

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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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 29 July 1966

1. The Sub-Committee met on 29 July 1966. Introducing the meeting the Chairman recalled that at the last meeting of the Trade Negotiations Committee the interests of the less-developed countries had once more been placed in the forefront of the negotiations. Five questions had then been singled out as of major importance. These were:

- (a) the possibility of eliminating from exceptions lists of products of special interest to the less-developed countries;
- (b) the possibility of making tariff reductions greater than those provided for under the linear rule on these products;
- (c) the possibility of implementing tariff reductions on these products without the phasing provided for in the general rule;
- (d) maximization of reductions of tariff and non-tariff barriers on tropical products;
- (e) for some countries, consideration of the problem of compensation for loss of preferences consequent upon reductions in most-favoured-nation rates of duty.

The Chairman, referring to the first four points, recalled the lines on which the principles in question had been recognized by the industrialized countries. He explained that in the circumstances those principles need not be discussed as such, since their implementation would henceforth be a matter for actual negotiation. The fifth point had been discussed in the Sub-Committee and in the Trade Negotiations Committee. The positions of delegations on these points were, therefore, well known. It was not to be expected that final solutions would be found before the concluding phase of the negotiations. The aim of the Sub-Committee at that meeting was therefore taken to decide what action should be taken in the immediate future.

2. The Sub-Committee noted that the Group on Tropical Products was holding a series of meetings to examine the offers, which had now been tabled by all major industrialized participants, in that sector and agreed that it was not necessary to discuss point (d) further at that time.
3. The Sub-Committee then took up the examination of the first three related points on its agenda. The Chairman recalled that during the previous summer a meeting had been held to scrutinize the exceptions on products of interest to less-developed countries. During that meeting several possibilities for further action during the following bilateral stage had been identified. The overall tempo of the negotiations had slowed down in the next months and a meeting of the Sub-Committee had been held in December to accelerate the bilateral negotiations. This meeting had had some effect. The completion of agricultural offers in the near future should enable a further acceleration to take place.
4. He suggested that the Sub-Committee might consider setting a new date on which it would take stock of progress in the bilateral negotiations. During these bilateral meetings it would, he said, be helpful if less-developed countries would specify, with greater precision and with more supporting information their requests to individual developed participants. It was natural that requests should be expressed in broad terms in the early stages of the negotiation, and that at a later stage priorities should be established. The secretariat had earlier indicated that it would be prepared to help in a technical way. He was able to report that the secretariat had already circulated some factual information which would be amplified.
5. The Chairman further suggested that when it next met after the coming round of bilateral meetings the Sub-Committee should consider what multilateral action it might take to achieve its objectives.
6. The representative of India said that at least items of which the less-developed countries were the principal suppliers should be removed from the exceptions lists.
7. The representative of the United Kingdom recalled that ten of the less-developed countries participating in the negotiations already had free entry to the United Kingdom market. The United Kingdom offer to other less-developed countries was to reduce by 50 per cent its duties on items accounting for 97 per cent of the trade. His delegation had explained its reasons for placing items on its exceptions list; it had in addition the interests of Commonwealth countries to consider. His Government was, however, always ready to consider requests for items to be removed from its list. He suggested that in cases where less-developed countries were principal suppliers of such items progress might be made on the basis of requests for the creation of new ex-items.

8. The representative of the European Economic Community said that he was in favour of the pragmatic approach implicit in the statements made by the Chairman and the United Kingdom representative. In view of that approach he thought it would be useful to arrange for a series of more intensive bilateral meetings to be held in September in order to define the interests of the less-developed countries more specifically before the next meeting of the Sub-Committee.
9. The representative of the United States said that his delegation had discussed its exceptions list in detail with all participating less-developed countries. They had found few items in which these countries had a specific interest. They had, however, made it clear that they would, within the context of their legislation, consider any concrete requests made to them. He supported the suggestion of the United Kingdom about proposals for the creation of ex-items, and the proposals of the Chairman. His delegation would also welcome more specificity in the offers of participating less-developed countries.
10. The representative of Pakistan noted the Chairman's remark with reference to the points under discussion, that agreement had been reached on the principles involved. He hoped that evidence of this would be apparent in the forthcoming round of bilateral meetings.
11. The representative of India recorded his understanding that at a later date the Sub-Committee would come to a multilateral judgment as to whether every effort had been made to reduce barriers to the trade of less-developed countries in accordance with the Ministerial Resolution.
12. The Chairman recalled that he had suggested that the Sub-Committee should at its next meeting consider what multilateral action it might take to achieve its objectives. It was his understanding that by that time the desiderata of less-developed countries would be clearly defined and given priorities. The specific requests, e.g. for the creation of ex-items, for reductions on specific items of more than 50 per cent, for early implementation of cuts, might be put on paper at the beginning of October so that the Sub-Committee might have a basis for action.
13. The representative of Uruguay said that the Chairman's proposal appeared acceptable but emphasized that some encouragement must be given to the less-developed countries if they were actively to pursue the bilateral meetings. The developed countries had frequently referred to the need to obtain overall reciprocity in negotiation, at least between themselves, stating that it was on that reciprocity that their final attitude to the desiderata of the less-developed countries would depend. Moreover, certain concessions to the less-developed countries were conditioned by, or subordinated to, the solution

of various technical problems between the developed countries. Finally, the existence of difficulties in certain industrial sectors, the remedies for which might lie outside the scope of the Kennedy Round, further increased the anxiety of the less-developed countries with regard to the benefits that would result from the negotiations.

14. The representative of India said that he hoped that it was not the impression of the Sub-Committee that lack of progress in the bilateral negotiations was the responsibility of the less-developed countries. His delegation had made specific requests ten months before. It was their hope that concrete replies to these requests would be given in September. In cases where the less-developed countries were the principal supplier replies should, in view of the principle of non-reciprocity embodied in Part IV of the GATT, be given irrespective of the outcome of the present negotiations.

15. The representatives of Chile and Yugoslavia supported the point made by the delegation of Uruguay. The representative of Chile said that, while the bilateral negotiations should be intensified, the industrialized countries should give joint consideration to the action that they could take to maximize benefits for less-developed countries.

16. The representative of Argentina supported the statement of the representative of Chile. He pointed out, however, that the lack of agricultural offers from highly developed countries had made it difficult for his delegation to engage in bilateral discussions. His delegation would therefore be able to start such discussions only in September.

17. The Chairman said that there was general agreement with the proposals which he had made on the points under discussion. The Sub-Committee would have taken note of the suggestions which had been made, inter alia, by the delegations of India, Uruguay and Chile. These suggestions should be given serious consideration. There was a strong sentiment that there would be a need for multilateral action in the Sub-Committee. This should be discussed further at the end of September or the beginning of October, at which time the Sub-Committee would be taking stock of progress in the bilateral negotiations.

18. The representative of the United States noted the absence of specific offers from most participating less-developed countries. His Government was being asked to make difficult decisions on the improvement of its offers and his delegation had stated frankly in its bilateral meetings that these decisions must be made in some sort of relationship to the offers made by others.

19. The Chairman added that the less-developed countries had, with some assistance from the secretariat, drawn up specific procedures for the negotiations on barriers to trade amongst themselves and that progress could therefore be expected in this area.

20. The representative of India recalled that his delegation had earlier pointed out that the structure of existing tariff classifications was such that the benefit of tariff reductions would go to the developed countries. His delegation had already made requests for the creation of new sub-headings and had been told that the matter was under consideration. He asked for an early solution to the problem but suggested that, in the period before the creation of the new sub-headings, a certification procedure might be put into force.
21. After discussion it was agreed that the secretariat should prepare a working paper in consultation with India and other less-developed countries for discussion bilaterally and at the next meeting of the Sub-Committee. The paper would take into account the offer by the Customs Co-operation Council in the Manufacturers Committee of UNCTAD, to produce a technical study on this subject.
22. Turning to the fifth point on the agenda, the possibility of providing compensation for the abridgment of preferences, the Chairman recalled that this question had been discussed at the last meeting of the Sub-Committee (TN.64/75, paragraphs 32 to 37).
23. The representative of Pakistan, supported by the representative of Nigeria, said that this question was one which should be looked at in the overall context of the negotiations. The Sub-Committee might need to re-examine it later in the light of progress in other areas of the negotiations.
24. In reply to a question by the representative of Israel the Chairman said that participating less-developed countries with an interest in the matter could join in the work of the Anti-Dumping Group either as members or as observers. The documents of the Group would also be made available to all participants.
25. The Sub-Committee agreed to meet again late in September or in October, the exact date to be set by the Chairman in consultation with delegations.