

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

LDC/M/15¹

16 October 1964

Special Distribution

MINUTES OF THE MEETING OF A GROUP OF LESS-DEVELOPED COUNTRIES ON 5 AND 6 OCTOBER 1964

1. The fifteenth in a series of weekly meetings of the representatives of a group of less-developed countries was held on 5 and 6 October 1964.
2. Representatives were present from Argentina, Brazil, Chile, Cuba, India, Israel, Jamaica, Peru, Tunisia, United Arab Republic, Uruguay and Yugoslavia.
3. The first session was presided over by H.E. Mr. F. Garcia Oldini, Ambassador of Chile and the second by H.E. Mr. E. Letts, Ambassador of Peru.
4. The group took up the discussion of sub-paragraphs 3:A(a), 3:A(b), and 3:A(c), falling under the heading "Commitments" in the Draft Model Chapter. It was stated that the interpretative note, which was drafted by the secretariat (INT(64)531) specifically in relation to sub-paragraph 3:A(b) but which was likely to be applicable also to sub-paragraph 3:A(a), contained reference not only to difficulties arising out of legal and constitutional problems, but also to those linked with "overriding national interest". In the informal discussions with the industrialized countries, it had been made clear that less-developed countries were not in a position to accept any qualifications other than those necessitated by legal and institutional considerations. The words "overriding national interest" were therefore superfluous. However, if the words "overriding national interest" were retained, the less-developed countries would interpret them as covering only legal and constitutional difficulties. From the informal consultations it transpired that industrialized countries had considered that "overriding national interest" should be interpreted to cover more than the legal and constitutional problems. It was, therefore, for the group to decide whether the scope of the interpretative note should be restricted to legal and constitutional problems, or its application be extended to cover "overriding national interest" in the sense accorded it by the industrialized countries, bearing in mind that the latter was a matter of subjective judgment liable to disputation and could enable the industrialized countries to deviate from their commitments.

¹In paragraph 2 of the minutes of the last meeting of the group (LDC/M/14) add "Jamaica" after "Israel".

5. After some discussion on the issue, there appeared a broad measure of agreement in the group that the words "to the fullest extent possible" be deleted from sub-paragraph 3:A(a) as it tended to weaken further the scope of the commitment. The words "accord high priority" should be interpreted not only in the sense of giving priority "in time" but also of giving priority to the reduction of trade barriers affecting products of export interest to less-developed countries, vis-à-vis action on other products.

6. As far as sub-paragraph 3:A(b) was concerned, discussion in the group revealed that the three concepts contained in the interpretative note prepared by the secretariat, could be taken together in one paragraph in accordance with the wish of the European Economic Community.

7. Further, the text of the interpretative note should be expressed in such a way as to bring out clearly that the industrialized countries would be the parties who should report to the CONTRACTING PARTIES as to why they were unable to honour their commitments towards less-developed countries. It was further stressed that if the words "overriding national interest" were to be retained in the interpretative note, a satisfactory provision should be established for the examination of the cases with a view to distinguishing difficulties arising out of legal and institutional reasons from those which related to "overriding national interest", as interpreted by developed countries.

8. A question was posed as to what would happen when an industrialized country did not fulfil its commitments even after a judgment by the CONTRACTING PARTIES that the reasons advanced by that country for not honouring its commitments were not sufficiently valid. In this connexion it was suggested that appropriate language relating to the concept of compensation should be inserted in the interpretative note.

9. The following formulations arising from informal consultations between less-developed countries and developed countries and which, it was considered, might obtain general agreement, were presented to the group by the secretariat:

(i) 1(b) on page 1¹

"Considering that export earnings of the less-developed contracting parties can play a vital part in their economic development and that the extent of this contribution depends on the prices and volume of their exports, and the prices paid by the less-developed contracting parties for essential imports.

¹All page numbers quoted relate to document LEGAL/W/4.

(ii) 1(c) on page 1

Recognizing that individual and joint action is essential so that international trade shall make a maximum contribution to the development of the economies of less-developed countries to a rapid and substantial increase in the standards of living in these countries, and to a concomitant reduction in wide economic disparities among contracting parties or between the less-developed contracting parties and the more developed contracting parties.

(iii) 1(d) on page 2

Recognizing that international trade as a means of achieving economic and social advancement should be governed by such rules and procedures and measures in conformity with such rules and procedures as are consistent with the objectives referred to in this Chapter.

(iv) I.2(g) on page 3

There is need for the General Agreement to provide for the use by the less-developed contracting parties, when necessary, of specified special measures to promote their trade and development and to meet difficulties arising from a shortage of foreign exchange in relation to growing import needs associated with their economic development.

(v) Reciprocity

Developed contracting parties, in return for commitments made by them in trade negotiations to reduce or remove tariff and other barriers to the trade of less-developed contracting parties, should not expect reciprocal concessions that are not consistent with the individual development, finance and trade needs of the latter."

10. A brief discussion took place on the formulations listed under paragraph 9 above. While there was a broad measure of agreement on paragraphs (i), (ii) and (iii), most members of the group stated that they could not commit themselves in the absence of instructions from their respective governments.

11. As regards the formulation in (iv) above, it was stated that the concept of flexibility should be retained therein with the qualification that such flexibility would be used without discrimination between less-developed countries.

12. On the question of reciprocity, it was decided that the matter would be taken up again in the next meeting of the group.

13. The next meeting of the group will be held on Monday 12 October 1964, at 10.00 a.m. in Salle XV, Palais des Nations, Geneva.