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GENERAL AGREEMENT ON TARIFFS AND TRADE

Action Committee

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STATEMENT BY THE REPRESENTATIVE OF INDIA AT THE MEETING OF THE ACTION COMMITTEE ON 9 NOVEMBER 1964

Almost a year has passed since the last working meeting of the Action Committee was held. We all know, Mr. Chairman, that the Action Committee was set up as a result of a Resolution adopted unanimously on 21 May 1963 by all the Ministers who attended the Special Ministerial Session between the 16 and 21 May 1963.

This Resolution itself was perhaps the culmination of efforts made in the GATT earlier on. It is also useful to recall that, as a result of the examination of the Haberler Report, Committee III of the GATT was set up in November 1958, whose terms of reference were "to consider and report to the CONTRACTING PARTIES regarding other measures for the expansion of trade, with particular reference to the importance of the maintenance and expansion of export earnings of the less-developed countries to the development and diversification of their economies". In 1961, the meeting of GATT Ministers recognized unanimously the need for a conscious and purposeful effort on the part of governments to promote an expansion in the export earnings of less-developed countries through the adoption of concrete measures to this end, and that the success of the efforts of the developing countries would depend to a great extent upon their ability to find the necessary markets. It was unanimously agreed by the Ministers in 1961, that governments should give immediate and special attention to the speedy removal of those quantitative import restrictions which affected the export trade of less-developed countries.

In the Special Report submitted to the Ministers, it was noted that many of these restrictive measures were particularly discriminatory in character and were in clear contradiction of the obligations of the importing countries under the General Agreement. A conscientious compliance with the provisions of the General Agreement by all contracting parties would, in the opinion of the Government of India, constitute the first essential step towards removing many of the obstacles which face the developing countries in improving their export income.

Mr. Chairman, we have taken part in the two meetings of Sub-Committee 1 of the Action Committee held in the middle of October and 2 to 4 November, 1964. The report of the Sub-Committee 1 of the Action Committee has been circulated. I do not want to go over the ground once again, but would submit for the consideration of the

Action Committee some basic questions. It was with some difficulty, Mr. Chairman, that these meetings of the Sub-Committee were even convened. We discerned a natural reluctance to go over the same ground which is now so familiar. We have not been able to break much fresh ground. We did come across, Mr. Chairman, certain arguments submitted by a few representatives on the "reservation" of their position in regard to the Action Programme itself. It has been our understanding of the ministerial directive that some of the industrially advanced countries felt obliged to make reservations because they were keen on elaborating further positive measures to achieve more ambitious goals. It has not been our understanding that these countries were opposed to taking such practical steps as were possible to facilitate an expansion of exports by developing countries of the products which were of special interest to them. My delegation recognizes that some practical steps have, indeed, been taken and would wish to take this opportunity to record our appreciation in this respect. I would ask their indulgence to permit me to state that the steps so far taken have not gone far enough for us to improve our position substantially in this respect.

It has been our disappointment that Sub-Committee 2 which was set up to deal with positive measures, which we thought would be put forward by some contracting parties, has made no progress at all. I would invite attention in this connexion to paragraph 9 of the Conclusions reached by the Ministers in 1963 (MIN(63)7). If I may quote the paragraph

> "9. The Ministers of the less-developed countries sponsoring and supporting the Programme of Action expressed disappointment with the understandings and positions as set out by some industrialized countries and found them to be unhelpful. They emphasized that the eight-point Programme of Action fell far short of the minimum conditions necessary to enable the less-developed countries to make their full contribution to the expansion of international commerce and represented a practical compromise between the difficulties stated by some industrialized countries and their responsibilities under the GATT. In particular, attention was drawn to the fact that all contracting parties are committed to carry out their obligations in respect of quantitative restrictions, without any qualifications. The Ministers of these less-developed countries therefore urged that the Programme of Action should be implemented in full, within the time-table proposed therein, in the interest of the accelerated economic development of their countries. They trusted that industrialized countries would be able to make substantial tariff concessions on primary, semi-processed and processed products, exported by less-developed countries in advance of the forthcoming trade negotiations. They also expressed the hope that products of interest to the less-developed countries should not be excluded from offer lists during negotiations."

It is my regret, as indeed it must be the regret of all members of the Action Committee, that the position today is not different from what it was when the declaration I have just read out was made in 1963 by the Ministers of less-developed countries.

. Please permit me, Mr. Chairman, to recall that so far as my country is concerned, the CONTRACTING PARTIES were good enough to identify, as long ago as 1958, the obstacles to our trade which, despite the specific provisions of the General Agreement, have now remained in force for over seventeen years. It is natural for us to feel frustrated and I would like to appeal to my colleagues on the Action Committee to apply their minds to considering what can be done to put an end to this frustration.

It will not be irrelevant if I were to make some specific points at this stage. The tariffs on some of the semi-processed and processed items with which we are intimately concerned, it will be recalled, were bound to us even from the Havana or Torquay days. These bindings, Sir, have been nullified or impaired by the uninterrupted application of quantitative restrictions on these imports in breach of the obligations under the General Agreement. Under the formal rules of the game, some compensation is due to us for this impairment. It will, of course, be for the CONTRACTING PARTIES to determine what form this compensation could take. We may have, in due course, to make some suggestions for their consideration. At this stage, we will be satisfied if the contracting parties concerned are able to express their willingness to provide compensation for damage which we have already suffered. I should like to add that we have shown very great restraint in refraining from having recourse to the procedural remedies provided in the Agreement for such situations. We would be grateful for such guidance as this Committee can give to us on what should be done in order to ensure that the provisions of the Agreement are fully implemented and an end is put to the continuing damage to our exports.

There is another aspect of the work of the Sub-Committee 1 to which I would like to invite attention at this stage. Sub-Committee 1 of the Action Committee has not so far been able to proceed beyond the list of some thirty items identified by Committee III to be of interest to developing countries. In regard to the further list of products, it was mentioned that these had not so far been identified by Committee III and special attention by this Sub-Committee could only be given after the products have been identified and the obstacles located. Committee III is meeting on the twelfth of this month and our delegation hopes that at least during this meeting the products and obstacles would be identified so that these could be given equitable treatment in the forthcoming tariff negotiations.

In regard to the standstill, Mr. Chairman, we have an observation to make. In the regional groupings like the Common Market and the EFTA, the developments that are taking place in the tariff field, have the effect of worsening the competitive position in the products of interest to less-developed countries. In the approximation exercises that are taking place towards the Common External Tariff, we have found that in the markets where our export items had been welcomed, the national tariffs are going up, while in the other markets where tariffs are to go down, these items are not given access. In regard to the tariff disarmament exercises of the EFTA as well, we have found that the competitive position of some of our products is worsening.

We are aware of the strong desire of some contracting parties to take their time over reaching a consensus in regard to the proposal for preferential access to the markets of developed countries of products originating in developing countries. My delegation hopes that it is not the desire of any contracting party to worsen, in the meanwhile, the competitive position of our products in their markets. We have therefore to search for ways and means to ensure that the spirit of the standstill is preserved in the meanwhile and our disadvantages are not intensified. We look forward to some practical suggestions being made to this end. Is it too much to suggest in this connexion that attention be directed to ensuring that products originating from developing countries are placed on a par with like products produced within these groupings? Is is not for me to reiterate that developing countries suffer from so many built-in handicaps that, even if their products are placed on a par with those produced within the economic groupings, conditions for fair competition will only be partially restored.

Today, I do not propose to deal at length with tariff obstacles. Suffice it to note that during the past round of tariff negotiations, especially the Dillon Round, India and other less-developed countries were obliged to abandon their efforts. It is now being suggested that we should look forward to the Kennedy Round of trade negotiations hopefully. This suggestion is welcome to us. But the position of developing countries in regard to these negotiations is still far from clear. Also, we do not know as to how contracting parties propose, in relation

to these negotiations, to give high priority to the elimination of duties on products of interest to less-developed countries. We have repeatedly suggested in the past that the kind of initiative which was taken by the European Economic Community in suspending duties on some products, may be more widely followed by them and by others. We have also had occasion to put forward the view that, in so far as less-developed countries are concerned, having regard to the urgency of their problems, the reduction of duties on their products may be brought into effect without its being spread over a number of years.

This Committee, Sir, will no doubt make its report to the Special Session which meets next week. It will presumably be for the Special Session to consider how best the further work in connexion with the Action Programme can be carried out. It is the view of my delegation that the Action Committee has exhausted the possibilities open to it. The time seems to us to have come when the CONTRACTING PARTIES may consider the appointment of a small panel to examine, in consultation with contracting parties, how best further action can be taken on outstanding points. We would like the panel to be instructed to submit its report to the annual session of the CONTRACTING PARTIES which meets in March 1965.