

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

AC/W/5

9 January 1964

Limited Distribution

Action Committee

STATEMENT BY THE REPRESENTATIVE OF INDIA TO THE ACTION COMMITTEE AT ITS MEETING ON 19 DECEMBER 1963¹

Our comments on the Action Programme and on the work done by the various Sub-Committees, Working Groups and other Committees are submitted to this meeting of the Action Committee. In our view, each meeting of the Action Committee should take stock of progress made by all the various organs. We should also at the same time assess whether we are fully implementing the directives given to us by the Ministers in May 1963, with the same sense of urgency as is desirable and, indeed, essential.

In doing this, we should not forget that the expansion of trade of less-developed countries has been before the CONTRACTING PARTIES for over six years now - since the publication of the Haberler Report. It is not therefore surprising that in the background of continuous deterioration, at least in relative terms, of the exchange earnings of the less-developed countries, there is a sense of urgency, impatience and frustration in us.

The gap between intent and performance is still wide and it is this gap we have been trying to bridge; we, however, do not seem to be even half way over this bridge.

Now, please allow me to deal with the Action Programme point by point.

Point (i) - standstill provision

Although by and large it is true - and I presume we have to be thankful for this - that no new tariff and non-tariff barriers have been erected during the last few months, there is some apprehension that, for example, the attempted revision of agricultural policies by some contracting parties, may lead to some conclusions which may have a bearing on products of interest to us.

It has also to be noted that fresh disadvantages continue to result from the extension of the concept of regional groupings which were not contemplated by the founders of the GATT.

¹Circulated at the request of the Indian delegation.

Point (ii) - quantitative restrictions

Sub-Committee 1 of the Action Committee has conducted a series of confrontation exercises with certain industrially advanced countries. The secretariat document AC/SC1/8 of 18 December 1963 reveals, however, a sad state of affairs. We find it difficult to believe that after so many years of prolonged discussions, the list of quantitative restrictions should be as long as it is today - in some cases it covers most of our major products on which we rely for our foreign exchange earnings. The prospect of full liberalization does not seem to be quite near for some of them. It is sometimes forgotten that the damage done to the economies of poor countries, who are least able to bear it, is enormously greater than the minor adjustments needed to correct the situation in order to conform to the obligations of the GATT. Maybe, the recent case in which two big contracting parties got involved is a pointer, in so far as the issues involved are similar. The thought occurs to my delegation, sometimes, whether the CONTRACTING PARTIES cannot find ways and means of compensating us for the damage which has been caused to us, and also to put an end to this continuing damage to our economies.

Certain cryptic but interesting observations appear in the document, like "no new development", "internal adjustment needed", "quotas opened", "quota not fully utilized", etc. In the last case at least, there is no reason why there should be resort to quantitative restrictions when it is clear that the quotas opened are not being fully utilized.

I also have to refer to cotton textiles, although this is perhaps the most difficult item. This has been dealt with in the Cotton Textiles Committee only a few days ago and we hope that the submissions we made in that Committee will be fully taken into account by those contracting parties who have been applying restrictions for a long time and those who have just started applying them. In this field, it may be truly said that neither the "standstill" nor the Ministerial Declaration seem to have been observed.

Points (iii) and (iv) - duty-free entry for tropical products and primary products

In this field, it would appear that some progress has been registered. We acknowledge with thanks the contribution made by most of the advanced countries in Europe for agreeing to duty-free régime for tea and tropical hardwoods. It is also clear that the scope for this treatment is obviously capable of being extended. Reference has to be made in this connexion to the recent initiative of the EEC to suspend partially or fully duties on certain tropical products, such as cashewnuts and some spices, which have not yet been studied by the Special Group on Trade in Tropical Products. We do hope sincerely that other contracting parties will be applying their minds to taking similar initiatives. I would like to say again, that the range of products and the markets for these products are all capable of further extension.

The zero tariff on these products has, incidentally, provided a solution to the difficulties of those contracting parties who were not beneficiaries of preferential arrangements. Although this technique involves sacrifices of those countries who enjoy preferential benefits - and we are one of them - my delegation would commend this approach to the CONTRACTING PARTIES.

Point (v) - reduction and elimination of tariff barriers to exports of semi-processed and processed products of less-developed countries

This is the field in which it seemed to us that the Ministers took a meaningful initiative. It is pertinent to quote what the last meeting of the Action Committee had to say - I quote only a few sentences from paragraphs 11 and 12 of document AC/3:

"The Committee welcomed the statements made by a number of industrialized countries that they were not considering the inclusion in their exceptions list for the forthcoming trade negotiations products identified by Committee III as being of particular export interest to less-developed countries" ...

..." The Committee expressed the hope that other industrialized countries would also find it possible to announce tariff reductions on these products prior to the forthcoming trade negotiations."

We do hope that before the next meeting of the Action Committee, offers of tariff reductions will be made by the industrially advanced countries on all these products.

Point (vi) - fiscal and revenue taxes

As regards this point Sub-Committee 1 has not been able to note much progress. Only one contracting party has decided to abolish the internal taxes from 1 January 1964. We are thankful to the Government of Sweden for giving the necessary lead to other advanced countries.

It is reported by the Sub-Committee that some industrialized countries have stated that these taxes were necessary in view of similar taxes on "other beverages". This does not seem to provide an adequate answer to our concerns. In any case, it would be interesting to examine the taxation measures applied to other beverages and to see whether the tropical beverages are not placed at a comparative disadvantage. We suggest that an exercise on these lines be undertaken by Sub-Committee 1 at its next meeting.

Point (vii)

We have no comments on this.

Point (viii)

Sub-Committee 2 of the Action Committee was charged with this task. We regret to observe that little progress has been made by this Sub-Committee. The note by the Executive Secretary, document AC/3 which gives an account of the proceedings of the last meeting of the Action Committee, deals with matters falling under this point under the heading "other positive measures to assist the development and expansion of trade of less-developed countries". We suggest that the measures referred to at that time and those which were hinted at during the Sub-Committee's meeting yesterday, be taken up and considered in depth during the next meeting. We will be failing in our duty if we do not process these ideas quickly enough and achieve concrete results by following some of them, if not most of them.

Working-Group on Preferences and Committee on the Legal and Institutional Framework; andPreparation for the Kennedy Round of trade and tariff negotiations

This is a very important field of activity - if not the most important one - undertaken by the GATT during recent months. It is somewhat comforting to note that the CONTRACTING PARTIES seem to be coming to grips with the real problem before us and as a result of their labours the lines of future advance are beginning to take a clearer shape. In particular I would like to refer to the two very worthwhile concepts which have emerged: (1) the concept of a model chapter - the secretariat deserves our grateful thanks for producing the first draft; and (2) the concept of having an enabling provision in the GATT to make it possible for contracting parties to give the kind of treatment which they want to give to their less-developed partners.

We do hope that real progress is made before the start of the Kennedy Round so that a meaningful participation of less-developed countries can be secured. By doing this we will be enabled to service our debts and also service our developmental needs through more trade. More and better markets for the goods from advanced countries are offered by us in return.

We are ringing out the old year with these concepts before our minds' eye. When the New Year resolutions come to be made we are sure that these must be given practical shape so that negotiating action is made possible. I need not add that these concepts will have a profound bearing on the deliberations of the World Trade Conference and the Kennedy Round.