We believe that point 4(b) of our agenda is of major importance to the work of the Action Committee. It calls for the translation into practical action of the second part of the Committee's terms of reference: "the initiation, processing and co-ordination of further positive measures" in favour of the trade of the developing countries. I would even say that it calls for a "Second Round" Action Programme. The first Action Programme deals mainly with the removal of barriers to trade and has been accepted by most of the world's trading nations. The time has now come to obtain international acceptance of further measures necessary to strengthen the production potential and export capacity of developing nations.

The second point of our agenda is not a new idea elaborated by the Ministers. It is the famous eighth point of our Action Programme on which many have pinned the main hope for further progress, within GATT, contributing to the economic development of the developing countries. Now preparations are already in hand to deal within the framework of GATT with two issues, which have a direct bearing on this problem: the question of preferences for developing countries and the review of the institutional and legal arrangements of GATT in relation to less-developed countries. We therefore suggest that the Action Committee should leave those two issues for the time being to be dealt with by the Working Parties which have been set up for this purpose and to review at a later stage the progress which has been achieved. However, our Committee, set up by unanimous decision of the Ministers of all major trading nations and called upon to initiate further positive measures must not content itself with follow-up action on the implementation of the Action Programme and the supervision of two working parties, however important they may be.

We therefore suggest that the Committee initiate immediately further measures in four specific fields directly related to the promotion of the foreign trade of the developing nations. These four fields are (i) export insurance, (ii) export assistance funds, (iii) market promotion and (iv) adjustment assistance.

(i) Most of the industrial countries possess or support institutions carrying out the insurance of export risks. The developing countries very often lack both the financial resources and the expertise necessary to establish their own export risk insurances. We, therefore, suggest that export insurance risks schemes or institutions in the industrialized countries be authorized and instructed by their respective governments to underwrite the export risks of developing countries by
providing insurance cover in respect of imports into their own countries. These expert risk insurance schemes would then provide a vital service, not at present available. By encouraging an adequate flow of imports from developing countries they would do no more than ensure that the developing countries are in a financial position to enable them to buy the export products which these institutions have so far insured against export risks. Such an arrangement would also solve to a large extent the problems of export financing of developing countries. Trade bills drawn in respect of exports that have been insured in an industrialized country against export risks will find easy and cheap discount facilities in any of the world's financial centres.

(ii) Our second proposal refers to export assistance funds. Our Action Programme calls for the elimination of customs duties in respect of products of the developing countries. There is no doubt that this target will only be obtained in a somewhat distant future, if at all. There is no reason, however, why the customs duties collected and imposed by the developed countries on such products should not be refunded to the exporting countries. The refunds received by the developing countries might very well form the nucleus of export assistance funds designed to finance and support activities to promote exports and to make the products of developing countries more competitive in foreign markets.

(iii) Committee III is already dealing with the Brazilian proposal for an international trade information centre which we most wholeheartedly support. This however should only be a beginning and further activities should be undertaken along two lines. In the first instance national trade information centres, which are maintained by practically all the industrialized countries should be charged with somewhat similar duties in respect of the export promotion of the developing countries and should provide information to suppliers on trading opportunities in developed countries and to prospective buyers on new sources of supply in the developing countries. In other words, all those trade information services maintained by industrialized countries should see as part of the purpose of their existence that they should also help to promote the sale of products of the developing countries in the industrialized countries.

In the second instance, trade promotion activities such as trade fairs, trade promotion week should in future be arranged by developing countries not only in order to promote their own exports but with a view to helping developing countries develop their exports. Trade fairs, trade promotion weeks etc. should have special sections financed by the industrialized countries which are specially designed and specially intended for the promotion of the exports of the developing countries.

(iv) Lastly, the question of adjustment assistance. It must be recognized that practically every form of encouragement of industrial exports by the developing countries will have some repercussions on the industries of the developed countries. The more any such repercussions are anticipated and provided for, the more there is a chance for measures in favour of the products of the developing countries becoming acceptable to public opinion in the
industrialized countries. A small number of industrialized countries have already taken the first step towards the provision of adjusted assistance to industries affected by trade liberalization measures. It should be part of the effort of this Committee to obtain general recognition of the principle that all industrialized countries should establish machinery to provide such adjustment assistance to its domestic industry. Only when this machinery is established and the industries in the industrialized countries know that there is some form of assistance available in cases of difficulties, will there be a general willingness to permit a greater flow of imports from the developing countries.

We know that the four suggestions we have made relate more directly to exports of semi-processed and processed products. In view of the effort Israel is making to expand its exports of manufactures it is only natural that we should be proposing measures directed particularly to these items. However, we believe that the future economic progress of most of the developing countries lies in their industrialization and in their promotion of industrial exports, and we believe that a "Second Round" Action Programme designed not only to deal with trade barriers but with more positive measures will be of help in their efforts.