for the help of developing countries, with special emphasis on those tables of particular interest to them.

She considered that adding further topics to the non-tariff barrier programme widened the area of interest for contracting parties but increased the danger of not completing existing projects. In this light her Government felt that the Swedish proposal to establish a Trade Policy Group could prove to be very valuable as it would give the necessary perspective to decide upon additional subjects to be tackled.

Mr. HAZUMI (Japan) recalled the intensive efforts made by the Agriculture Committee since 1967 to seek mutually acceptable solutions to the principal problems confronting trade in agricultural products. A considerable amount of information had been compiled and many suggestions had been put forward. However, as was clearly noted in the report of the Committee none of the suggested solutions commanded a wide degree of support. His Government attached great importance to, and was prepared to co-operate in the furtherance of the work of the Agriculture Committee along the lines adopted at the Council in February 1971. He wished to emphasize that to obtain effective solutions to the problems confronted it would be essential to take into full account the variety of conditions and difficulties peculiar to individual countries. It might therefore, not be practical to seek uniform solutions to these problems.
He went on to express his appreciation to the Group of Three for the work it had accomplished in drawing up its report. Japan had considerably contributed to facilitating the increase in export earnings of developing countries. Forty per cent of Japanese imports stemmed from developing countries, while in absolute terms the value of these imports had increased from $5.3 billion in 1968 to $7.6 billion in 1971. The positive approach of the Japanese Government in this regard was illustrated by the implementation of the Generalized System of Preferences in August 1971 as well as by the advance implementation of the final stage of the Kennedy Round tariff concessions in April 1971. Furthermore, as was noted in the Report, the remaining quantitative restrictions maintained by Japan were being phased out at an accelerated pace. In addition, his Government was investigating the possibility of importing from developing countries primary products which had not previously been imported into Japan and had sent fact-finding missions abroad in this regard. His country was cognizant of the letter and spirit of Part IV and would do its utmost to follow the guidelines laid out by the Group of Three.

Mr. LUYTEN (European Communities) said that, as could be seen from the reports of the Agriculture Committee, a number of interesting suggestions had been made; the only characteristic common to them, however, was that none commanded support wide enough for any solution to be qualified as mutually acceptable. The Committee had pursued its work in the sense of fact-finding rather than of seeking solutions. In that field the work done was considerable although, so far as non-tariff barriers and in particular health and sanitary measures were concerned, it was not exhaustive.

The Agriculture Committee had in particular been directed to formulate conclusions on possibilities for concrete action that might appropriately be taken to deal with the problems that arose. Some concrete action had indeed been undertaken both multilaterally and on an autonomous basis, and the Community had taken an active and positive part therein.

Generally speaking, the Agriculture Committee had not really advanced in its work as much as one might have hoped. The Community considered nevertheless that the Committee should continue its work towards a three-fold objective. Firstly, the basic documentation furnished to it originally should be brought up to date. It would be useful for the Committee to be informed of any significant changes in agricultural policies. Secondly, the Committee should also continue to seek solutions in the field of non-tariff measures, in particular health and sanitary measures. In addition, the Agriculture Committee could carry out a critical overall analysis of the proposals that had been made.

Referring to the report of the Group of Three, Mr. Luyten noted that where tropical products were concerned, the Community had throughout the past ten years been taking autonomous measures that were regularly renewed and extended in order
to afford increasingly broad access for those products to its market. That trend showed clearly how the Community intended to pursue its action in that field. In addition the Community intended to continue that action at a rate consistent with the evolution of the economic development needs of the developing countries towards which it had a special responsibility and which were among the poorest countries.

Before turning to the general recommendations, in particular those implying multilateral co-operation, the speaker said that it was difficult for him to accept the inclusion of "variable levies" in the section entitled "Quantitative restrictions" when the common agricultural policy made no provision for quantitative restrictions. With respect to temperate-zone agricultural products, the Community's position largely corresponded to that of the Group of Three. In the immediate future, at least partial solutions should be sought to individual urgent problems, in the form of arrangements involving co-operation in the administration of the instruments of agricultural policies. The success and operation of the arrangement concerning certain dairy products was a good example of such multilateral co-operation. The vegetable oils sector could well be the subject of multilateral consultations with a view to defining precisely the problems arising in the sector as a whole. The Community was ready to participate in such consultations with all the countries concerned. The basic problem for trade in those products was not so much one of access, in the customs sense of the term, as of stabilization of the international market.

With respect to the studies recommended by the Group of Three, it appeared that on the basis of the documentation now assembled, in particular in the Working Party on the Tariff Study, the secretariat could proceed with that work, and the Community was favourable towards it.

The Community fully understood the concern felt over the current general economic situation. The responsibility of the major developed countries had been underlined. So far as the Community was concerned, it would endeavour to avoid any further deterioration of the situation to the extent of its possibilities.

Mr. LINDENBERG SETTE (Brazil), referring to the Reports of the Group of Three and of the Committee on Trade and Development, said that it was necessary that developed countries defined their position on trade matters of interest to developing countries. He expected from developed countries that they would soon all put the Generalized System of Preferences into effect. He suggested that an attempt should be made to assess the effect on trade of developing countries of the trade barriers maintained by developed countries, which had already been
identified by the various groups. He also believed that action should be taken to eliminate such barriers and especially non-tariff barriers, on a preferential basis for developing countries. In this connexion the observations contained in paragraph 11 of document L/3625 were relevant. It was also important to abolish immediately quantitative restrictions applied to products included in the Generalized System of Preferences. His delegation hoped that some decision could be taken at the present session regarding the continuation of the Group of Three.

Mr. PATEL (India) said that his delegation had participated actively in the Working Groups on Customs Valuation, on Standards and on Licensing. He pointed out that significant progress had been made on the work on valuation and that his delegation had been able to establish how the valuation systems at present adopted by certain developed countries posed special problems to the trade of developing countries. He urged those contracting parties maintaining legislation inconsistent with the draft interpretative notes drawn up by the Working Group, to modify their legislation accordingly, without waiting for reciprocal progress on other non-tariff barriers. Such action would be in keeping with the commitment which the contracting parties had assumed at the twenty-sixth session to give priority attention to the trade problems of developing countries. He agreed with the proposal that while the Working Groups on Standards and on Licensing continued with their work, other non-tariff barriers should be taken up for examination.

With regard to the report of the Committee on Agriculture, his delegation shared the disappointment and concern which had been expressed by major agricultural producing countries about the lack of progress in the work in this field. The Committee had been able to collect a vast amount of trade and statistical data and had prepared a detailed inventory showing tariff and non-tariff barriers affecting trade in the agricultural field. The main reason for the lack of progress in this as well as in the industrial field appeared to be the lack of political will on the part of the major trading countries to enter into negotiations.

He commended the members of the Group of Three for their efforts and expressed his disappointment that even though their recommendations had been modest, there had been absolutely no progress in their implementation and in fact some of the contracting parties had even taken backward steps. In particular he regretted that it had not been possible for the United States to accept the requests to exempt from the 10 per cent surcharge, products from developing countries. In addition, the United States administration also so far, had not taken any steps to obtain the necessary legislative authority that would enable it to implement the Generalized System of Preferences. His delegation fully shared the concern expressed in the Report of the Group of Three of the serious implications which a delay in the implementation of the Generalized System of Preferences by the United States might have, particularly as a result of the imbalance that might be created
in the burden sharing principle embodied in the system and he urged the United States to take early action to obtain the necessary legislative authority. He also expected that the implementation of the Generalized System of Preferences would not be made dependent on improvement in the trade and payment position of the United States.

In addition, Denmark had recently taken action to impose a surcharge on imports which at present applied to imports from developing countries. He noted, however, that the Danish Legislation authorized the Government to exempt products covered by the Preference Scheme, and he hoped this authority would be utilized when the Danish Scheme was implemented on 1 January 1972.

In the field of non-tariff barriers his Government fully supported the proposal that developed countries maintaining quantitative restrictions on industrial products should remove them by a definite target date and his authorities considered that this should apply to all products subject to quantitative restrictions whether or not included in the Generalized System of Preferences. Exports of jute and coir products, for example, were adversely affected by quantitative restrictions maintained by some European countries.

In the Committee on Trade and Development, his delegation had suggested that contracting parties should give priority attention to resolving problems of developing countries by taking advance action, if necessary on a preferential basis. In both the industrial and agricultural sectors it should be possible, in his view, to eliminate on a preferential basis most of the quantitative restrictions for imports from developing countries. It was evident that in most of the countries these quantitative restrictions were maintained to safeguard the domestic production from imports from the neighbouring countries and removal of restrictions for imports from developing countries as such would not be likely to cause serious problems to domestic producers. Such preferential action could also be possible for other non-tariff barriers.

He urged all developed countries to implement soon the recommendations made by the Group of Three with regard to the removal of internal charges on tropical products like tea and coffee and that, in any change of their taxation systems, they should adhere to the guidelines recommended by the Special Group on Tropical Products.

As regards the recommendations of the Group of Three for the study of problems in the field of textiles, including man-made and woollen textiles, he emphasized that it would be necessary to treat the problems in cotton textiles on a different footing, since a long enough period for re-adaptation of the industries in the developed countries had already been allowed under the Long-Term Arrangement.
Mr. FRANCA VIGLIA (Italy) observed that in the view of his delegation the Group of Three had taken the right direction in its work. Nevertheless it was not always easy, particularly in connexion with internal charges applied on certain tropical products, to adopt measures of relaxation as desired by the developing countries concerned.

His national authorities had given close attention to the report and to the recommendations addressed to the Italian Government. Any complaints that could be made in respect of Italy were of limited scope. Paragraph 1 gave an inaccurate picture of the true scope of the few quantitative restrictions still applied on fruits and fruit juices. Import possibilities for the fruits concerned were still considerable.

During the second informal consultation the Italian delegation had offered to arrange contacts between Italian representatives and representatives of the developing countries most directly interested, with a view to examining together any relaxations that might be made in the quantitative restrictions still maintained. The delegation was convinced that a more practical approach would facilitate a presentation conducive to consideration of more positive action on the part of the Italian Government.

Referring to the other sections of the Chapter devoted to his country, Mr. Francaviglia emphasized the positive character of the statements made by his delegation on products subject to State trading, and the concrete measures taken very recently by his Government in the field of non-tariff barriers. Parliament had approved the abolition of the administrative duty and the statistical duty.

With respect to the problem of the selective taxes applied on certain tropical products, the Italian delegation was obliged to state once more that having regard to the major fiscal reform that was under way following the recent vote by Parliament, and taking into account the difficulties inherent therein, the time did not seem opportune for taking into consideration the Group's recommendation. That recommendation could be the subject of more positive examination at a later stage. In conclusion, it should be noted that Italy was aware of the desirability of seeking possibilities for equitable solutions.

Mr. PETRESCOU (Romania) said that his delegation had been following the work of GATT with interest for several years. That work should be intensified and his country was greatly interested in the promotion of international trade expansion.
Referring to the concrete proposals made in particular by the Swedish, Australian and United States delegations, he said that his delegation was favourably disposed to the idea of establishing the necessary institutional framework for pursuing the work. The various measures taken to that end should be grouped in a coherent way and his delegation therefore supported the idea of a global approach.

Mr. DUNKEL (Switzerland) remarked on the difference in progress of work in the Committee on Trade in Industrial Products and in the Agriculture Committee, particularly where the identification of possible solutions was concerned. That difference was a cause for concern, because mutually acceptable solutions seemed more and more to call for a concerted effort on several fronts. The same problem was to be found within the industrial products sector and, for future activities, he would support the addition of new study topics; that should not, however, slow down the effort to reach agreement on topics already under study. Noting that considerable documentation was now available in the industrial and agricultural sectors, Mr. Dunkel thought the time had come to consider what overall effort could be made with a view to further progress at the appropriate time toward trade liberalization. The suggestions made by the Swedish and Australian delegations could afford an appropriate framework for such an extension of the work.

Referring to the Report of the Group of Three, the Swiss representative noted that it identified some sectors in which concerted action on the part of industrial countries was a prerequisite for expansion of the exports of developing countries. His delegation shared that view but believed that in certain cases the general structure of agricultural trade must also be taken into account when considering such problems. It approved the idea of statistical studies which would yield better information about the export trade of developing countries and about existing trade problems.

The recommendations addressed to Switzerland had been carefully examined by the Swiss authorities; some clarifications had already been given, and the import duty applied on bananas was at present under detailed study.

In conclusion the Swiss representative emphasized that, from the overall aspect, the concern of GATT when considering problems before it should be to find solutions applicable to all the contracting parties.
Mr. MILLER (United States) said that he could not make full comments on the Report of the Group of Three as it had just recently been received in Washington. His Government considered the Report, in the main, to be both sound and useful and supported the proposal that the Group be kept in existence. There was, however, one criticism he wished to make. His delegation had found the final report highly critical of the United States import surcharge, while it failed to recognize the extremely adverse balance of payments and economic conditions that had forced his Government to adopt this emergency action. His delegation shared the hope expressed by all contracting parties that the surcharge be removed as soon as possible but, as had been pointed out many times, removal depended on basic readjustments in the factors underlying the balance-of-payments disequilibrium of his country. The Group of Three Report did not mention that the attainment of these readjustments would bring substantial benefits to the developing countries. He also expressed his surprise that the Report did not establish the rationale of his Government for not exempting imports from developing countries from the surcharge. The surcharge had been applied on a non-discriminatory basis, consistent with the rules of the GATT. The United States still had faith in the continued maintenance of the most-favoured-nation principle.

Finally, he recalled that his delegation had stated, in the October 1971 meeting of the Special Group on Tropical Products, that they were prepared to consult other developed countries with a view to exploring the possibilities for concerted action for the liberalization of trade in vegetable oils on a most-favoured-nation basis, and had proposed that there be a standstill on fats and oils as a short-term measure.

Mr. BUXTON (United Kingdom) expressed appreciation of the work done by the Group of Three in their Report, which he was sure all delegates would accept as a fair and realistic attempt to get to grips with the problems facing developing countries.

With regard to the Report of the Committee on Trade and Development, he disagreed with criticisms about the rate of progress, as the problems discussed were among the most difficult to solve, especially when the legitimate interests of developing countries, and often of the least developed countries, had to be reconciled with those of all contracting parties. Therefore, he would not deprecate the present emphasis on the collection of information.

In discussing the Report of the Group of Three he concentrated on the points raised with regard to the United Kingdom. He was pleased that only few points had been raised. He pointed out that in most cases there were compelling economic or social reasons why the restrictions could not be lifted unilaterally; the removal of restrictions on jute for example would have severe implications for the employment situation in Dundee. As regards restrictions on citrus fruit, the interests of certain developing countries themselves were at issue.
In fact, a multilateral approach was needed for many of these problems. Such an approach was on the whole, being recommended in the general part of the Report of the Group of Three and in most cases his delegation could concur with these recommendations and was ready to play its part. His authorities were continuing their more detailed consideration of the recommendations in the final version of the report and assumed discussion of the recommendations would be taken up in the appropriate organs of the GATT.

His comments would therefore be confined to two points. First, his Government supported in principle, the studies of trade problems of individual developing countries but preferred to keep its detailed comments until it was known how the secretariat would handle these studies. He thought the suggestions in the Annex to the Report seemed to be realistic. Second, his Government could concur with the proposal, if it met with general agreement, that the Group of Three become a permanent body, charged with the periodic review of the implementation of Part IV and consideration of proposals for action. A permanent Group of Three should supplement, but not replace, the functions of the Committee on Trade and Development with respect to the implementation of Part IV.

With respect to the points raised in the Report on Tropical Products and the question of internal charges, he stated that his Government was very sympathetic to all four proposals put forward by India but was not able to enter into commitments over future arrangements on internal charges pending the introduction of their new Value Added Tax scheme next year and entry into the European Economic Community.

Mr. ARCHIBALD (Trinidad and Tobago) congratulated the Group of Three on their Report. He proposed that the Group should be kept in existence so that it could review progress on the implementation of its recommendations, and report back to the Committee on Trade and Development. In addition, he considered it useful that the Group kept a general watch over the interests of developing countries during the next two to three years of turbulence in world trade. He did not believe that the Group should take over activities of any existing committee or other group but that the novel and particular technique it had developed should be kept in reserve for future use.

In his view the continuing existence of the Group of Three would be a demonstration of the good faith and goodwill of the CONTRACTING PARTIES towards developing countries in world trade.

Mr. TASWELL (South Africa) stated that his delegation had positively supported the programme for the expansion of international trade agreed upon at the twenty-fourth session. However, a review of the past four years revealed little real progress despite much spade work and valuable technical studies. Notwithstanding the importance of GATT's trade expansion programme, important and major questions were still unresolved. His Government believed nevertheless that it was necessary that the various committees and groups should continue seeking solutions for the
limitations to trade which had been notified and that eventually all barriers to trade should be considered, not only those on the removal of which it was easy to agree.

He pointed out that very little progress had been made in the agricultural sector, in which South Africa had a large interest. At the inception of the GATT there had been a tendency for countries having a major interest in the export of agricultural products such as his own to grant concessions on a wide range of industrial products in exchange for concessions on agricultural products by the industrial countries. For a country on the threshold of industrial development this was a high price to pay but South Africa had done so in an effort to revive and increase international trade.

His country had never really benefited from these concessions and was now faced with a special problem. The diversification of his country's economy could not have been foreseen in 1947, with the result that in order to accord modest tariff protection to viable industries, it had now become necessary to engage in prolonged negotiations under the provisions of Article XXVIII of the GATT with a view to finding counter-concessions to compensate their main trading partners.

Taking this into account, he felt it was not unreasonable to ask industrialized countries to show understanding when considering matters relating to the establishment of industries in countries such as his own and pointed out that this industrial expansion was also to the benefit of trading partners.

His delegation was inclined to think that trade negotiations limited to the tariff field and to the reduction of subsidies had not proved to be sufficient to rationalize trade in agricultural products. He felt it was clear that new methods of negotiation should be sought, with no limitations set as to alternative methods and noted that interesting suggestions on possible methods of negotiation had been heard in the Agriculture Committee. He therefore supported in principle the Australian proposal to examine this problem, facilitating the solution.

In conclusion, he said that in response to repeated appeals that all contracting parties should accept Part IV of the General Agreement, his Government had recently authorized him to sign the relevant protocol.

Mr. COLMANT (France), while recognizing the importance and interest of the work of the Group of Three and congratulating its members, noted nevertheless that the report dealt with only one aspect of the economic and trade problems of the developing countries. He referred to the ideas and position of his country on those fundamental options which would, he hoped, be borne in mind when the report was examined.

With respect to the specific aspects mentioned in the report, and in particular the quantitative restrictions applied by his Government, Mr. Colmant renewed the assurances already given to the Group of Three that the quotas were administered by the French national authorities in an extremely liberal manner where exports of developing countries were concerned.
Those authorities had taken note of the views of the Group of Three concerning the administrative machinery of the import régime, and were considering in a positive way with a view to improving the régime recommended by the report. The French delegation was not in a position to announce any specific measures because the problems were under study; it could confirm nevertheless that the examination was tending toward the search for provisions that would make importers better acquainted with products from developing countries, and inform exporters of those products about real import possibilities existing within the framework of the regulations in force.

Mr. SANG YONG PARK (Korea) stated that, with regard to the Report of the Group of Three, the views of his delegation remained unchanged from those expressed in April 1971 at the informal meeting of the CONTRACTING PARTIES. Although he had slight reservations on some of its observations, he strongly supported the proposals contained in the Report, which covered urgent problems in different areas of international trade and which should be given favourable and positive consideration by the developed countries. He had noted that the delegations of developed countries had stated that their governments would give the Report of the Group of Three serious consideration in their efforts to assist developing countries and that in certain cases concrete steps were already being taken to implement some of the recommendations contained in the Report.

He endorsed the view which had earlier been expressed that the Group of Three should remain in existence and that the progress in the implementation of its recommendations be reviewed on a continuing basis.

Mr. WILLENPART (Austria) recalled that in each country the agricultural policy and the various measures applied formed a single whole. He underlined therefore, that action on agricultural trade barriers, tariff or non-tariff barriers, should take place at the same time. He agreed that the Committee on Agriculture should continue its work and search for further solutions.

With reference to the trade of developing countries, he mentioned the importance of the Generalized System of Preferences and of a number of unilateral measures adopted by his Government. As from the beginning of this year Austria had substantially reduced the tariff rate for roasted coffee and removed the import equalization tax for tea and raw coffee. He also mentioned his country's worldwide network of Foreign Trade Promotion Services, whose services were at the disposal of exporters in developing countries and said that this type of trade promotion effectively complemented trade policy measures.

He praised the work of the Group of Three and understood the desire that this Group should be maintained in existence. He expressed the hope that developed countries would find it possible to meet the recommendations made in
the Report of the Group. His Government was in principle, prepared to contribute to the recommendations for concerted action and was already examining in a positive spirit the other recommendations in the general part of the Report of the Group of Three. He stated his Government had already reacted in detail to the few specific recommendations relating to Austria. In reference to the Austrian preference scheme, he said this was under permanent review, also with a view to extending the product coverage. He assured contracting parties that his Government had no intention of cancelling the suspension, since 1958, of the import duty on bananas.

Mr. RYDFORS (Sweden) referred to the statement made in the last report of the Agricultural Committee that further progress might very well depend on whether appropriate decisions were taken by the CONTRACTING PARTIES. His country was willing to take part in any further efforts to find mutually acceptable solutions to the agricultural problem which, in his view, was primarily caused by the production of surpluses in many developed countries. The problem of surpluses could be taken up in consultations within the framework of GATT and discussions should be held on production policies, including self-sufficiency ratios in different countries or groups of countries. If a mutually acceptable solution could be found on this issue, solutions to many other problems in this field would follow.

In his opinion it did not seem possible to pick out one or two problems within the agricultural sector and try to solve them individually. The problems connected with agriculture, had to be approached in a more comprehensive way and he considered it important that preparations for possible settlements were continued in a suitable framework.

He stressed the urgent need to increase the export earnings of developing countries and considered it important in the current difficult situation in world trade to bear in mind the principles of Part IV. He stated that his Government would put into effect the Generalized System of Preferences on 1 January 1972. It was the sincere hope of his delegation that these preferences would lead to increased export earnings for developing countries. He stressed that there was also a need for action on the part of the developing countries. Conscious efforts in trade promotion were required - a field in which the International Trade Centre could give valuable assistance.

Another major event in the work of GATT was the presentation of the valuable Report of the Group of Three. With regard to tropical products, his country had for a long time been active in trying to achieve duty-free access to the markets of the developed countries and had supported the pursuit of ways and means for concerted action by all developed countries towards this objective, in particular the current discussions to explore the possibilities for an international cocoa agreement.
His delegation generally supported the recommendation that quantitative restrictions on imports of industrial products other than textile products be eliminated. The exclusion of textiles was due to the special problems prevailing in that sector, which were having unfortunate repercussions on trade in these products. This applied to cotton textiles as well as to other textile products. He therefore favoured the proposal to undertake a study of the trade problems in the textile sector.

Turning to the problem of tariff escalation, it was his opinion that the introduction of the Generalized System of Preferences would solve most of the problems in this field.

In commenting on the few specific recommendations addressed to his Government, he noted that in regard to quantitative restrictions only two items of interest to developing countries had been notified by the developing countries, none of which appeared to affect the trade of developing countries in any significant way.

Noting that the Group recommended that the Swedish State monopoly on wine and liquors should make an effort to include in this important programme exports from developing countries, he recalled that, according to a market study by the International Trade Centre, the Swedish market was of special interest to exporters from developing countries, since large orders could be secured through the monopoly with a relatively small effort. Imports by the State-trading monopoly from developing countries had, during the last years, increased substantially.

Apart from this State trading monopoly, no measures notified as non-tariff barriers would remain after 1 July 1972, when the sales taxes on furs and carpets would have been abolished.

Turning to tropical products, he gave his assurance that his country was prepared to take due account of the Group's recommendation to consider the possibility of including sweetened cocoa powder and certain other preparations containing cocoa in the Generalized System of Preferences, when considering at a later stage a possible extension of the positive lists.

Finally, he gave his support to the idea that the Group of Three should undertake regular examinations of conditions affecting the trade of developing countries and review developments with regard to the Group's recommendations,
Mr. ELSON (Federal Republic of Germany), referring to the Report of the Group of Three, stated that the setting up of this Group had been an important step in the Programme of Expansion of International Trade and a useful means of furthering trade interests of the developing countries and stressed that his Government would continue its liberal policies in respect of products from these countries. He pointed out that his country had, between 1967 and 1970, increased its imports from developing countries from DM 13.7 billion to DM 17.7 billion, whereas its exports into these countries in the same period had only increased from DM 11.7 billion to DM 14.8 billion. He considered this deficit of roughly DM 3 billion in Germany's trade balance with the developing countries an important contribution to the economic development of these countries and pointed out that within the total imports from less-developed countries the imports of manufactured goods had shown a special and remarkable increase from DM 9.5 billion in 1967 to DM 12.7 billion in 1970.

As regards trade promotion, he said that so-called contact offices had been established in his country, collecting offers from developing countries and transmitting them to German industries. These offices would help developing countries in the field of market research and this approach had proved very valuable.

His authorities had read the Report of the Group of Three with interest, and, as a first positive reaction, had already liberalized a number of tariff positions since 1 October 1971.

He considered that the Report's criticism of his country's import system was justified, but he emphasized that this had not proved a serious hindrance to exports from developing countries; this was quite clear from the figures he had quoted.

Referring to a question raised on the excise tax on coffee and tea, he said that he was not in a position to give any assurances with regard to its elimination or even reduction. The tax was being levied for budgetary, rather than commercial reasons. Admittedly it was maintained at a high level, but had had no influence on the consumption of coffee, since in the last ten years imports of coffee had roughly doubled and were still increasing.

Mr. RAIMONDI (Argentina) stated that his delegation was disappointed and concerned by the lack of progress made in the Committee on Trade in Agricultural Products, although it recognized the importance of the preparatory work carried out and the valuable documentation assembled. The future did not appear to be enticing to the finding of mutually acceptable solutions. His delegation believed that the principal countries concerned should show the necessary political will and the maximum possible effort should be made to find effective solutions to the main problems which arose in trade in agricultural products. His delegation attached particular importance to temperate zone products.
Concerning the trade problems of the developing countries, he thought that the Report of the Group of Three was most valuable and well balanced and its recommendations, if adopted, would increase the income of the developing countries. His delegation in general supported the recommendations and hoped that the countries to whom they were addressed would be prepared to implement them. He associated his delegation with the recommendation concerning the elimination of quantitative restrictions, in particular those affecting products included in the Generalized System of Preferences. He also agreed with the recommendation that any discriminatory country classification still maintained to the disadvantage of developing countries be eliminated. In conclusion, he said that his delegation viewed with sympathy the idea of keeping the Group of Three in existence.

The CHAIRMAN made a summary of the discussion concerning the activities of the Committee on Trade in Industrial Products. He indicated that general satisfaction had been expressed for the work carried out by the Committee and its Working Group on non-tariff barriers and for the Tariff Study. As to the future work on non-tariff barriers, there had been general agreement on the importance and priority that had to be given to pursuing the work on standards and on licensing, so that, as had already been the case for valuation, it would be possible to submit texts to governments in the very near future. In addition, the time had come to select certain additional non-tariff barriers for similar work as and when the schedules of the various groups permitted. The items commanding most support were the following. Group 1 should undertake work on export subsidies to be followed in due course by work on countervailing duties. There remained some differences of view as to the inclusion of primary products. Group 2 should consider the problem of import documentation and consular formalities, even though certain reservations had been expressed about including consular formalities. Group 3 should consider the problems concerning marks of origin, packaging and labelling. Group 4 should pursue the matter of quantitative restrictions in particular those affecting developing countries. On the matter of the inclusion of export restraints, some differences of view had been expressed.

Concerning the Tariff Study, there appeared to be agreement to adopt the programme of work as it was outlined in the Committee's Report. The importance of action on tariffs in the context of the work programme had been stressed. He suggested that delegations should reflect further on the matter of the selection of new items, so that a decision could be taken the following week on the work programme of the Committee on Trade in Industrial Products. He added that real interest had been expressed for the Swedish proposal to establish a trade policy group but that more time to reflect upon this proposal was necessary.

As to trade in agricultural products, the two reports presented to the CONTRACTING PARTIES brought out very clearly the stalemate which existed at the moment in the Agriculture Committee. Certain suggestions had however, been made
concerning the future work of the Committee. It had been suggested that the Committee should work towards the elimination of export subsidies and towards the replacement of protective quantitative restrictions and variable levies on imports by negotiable fixed tariffs. It had also been suggested that the Committee should pursue the mandate given to it by the Council in February 1971 (reproduced on page 5 of the Report of the Council, document L/3624). It had also been suggested that the Committee should carry out a critical analysis of the suggestions already before it and of any new suggestions that might be made with a view to bringing out the balance of advantages and disadvantages of these suggestions. It had also been suggested that the Committee should seek mutually acceptable solutions to certain non-tariff barriers; health and sanitary measures had specifically been mentioned in this regard. Finally, some delegations had referred to the suggestion already made at the Informal Meeting in April that an Expert Group should be charged with drawing up concrete proposals, by way of recommendations to the CONTRACTING PARTIES, which might enable the CONTRACTING PARTIES to come to grips with the problems of international trade in agricultural products.

Concerning the trade of developing countries and the Report of the Group of Three, there appeared to be a consensus that the Group of Three should continue in existence and that studies would be carried out by the secretariat to establish more clearly which problems were of particular interest to the individual developing countries. There also appeared to be a consensus as to the multilateral action on the matters recommended by the Group of Three. It was necessary to determine what would be the mechanism to carry out this action. This matter should also be decided next week. He invited delegations to give these points their consideration.

The meeting adjourned at 1.20 p.m.