ITEM 3: EXPANSION OF INTERNATIONAL TRADE

Drafting Group

At their meeting on Thursday, 19 February the CONTRACTING PARTIES set up a Drafting Group with the following terms of reference and membership:

Terms of Reference:

"In the light of the CONTRACTING PARTIES' discussion of Item 3 of the agenda, to prepare a summary of conclusions for consideration by the CONTRACTING PARTIES."

Membership:

Argentina India Switzerland
Australia Gabon Trinidad and Tobago
Brazil Japan Uganda
Canada New Zealand United Kingdom
Chile Nigeria United States
European Communities and Yugoslavia
the member States Representative of
Nordic Group

And such other delegations as wish to participate.

Chairman: Director-General

The Director-General was invited to prepare a paper as a basis for the work of the Drafting Group; the text of the paper is attached.
EXPANSION OF TRADE

Draft Conclusions

1. The CONTRACTING PARTIES reaffirm their determination to move progressively toward the further reduction of trade barriers and underline the great economic benefits that have accrued from past tariff and trade negotiations under GATT. They recall that the last of the Kennedy Round annual reductions are due to be applied on 1 January 1972 and emphasize the need to maintain momentum in the process of trade liberalization.

2. The CONTRACTING PARTIES recognize that the maintenance of the multilateral system of trade and further trade liberalization are essential to the success of the Second Development Decade.

3. The CONTRACTING PARTIES have approved the reports of the Committee on Trade in Industrial Products, the Agriculture Committee and the Committee on Trade and Development and note with satisfaction the progress that has been made under the Work Programme established in November 1967.

4. The CONTRACTING PARTIES direct the Industrial and Agriculture Committees, on the basis of the comprehensive preparatory work that they have already done and of such additional work as may prove to be necessary, to proceed with the task of formulating conclusions on concrete action that might appropriately be taken to deal with the problems that arise in the field of industrial and agricultural products. This task should be completed during 1970 so as to enable the CONTRACTING PARTIES to consider, at their twenty-seventh session, the possibility of wide-ranging negotiations being undertaken, embracing equally the industrial and agricultural sectors.

5. In this connexion, the CONTRACTING PARTIES stress the importance of the earliest possible completion of the Tariff Study so that tariffs, as well as non-tariff barriers, are fully taken into account in the course of the work that will be undertaken in terms of paragraph 4 above.

6. The CONTRACTING PARTIES endorse two principles which should guide their efforts in the field of agriculture. First, that agricultural support policies should not have as a consequence: the creation year after year in exporting
countries of agricultural surpluses in excess of those that can be sold in international markets in the absence of government export aids; and the progressive disappearance in importing countries of import possibilities as a consequence of increases in the ratios of self-sufficiency brought about by government aids. Second, that the scale and complexity of the problems require a co-operative international effort for their solution implying continuing consultation and negotiation.

7. The CONTRACTING PARTIES request the Council to continue to supervise the work of the Committees and to make the necessary arrangements for an examination, at the opportune moment, of the modalities of negotiation, including the possibilities offered by the sector approach, that may be appropriate in the light of developments in the work of the Committees. The CONTRACTING PARTIES would wish the results of this examination to be available for their consideration at their twenty-seventh session.

8. The CONTRACTING PARTIES emphasize the importance of the concerted effort that is to be made to deal with the problem of import restrictions on a comprehensive basis and the setting up of the Joint Working Group to facilitate this process. They express the hope that the results of the work carried out in the Group will, to the extent that they have not already led to action, be quickly taken up in the two Committees and contribute to a wide-ranging action toward the reduction and elimination of non-tariff barriers generally.

9. In order to create a favourable point of departure for future action, the CONTRACTING PARTIES urge governments to refrain during the next phase of the Committees' work from introducing any new, or intensifying any existing, non-tariff measures. Should, however, a contracting party find it necessary, for compelling reasons, to take any such measures, it should, to the extent that such measures can have significant restrictive effect on the trade of other contracting parties, give notice in writing to the CONTRACTING PARTIES. Such measures should, at the request of another contracting party, be subject to consultation.
10. Conscious of the importance for developing countries of the work of the Industrial and the Agriculture Committees, the CONTRACTING PARTIES reaffirm their intention that, as the work of the Committees proceeds, particular attention should be paid to the problems of these countries. They emphasize that the developing countries' special needs must be taken fully into account in the search for solutions in the two Committees in accordance with the CONTRACTING PARTIES' decision at the twenty-fourth session that a maximum effort was to be made to promote the expansion of the export earnings of these countries.

11. They welcome the extensive examination that has taken place in the Committee on Trade and Development on problems connected with the fuller implementation of the provisions of Part IV of the General Agreement relating to Trade and Development, and look to a more speedy removal of tariff and non-tariff barriers to the trade of these countries as a consequence of this examination. While noting the concrete progress made in certain limited areas, such as the removal of residual restrictions, the CONTRACTING PARTIES impress upon member States the need for action in the field of both manufactured and agricultural products, including tropical products, more fully commensurate with the affirmations made by them at previous sessions.

12. The CONTRACTING PARTIES emphasize the need for Part IV of the General Agreement to be applied, not only in connexion with the work being done under the aegis of the Committee on Trade and Development, but also across the whole range of GATT's activities for the liberalization of trade in agriculture and industry.

13. They express the hope that early agreement will be reached on the establishment of appropriate consultation procedures by the Committee on Trade and Development, so that any concrete problems relating to the application of Part IV can be resolved on a mutually satisfactory basis.

14. The CONTRACTING PARTIES note with satisfaction the progress made in the work leading toward negotiations for the exchange of concessions among developing countries. They urge as many of those developing countries as possible who are not currently participating in this work to do so, in order that the negotiations can make the greatest possible contribution to the expansion of trade among
developing countries. The CONTRACTING PARTIES reiterate their intention to look at the results of these negotiations in a constructive and forward-looking spirit.

15. The CONTRACTING PARTIES reaffirm their readiness to take appropriate action when the general non-discriminatory scheme of preferences in favour of developing countries has been negotiated.

16. The CONTRACTING PARTIES reaffirm their support for the International Trade Centre and urge all contracting parties to continue to make available adequate resources to the Centre for full implementation of its programme of work.