

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

LDC/M/31

7 January 1966

Special Distribution

MINUTES OF THE MEETING OF A GROUP OF LESS-DEVELOPED COUNTRIES ON 16 DECEMBER 1965

Prepared by the Secretariat

Another in a series of meetings of an informal group of less-developed countries took place on 16 December 1965, under the Chairmanship of H.E. Mr. E. Letts, Ambassador of Peru.

The meeting was attended by the representatives of Argentina, Ceylon, Chad, Chile, Cuba, India, Indonesia, Israel, Ivory Coast, Jamaica, Nigeria, Pakistan, Peru, United Arab Republic, Uruguay and Yugoslavia.

There was an exchange of views in the group on how the work in the various bodies of GATT on matters of interest to less-developed countries could be carried another stage forward. In this connexion it was recognized that developments in the Working Party on the Australian Request to Grant Tariff Preferences to Less-Developed Countries, were not completely in line with the stand of less-developed countries on the general question of preferences. It was, therefore, felt that it should be ensured that the position of less-developed countries on general points of principle should be adequately reflected in the report of the Working Party.

The group established a smaller group consisting of the representatives of India, Nigeria and Pakistan to draft certain paragraphs on the following points for inclusion in the Working Party's report:

- The preferential scheme should be applicable to all less-developed countries and should have no discriminatory elements.
- The preferential scheme should not be restricted to manufactured and semi-manufactured products but should also include primary products of export interest to less-developed countries.
- The guiding principle of the proposed preferential scheme should be that of the infant economy rather than the infant industry; and all exports of less-developed countries should be granted preferences.

- In administering the preferential scheme, due account should be taken of the different levels in economic development of less-developed countries.
- Australia should not have the right to withdraw a product from the list of products to which the preferential scheme is intended to apply without appropriate consultations.
- Australia will continue its efforts to include further products of export interest to less-developed countries in its preferential scheme.
- The margin of preference will be enlarged.
- The proposed action by Australia while not intended to impede the reduction of tariffs on a most-favoured nation basis should be aimed at creating additional trade opportunities for less-developed countries.
- Australia should furnish the contracting parties with a definitive list of less-developed countries to which the preferential scheme would be applicable.

Further, in the Working Party on the Australian Waiver, it should be made clear that the less-developed countries had tried their best to persuade the Australian delegation to incorporate the above points in their scheme and in the draft waiver, and that only partial success had been achieved. However, the less-developed countries trust that the Australian Government would be able to give further consideration to these points. In the next meeting of the Council in January, the less-developed countries will welcome this real pioneering effort of the Australian Government. They will also express their recognition of the sympathetic aim behind the move, but will add that the scheme, nevertheless, did not go far enough.

With regard to the work of the Committee on Trade and Development and its sub-groups, it was stressed that, during the next few months, greater efforts should be made to produce concrete proposals for the consideration of the CONTRACTING PARTIES at least within those sub-groups in which less-developed countries were heavily represented and which were presided over by the representatives of less-developed countries.

Disappointment was expressed concerning the progress of work in the Kennedy Round of trade negotiations because the first round of negotiations had been nothing more than a noting of requests from less-developed countries by the industrialized countries. The necessity of making it clear that serious trade negotiations should start at a very early date was emphasized. It was felt that the less-developed countries should also press the point that, according to their judgment the term "high priority" meant that something for the benefit of less-developed countries would be done in advance of the conclusion of these negotiations. In this connexion, it was stated that the idea of suspension of tariffs on products of export interest to less-developed countries must become a reality at the twenty-third Session of the CONTRACTING PARTIES.

Referring to the proposal concerning the expansion of trade among less-developed countries, as contained in paragraph 6 of document IDC/M/29, it was recognized that although the proposal was referred by various delegations of less-developed countries, to their national governments, no reply had so far been received. However, it would be appropriate for less-developed countries to embark on an exercise with a view to finding out the possibilities of action in the field of tariffs, quantitative restrictions and government purchases. It was understandable that tariff reduction would present difficulties since tariffs were required for revenue purposes and for the protection of national industries. However, wherever it was possible to reduce tariffs, it should be borne in mind, that loss in revenue, which would result for particular governments, would be compensated by an increase in foreign exchange earnings. Where this was the case, it would be worthwhile to reduce tariffs among less-developed countries. In the case of quantitative restrictions, importing countries could allocate a certain percentage of the import quota to imports from other less-developed countries. A certain percentage of the requirements covered by government purchases could also be allocated to other less-developed countries provided that goods covered were satisfactory in quality and were available in a less-developed country. Action on these lines should not be restricted to manufactured and semi-manufactured products but should also include primary products. Finally, those less-developed countries which wished to increase their export of a particular commodity could present a request to other less-developed countries to explore the possibilities for increasing imports of that particular commodity in their overall scheme of imports.

In view of the very short time available, the group decided to meet again a few days prior to the meeting of the Council, in January 1966. The date, time and place of the meeting to be communicated to the members of the group in due course.