

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

AC/SC1/12
28 October 1964

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Action Committee
Sub-Committee 1

SUMMARY RECORD OF DISCUSSIONS AT THE MEETINGS ON 12 AND 13 OCTOBER OF SUB-COMMITTEE 1 OF THE ACTION COMMITTEE

Prepared by the Secretariat

1. Sub-Committee 1 of the Action Committee met on 12 and 13 October 1964.¹ This was the first meeting of the Sub-Committee after it held the series of consultations with twelve industrialized countries in December 1963 (see AC/SC1/8 and AC/SC1/9). The meeting of the Committee had been called primarily to determine the work priorities and procedures for the meeting scheduled for early in November (see GATT/AIR/421).
2. At the opening of the meeting the Sub-Committee was informed that Mr. K. Shah Zaman, on account of other urgent business in the Pakistan Government, was not in a position to attend the meeting of the Sub-Committee. Mr. M.L. Rahman, the representative of Pakistan, was elected to chair the meeting. The Sub-Committee also heard an application from the Government of India, for full membership in the Sub-Committee. The Sub-Committee took note of this request and decided that it would submit the application for approval to the Action Committee. In the meantime, the delegation of India was invited to participate fully in the deliberations of the Sub-Committee.
3. The Sub-Committee had before it (i) a document prepared by the secretariat (AC/SC1/11), surveying the progress made in the implementation of points (i) to (vii) of the Action Programme since the Ministerial meeting in May 1963, and indicating also the remaining barriers affecting products covered by the Action Programme, and (ii) document AC/12 and Add.1 to 5², containing reports by contracting parties on the implementation of the Action Programme since 1 July 1963.

¹The meeting was attended by representatives of the European Economic Community, Indonesia, Japan, Pakistan, United Kingdom, United States. Observers were present from Canada, India, Norway, Poland, Switzerland and Yugoslavia.

²Three further communications, received subsequent to the issue of document AC/12/Add.5, have already been brought to the attention of the Sub-Committee and have since been issued in document AC/12/Add.6.

4. To determine the most efficient procedures for examining the progress made to date and the measures still to be taken for implementing the Action Programme, the Sub-Committee undertook a preliminary survey of the data contained in document AC/SC1/11. While the Committee at the present meeting was not in a position to discuss in detail the remaining barriers to trade, representatives from less-developed countries invited comment and explanations from countries present at the meeting regarding import controls and tariff barriers maintained by them on products covered by the Action Programme.

5. Referring to remaining quantitative restrictions, the representative of India pointed out that it was a matter of regret to his Government that there continued to be a number of instances where import controls inconsistent with the provisions of the GATT were applied by a number of industrialized countries on products of special interest to less-developed contracting parties. Pointing to measures maintained by the Federal Republic of Germany, the representative of India expressed disappointment that, notwithstanding the long period of adjustment provided for under the waiver granted to the Federal Republic of Germany, it had not been found possible to eliminate import controls on woven fabrics of jute, on 1 July 1964, as scheduled under the waiver. The Indian representative also cited the instance of coir fabrics in respect of which even a target date for liberalization had not been announced by the Federal Republic. Import restrictions continued also to be applied on several products of specific export interest to less-developed countries by a number of other industrialized countries. He urged that, where such restrictions continued to be in force, the governments concerned should give active consideration to their early removal. The Indian representative also urged the countries concerned to come forward at the next meeting of the Sub-Committee with firm liberalization targets and, pending full liberalization, make provision for increased access to their markets.

6. The representative of the Federal Republic of Germany, in clarification of the footnote appearing on page 7 of document AC/SC1/11, explained that, while jute sacks and bags had been liberalized on 1 July 1964, woven fabrics of jute continued to be subject to import control. However, effective 1 July, a new import system for woven fabrics of jute had been introduced. The new system was designed to meet fully the interest of less-developed supplying countries. He explained that in the forthcoming consultations the German delegation would be prepared to discuss fully the measures taken.

7. In response to a question by representatives from less-developed countries, the representative of Japan explained that the indication given earlier by Japan, that quantitative restrictions on four items would be removed in the near future (AC/SC1/11, page 7), should be understood to mean that liberalization would be effected at an early date, either towards the end of 1964 or during the early months of 1965.

8. The Sub-Committee also took note of a statement by the representative of the United Kingdom that restrictions on cigars and bananas, applicable to such imports from the dollar area, were maintained in the interest of certain less-developed countries and not to protect United Kingdom producers. The question of import liberalization for bananas was particularly difficult. It was the United Kingdom's hope that the studies regarding international trade in bananas, currently being carried out within the GATT and in other international agencies, would soon permit a solution to this problem to be found. As regards import controls on certain jute products, the United Kingdom's import policy on these products had recently been substantially changed, with the result that export opportunities for the less-developed supplying countries should further improve.¹

9. As regards action in the tariff field for implementing the Ministerial Conclusions, the representative of India stated that his Government, and other less-developed countries, were following developments in the Kennedy Round of trade negotiations with great interest, and were willing to participate fully in the negotiations. He noted that undertakings had been given by a number of industrialized countries that action for the reduction and removal of tariff barriers would be taken within the context of the current trade negotiations. He welcomed this statement, emphasizing that none of the items of special export interest to less-developed countries should be included in any of the exceptions lists for the negotiations. He stated that his delegation would, indeed, consider it to be a breach of the undertakings given if products identified by Committee III as being of special export interest to the less-developed countries, were to be excluded from the negotiations. The representative of India further requested that where action in the tariff field had taken the form of a suspension of the duty, the duty reductions or removal effected should be placed on a permanent basis. Referring to some of the duty reductions put into effect, the representative of India pointed out that the action taken had, in some cases, had the effect of widening the differential in duties levied on raw materials and semi-processed products. This could in some instances react adversely on the competitiveness of less-developed countries exporting products processed from these raw materials unless the duties on the semi-processed and processed products were correspondingly reduced. He suggested that the Sub-Committee might wish to study the problems of tariff differentials between primary products, semi-manufactures and manufactured products. The Sub-Committee recommended that the points raised by the Indian delegate should be brought to the urgent attention of the Trade Negotiations Committee.

¹ A note by the United Kingdom, setting out in detail the changes made in the jute import policy, is reproduced in document AC/12/Add.6.

10. In discussing the programme of work for its next meeting, the Sub-Committee decided to give consideration also to other positive steps which might be taken for supplementing the consultation procedures adopted by the Sub-Committee, so as to accelerate progress in the implementation of the Action Programme and to enable the Action Committee to consider further measures to be taken in pursuance of its mandate.

11. The Sub-Committee agreed to reconvene during the first week in November, leaving the exact date to be determined by the Executive Secretary in the light of the overall programme of meetings. At that time industrialized countries should be prepared to engage in full consultations on the barriers which still remain to be dealt with in the context of the Action Programme.

12. The secretariat was instructed to request governments to report any corrections or amendments which may be required to document AC/SC1/11 and COM.III/119/Rev.1. The Sub-Committee also expressed the hope that it would be possible to prepare, in connexion with the next meeting, comprehensive data on commercial policy measures affecting not only the products presently included under the Action Programme, but also those products which have been subsequently notified to Committee III as being of particular and immediate export interest to less-developed countries.