

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

MINUTES OF THE MEETING OF A GROUP OF LESS-DEVELOPED COUNTRIES ON 9 OCTOBER 1964

1. The sixteenth meeting of the representatives of a group of less-developed countries, took place on 9 October 1964, under the Chairmanship of H.E. Mr. E. Letts, Ambassador of Peru.
2. The meeting was attended by the representatives of Brazil, Central African Republic, Chile, Cuba, Ghana, India, Israel, Jamaica, Nigeria, Peru, Tunisia, United Arab Republic, Uruguay and Yugoslavia.
3. The group had before it certain formulations proposed by the secretariat, relative to draft model chapter (LEGAL/W/4). The proposals of the secretariat were contained in INT(64)540, 541, 542, 544/Rev.1 and 546.

Paragraph 2(h) (INT(64)542)

4. The group agreed, without commitment, to the following revision of the paragraph:

"The developed contracting parties should not expect reciprocity for measures taken by them to reduce or remove tariffs and other barriers to the trade of developing contracting parties."

"Ad paragraph (h)

It is understood that the phrase "should not expect reciprocity" does not mean that the less-developed contracting parties may not make concessions which in their view are consistent with their individual development, financial and trade trends and needs, in accordance with the objectives of this Chapter."

Paragraph 1(d) (INT(64)546)

5. Again without commitment, the group accepted the secretariat's formulation, subject to the French text's being aligned with the English. The accepted formulation reads:

"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."

Paragraph 1(c) (INT(64)544/Rev.1)

6. After some discussion the group adopted, without commitment, proposals by one of its members for a revision of this paragraph on the following lines:

"recognizing that individual and joint action is essential to further the development of the economies of the less-developed contracting parties in order to bring about a rapid and substantial increase in standards of living in less-developed contracting parties, and a concomitant reduction in wide economic disparities between the less-developed contracting parties and the more developed contracting parties.

Paragraph 2(g) (INT(64)540)

7. The group also agreed, again without commitment, to the following revision of paragraph 2(g):

"there is need for the Agreement to provide flexibility in the application of its provisions to enable less-developed contracting parties to use such special measures as may be necessary to promote the trade and development of less-developed contracting parties without discrimination between such contracting parties and to meet the difficulties of such contracting parties arising from a shortage of foreign exchange in relation to growing import needs associated with their economic development."

Section 3A explanatory note (INT(64)541)

8. The group discussed the draft explanatory note submitted by the Executive Secretary as contained in INT(64)541. It was generally agreed that the first paragraph was acceptable except that it was not clear as to who should be responsible for referring a particular case to the CONTRACTING PARTIES. As regards the second paragraph of the draft, it was pointed out that the text was unclear as to who should be responsible for taking "joint action". It was argued that as presently formulated it could be inferred that action would be taken by all contracting parties, developing as well as developed. On the other hand, some members of the group felt that vagueness on this point was in fact desirable since there might well arise cases in which the developing countries might wish to participate in joint action agreed by the CONTRACTING PARTIES.

9. There was also the discussion of the desirability of referring specifically to paragraph 1 of Article XXV in the second paragraph of the explanatory note. In this connexion it was argued that paragraph 1 of Article XXV does not specify the means by which agreement for "joint action" should be reached. Some members of the group felt that the voting procedure in paragraph 4 of Article XXV would automatically apply to paragraph 1 of the same Article and, for the purposes of taking joint action in terms of paragraph 2 of the explanatory note, a simple majority would be sufficient.

10. One member of the group suggested that, if the developed countries were prepared to accept limitations on their legal and constitutional freedom of action in terms of the explanatory note, it would be preferable to remove the words "to the fullest extent possible" where they occurred in Section 3A and to insert in the text of the Section itself a provision of the type contained in the explanatory note. He pointed out that there would be psychological advantages in deleting "to the fullest extent possible" in the text. It was the consensus of the meeting that it would not, at the present juncture, be appropriate to reopen the question of inserting the clause "to the fullest extent possible", since the developed countries appeared unwilling to compromise on this point.

11. Members pointed out that they were working without instructions, and that instructions from their governments might not arrive for some time, and in certain cases not before the Special Session itself. It was agreed, however, that it would be desirable for the informal negotiations to continue and the members of the group involved were asked to negotiate on the basis of the text INT(64)541 and to attempt to seek improvement to the second paragraph of the draft text.

Paragraph 3A(a)

12. A member of the group commented that in his view the words "accord high priority" presently appearing in paragraph 3A(a) were superfluous. He suggested that it would be desirable for this clause to be removed, but if the developed countries insisted on its inclusion the word "high" should either be deleted or changed to "highest" or "maximum". The group agreed that this point should be raised within the context of the informal negotiations.

Paragraph 3A(c)

13. A member of the group reported on the informal discussions he had had with representatives of Belgium, France, Germany, Italy and the Netherlands, during which it had been possible to agree a revised text for paragraph 3A(c). The agreed text which had been accepted by all of the parties concerned without commitment, read as follows:

"(c) (i) refrain from imposing new fiscal measures

(ii) in any adjustment of fiscal policy give high priority to the reduction and elimination of fiscal measures

which will hamper or hamper significantly the growth of consumption of primary products in raw or processed form wholly or mainly produced in less-developed contracting parties, and which are applied specifically to those products."

At the same time the introductory sentence of Section 3A would read "the developed contracting parties shall to the fullest extent possible". It had been further agreed that the interpretative note contained in document INT(64)541 would apply to the words "to the fullest extent possible".

14. The group discussed this revision. It was pointed out that, in terms of the draft text, the expression "to the fullest extent possible" would apply to the whole of the Section 3A which was somewhat illogical in view of the fact that paragraphs 3A(d) to (i) already contained qualifications of one sort or another. The member responsible for negotiating the draft text agreed to bring this point to the attention of the other parties concerned.

15. It was pointed out that the word "hamper" could be subject to the different interpretations, particularly as certain developed countries consider that, because of demand inelasticities, internal taxes did not affect consumption. There might also be a problem in interpreting the words "adjustments of fiscal policy". On the one hand this could be interpreted as meaning annual budgetary exercises, but on the other it might be considered that "policy" was of a longer-term nature and that budgetary adjustments were made within the framework of such a policy.

16. It was agreed that there was no need for any immediate decision to be made on this proposal and that members should consider it further.