

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MINUTES OF THE MEETING OF A GROUP OF LESS-DEVELOPED COUNTRIES HELD ON 2 FEBRUARY 1966

Prepared by the Secretariat

During the period when the Group on Expansion of Trade Among Less-Developed Countries was in session, another in a series of regular meetings of a group of less-developed countries was held on 2 February 1966. The meeting was presided over by H.E. Mr. C. Valenzuela, Ambassador of Chile.

Present were the representatives of Chile, India, Israel, Nigeria, Pakistan, Trinidad and Tobago, Tunisia, the United Arab Republic and Yugoslavia.

It was noted that the discussion during the first two days of the meeting of the Group on Expansion of Trade Among Less-Developed Countries, following the statements by the representatives of the United Arab Republic and the United States in support of their respective proposals for the exchange of preferences between less-developed countries, had tended to range over many other problems inherent in the mechanics and the implementation of such preferences rather than to concentrate on the question of principle relating to the rôle of preferences in the expansion of trade between less-developed countries. In this connexion it was pointed out that unless discussion could be limited to specific proposals for the exchange of preferences between less-developed countries there seemed little likelihood of the Group formulating some concrete recommendations on the issue for submission to the Committee on Trade and Development. It was suggested that as the discussion on the United Arab Republic and the United States proposals had apparently been exhausted, it was important that other proposals or suggestions which less-developed countries might wish to be considered by the Group should be introduced.

One member of the Group stated that, in the light of the discussion that had so far taken place in the Group, it would be desirable that a specific programme of action, aimed at the expansion of trade among developing countries, should be drawn up. He suggested the following points for coverage in the proposed action programme which the Group might propose to the Committee on Trade and Development:

Products

1. Less-developed countries might be asked to indicate, in addition to the products already notified as being of export interest to them, other items for inclusion in the lists;
2. From these lists each less-developed country should prepare a short list of products which offered possibilities of being exported to other less-developed countries;
3. Each less-developed country should also give an indication of the present level of imports into its market of items selected for export by other less-developed countries;

Procedures

4. Each less-developed country should indicate what special measures, within the spirit of Part IV of the General Agreement, were needed for the realization of export possibilities of the products concerned;
5. What special measures should be taken by the importing countries and by international institutions to promote trade among less-developed countries;
6. Under any scheme for expansion of trade among developing countries, how less-developed countries would give reciprocal treatment to each other;
7. Non-discriminatory and reciprocal action should be taken by less-developed countries in the granting of tariff preferences, import quotas and the allocation of foreign exchange quotas for importation;
8. Maximum possible flexibility should be provided to less-developed countries in working out arrangements for expansion of trade among themselves in a non-discriminatory manner;
9. Reporting procedures should be established, and each less-developed country taking action to expand its trade with other developing countries should consult with the individual contracting party which claimed that its trade interests had been adversely affected by the proposed measure

and also with contracting parties who had a broad interest in multi-lateral expansion of trade to enable the CONTRACTING PARTIES to determine how the alleged injury could be avoided and how multilateral expansion of trade among the less-developed countries could otherwise be promoted;

Government purchases

10. Rules should be established for the guidance of the importing authorities in the less-developed countries to give preference to purchases from other less-developed countries of the goods required by their governments and other State institutions. In their tenders preference in prices equal to the duty should be given to suppliers in other less-developed countries;

Financial arrangements

11. The aid given to less-developed countries by developed countries or by international institutions should be "untied" so that the borrowing country could make purchases from other less-developed countries;
12. The appropriate international financial institution should be approached for creating a fund from which loans could be made available to the less-developed countries for financing imports from other less-developed countries. The borrowing country would repay the loan in three to five years from the additional earnings generated through its increased exports to other less-developed countries;

Action programme

13. An action programme for expansion of trade among developing countries should be drawn up in which annual target for increase of trade among developing countries should be indicated;

Forum

14. Advantage should be taken of the Kennedy Round of trade negotiations for giving effect to the proposals mentioned in the foregoing paragraphs;

Development plans and exchange of information

15. In drawing up their development plans, less-developed countries might take into account the possibilities of meeting their requirements from other less-developed countries with a view to avoiding the establishment

of uneconomic industries. Information about development plans and import requirements should be exchanged regularly;

Transportation and communication difficulties

16. Ways and means for solving the transportation and communication difficulties which hamper expansion of trade among developing countries should also be studied.

The group agreed that the above proposal should be placed before the Group on the Expansion of Trade and be supported by less-developed countries.

The group further discussed the nature, scope and other aspects of preferences among less-developed countries, and it was agreed that the Chairman should make a statement on behalf of those less-developed countries which were participating in the work of the Group on Expansion of Trade Among Less-Developed Countries to the effect (i) that the exchange of preferences between developing countries was one of the means to promote trade among themselves; (ii) that less-developed countries were in favour of a general and non-discriminatory system of preferences among themselves within the spirit of Part IV of the General Agreement; (iii) that less-developed countries would enter into exploratory talks concerning the formulae and modus operandi of such a preferential arrangement; (iv) that full account would be taken of the stage of economic development of the countries concerned; (v) that exploratory negotiations for the exchange of preferences would be initiated by two interested contracting parties first with the proviso that other less-developed countries would be allowed to accede to the negotiated agreement on the basis of reciprocity; (vi) that such preferential agreements would in the first instance relate to manufactures and semi-manufactures but the possibility of inclusion of primary products was not excluded; and (vii) that the preferential scheme would initially relate to tariffs and subsequently to quantitative restrictions.