

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

LDC/M/5
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Special Distribution

MINUTES OF THE MEETING OF A GROUP OF LESS- DEVELOPED COUNTRIES ON 10-11 DECEMBER 1963

Prepared by the Secretariat

1. The sixth in a series of weekly meetings of a group of less-developed countries was held on 10 and 11 December 1963 under the chairmanship of H.E. Mr. E. Letts, Ambassador of Peru.
2. The meeting was attended by the representatives of Argentina, Brazil, Chile, Cuba, Ghana, India, Indonesia, Israel, Jamaica, Nigeria, Pakistan, Peru, Sierra Leone, Spain, Trinidad and Tobago, Tunisia, Uganda, the United Arab Republic, Uruguay and Yugoslavia.
3. The Group addressed itself to two main subjects:
 - principles to be applied to the exchange of preferences between less-developed countries; and
 - examination of the secretariat paper entitled "Model Chapter on Trade and Development" (Spec(63)316/Rev.1).
- A. Principles to be applied to the exchange of preferences between less-developed countries
4. In the discussion under this heading, the Group considered the following broad principles which might form the basis for exchanging preferences between less-developed countries:
 - (i) the decision to grant preferences and the selection of items on which such preferences were to be granted should remain the sovereign and undisputable right of an individual less-developed country;
 - (ii) no less-developed country should have any right to expect that another less-developed country should grant preferences on items which were against the interests of its domestic industries;
 - (iii) preferences should be exchanged by less-developed countries on a specified individual item-by-item basis and not on a range of products;
 - (iv) preferences exchanged between two less-developed countries should be unconditionally applicable to like products originating from all other less-developed countries;

- (v) the margin of preferences to be exchanged between less-developed countries should be not less than that at present granted on similar products by some less-developed countries to industrialized countries; and
- (vi) finally, preferences thus exchanged should be applied only to less-developed countries and should not, by virtue of the provisions of the General Agreement, be applicable to industrialized countries.

5. It was agreed in principle that the first four principles would be acceptable to all less-developed countries in exchanging preferences between themselves on selected semi-processed and manufactured items. The principle mentioned under (v) above was not discussed in detail. It will be examined at a later meeting of the Group.

6. In taking up the question that preferences thus exchanged should be applied only to less-developed countries and should not, by virtue of the provisions of the General Agreement, be applicable to industrialized countries (see (vi) above), the Group had before it a draft of an article submitted by the small group entrusted with the examination of this question.¹ The text of the draft article is reproduced below:

ARTICLE I

"Insert the following words after the words "any other country shall" and before the word "be",

In para.1, "save as provided for in Article IA".

Insert a new clause in the descriptions enumerated under para.2 of Article I - "(e) Preferences falling within the purview of Article IA".

ARTICLE IA

Special-Most-Favoured-Nation-Treatment

Notwithstanding anything contained in Article I, and without prejudice to the rights of contracting parties under this Agreement, contracting parties may, with a view to promoting the economic development, and building up the potential for international commerce, of developing countries, accord, with respect to all matters dealt with in this Agreement, specially favourable treatment to products originating in such countries, provided that any such advantage, favour, privilege, or immunity, granted by any contracting party shall be accorded immediately and unconditionally to like products originating in all other contracting parties who fall within the purview of para.1 of Article XVIII."

¹The small group consisted of the representatives of India, Jamaica, the United Arab Republic and a representative from South America (Uruguay or Brazil). See LDC/M/5, paragraph 6.

7. During the discussion of the draft article, it was agreed, in principle, that the inclusion of this article in the General Agreement was imperative in order to ensure that the exchange of preferences between less-developed countries would in effect assist the expansion of trade between these countries, i.e., they should not be granted to imports from highly industrialized countries. As to the phrasing and the substance of the new article, it was agreed that it needed further careful consideration. The Group, therefore, established a Sub-Group consisting of the representatives of India, Jamaica, Nigeria, Pakistan and Uruguay to redraft the article and submit it to the Group for discussion at its next meeting.

B. Examination of the secretariat paper entitled "Model Chapter on Trade and Development"

8. As agreed at the fifth meeting (LDC/M/5, paragraph 3), the Group took up the discussion of the secretariat paper entitled "Model Chapter on Trade and Development" (Spec(63)316/Rev.1). During the discussion several points were raised on how the new Chapter should be incorporated in the General Agreement and how various alternative solutions might effect its legal status in relation to the existing Articles of the General Agreement. In this connexion, it was suggested that some of the points contained in the Chapter which were of paramount interest to less-developed countries should be reflected in the preamble of the General Agreement.

9. The Group felt that in drawing up the new Chapter on Trade and Development, the following principles should be taken into account and should be incorporated in the Chapter at the appropriate places:

1. The economic development of less-developed countries should be promoted with a view to achieving an accelerated reduction between the gap in the standard of living in less-developed countries and industrialized countries.
2. International trade should be considered as a means to economic and social development and a fair share in trade should be considered as an unalienable right of each country.
3. International trade relations should be guided by such rules and procedures which were consistent with the objective of accelerating economic development of less-developed countries.
4. The primary products important to the trade of less-developed countries should enjoy the largest measure of access to the markets of industrialized countries as provided for in the general principles and rules of the General Agreement.

5. Access to markets of industrialized countries should be granted to less-developed countries on a universal basis without discrimination. Special provisions providing for sheltered or preferential access, considered indispensable for the maintenance of export earnings of less-developed countries, may be retained on a temporary basis but should be progressively reduced.
6. Joint measures, including commodity agreements, should be adopted to ensure that progressively increasing exports of primary products by developing countries get stable, equitable and economically remunerative prices; account should be taken of trends in prices of manufactures, particularly capital goods, necessary for economic development.
7. Diversification of the structure of the economy of less-developed countries should include the progressive increase of the degree of processing of their primary products and the reduction and elimination by developed countries of barriers discriminating between raw and processed products.
10. It was generally felt that the Model Chapter on Trade and Development was not sufficiently comprehensive in its overall approach and needed to be revised in the light of the discussion which had taken place during the present meeting.
11. The Group established a small drafting committee consisting of the representatives of Brazil, India, Jamaica, Nigeria and Yugoslavia to draw up a revised version of the Chapter for discussion at its next meeting.
12. The next regular meeting of the Group will be held on 17 December, at 10 a.m. in Salle XII, Palais des Nations, Geneva.