

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Trade Negotiations Committee

## SUB-COMMITTEE ON THE PARTICIPATION OF THE LESS-DEVELOPED COUNTRIES

Note by the Secretariat on the Meeting of 16 December 1965

1. The Sub-Committee met on 16 December 1965 and discussed the points set out in the draft agenda contained in GATT/AIR/532.
2. In his opening remarks the Chairman drew attention to the time pressure under which the negotiations as a whole were now operating and to the fact that there was a certain retardation in the sector of the negotiations for which the Sub-Committee had a special competence.

The situation with regard to the tabling of statements of offers by less-developed countries

3. The Sub-Committee noted that a document describing the status of offers had been distributed as TN.64/73 of 16 December 1965. Since that document had been prepared the Government of Spain had also presented a statement of its offers. The representative of Argentina, referring to document TN.64/73, recalled that his country had made proposals on cereals, meat and dairy products. He said that his country should therefore be included in the list of countries having made offers and, since these offers represented a contribution to the objectives of the negotiations, that his country should be deleted from the list of countries in paragraph 3 of the document. The representative of Pakistan said that his country would shortly be tabling its statement of the offers it would make as a contribution to the negotiations. The representative of Ceylon said that, as far as his Government could see at the moment, the trade negotiations would create considerable difficulties as a result of the loss of preferences which Ceylon now enjoys and could well result in a net loss in her trading position. His Government was, however, actively considering tabling a statement of its contribution to the negotiations.
4. The Sub-Committee noted the statements which had been made. Less-developed countries which had not yet tabled the statements of their offers were urged to do so as soon as possible.

Bilateral negotiations between developed and less-developed countries

5. The Chairman said that, in view of the time pressure under which the negotiations were now operating, it was of considerable importance that the initial round of bilateral talks on technical matters should be completed as soon as possible. He suggested that early March might be accepted as a target for the completion of this initial round.
6. The representative of India said that his delegation had already explained their point of view to the principal industrialized participants. His delegation would welcome an understanding that delegations would be suitably represented in Geneva between mid-January and mid-February 1966 to enable the first round of bilateral negotiations to be held during that period.
7. The representative of Yugoslavia said that his delegation had had useful meetings with one major participant during which clarifications had been obtained of the offers of both parties.
8. The representative of the United States said that in the period since July 1965 his delegation had had twenty-eight meetings with eighteen of the countries which had indicated that they would participate under the rules for less-developed countries. During these meetings the United States representatives had explained the scope of their industrial offer; some misunderstandings had been cleared up. Since the tabling of the United States offer on agricultural and tropical products in September the United States delegation had had meetings with eleven countries to explain the scope of their combined offer. His delegation would be holding further meetings and it was their hope that a dialogue would develop. This could be in January 1966.
9. The representative of Uruguay said that his delegation was in a position to initiate the first round of negotiations which would be concluded by early March.
10. The representative of Argentina said that his delegation would be able to start the first round of meetings early in 1966.
11. The representative of Spain said that his delegation had already taken part in some bilateral discussions. They hoped that they would soon be able to make the arrangements necessary to allow them to continue these discussions.
12. The representative of Canada said that his delegation had already had useful bilateral discussions with most less-developed countries which had tabled statements of their offers and with several other less-developed countries.

He supported the idea of establishing a target date for the completion of the initial round of negotiations.

13. The representative of Chile said that his delegation had had discussions with one major participant during which some misunderstandings had been cleared up. His delegation was prepared to consider requests addressed to it by other participants.
14. The representative of the European Economic Community said that his delegation wished to continue the process of bilateral negotiation in the early months of 1966 and throughout the year. They would be willing to accept the setting of a target date for the completion of the initial phase of these negotiations.
15. The representative of Jamaica said that his delegation was keeping in touch with their main trading partners. While it was difficult to see what advantages might accrue to Jamaica as a result of the negotiations, they had a clear picture of the likely disadvantages which would result from the abridgment of the preferences at present enjoyed. His delegation was nevertheless prepared to see what progress could be made in the near future.
16. The representative of the United Kingdom said that his delegation had had some useful contacts with less-developed countries. He supported the suggestion of the Chairman with regard to the establishment of a target date. In conclusion he renewed his delegation's invitation to less-developed countries to take contact with them.
17. The representative of Sweden, supporting the proposed procedure, said that, while Sweden had not made any initial exceptions to its linear offer, they hoped that less-developed countries would take contact with them to make known their particular interests.
18. The Sub-Committee agreed that early March should be accepted as the target date for the completion of the initial round of negotiations between developed and less-developed participants.

Bilateral talks between less-developed participants

19. The Chairman recalled that the Sub-Committee had agreed that requests might be exchanged between less-developed participants. To his knowledge, although less-developed countries have devoted a good deal of attention to this matter, no specific requests had yet been made. It was essential that these should be made at an early date and that the first round of bilateral talks be completed if this important aspect of the negotiations were not to be lost sight of. He suggested that here again the establishment of a target date for the completion of the initial round of negotiations might be considered by the Sub-Committee.

20. The representative of India confirmed that up to then no specific requests had been exchanged by less-developed countries. He noted with satisfaction, however, that substantial progress had nevertheless been made in this difficult field. Eleven countries had given notice of their willingness to enter into negotiations with other less-developed countries and he expected others to make similar declarations in the near future. These participants would be preparing papers designed to help in the evolution of a workable programme of action for the expansion of trade among developing countries. His delegation expected to submit such a paper before 1 February 1966. It was his hope that other delegations would also be in a position to submit their papers by the beginning of February so that the initial round of negotiations could take place during the month of March.

21. The representative of Peru supported the adoption of the time-table proposed by the representative of India.

22. The Sub-Committee endorsed the suggestions of the representative of India.

The possibility of making tariff reductions greater than those provided for under the linear rule on products of export interest to less-developed countries

23. The Chairman noted that some less-developed countries had already given a broad indication as to the products on which they would welcome tariff reductions greater than those provided for under the linear rule. It was however necessary for these countries to come forward with specific requests listing products, and specifying the reduction requested and the participant to whom the request was addressed. The next stage would be for bilateral meetings to be held to explore the possibilities for action. The Sub-Committee might thereafter consider the possibility of concerted action if this appeared necessary or desirable. He suggested that the first round of bilateral meetings should be completed by early March.

24. The representative of India said that discussion in the Sub-Committee might aid in the creation of a climate of opinion conducive to fruitful bilateral discussions.

25. The representative of the EEC supported the procedure proposed by the Chairman. He recalled that the Trade Negotiations Committee meeting at ministerial level in 1964 had noted that all participants were prepared to consider the possibility of taking such steps as are open to them to make cuts deeper than 50 per cent in, or to eliminate completely, duties on products of special interest to less-developed countries.

26. The representative of the United States, supporting the procedure said that his Government had already tabled offers to eliminate duties on tropical products and had certain additional authority to negotiate reductions of more than 50 per cent.

27. The Sub-Committee endorsed the procedure proposed by the Chairman and invited interested less-developed countries to table specific requests.

The possibility of implementing tariff reductions on products of particular export interest to less-developed countries without the phasing provided for in the general rule

28. The representative of India suggested that the possibility of putting the reductions on products of particular export interest to less-developed countries into effect before the conclusion of the negotiations by suspending duties should be examined and that the formulation of ground rules on these questions be considered at the next meeting of the Sub-Committee.

29. The representative of Sweden recalled that his Government was proposing that the reductions resulting from their special offer on tropical products should be put into effect as from 1 July 1966 and expressed the hope that other importers would take similar action.

30. The representative of the United Kingdom said that the question of the formulation of ground rules might be examined in the Sub-Committee after bilateral discussions had got under way.

31. The Sub-Committee noted the statements made and agreed to take up this question again at its next meeting.

The possibility of formulating specific procedures for the granting of compensation for the loss of preferential benefits

32. The Chairman recalled that references to the rules of previous conferences on negotiations relating to preferences had been set out in GATT/AIR/532. He also recalled that during the ninth (review) session it had been agreed in discussions on Article XXVIII bis that no rules could be drawn up for the measurement of concessions and that "governments participating in negotiations should retain complete freedom to adopt any method they might feel most appropriate for estimating the value of duty reductions and bindings" (BISD, Third Supplement, page 219).

33. The representative of the United Kingdom said that, while his delegation understood the concerns of countries which at present estimated that the negotiations would result for them in a net loss of advantages, it was difficult to see how precise general rules for compensation could be established especially because the valuation of concessions was a subjective matter.

34. The representative of India stressed the importance that his delegation, and delegations from other less-developed countries, attached to this question. He suggested that the quotation referred to by the Chairman might, if slightly amended, provide some guidance to negotiations during the initial round of bilateral talks and that the Sub-Committee should reach an informal understanding to the effect that "governments participating in the negotiations should retain complete freedom to adopt any method they might feel appropriate for estimating the value of benefits which accrue to third countries from reductions in preferential margins and of the losses incurred by those whose preferential margins are reduced".

35. The representative of Pakistan supported this proposal.

36. The representative of the United States suggested that the Sub-Committee should take note of the informal understanding proposed by the Indian delegation.

37. The Sub-Committee noted the statements made and agreed to retain this matter on the agenda for its next meeting.

Next meeting of the Sub-Committee

38. The Sub-Committee agreed that the date of its next meeting should be fixed by the Chairman in consultation with interested delegations.