

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## MINUTES OF THE MEETINGS OF A GROUP OF LESS-DEVELOPED COUNTRIES HELD ON 14 AND 16 SEPTEMBER 1964

Prepared by the Secretariat

1. The twelfth in a series of regular weekly meetings of a group of less-developed countries was held on 14 and 16 September 1964.
2. The meeting was attended by the representatives of Argentina, Brazil, Central African Republic, Chile, Cuba, Ghana, India, Indonesia, Israel, Jamaica, Pakistan, Peru, Spain, Tunisia, United Arab Republic, Uruguay and Yugoslavia.
3. H.E. Mr. E. Letts, Ambassador of Peru, presided over the meeting.
4. In opening the twelfth regular weekly meeting of the group following the summer recess, the Chairman explained that the meetings of the group were of an informal character and should not be identified with the formal meetings of the GATT. Similarly, as regards the composition of the group, it was not formally established but had developed itself gradually in due course of time. Those less-developed countries who wished to participate in the deliberations of the group of less-developed countries attended the meetings on a voluntary basis. For this reason no official invitation had been issued to individual less-developed countries either to join the group or to attend its meetings. Those representatives of less-developed countries who had shown their interest in its work were kept informed of the date, time and place of the weekly meetings.
5. Since no specific agenda item had been proposed for this meeting, the Chairman suggested that the discussion in the group should be directed towards working out common strategy and tactics for the meeting of the Committee on the Legal and Institutional Framework of GATT in Relation to Less-Developed Countries which was scheduled for 15 September 1964.
6. It was suggested that in its work the group should take up the following points: (a) how to get general agreement on passages appearing in square brackets in the Draft Chapter; (b) whether the concept of preferences be discussed along with other matters in the Committee on the Legal and Institutional Framework of GATT or should be discussed separately for subsequent incorporation in the Model Chapter; (c) how the proposals and principles evolved in the course of the United Nations Conference on Trade and Development could be incorporated in the Model Chapter with a view to adapting it more effectively to the trade problems of less-developed countries; and (d) the kind of effort that needed to be made to get the Model Chapter approved before the Kennedy Round of negotiations gets under way.

7. The representative of the United Arab Republic observed that it was a matter of great dissatisfaction that some of the developed countries had been attending the informal meetings of the group of less-developed countries in the GATT. Earlier he had submitted a proposal to facilitate the identification of less-developed countries which, due to lack of time and certain other difficulties, could not be worked upon. Recently, the United Nations Conference on Trade and Development afforded an opportunity for identifying the less-developed countries. They numbered seventy-five to seventy-seven and were listed in the Final Act. In view of the circumstances explained, it would be appropriate either to request the developed countries attending the informal meetings of the group to reconsider their position or to devise some set of words to the effect that the countries which took part in the deliberations of the group were not all less-developed countries, for insertion in the minutes of the meetings of the group. Further, he drew the attention of the group to the following passage from the joint declaration of the less-developed countries contained in the Final Act of the United Nations Conference on Trade and Development:

"... The developing countries regard their unity, the unity of the seventy-five, as the outstanding feature of this Conference. This unity has sprung out of the fact that facing the basic problems of development, they have common interest in a new policy for international trade and development."<sup>1</sup>

8. Referring to the remarks made earlier by the representative of the United Arab Republic concerning the listing of the less-developed countries as given in the Final Act of the United Nations Conference on Trade and Development, which was restricted to a group of seventy-five to seventy-seven, the representative of Cuba pointed out that to a certain extent, it was unusual to attempt to make an exact and complete similarity between the so-called group of seventy-five less-developed countries and the less-developed countries members of the GATT. It was a well-known fact that his was a less-developed country, although it might have a number of features which were not shared by other less-developed countries forming the so-called group of seventy-five. In conclusion he stated that his country, by virtue of being less-developed and a full member of the GATT was undoubtedly entitled to participate in the meetings of this group despite the fact that it was not in the list that was drawn up by the so-called seventy-five less-developed countries in the United Nations Conference on Trade and Development.

9. H.E. Mr. K.B. Lall, in his capacity as the Chairman of the Council of Representatives, informed the group about the outcome of his discussions with the industrialized countries on matters of interest to less-developed countries with a view to putting the group in a position to assess the value of the discussions and

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<sup>1</sup> See document E/CONF.46/L.28, Annex B, page 4, Section V, paragraph 7.

to work out its own strategy and tactics for the programme of work in the following next few months. He had held discussions with the authorities of one industrialized country in an attempt to persuade them to withdraw their objections to the meeting of the Working Party on Preferences and to consider the matter, not with reference to their basic attachment to the most-favoured-nation principle, but having regard to the present situation which indicated that the most-favoured-nation principle was being eroded in a discriminatory manner. He had, therefore, stressed that an attempt should be made to rationalize these haphazard deviations from the most-favoured-nation clause in such a way as to provide a solution to the trade problems of all the less-developed countries. It was his impression that the meeting of the Working Party on Preferences might not be objected to as such. It might not be realistic on the part of less-developed countries to expect a complete change in the attitude of all industrialized countries towards preferences, but they could be reasonably expected to give due consideration to any specific suggestions that might be placed before them. It was his impression that industrialized countries might possibly review their position after the Working Party on Preferences had met and sufficiently well in time before the Special Session of the CONTRACTING PARTIES.

10. As far as the draft Chapter on Trade and Development was concerned, the United States would, provided it was not put in a strait jacket, be prepared to go ahead with the programme of work with a view to building into the GATT structure, provisions, commitments and principles which would be of benefit to the less-developed countries.

11. Referring to the programme of work to follow in the next few months, which had emerged as a result of the informal meeting of the heads of delegations the other day, he stated that the Committee on the Legal and Institutional Framework of GATT in Relation to Less-Developed Countries, presently in session, might be expected to go on with its work until 30 September 1964. It had been agreed that every effort should be made to bring the work of the Committee to a stage at which the Council could make appropriate recommendations for consideration by the CONTRACTING PARTIES at their Special Session scheduled to take place in November 1964. It was stressed that while difficult and detailed negotiations will need to be undertaken with the representatives of industrialized countries on points of disagreement appearing in square brackets in the Draft Chapter, less-developed countries will have to take into account and give due consideration to concepts evolved as a result of the agreements reached in the United Nations Conference on Trade and Development, and to any additional points which could be put in the form of proposals or added to the Draft Chapter.

12. Regarding fulfilment of the commitments, there was already a provision placed in brackets in the Draft Chapter, which was under consideration and which dealt with the matter of procedures. While considering that provision, less-developed countries should be guided by the experience which a country like

Uruguay had in getting its problems resolved through the existing GATT procedures, or the experiences that countries like India and Pakistan had undergone in not getting their problems in relation to quantitative restrictions, resolved through the GATT procedures. It therefore seemed necessary for less-developed countries to give some thought to the question of procedures and to work out methods which might not be too rigid and yet would make it possible for some semi-judicial and effective conclusions to be reached on complaints to be tabled by affected contracting parties in regard to non-compliance with the obligations either already accepted by the CONTRACTING PARTIES or which might be accepted after the Draft Chapter became a part of the General Agreement.

13. The work of the Working Party on Preferences had been discussed in the informal meeting of the heads of delegations. It was feared by some members that if the Working Party met and took up the issue from the stage at which it was left at the twenty-first session, it might not be possible to make any progress. It was also felt by some developed countries that since the United Nations bodies were already appointing a group to go into these matters, it did not seem necessary to go ahead with the study in the GATT. On the other hand representatives of less-developed countries had stressed the importance of a continuing examination of the problem with a view to eventually reaching a satisfactory conclusion. While the United Nations group will be concerned with the granting of preferences by the industrialized countries to the less-developed countries and would examine in detail the forms which this concept could assume, the GATT was concerned with the provision of rules and procedures for making detailed implementation possible. What would form a part of the General Agreement was a provision of law permitting the operation of preferential treatment on a certain basis, subject to certain procedures for consultations to ensure that the permissive clauses were used to promote the objectives sought by less-developed countries.

14. He had suggested to the secretariat that it would be useful to look again at the last report of the Working Party on Preferences with a view to focussing attention firstly, on the drawing up of provisions in the General Agreement for the concept; secondly, on the procedure for negotiations; and thirdly, the terms, conditions and the considerations which needed to be borne in mind by the machinery and by the CONTRACTING PARTIES in operating on the new concept. It was his view that if this kind of paper could be prepared, it would be easier for both the developing as well as industrialized countries to see how best progress could be made. Ambassador Lall also suggested that a small group consisting of three or four members should also be constituted from within the group of less-developed countries to study the question of preferences on the lines suggested so that when the secretariat paper was ready, the main group could be in a position to build up on the points or to develop or amend them.

15. Ambassador Lall said that as a result of informal consultations, it had been generally agreed that on 19 and 20 October there would be informal consultations at the policy level with a view to evolving guide lines for the work of the Working Party on Preferences which would meet on 21 October; the meeting

of the Council will be held on 28-30 October. The object of scheduling meetings in this order was that the preparation and state of work should be such that the Council was really enabled at its meeting on 28-30 October to finalize its recommendations for the Special Session on all matters falling within the scope of the Model Chapter including preferences.

16. Concerning the Action Committee and its Sub-Committees, the meeting of Sub-Committee 1 had been scheduled, subject to confirmation by the secretariat, on 12-14 October and 2 November if necessary. It was recalled that Sub-Committee 1 had two or three meetings in which some limited progress had been made in the case of some items in the Action Programme. A wide field still remained in which similar compliance had not been secured and some explanation had been given to Sub-Committee 1. A stage had been reached when Sub-Committee 1 should list out these hard core items on which, despite the ministerial conclusions, no progress had been made and also consider what GATT procedures should be evolved to deal with such cases.

17. Sub-Committee 2 dealt with point (viii) of the Action Programme which recognized that the first seven points were good but they would not yield substantial results for the benefit of less-developed countries and as such, something more positive needed to be undertaken. Up to now no real work had been done by Sub-Committee 2 because no ideas were put forward for its consideration. It was suggested that the Sub-Committee 2 should meet for one day, either on 12, 13 or 14 October or 2 November. Fixing the date of Sub-Committee 2 itself was of no use unless some concrete ideas could be put forward for its consideration. It was, therefore, proposed that a small group should be set up to list out points for consideration by Sub-Committees 1 and 2.

18. The meeting of Committee III had been scheduled for 12 November. The main task of the Committee for this meeting would be to carry out a very brief review of the work so far done, to establish the programme of work and to deal with the question of priorities. The important work which the Committee could usefully embark upon was to finalize the list of commodities of export interest to less-developed countries and to consider what promotional measures were necessary to enable developing countries to expand their export earnings from those commodities.

19. As for the Kennedy Round of negotiations, it was recalled that a Sub-Committee on the Participation of Less-Developed Countries was set up. This Committee had not yet met recently. The conditions for participation of less-developed countries in these negotiations had not been worked out so far; neither the exact timing for consultation with less-developed countries on the exceptions list which was expected to be tabled on 16 November nor the exact treatment which would be accorded to agricultural products in general and particularly those of interest to less-developed countries were made known so far. A meeting of this Committee was being attempted for 15 and 16 October. It would be worthwhile if less-developed countries would be in a position to state somewhat clearly and in a unified way, what exactly they would like to see achieved in and through the

Kennedy Round of negotiations. In this connexion, it was pointed out that a part of the Action Programme provided for tariff concessions to be given to products of interest to less-developed countries even in advance of the Kennedy Round. Since it appeared that the negotiations under the Kennedy Round would take several years to be completed and the reductions would be phased over a period of five to six years, it was necessary for the group to consider whether it would be appropriate for less-developed countries to table such a decision. If so, in what manner, at what stage and in relation to what products? This decision was of vital importance to less-developed countries.

20. Recognizing the importance of the work of the Working Party on Preferences, the group agreed that this matter should be studied in detail. A small group consisting of the representatives of the Central African Republic, Chile, India and Jamaica was established to make a detailed study of the concept of preferences and the ways and means for its implementation in the light of the discussion which had taken place in the group and to submit its findings and suggestions to the main group for discussion.

21. The group adjourned sine die.