GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONTRACTING PARTIES
Twentieth Session

IMPACT OF COMMODITY PROBLEMS ON INTERNATIONAL TRADE

Note by the Executive Secretary

Revision

In document W.20/13 certain conclusions were formulated with the intention that they might be agreed for inclusion in the Summary Record as observations and conclusions of the CONTRACTING PARTIES. However, it does not seem practicable to request delegations at this late stage in the session to adopt a text which would imply the concurrence of their governments and in these circumstances it might be preferable simply to place these observations on record as those of the Executive Secretary. With this in view, the proposed paragraphs have been revised as follows:

(a) Even though some improvement in the volume of exports of primary products may be looked for, there appears to be no present basis for expecting any substantial favourable change in the level of prices relative to prices of manufactured products.

(b) For some products traditional-type commodity arrangements may be of some assistance in expanding world trade and stabilizing world markets so as to avoid a persistent unfavourable trend in prices. For these reasons governments might adopt a positive attitude towards the conclusion of such arrangements.

(c) In this connexion delegations welcomed the conclusion of the Coffee Agreement and noted with satisfaction that discussions were shortly to be resumed with a view to the conclusion of a Cocoa Agreement. They welcomed the constructive attitude now being adopted by contracting parties generally in the discussion of these matters.

(d) The fluctuation of commodity prices continues to be a matter of grave concern to developing and less-developed countries because of the corresponding uncertainty which this introduces in their balance of payments and consequently in their programmes for economic expansion and development planning.
(e) For this reason delegations welcomed the careful attention which is being given to this question by the competent international organizations, including the studies of various possibilities for compensatory financing.

(f) In this connexion the conclusions in the report of the Commodities Working Party at the fifteenth session will be recalled and it will be noted with satisfaction that international financial agencies are according a high priority to the balance-of-payments problems of developing countries.

(g) Nevertheless, the foregoing measures are more in the nature of palliatives than measures undertaken specifically to deal with the deeper structural problems including the economic dependence of many developing and less-developed countries upon earnings from the export of primary products.

(h) In this connexion the terms of paragraph 3 of the Declaration of 7 December 1961 should be recalled and the various subsidiary bodies might be asked to intensify their efforts to devise specific programmes of action to give effect to the intentions expressed in the said Declaration.