

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MINUTES OF THE MEETING OF THE INFORMAL GROUP OF LESS-DEVELOPED COUNTRIES HELD ON 22 MARCH 1966

Prepared by the Secretariat

1. Another in a series of regular meetings of the Group of Less-Developed Countries in GATT took place on 22 March 1966 under the Chairmanship of H.E. Mr. C. Valenzuela, Ambassador of Chile.
2. Present were the representatives of Brazil, Chile, Cuba, Dahomey, India, Indonesia, Israel, Malawi, Malta, Nigeria, Pakistan, Peru, Trinidad and Tobago, United Arab Republic, Uruguay and Yugoslavia.
3. The purpose of the meeting was to provide an opportunity to the delegations of less-developed countries to exchange views and if possible arrive at a consensus on those items of the agenda for the twenty-third session of the CONTRACTING PARTIES which were of major importance to the trade interests of less-developed countries. The group based its discussions on document L/2558 and Addenda. Major points made during the discussion on various matters are summarized below.

Trade of less-developed countries - report of the Committee on Trade and Development

4. In evaluating the work of the Committee it was stated that while some limited results had been achieved on the question of granting preferences by less-developed countries to each other and the development plans studies, there had been practically no progress in giving effect to Part IV of the General Agreement, the implementation of the 1963 Ministerial Conclusions and the removal of residual import restrictions. Recent discussions had made it abundantly clear that there had been lack of determination on the part of industrialized countries to facilitate the work of the Committee. The Committee had, therefore, left these questions open to be decided upon by the CONTRACTING PARTIES.

5. In view of the foregoing, it was pointed out that any progress in these matters would certainly depend on the concrete proposals put forward by less-developed countries themselves. It was, therefore, suggested that less-developed countries, between now and the time when the report of the Committee would be taken up by the CONTRACTING PARTIES, should re-examine the situation with a view to suggesting appropriate procedures to deal with these matters and other proposals which could usefully be taken up by the Committee on Trade and Development.

6. The Group established a small group from their number, consisting of the representatives of India, Israel, Nigeria and Uruguay, to study the question of making proposals on the appropriate procedures that could be followed for taking the examination of these matters further and ensuring the removal of residual restrictions, further implementation of the Ministerial Conclusions in regard to tropical products, and the extent to which these problems could be fruitfully pursued in the Kennedy Round with a view to securing maximum results.

7. As for the orientation of the work of the Committee, it was recalled that at the time of its establishment the Committee was given certain functions. While some of these were of a continuing nature in relation to the implementation of Part IV, others were related to other provisions of Part IV of the General Agreement which the Committee could effectively perform only if there were concrete proposals from the governments. Even if the terms of reference of the Committee were limited to Part IV, they were sufficiently wide to permit discussion of a very wide range of problems. The hope was expressed that the delegations would give their attention to some specific ideas which could be usefully presented to the Committee to be dealt with. The Group appointed another small group consisting of the representatives of Brazil, Pakistan, United Arab Republic and Yugoslavia to deal with this matter and to submit its findings and suggestions to the main Group at its next meeting.

Trade negotiations (Kennedy Round)

8. The Group recognized that in the absence of the Director-General's report on the progress of the trade negotiations, which he was to present to the CONTRACTING PARTIES at their forthcoming session, it would be difficult to hold a meaningful discussion on the subject. It was, however, mentioned that during the last month significant bilateral and multilateral consultations had taken place between contracting parties participating in the Kennedy Round. Contracting parties including those not participating in the Kennedy Round had been informed of these developments. For political reasons, it was highly important for less-developed countries to know what would be the situation if industrialized countries did not come to an agreement in the Kennedy Round. The developing countries should know this before the second Conference of the United Nations on Trade and Development. Every effort should be made to see that the Kennedy Round came to a successful conclusion and practical results achieved.

9. Speaking at the request of the Chairman, Mr. Mathur, the Assistant Director-General, stated that without intending to anticipate the contents of the Director-General's report, mention might be made of the specific questions concerning tropical products being considered in the Kennedy Round. The proposal by certain Nordic countries for joint action on tropical products had been fairly generally welcome. Progress in this area would not, however, be easy to achieve because the European Economic Community on account of its obligations under the Yaoundé Convention was unable to make any significant offers in this sector. Further, the United Kingdom, and to some extent the United States, had linked their action to the action which the Community might take. However, this was a matter in which a great deal depended on the understanding which might be reached between less-developed countries themselves. The Group might wish to take up with the Director-General the possibility of holding discussions in which the French-speaking African States, the other developing countries and the developed countries, could be associated.

10. One member of the Group suggested that, after the Director-General's report had been received, it might be profitable to invite the EEC Associated States to attend the meeting of this Group and discuss the matter with a view to arriving at some common understanding on the issue.

Import restrictions applied contrary to GATT and not covered by waivers

11. It was pointed out that the assurances extended by certain industrialized countries that these restrictions would be dealt with in the context of the Kennedy Round did not appear to be valid. These restrictions being inconsistent with the provisions of the General Agreement did not lend themselves to negotiations. In the session of the CONTRACTING PARTIES, less-developed countries should press for:

- the early removal of these restrictions;
- where restrictions inconsistent with the provisions of the General Agreement were not removed, appropriate compensation should be given to developing countries for the loss of trading opportunities sustained by them;
- there should be a periodic review of such restrictions on products of export interest to less-developed countries; and
- in country-by-country discussions, the effect of such restrictions should be determined in quantitative terms on the trade of less-developed countries.

12. One member of the Group recalled that in the Committee three other possibilities for action were also mentioned, namely, resort by less-developed countries to Article XXIII under the new procedures; the industrialized countries maintaining these restrictions should seek waivers; and the continuation of the discussion of these restrictions in the Group on Residual Restrictions with a view to bringing adjustment assistance measures into play. The Group felt that this matter needed more reflection on the part of less-developed countries and decided to take them up at its next meeting.

Trade in cotton textiles

13. It was recognized that this was a very important matter for less-developed countries. Last year a major review of the Cotton Textiles Agreement was undertaken but the discussions could not be concluded owing to the divergent views expressed by various delegations. The examination of the scheme put forward by the United Kingdom was also not completed. It was, therefore, important that less-developed countries having a major interest in the cotton textiles trade, with the support of other delegations of less-developed countries, should state their position at the session of the CONTRACTING PARTIES on their experience with the Agreement with a view to achieving more than what was being offered. It might be noted that in other forums, the GATT Cotton Textiles Agreement was being quoted by industrialized countries in justification of the maintenance of protection for the industry.

The impact of commodity problems upon international trade

14. It was stressed that although these matters were being dealt with by other international organizations, the GATT should continue to play its rôle in this field.

Disposal of commodity surpluses

15. It was recalled that in the context of the expansion of trade between less-developed countries, the secretariat had prepared a paper which contained items of export interest to less-developed countries. Some of those products were governed by special laws in industrialized countries generating surpluses. It should be made clear in the session of the CONTRACTING PARTIES that the disposal of such surpluses by industrialized countries should be done in such a way as not to hamper or adversely affect the trade interests of less-developed countries.

Accession of Yugoslavia

16. It was agreed that less-developed countries should welcome and express approval of the action to be taken at the session for the full accession of Yugoslavia to the General Agreement.

United Kingdom temporary import charges

17. It was recalled that although less-developed countries had narrowed down the list of items in which they were the principal suppliers, it had not been possible for the United Kingdom to accede to the request of less-developed countries to take advance action to abolish import charges on those products. The Group requested the Chairman to make a statement in the session of the CONTRACTING PARTIES expressing disappointment on the attitude of the United Kingdom and highlighting the serious inhibitive effect of these measures on the exports of less-developed countries.

Australian request for a waiver to grant preferences to less-developed countries

18. It was felt that in the session of the CONTRACTING PARTIES, less-developed countries should express their appreciation of the initiative taken by the Australian Government in this field. While positive aspects of the preferential scheme should be touched upon, the hope should also be expressed that it would be possible for the Australian authorities in due course to meet the viewpoints of the less-developed countries which they had hitherto not been able to, and that the scheme would further be improved for the benefit of all less-developed countries. It was agreed that the Chairman should make a statement on behalf of less-developed countries, and other less-developed countries would make supporting statements in their individual capacity.

Status of protocols

19. It was pointed out that a further seven acceptances were required to put Part IV of the General Agreement into force. The Group agreed that this fact should specifically be mentioned in the session of the CONTRACTING PARTIES with the hope that the required number of acceptances would be forthcoming soon.

Election of officers

20. It was recognized that in this matter less-developed countries should not take a formal position, having regard to the personalities involved. The less-developed countries expressed the hope that this question of election of officers would not impair their solidarity.