SUMMARY RECORD OF THE FIFTH MEETING

Held at the Palais des Nations, Geneva, on Tuesday, 7 November 1972, at 10 a.m.

Chairman: Mr. G. SioQUINA (Italy)

Subject discussed: 3. Expansion of International Trade

Expansion of International Trade

Mr. PEirCE (United States) stated that the reports of the three committees described the extensive work already accomplished in preparation for future multilateral trade negotiations, and revealed what remained to be done in selecting the negotiating techniques which offered the most promise for substantial progress.

The Committee on Trade in Industrial Products had already developed ad referendum solutions to some non-tariff barriers, while others had been brought to an advanced stage - for example, agreement on a standards code might be achieved by the end of the year. The Committee had also had a useful first discussion of techniques and modalities for broad-scale negotiations. The United States delegation saw considerable merit in the suggestion that future work begin with consideration of duty-free trade in industrial products among developed countries. Bearing in mind that no contracting party was yet prepared to make a commitment, this approach seemed to offer the broadest scope for discussion in which other techniques could be considered and adapted to whatever objective could be agreed as the process of negotiation evolved.

Tariffs, non-tariff distortions, and safeguards were inter-related in that progress on one kind of agreement would depend on progress in respect to the others. A comparable relationship existed between trade in industrial and agricultural products.
While the Industrial Committee had identified a number of problems that could be separated out, unfortunately, the Agriculture Committee had not. The problems of agricultural trade arose not just from measures of border protection but also from other policies that affected domestic production and consumption. A recognition of the relevance of domestic support policies to trade and the willingness to modify them where necessary would be required in order to permit trade in agricultural products to expand. This applied to the policies of the United States as well as to policies of other countries. In his view a combination of techniques would be needed to deal with these problems in future negotiations. One combination, suggested by the United States, recorded in paragraphs 252-259 of the Agriculture Committee's report, proposed in essence, that all elements of protection be converted into fixed duty equivalents and that the resulting levels of protection be bound at the beginning of the negotiations. Targets for reducing levels of protection would then be negotiated product by product and implemented over a ten-year period. Schedules for eliminating export subsidies in sales to commercial markets over the same period could also be negotiated. There would also be agreement in principle that government payments for maintenance of producer income would be designed to influence production and trade as little as possible. Such a combination of techniques covering three phases of agricultural policy -- imports, exports and production -- was designed to begin the process of reducing barriers to trade in agricultural products without restricting the right of governments to supplement the income of their producers. He hoped that other contracting parties would find merit in the general outline of this proposal or would be able to develop useful alternatives of comparable scope.

He approved of the suggestion that pilot studies be carried out to show how particular techniques could be applied to agricultural products or sectors, although the framework for any such studies would have to avoid prejudicing any particular technique or modality of negotiations.

He expressed satisfaction that the developing countries were playing an increasingly active role in both the Industrial and Agriculture Committees. He was disappointed that the results achieved in GATT bodies working primarily on problems of direct interest to developing countries had, to date, matched the effort devoted to them. In his opinion the slow pace in these groups was attributable not so much to the absence of political will as to the lack of a negotiating environment in which the pooling of concessions would make it easier to translate good intentions into deeds.
The three committees had looked to the CONTRACTING PARTIES for guidelines for their future work. Agreement on guidelines that would serve the interests and needs of all participants, including developed and developing countries, would not be easily achieved. This would take time. It would also require a forum in which the problems of agricultural and industrial trade could be considered together. In the coming days of the session, arrangements would have to be made to address these questions in a co-ordinated preparatory programme that would bring together the contributions of the major GATT committees. The session should give further impetus to preparatory work for major negotiations beginning next year.

Mr. HAIZEL (Ghana) stated that the conclusions in the reports of the Agriculture Committee and the Committee on Trade in Industrial Products were largely hypothetical, as definite objectives to which the conclusions could be related were lacking, but they offered guidelines for unilateral and multilateral approaches and provided a general framework for further preparatory work towards the forthcoming negotiations. He hoped that the objectives to be formulated would take into consideration the special interests of developing countries. He urged that the trend towards duty-free entry for the products of developing countries as in the Generalised System of Preferences, would be reinforced. He urged all developed countries to give a large measure of advantageous concessions to developing countries during the coming negotiations, without expecting full reciprocity and without prejudice to the full implementation of the GSP by all developed countries.

As regards non-tariff barriers, he urged that all such barriers applied to the trade of developing countries be removed, or where they were unavoidable, as in health and sanitary regulations and standards, that technical assistance be provided to enable developing countries to comply with the necessary requirements.

He expressed recognition of the work being done by the secretariat in giving technical assistance to developing countries and considered that assistance should be accelerated to allow the developing countries sufficient time to assess their positions.

He agreed with the suggestion that in order to avoid duplication a special body be set up responsible for co-ordinating the preparatory work, on behalf of developing countries and for protecting their interests during the negotiations. This body could either be an expanded form of the Group of Three or a special working group of the Committee on Trade and Development.

He expressed appreciation for the work done by the Group of Three in their attempts to focus attention on the special problems of the developing countries.
As regards tropical products he noted that gradual progress had been made towards reducing selective taxes and duties on some of them but there was still much to be done. The coming negotiations should lead to a greater liberalization of duties on the raw and processed forms of tropical products. He also urged that tariff discrimination based on country classification practised by some major countries be terminated. He expressed the hope that within the framework of the harmonization of duties and internal charges in the expanded EEC, an attempt would be made to remove these barriers.

In conclusion, he remarked that the implementation of the recently-concluded Cocoa Agreement was still very much in the balance, and expressed a strong hope that the major consuming countries which had found it necessary to reserve their positions on the Agreement would, as soon as possible, give their whole-hearted support to it.

Baron LAGERFELT (Sweden) was of the view that the report of the Committee on Trade in Industrial Products duly reflected the important discussions which had taken place. The examination of the advantages and disadvantages of different negotiating techniques contributed to a better understanding of the problems involved and constituted a valuable basis for the future negotiations. This examination could of course be expanded. Future work was difficult, however, since no concrete objectives of the negotiations had been established. In his view the objective of the negotiation should be the maximum possible liberalization of world trade.

He shared the view that the future work on techniques and modalities for the negotiations on tariffs should begin with a consideration of duty-free trade in industrial products among developed countries. He hoped that the basic documentation which contained inter alia such an approach, would be discussed early.

The work of drawing up ad referendum solutions to certain non-tariff measures had been conducted efficiently. The two reports, one on valuation and a second one concerning licensing, set out clearly the options available. He hoped that the work on a Code of Conduct for Preventing Technical Barriers to Trade would be finished in the very near future. It was his impression that non-tariff measures which could be dealt with in the negotiations were well identified in the Inventory but it might be practical to review and up-date the so-called Illustrative List of non-tariff measures. The objective of the future negotiations should be to eliminate those non-tariff measures which represented concrete and practical problems for international trade and it would be necessary to consider how solutions to non-tariff measures related to each other and to all other elements of the overall negotiations.
In regard to the problem of separating industrial and agricultural products, the Swedish representative agreed that all solutions to non-tariff barriers should be examined with a view to establishing whether they could be generally applied or whether a solution was specific for industrial or for agricultural products.

He also felt that the elaboration of an adequate multilateral safeguard system would be an essential element in the forthcoming negotiations.

The studies on implications for developing countries of different techniques and modalities should cover all possible combinations, including preferential action, advanced implementation, priority for the least developed countries, and non-reciprocity and should be pursued with continued assistance from the secretariat. As the specific objectives of the future negotiations had not yet been defined the Swedish Government kept an open mind as regards different proposed solutions to the special problems facing the developing countries.

The work on techniques and modalities by the Agricultural Committee, in his opinion presented an extensive catalogue of different techniques that might be possible in a negotiation in the agricultural field. His delegation attached special interest to the field of production policy measures. It would be necessary to discuss how to approach the goal to liberalize international trade in agricultural products together with problems in other fields. He supported the proposal to initiate pilot studies involving specific products which could help to make the very technical discussions on techniques and modalities more concrete. In selecting products for these studies, priority should be given to products of special interest to developing countries.

Mr. CUBILLOS (Chile) believed that it was necessary for the CONTRACTING PARTIES to define the objectives of the multilateral trade negotiations in 1973 and to give adequate guidelines to the Committees on Trade in Industrial Products, on Trade and Development and to the Agriculture Committee for the preparation of techniques and modalities for the negotiations, as they had been acting up to now without political directives. The general objective defined in the joint declarations made by some developed countries was the expansion and liberalization of world trade and improvement in the standard of living of the people of the world. This might be an objective for the developing countries, but it should not be overlooked that liberalization of trade by the industrialized countries would eliminate the benefits accruing to developing countries from the Generalized System of Preferences. His delegation believed that the objectives should be formulated within a new international economic policy and it was necessary to incorporate the negotiations with a new and equitable international division of labour. In order that developing countries might achieve a greater participation
in the expansion of world trade, it was necessary to take into account their need for economic and social development. The negotiations should result in giving peripheral countries sufficient resources so as to ensure the self-financing of their development. Developing countries were not satisfied with what had been anticipated up to now with regard to the objectives of the negotiations. In the present conditions of the world economy the industrialized countries should define a new economic policy for the Third World which should contain objectives and proposals to be achieved during the 1973 trade negotiations. At a recent meeting of the Special Committee for Latin American Co-ordination (CECOLA) the Latin American member countries had agreed on the need to obtain certain legal, economic and commercial objectives for the negotiations. In the juridical sphere, the General Agreement would have to be amended to incorporate precise rules on non-reciprocity, non-discrimination and preferential treatment in favour of developing countries. The economic objectives should lead to the acceleration of their economic development, increase their participation in world trade and increase and diversify their exports and markets. The commercial objectives should consider specific aims for developing countries globally, by sectors and by products. Furthermore, it was necessary for the industrialized countries to accept before the beginning of the negotiations, the principles set out in UNCTAD Resolution 82(III). Only after the acceptance of these objectives and principles would it be possible to draw up techniques and modalities for negotiations between developed and developing countries. It was also necessary to examine other techniques which would have a more positive approach, utilizing internal factors of the economic structure of developed countries such as their taxation and credit systems. For instance, the importers of goods from developing countries might benefit from tax exemptions; liberal credit at low interest rates could be granted by developed countries to the importers of goods from developing countries. The above proposals, as well as the results of deliberations in the various GATT committees and any other relevant issues should be considered by the Committee for the preparation of the negotiations whose establishment Chile supported. He insisted that the first thing to do was to define the policies, objectives and principles for the negotiations. Otherwise developing countries could not estimate the advantages or disadvantages of the product-by-product approach, the elimination of low tariffs or the linear reduction technique, nor could they say whether the sector approach was the right one to deal with the NTB's. On the other hand, developing countries knew what the Generalized System of Preferences meant for them and would expect compensation, even financial compensation, in case of the erosion of the benefits accruing to them under the system.
Mr. CLARK (Canada) stated that the Canadian delegation had reviewed the preparatory work done to date, and especially the reports of the three committees and the Group of Three, to identify gaps and to develop suggestions for filling them.

He noted that the Agriculture Committee had assembled a very large amount of basic relevant data and had systematically identified and examined a large number of techniques and modalities for dealing with its principal problems of trade in agricultural commodities. The work in the area of techniques and modalities, however, had been done on a theoretical plane, in the sense that no reference was made to the position of a particular product or country.

His suggestion therefore, was that the work should be brought to a more practical level and that the Committee should conduct a series of pilot studies which would take clearly defined groups or sectors of products; identify all of the trade barriers and trade distorting measures which affected exports and imports; apply related techniques to these barriers and measures and examine the extent to which a technique or combination of techniques would increase trade in agricultural products.

The Canadian delegation was flexible as to the products which could be the subject of the first study; vegetable oils and seeds could be taken up.

His second suggestion was that the Agriculture Committee should develop a detailed and precise set of measures which would limit or prohibit the use of export aids. This work should move in parallel with the work of the Industrial Committee on export subsidies.

His third suggestion was that the Agriculture Committee should initiate work with a view to developing a contractual code to establish some order and discipline on the trade effects of Health and Sanitary Regulations. This work should be similar but not identical to the work which the Industrial Committee had already done in the field of standards.

With respect to the work of the Industrial Committee, he suggested that it should concentrate on presenting tariff and trade data in forms which would facilitate the assessment of the implications of the various options and combination of options available in this field. Furthermore, the illustrative list on non-tariff measures should be reviewed to ensure that it contained all the measures which could possibly be dealt with in the negotiations. No measure should be excluded from the Committee's work at this stage.
His delegation suggested also that in its work in considering techniques to remove the trade restricting or distorting features of specific types of non-tariff measures the Committee should give special attention to developing effective systems to safeguard access. This could be done by procedures and institutional arrangements which would first detect any attempt to re-establish the non-tariff measures and secondly, if they were re-established, obtain their early removal.

The Canadian delegation shared the view that in the field of non-tariff measures meaningful results could best be obtained by specific commitments on specific measures. At the same time they suggested that the Industrial Committee should consider the development of global provisions which would enable the CONTRACTING PARTIES to deal with new types of non-tariff measures, which could not readily be envisaged but which were likely to arise periodically. Such provisions could include a combination of principles, monitoring procedures and arrangements to prevent the impairment of access.

Referring to the question of safeguards he pointed out that the secretariat paper focussed almost entirely on escape clauses and the terms and conditions on which they can be used. The second element of the safeguard issue consisted of provisions designed to prevent the impairment and nullification of access, or, if impairment occurred, to re-establish the balance. To enable the Committee to give more meaningful and balanced consideration to the issue of safeguards, he suggested that the secretariat prepare a similar note, focussing on measures aimed at preventing the impairment and nullification of access. His delegation hoped that this note could be distributed before the Committee resumed its work on safeguards.

As regards the trade of developing countries, the Canadian delegation stated the view that work on techniques and modalities on the participation of developing countries should be accelerated. It seemed, in this respect, that pilot studies could be of considerable use by throwing light on the means that should be employed to provide the developing countries with an opportunity of obtaining more value-added for their agricultural exports. In the Industrial Committee Canada had suggested that sector negotiations were one of the techniques that could be adopted in the industrial field. In elaborating this concept of sector negotiations, the Canadian delegation had emphasized that one of its objectives would be to assist countries exporting industrial materials or resource products, to obtain more value-added also for these exports, wherever this was economically feasible.
Mr. GARRIDA RUIZ (Mexico) was grateful to the secretariat for the assistance and orientation received thus far. However, Mexico and other developing countries would only be able to participate in the negotiations if contracting parties, in particular developed contracting parties, agreed to adopt special measures in favour of developing countries. These measures should lead to a more harmonious expansion of world trade and define very clearly the objectives and aims of the future action. Even though recognizing the inter-relation of the trade problems of developing and developed countries and their equal priority, it was not possible for developing countries at this stage to decide if they would participate in the negotiations, nor what their strategy would be. He supported the creation of a Committee for the preparation of the negotiations, whose terms of reference could be established once the concrete objectives of the negotiations had been defined. At present the main problem was how to ensure that the balance of the negotiations would be advantageous to all participants. This constituted the minimum to be expected from the negotiations but did not result, in his view, from the work done up to now. The guidelines to be drawn by CONTRACTING PARTIES would have to satisfy the expectations of developing countries and plan the future work of the various Committees of the GATT in a way conducive to the benefit of all countries participating in the negotiations.

The future trade negotiations should serve to consolidate the preferences granted to developing countries under the Generalized System of Preferences, to expand the preferences both in the industrial and agricultural sectors and to extend them to non-tariff barriers. The negotiations should deal decisively with the problem of tariff escalation, access to markets and safeguards and result in concrete measures benefiting the exports of industrial and agricultural products by developing countries.

He supported the pilot studies proposed in the report of the Agriculture Committee and agreed that they might be useful to developing countries and lead to concrete new initiatives. Finally, he supported the maintenance of the Group of Three and its recommendations.

Mr. LUJTEN (European Communities), welcoming the progress made by the Committee on Trade in Industrial Products, noted that, in the field of tariffs, what had now to be done was to test the techniques listed by the Committee against the changes which they might make necessary in the tariffs of the various industrialized countries. The tariff study provided an excellent working instrument. It was important that further analysis should be balanced, without giving preference to one approach at the expense of another, so that the best possible understanding could be obtained of the implications of all the various techniques. For that purpose the Committee should therefore have at its disposal quantified data relating to a range of methods.
So far as non-tariff barriers were concerned, the selective approach, which had been adopted, appeared to be the most promising. The Committee had agreed that the time had come to review the Illustrative List of non-tariff measures and to bring it up to date, so as to gain an overall view of the non-tariff measures which might possibly be dealt with in the negotiations. The Community noted with satisfaction the preparation of ad referendum solutions on licensing systems, following on those prepared on customs valuation, and the fact that a programme of work had been drawn up for the Committee's subsidiary bodies. The choice of new barriers, in the selective approach, had made it necessary for several delegations to agree to a compromise. The Community would have preferred to postpone the problem of countervailing duties until export subsidies on products other than primary commodities had been dealt with; it believed that it was only by preparing a variety of different solutions that it would be possible in the case of non-tariff measures to arrive at a package which offered the balance necessary for the various partners.

With regard to safeguards, the main point for the Community was to preserve the stability in trading conditions and to avoid possible damage to it as a result of undue resort to safeguards. It would therefore be necessary to take account not only of the advantages that would accrue from a new step in trade liberalization, but also of the need to prevent that liberalization from being accomplished in such a way as to result in over-frequent recourse to safeguard measures.

The Agriculture Committee had agreed that efforts to ensure adequate preparation for the multilateral negotiations should be continued and intensified. The question that now arose was how that work could be further pursued. Since, according to the Agriculture Committee and the Working Group on Techniques and Modalities, the examination of the techniques and modalities of the future negotiations on agriculture had not really been carried through to its conclusion, particularly because of the limitations set by the Committee itself, it would appear that the Committee could make progress in its work without receiving new terms of reference, but on condition that it set aside the limitations it had previously established for itself. To exhaust the possibilities inherent in its terms of reference, the Committee would have had to make an assessment of the proposed techniques and modalities from the point of view of the actual promise they contained when viewed in the light of the future negotiations; but such an exercise would necessarily have implied the possibility of confronting such techniques and modalities with the objectives of the future negotiations. The Community considered that, if the Committee were now to carry out fully, to the greatest extent possible, its terms of reference, the first point it should deal with was the discussion of the objectives of the negotiation on agriculture.
In the Community's view, the purpose of such a discussion of the objectives should be to make an appreciation - on the basis of a joint study to be made on the specific nature of the agricultural sector - of the degree of consistency as between the traditional objectives and the agricultural sector and to determine the limitations on the applicability of those objectives to the agricultural sector, the inadequacy of those objectives in dealing with certain problems peculiar to the agricultural sector, and the consequent need to define other special objectives. In the latter case, it would be desirable perhaps to pay particular attention to the stability and regularity of supplies, which appeared to be essential objectives in the agricultural sector.

In the light of the objectives to be attained, the Agriculture Committee should then concentrate on a confrontation between the techniques and modalities already suggested and the policies actually pursued by the partners in the negotiations, in which these techniques and modalities would be considered not in relation with each individual instrument but having regard to the interrelations between those various instruments. It might then prove desirable to supplement the list of the techniques and modalities already examined. In that perspective, it might appear necessary to investigate the advantage that might result from viewing the negotiations as a global framework within which the various techniques could be combined. Indeed, a combination of techniques might prove necessary so as to allow for the special situations of the various countries and for the problems at the product or product-group level which might be examined later.

Some delegations had supported the idea of pilot studies. The Community's view was that it would only be possible to arrive at a proper appreciation of the need for such studies at a later stage and in the light of work carried out on the lines just referred to.

It would also be desirable for the Agriculture Committee to examine the reports prepared by the Committee on Trade in Industrial Products on the questions studied by that Committee that were also relevant to agriculture, and that it should elaborate in conjunction with the developing countries the secretariat note concerning the implications for those countries of the suggested techniques and modalities. In the Community's view, what was proposed was not to make changes in the terms of reference given to the Agriculture Committee, but to ensure that the CONTRACTING PARTIES specified how the Committee should henceforward orientate its work with a view to the preparation of the 1973 round of negotiations.

The enlarged Community had just reaffirmed at the highest political level the major importance which it attached to multilateral negotiations within GATT as an instrument for progressive liberalization of international trade and, in that context, its desire for full participation by the developing countries in the preparation and conduct of the negotiations, which must take due account
of the interests of those countries. The Community was aware of the fact that progress toward the solution of the major problems of world trade could be of a lasting nature only to the extent that it also embraced the problems of developing countries. The Community noted with satisfaction that the necessary machinery was in place to allow the developing countries, both contracting parties and non-contracting parties to GATT, to participate in the preparatory work and that many developing countries had already taken an active part in the work; it very much hoped that the largest possible number of developing countries would continue to play their rightful part in the definition of the techniques and modalities for the forthcoming negotiations.

Those techniques and modalities would have to be such as would ensure optimum balance of advantages and concessions between the various interests concerned. In the context of the general objectives of the negotiations, the specific objective as regards the interests of developing countries could be defined as being to ensure that these countries derived from the negotiations the advantages best suited to their development needs.

The Community was of the opinion that it was initially a matter for the developing countries themselves to define what those advantages were. It did not feel that the mere a priori adoption of such principles as "non-reciprocity", "non-discrimination" and "general preferential treatment" was sufficient to solve the problems of participation of the developing countries, for if those principles were to be accepted in an absolute sense, there would be a danger of the developing countries being left waiting on the sidelines of the negotiations, and having to content themselves with the incidental benefits without having played their rightful part in actively influencing the results.

The Community’s intention was that the developing countries should not be subject to any discrimination as regards the overall benefits to be derived from the negotiations. What must be defined were the techniques and modalities for ensuring them their fair share of those benefits; that concept of "benefits" necessarily implied a net positive balance as between advantages and disadvantages. It was in those terms and according to that broader and more positive concept that, as one element among others, one should view the concern expressed by the developing countries regarding a reduction in the margin of preferences deriving from the generalized system of preferences. It should be borne in mind in that connexion that the Heads of State or Heads of Government of the Community had included improvement of generalized preferences among the elements for a global policy of co-operation for development. The Community recognized that the developing countries could not and should not be required to grant reciprocity in the traditional and conventional sense, but it considered that a set of rights and mutual restraints should be sought and set up, within which the developing countries could fully play their rightful part in a framework of truly multilateral economic and trade co-operation.
The Community reaffirmed its wish that the Group of Three should pursue its activities further, in particular during the negotiations, so as to ensure that the interests of developing countries were kept to the fore and safeguarded.

Arrangements should be made for including tropical products in the machinery of preparatory work with a view to defining appropriate techniques and modalities for negotiation. The Community had already proposed that whenever the Agriculture Committee was considering a product that affected tropical interests, the special Group on Tropical Products should participate in examining the case of the product concerned. That joint procedure seemed particularly relevant and necessary in the case of products such as oilseeds and vegetable oils which were of interest to both tropical and temperate countries, and those interests could not be dissociated in the process of elaborating a solution.

Mrs. ZAEFFERER de GOYENECHE (Argentina) said that the action developed during the last years had been characterized by the absence of real progress towards the solution of the problems facing the developing countries in the field of international trade. Therefore, the Argentine delegation endorsed the recommendations made by the Group of Three for the ratification of Part IV of the General Agreement by all contracting parties and the exemption of developing countries from safeguard measures adopted by developed countries pursuant to Article XI; the implementation of the Generalized System of Preferences by all developed countries and the enlargement and the introduction of more flexibility in the schemes; the immediate elimination by developed countries of residual restrictions vis-à-vis developing countries, as well as any other restriction affecting products of export interest to developing countries; and the adoption of measures to safeguard the interests of the developing countries affected by the enlargement of the EEC and the free-trade area arrangements.

The Argentine delegation supported the guidelines for the work of the Group on Residual Restrictions and the Group of Experts on Adjustment Assistance Measures, as well as the establishment of a working group to study the exemption of developing countries from restrictions adopted by developed countries under Article XIX.

The Argentine delegation stressed that the elimination of import restrictions incompatible with the GATT or a decision to grant Generalized Tariff Preferences by countries which had not yet done so, could not be considered as contributions to be accounted for the purpose of the negotiations. On the contrary, the negotiations should provide an opportunity to enlarge the range and scope of the Generalized Scheme of Preferences and to bind preferential margins.
The preparatory work in the field of techniques and modalities implied that the negotiations should include all tariff, para-tariff and non-tariff barriers which affected world trade, both in the agricultural and the industrial fields. So far, however, a complete list of all negotiable barriers, policies and measures had not been established. Without debating here such issues as the nature of variable levies, which Argentina considered basic for the orientation of the multilateral negotiations, as well as for the renegotiations under Article XXIV:6 of the General Agreement, her delegation wished to underline the importance of agreeing, as soon as possible, on the basic elements constituting the framework for the forthcoming negotiations.

Referring to the question of the preparation of developing countries, contracting parties of GATT or not, to assist them to participate actively in the present preparatory stage, she emphasized the value of the co-operation provided by the secretariat in identifying the trade barriers of all types to traditional and potential exports of developing countries. The analysis and evaluation of such barriers would permit the definition of objectives and targets, sectorial or global, for products or groups of products, and help to establish the modalities for the participation of the developing countries in the negotiations. Only then could these countries adopt concrete political and technical decisions to participate in the negotiations.

In the present preparatory stage the secretariat could make a valuable contribution in favour of the developing countries through country studies, pilot studies for certain agricultural products, and through extensive collaboration with assistance programmes being carried out by developing countries, their regional organizations and other international organizations.

Mr. TASWELL (South Africa) stated that, in order to facilitate the future work of the Agriculture Committee and the Committee on Trade in Industrial Products, guidelines should be obtained from the CONTRACTING PARTIES for the future negotiations. He felt that to ensure benefits to all concerned, international trade should not be one sided. He hoped, therefore, that the forthcoming negotiations would provide an opportunity of reducing present imbalances in the advantages enjoyed under the General Agreement.

He recognized that agriculture presented problems of a sensitive nature, but also felt that additional demand in high cost producing countries could more profitably be met by purchasing from more economic producers. This would bring benefit to both importers and exporters and help to alleviate the problem of inflation in the importing countries. At the same time it could give a valuable impetus to production in countries dependent on exports of agricultural products as a means of improving their balance of payments.
He considered that the enlargement of the membership of the European Economic Community could have considerable repercussions on the agriculture of third countries, particularly so where a country joining the EEC constituted an important market for agricultural products of a non-member country, such as South Africa.

He hoped that all these factors relating to agriculture would receive thorough consideration in future negotiations.

Regarding industry, his delegation felt that the position of countries still in the process of industrial development merited special consideration. In a country in the process of industrial development, industry still needed protection to face the severe competition presented by the vast productive capacity of the highly industrialized countries. The development of industry behind tariffs, adequate to protect but not so high as to encourage inefficiency, should not be viewed with alarm by highly industrialized countries. An analysis of South Africa's international trade over the past twenty years showed that imports from trading partners had increased as industry grew.

Finally, his delegation felt there was considerable merit in the development of new safeguard provisions and, in principle, agreed with the contention that adequate safeguards were needed to encourage further liberalization of trade and to prevent disruptive trade practices.

Mr. BOYESEN (Norway) pointed out, with respect to the report of the Committee on Trade in Industrial Products, that, while a critical review of past performance could give some guidance, his delegation felt that it would be better if the Committee's work were now concentrated on the future.

With regard to work on non-tariff barriers, the Committee had made slow but steady progress. The ad referendum texts on evaluation, licensing and standards could be completed by the end of the year and his delegation endorsed the proposal for new work to be undertaken in this field. As two of the items, namely government procurement and import documentation had been left temporarily with other international organizations, his delegation would suggest that these organizations be given time limits for finishing their work. If their efforts were not successful, GATT would have to take upon itself the task of elaborating ad referendum texts.

He stated that soon an appraisal would have to be made of what items on the illustrative list should be included in future negotiations. However, this review would be essentially the task of each individual government. Only when this homework had been carried out would the Industrial Committee be able to discuss the scope of the new negotiations in the field of non-tariff barriers. Since it would
not take governments more than at the maximum two to three months to carry out such a review, the Committee could meet early next year to discuss a preliminary list of non-tariff barriers which governments might wish to include in the negotiations.

As regards the tariff study, the Norwegian delegation was satisfied with the data and the tabulation hitherto presented by the Working Party. It should permit countries to make a valid judgment not only of their own negotiating position, but also of the whole situation in the field of tariffs.

It appeared from the documentation presented in the field of agriculture that the problems relating to agriculture were in many important aspects basically different from those in the industrial sector. Solutions to the problems of substance as well as to those relating to techniques and modalities, should therefore, be sought which took into consideration the special nature of trade in agricultural products.

A realistic assessment of the situation led his delegation to the conclusion that in the field of agriculture trade policy could hardly be separated from other aspects of governmental policy. Some measure of harmonization of agricultural policies of both exporting and importing countries seemed, therefore, to be a requisite for a successful outcome of the negotiations. His delegation shared, in this connexion, the view already expressed, that distortions of international agricultural markets should be avoided.

The work of the Committee on Trade and Development and its sub-groups fell into two parts. In the first part, dealing with the analysis of adjustment assistance measures, residual restrictions, review of the implementation of Part IV, problems of tropical products etc., the results up to now had not been spectacular, but work had been useful in the sense of keeping a constant pressure on developed countries to facilitate imports from developing countries.

The second part of the Committee of Trade and Development's work had been devoted to the problems confronting developing countries with regard to their participation in new trade negotiations. His delegation found it appropriate that attention had been focussed on the important issues of compensation for loss of preferences under the Generalized System of Preferences, the question of reciprocity and the individual and collective positions of developing countries in future negotiations. It was difficult to see how the interests of the developing countries could be adequately secured if progress was not made with regard to commodities, in particular tropical products, unless a reasonable burden-sharing between developed countries could be obtained.
The Norwegian delegation shared the view that future negotiations would hardly be successful unless developing countries took part actively. It would be of benefit to all if developing countries could take part already at the preparatory stage, by presenting their requests in a concrete manner.

Mr. SEMYANG (Uganda) wished to associate his delegation with the views expressed earlier regarding problems confronting the export of tropical products to developed countries. There was a tendency for the agricultural policies and the health regulations of developed countries to protect inefficient domestic producers resulting in a misallocation of world resources as well as adversely affecting the social, economic and political stability of developing countries. Any disruption of trade in tropical products had detrimental effects on employment, foreign exchange earnings and government revenues of developing countries and consequently on their social services as well, constituting a setback in their development efforts. He felt that the reports of the three Committees represented a step forward toward future trade negotiations and he hoped that these negotiations would cover the interests of the developing countries. His delegation supported the proposal for the establishment of a preparatory Committee.

Mr. SAHLGREN (Finland) pointed out, with respect to the preparatory work for the multilateral negotiations considered by the Committee on Trade in Industrial Products, that it was sometimes difficult to make a distinction between the objectives of future negotiations and means and techniques for achieving these objectives. Trade liberalization was to be seen as a means for achieving balanced expansion of international trade for the benefit of all participating countries, not as an end in itself. Undue and hasty trade liberalization could, paradoxically, in certain circumstances, even lead to a halt in the growth of international trade, because of resulting adjustment difficulties. He warned that another problem could be hidden in the efforts to discuss expansion of trade within the narrow framework of existing rights and obligations only. This put too much emphasis on secured rights and could lead to immobility. However, in spite of these remarks, his delegation emphasized that the technical work in all its different aspects should be carried forward.

Turning to trade in agricultural products, he pointed out that, in the view of his delegation, the report of the Agriculture Committee offered a good selection of possible negotiating techniques and forms of commitment in the field of agriculture. He felt that one of the main objectives in this field was the enlargement - and in a sense, the normalization - of world trade. This objective could be achieved through different methods which could vary from
one country to another. He emphasized especially the possibilities in the field of agricultural production policy, which the Agriculture Committee, among other things, could elaborate further.

These considerations concerning technical possibilities for increasing trade in industrial and agricultural products applied also to the trade of developing countries whose main problem was to increase their volume and share in world trade, and his delegation thought that in this field urgent and efficient practical measures were needed. His delegation was pleased to see that the report of the Committee on Trade and Development and the second report of the Group of Three concentrated their attention on many concrete problems requiring practical solutions. His delegation shared the view that the Group of Three could have an important advisory role in the preparations of the negotiations and in the negotiations when they began. The existence of the Group of Three was a useful innovation in the GATT machinery for helping the developing countries to expand their trade.

Miss CILIA (Malta) stated that her delegation shared the aspirations contained in paragraph 4 of the report of the Committee on Trade and Development which indicated that some representatives were already thinking in terms of expansion and improvement of the Generalized System of Preferences already in operation. At the same time, however, she also expected support for her delegation's appeal to donor countries to make their schemes available to all developing countries. It was indeed a sad state of affairs that while a second stage in the Generalized System of Preferences was in sight for some countries, the first benefits had been denied to other developing countries such as Malta. She wished to thank the countries which had already done so, for including Malta in their schemes but requested that the European Economic Community, the four Scandinavian donor countries and Ireland give tangible evidence of their acknowledgement of Malta's status as a developing country by including Malta in their list of beneficiary countries without delay. She also reiterated the recommendation of the Group of Three that the United States and Canada implement their schemes.

The representative of Malta said that her Government was concerned that a number of developing countries would face problems arising out of modifications in the schemes of Preferences of donor countries acceding to the European Communities. She looked forward to an assurance that before the Community and the acceding countries adopted a uniform scheme on 1 January 1974, the necessary measures for harmonization would be taken to ensure that the present
benefits enjoyed under the existing schemes would not be withdrawn and that harmonization would be made at a level of optimum benefits to all developing countries including Malta.

With regard to the multilateral trade negotiations planned for 1973 she was of the opinion that the preparatory work done so far on techniques and modalities by both the Committee on Trade in Industrial Products and the Committee on Agriculture had been useful and had now reached the stage where the contracting parties would have to consider the objectives and scope of these negotiations in order that all the implications of the techniques and modalities considered could be fully evaluated. She also supported the proposal for the establishment of a special Preparatory Committee to be entrusted with the integration of all the work that had been done and the preparation of future guidelines.

Developing countries were at a disadvantage in multilateral trade negotiations on the scale of those envisaged due to their inability to marshal adequate human, financial and other resources. She therefore welcomed all the efforts being made by the secretariat to give technical assistance to developing countries to enable them both to participate fully and effectively in these preparations and later to take the necessary political decisions. In this regard, the Government of Malta was still not in a position to decide on its participation before the conditions under which developing countries would participate were more clearly known.

The meeting adjourned at 12.40 p.m.