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GENERAL AGREEMENT ON TARIFFS AND TRADE

Trade Negotiations Committee

PROCEEDINGS OF THE FOURTEENTH MEETING

Held at the Palais des Nations, Geneva, on 9 March 1967

Chairman: Mr. E. WYNDHAM WHITE

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I. The cut-off date for the negotiations and consequential procedures for bringing them to a conclusion

1. The Chairman recalled that the authority under which the United States was negotiating expired on 30 June. This meant that the final instruments embodying the results of the negotiations had to be drawn up in time for them to be signed by that date. It was in relation to that date, which was absolute in character, that the cut-off date for the negotiations themselves must be considered. He had examined the situation with the utmost care and had come to the firm conclusion that in order to allow time for the translation of the results of the negotiations into legal instruments for the checking of these instruments for inaccuracies, settling the many points of difference likely to be revealed and for the preparation of the final texts, it was essential to provide for a minimum period of two months. This was the bare minimum that could be allowed but, with goodwill on all sides, would be sufficient, if barely sufficient, for these purposes. This would inevitably suggest that the cut-off date for the negotiations had to be not later than 30 April.

2. A date as late as 30 April for the conclusion of the actual negotiations was realistic only if certain conditions were met. The first of these, and probably the most fundamental, was that agreement, on an ad referendum basis if necessary had to be reached on each of the essential elements of the overall package at a

date very early in April. Following this, the overall package itself had to be approved by the negotiators for submission to governments so that it could be studied in the various capitals. Delegations would then come together, at the very end of April, in order to reach definitive agreement on the overall and comprehensive package. He said that, after ad referendum agreement had been reached on the overall package it would be necessary to allow a minimum period of ten days for the examination in capitals to which he had referred. This ten-day period would also provide an opportunity for an assessment to be made of the multilateral implications of the proposed overall package and for these to be negotiated upon. This would be an essential part of the process since many of the elements in the ad referendum package which resulted from bilateral or group discussions would have implications for a very large number of participants in the negotiations.

3. It might, he continued, be objected that what he was proposing had the effect of moving the cut-off date from 30 April to the beginning of April. This was not the case since the whole of April would be available for discussions between delegations and for continued negotiations on the various aspects of the ad referendum package. He emphasized that it was, in his view, essential to the success of the programme to have a clear outline of the maximum negotiating possibilities, sector by sector, in a form in which delegations could approve them ad referendum and refer them to their governments for decision. It was also inherent in what he was saying that participants should thereafter come together for the ultimate stages of the negotiations. It was probably premature to try to foresee exactly how this final stage should best be handled. A situation might develop in which it would be helpful to have Ministers present at the final negotiating stage. On the other hand, however, this might turn out to be unnecessary or even counter-productive. He suggested that Ministers should be advised by their delegations of the possibility that their presence in Geneva might be necessary during the final negotiating stage if the maximum result were to be achieved.

4. The Chairman concluded by emphasizing again that he was proposing that the Committee should now decide that the whole range of negotiations in the Kennedy Round, including negotiations initiated by some countries under Article XXXIII, would be cut off, successful or unsuccessful, on 30 April. He would, however, have excluded from this the parallel negotiations which were taking place between developing countries for the exchange of concessions. The results of these negotiations could be embodied in a separate legal instrument and could, if necessary, be the subject of discussion and decision by the CONTRACTING PARTIES.

5. The representative of Peru, speaking on behalf of the informal group of developing countries, stressed the interest and keen concern with which the group had been following the progress of the Kennedy Round in which, they recognized, all participants whether developed or not must make an effort. The decisive responsibility for the successful outcome of the negotiations rested, however, with the developed countries. If they did not grasp the opportunity presented by the negotiations there would be a real danger that this would have harmful effects on world trade. The developed countries also bore the responsibility of contributing to the solution of the trade problems of the developing countries. This was an obligation which must be honoured, because it was the subject of numerous resolutions in several international bodies and in particular Part IV of the GATT. The informal group of developing countries also wished him to draw the attention of the Committee to the conclusions of the eighth session of the Committee on Trade and Development held at Punta del Este. The group strongly supported these conclusions and wished in particular to emphasize the recommendation that tariff reductions on products of export interest to developing countries should be implemented immediately following the negotiations and without the phasing provided for in the general rules for the Kennedy Round. The developing countries were moving into the final weeks in a spirit of co-operation and expectation. The informal group hoped, however, that some flexibility would be possible in the date for agreement on the contents of

the final package. The group had carefully considered the desirability of a meeting at ministerial level, either of the present Committee or as a special session of the CONTRACTING PARTIES. It had not reached a decision on this matter but considered that such a meeting might be necessary in the circumstances and felt it appropriate that representatives should advise their governments in this sense. He concluded by recalling that negotiations were going on between the developing countries themselves and that efforts would be made to take advantage of the favourable opportunity presented by the final stage of the Kennedy Round to press ahead with these negotiations. It would not, however for various technical reasons, be possible to conclude these negotiations before 30 April. This should cause no special difficulties as their results could be the subject of a separate legal instrument.

6. The representative of the United Arab Republic supported the Chairman's proposals. He recalled that in 1962 his Government had indicated that it wished to accede to the GATT and that, since its provisional accession, had taken an active part in the current round of trade negotiations under the special procedures for the participation of developing countries. It was also taking part in the negotiations with a view to full accession. It had tabled offers on both agricultural and industrial products. He expressed the hope that these offers would be regarded as satisfactory by other participants, taking into account the economic and trade situation of his country and the provisions of Part IV. His delegation had submitted specific requests to developed participants, had opened negotiations with these countries and expected to be able to conclude those negotiations before the cut-off date suggested by the Chairman. He said that his delegation wished the protocol for the accession of the United Arab Republic to be included in the main Kennedy Round protocol and has therefore asked the Director-General to convene the accession working party in the early part of May.

7. The representative of Spain supported the representative of Peru. He said that, although his delegation would have preferred to have had somewhat more time for the negotiations, it could not judge accurately the amount of time which

would be necessary for the drawing up of the protocol. He said that details of offers on some agricultural products of interest to his delegation were still not known and that other offers had only recently been tabled. This had meant that there had been some delay in their negotiations with some participants. His delegation was ready to accept the time-table which had been proposed but would support any proposal to introduce some flexibility into it.

8. The representative of Ireland said that the time-table and procedures proposed were acceptable to his delegation. He recalled that Ireland had applied for accession to the General Agreement early in 1964 and had availed itself of the opportunity presented by the Kennedy Round to open negotiations under Article XXXIII. It had tabled an offer covering both its accession and the negotiation of new concessions and had engaged in bilateral negotiations. His delegation hoped that a working party on Irish accession would be constituted in due course after 30 April in accordance with the established procedures.

9. The representative of Iceland indicated his delegations's approval of the time-table suggested by the Chairman. He recalled that Iceland was negotiating for accession and expressed his delegations' readiness to open negotiations with contracting parties with whom they had not yet met bilaterally. His delegation would be requesting the Director-General to convene the Working Party on Iceland's accession in May.

10. The representative of Sierra Leone informed the Committee that his Government had decided to participate in the negotiations. A list of tariff concessions was being transmitted to the secretariat and his delegation was willing to have consultations with participants requesting these.

11. The representative of Yugoslavia supported the statement made by the representative of Peru. He expressed the hope that the developed countries would give sympathetic consideration to the specific requests made by developing countries and that they would make renewed efforts to apply Part IV and to implement the conclusions adopted by the Committee on Trade and Development at Punta del Este. He concluded by saying that his delegation would participate actively in the final stages of the negotiations.

12. The representative of Argentina supported the statement made by the representative of Peru. He said that his delegation had already demonstrated the importance which it attached to the negotiations. His Government was now considering far-reaching changes in its tariff structure, which would lead to important tariff reductions, and the elimination of other barriers to trade. They believed that this would represent an important contribution to the negotiations. They also felt that they would meet all the prerequisites of full accession to the General Agreement.

13. The representative of Nigeria supported the statement by the representative of Peru and the outline of the programme suggested by the Chairman. In answer to a question by the representative of Nigeria, the Chairman said that one or more meetings of the Group on Tropical Products would be held in the near future.

14. The representative of Australia said that, while his delegation was prepared to accept the programme which had been outlined, its adoption would not, of itself, ensure that the negotiations would be brought to a successful conclusion. His Government was concerned by the fact that progress had been slow and was conscious of the vast amount of work still to be done in the sectors of vital interest to Australia. His delegation did not wish to make detailed suggestions at that time; it would be doing so in the relevant groups. Unless the various bottlenecks could be broken his Government felt that the results of the agricultural negotiations would not be capable of implementation.

15. The Chairman said that he had made his own proposal in deliberately neutral terms when speaking of a cut-off to negotiations. He was certainly inclined to agree that if there were not an acceleration both in activity and depth in some sectors the cut-off agreed upon would be a date for registering the failure of the negotiations rather than their successful conclusion. The condition in which the negotiations ceased depended on the reaction of governments to the situation.

16. The representative of Chile commented on the fact that few industrialized countries had, thus far, spoken and that the press contained many reports which were pessimistic as to the outcome of the negotiations. He invited the Chairman to indicate the difficulties which were then facing the negotiations.

17. The representative of New Zealand said that his delegation accepted the need for a cut-off date and was in broad agreement with the programme put forward. The time-table proposed brought his delegation face to face with certain key issues. His delegation had, from the outset, emphasized that, for them, agriculture was an essential part of the Kennedy Round package. This had been accepted by Ministers in 1963 when they established the guidelines for the negotiations and special groups, set up to tackle the trade problems, which were particularly acute for certain agricultural products. His remarks would relate in particular to the Dairy Group which was of particular concern to New Zealand. Much technical work had been done and it had been decided to draw up an outline of the type of general arrangement that might be negotiable. The progress made towards solving the main issues had, however, been inadequate. His delegation looked to the industrialized countries to take the decisions which would give meaning to the outline of the general arrangement. Specificity on such aspects as access, export subsidies and surpluses must be obtained in the very near future. Failure to conclude a general arrangement for dairy products could well determine the attitude of his Government to a cereals agreement.

18. The representative of Turkey supported the programme proposed by the Chairman and the statement made by the representative of Peru. He stressed the importance which his delegation attached to the maintenance by industrialized countries of offers which they had tabled on products of which developing countries were their principal suppliers, either individually or collectively. He recalled that the agreement reached in the negotiations on this question had recently been reconfirmed at the meeting at Punta del Este. The maintenance of such offers was a prerequisite for the success of the negotiations and of the implementation of Part IV.

19. The Chairman took it that the Committee was in agreement with the suggestions that he had made. He would not rise to the challenge thrown out by the representative of Chile but said that the implications of the programme were, in his opinion, very serious for the participants with major responsibilities in the negotiations and that it would be necessary for them to show considerable imagination and courage when proposing solutions to their authorities for the major difficulties which still subsist in important sectors of the negotiations. He took it that approval by these participants of the programme indicated their willingness to make that effort. This applied with particular emphasis to the implementation of the Punta del Este conclusions. Particular care must be taken to see that, with so many other pressing questions and large issues to be resolved, these questions were not treated with a lesser priority. In the remaining weeks the various specific points which were agreed at Punta del Este should be amongst the foremost of the negotiating objectives.

20. The representative of the United States said that he had not spoken earlier because he had found himself in broad agreement with the proposed programme and the comments of other delegations. His delegation recognized the absolute necessity of bringing the negotiations to a conclusion in accordance with the programme outlined. Real problems of timing existed but these problems could, he felt, be solved in the time available. His delegation accepted its share in the responsibility, which lay on all participants, for reaching to the maximum extent possible the negotiating objectives which had been set. He did not wish to belittle the complexity or importance of the problems facing negotiators. Long and difficult negotiations on industrial products had, however, yielded promise of a good result to the benefit of all countries but much depended on the willingness of all participants, and especially of the main industrialized countries, to take the difficult decisions necessary to bring the negotiations to a successful conclusion. He emphasized the absolute necessity for his

delegation of concluding a balanced and comprehensive agreement covering the trade of developing countries and agricultural products as well as industry. Much remained to be done in the agricultural field but it would be possible to close the gap which existed provided all participants recognized the relationship which existed between agriculture and industry. This was an economic and political fact which they would have very much in mind in concluding the negotiations. His delegation would also regard as a failure any result which did not yield the maximum possible benefits for developing countries. He emphasized the value of his delegation's offer to developing countries and said that it would make an attempt over the next few weeks to improve these offers in bilateral meetings with these countries. He urged developing countries to table their own offers, or to improve offers already tabled, in a manner consistent with their own economic and development needs. He concluded by saying that his delegation would have to make proposals to his Government in the next thirty days so that the overall package could be agreed by 30 April; he was confident that it was possible to meet this objective.

21. The representative of the Nordic delegation said that he could accept the time programme suggested. While he wished to associate his delegation with speakers who had stressed the great amount of work that remained to be done, he felt that the negotiations could be brought to a successful conclusion within the proposed time limits. He also supported the points made by the representative of the United States and emphasized the importance which his delegation attached to a satisfactory outcome of the negotiations on agriculture and fish and fish products. His delegation had the greatest sympathy for the special problems of the developing countries; it would continue to maintain close contact with delegations from those countries.

22. The representative of Canada said that his delegation supported and accepted the proposal that 30 April should be the cut-off date for substantive negotiations in the Kennedy Round and was prepared to work hard to achieve this time-table. He recalled that Canadian Ministers had been amongst those who had pressed for special provisions to bring about improved access for the exports of developing countries, including world free trade in tropical products. The implementation of Canadian offers now on the table would bring about a substantial improvement in the terms of access for the existing and potential exports to Canada of developing countries taken as a whole. Canadian offers related only to the tariff since it had no quantitative restrictions on imports of products notified by developing countries. It was for instance estimated that, of the products currently imported by Canada from developing countries which are dutiable no less than half would become duty-free, thus increasing the percentage of duty-free imports from 70 to 85 per cent. Moreover, reductions were being offered over a wide range of the remaining 15 per cent of products which would remain dutiable. They would also work for appropriate international arrangements in the commodity field, particularly for cocoa and sugar; and for a satisfactory renewal of the Long Term Arrangement in Cotton Textiles. They had hoped that the Kennedy Round would bring about the total elimination of duties on tropical products and, if possible, on industrial raw materials which were also of interest to many developing countries. The problems continued however to be intractable. Canada's preferential suppliers had been prepared to accept the loss of their preferential position in Canada in return for improved access to other markets. However, if there was a lack of general progress it would not be possible for Canada to eliminate tariffs on tropical products to the full extent of their existing offer. They would, nevertheless, do their utmost to maintain their present offers of interest to developing countries and, where it proved necessary to withdraw offers for the full elimination of tariffs on tropical products, to replaced these by offers for substantial reductions. They would also do their utmost to arrange, in co-operation with other

participants, the early implementation without phasing of concessions on tropical products. He said in conclusion, that participants must focus on the specific problems which could be resolved within the framework of the negotiations and make every effort to improve the benefits which developing countries would obtain from the negotiations.

23. The representative of India associated himself with the statement made by the representative of Peru, who had made the main points of concern to his delegation. He thanked the Chairman for emphasizing that the special problems of developing countries should not be accorded a lesser priority than problems existing in the negotiations between highly developed participants. He recalled that some developing countries had had to withdraw from the negotiations at the final stages of the Dillon Round. The desiderata of the developing countries were well known and had been restated most recently at Punta del Este. He would not repeat these in detail but stressed that at least those items of which the developing countries were the principal suppliers of the developed countries should be completely liberalized in the negotiations. He welcomed the statement of the United States representative that the negotiations would be a failure unless substantial benefits were obtained by the developing countries and concluded by expressing the hope that the situation in the negotiations for the developing countries would be far better on 30 April than it was at that time.

24. The representative of the United Kingdom agreed that it was necessary to establish a cut-off date for the negotiations and that this date should be 30 April. His Government was firmly committed to a successful conclusion of the Kennedy Round and would do what it could to bring this about. The prospects were good, in his opinion, for both agriculture and industry. It was possible that it would be necessary to hold a meeting at ministerial level but this was something that could not be decided at that time. Many speakers had referred to one of the major objectives of the negotiations - the reduction of barriers to the trade of developing countries. The United Kingdom already granted duty-free

entry to countries accounting for half the population of the developing world and was offering reductions in its most-favoured-nation tariff on items representing 96 per cent of its imports from the other developing countries. Substantial offers had been made in the agricultural sector. These offers were initial offers and would be modified to produce a balanced deal. The desiderata of developing countries had been taken into account to the maximum possible extent in the preparation of the United Kingdom's list of possible withdrawals. His delegation would exercise the same concern in the final intensive bargaining stage. It was necessary, however, for developing countries to specify the particular items on which they required reductions of more than 50 per cent and the particular ex-items which they wished to be created. His delegation was examining with care the question of the advance implementation of concessions on products of interest to developing countries. They would have to ensure that any action taken gave a balanced deal to Commonwealth countries. He concluded by saying that high priority must be given during the coming weeks to questions related to the participation of developing countries and by agreeing that if success were not achieved in this area then there would be no success in reaching the universality of the aims of the Kennedy Round.

25. The representative of the European Economic Community said that they would lend their full support to keeping the time-table proposed by the Chairman. His delegation had taken note, with great understanding, of the requests that had been made during the discussion. It was evident that the Community would also have requests to make and that, if the agreed objectives were to be reached, all participants without exception would be called upon to make an effort. The Community would do its utmost to achieve this end.

26. The representative of Austria said his delegation was prepared to live up to the time-table which had been proposed and was prepared to make its contribution to the successful outcome of the negotiations. His delegation had taken the interests of the developing countries into account in its negotiations and would continue to do so during the final stages when making up its final offer.

27. The representative of Switzerland agreed fully with the time-table for the final stages of the negotiations. While these negotiations were, in general, being conducted on the basis of reciprocity, his delegation would disregard this to a large extent in its negotiations with developing countries. He said however that these countries should make some contribution to the overall objectives of the negotiations which he hoped would lead to a significant liberalization of world trade.

28. The representative of Japan said that his delegation would do its utmost to bring the negotiations to a successful conclusion in accordance with the time-table and procedures suggested by the Chairman. It was the hope of his delegation that a joint effort of all participants would produce an overall balance of advantage at a high level. His Government attached great importance to the negotiations with developing countries and had tabled an important and wide-ranging offer on products of export interest to these countries. On 30 November 1966 his Government had informed its negotiating partners of possible improvements in its initial offers, including a considerable number of products of interest to developing countries. His Government was keeping under review the possibilities of making further improvements in its offer in favour of these countries. While his Government would not seek full reciprocity from these countries, he wished to renew his appeal to them to put forward their contribution in more specific and concrete terms and, where this had been done, to improve their offers as much as possible.

29. The Chairman, summarizing the discussion, said that the Committee was firmly agreed that the cut-off date for the negotiations should be 30 April 1967. The Committee had also agreed that, in order to achieve this, the outline of solutions in all sectors should be drawn up, on an ad referendum basis, in the earlier part of April. At that stage, therefore, negotiators would have delineated, ad referendum, the outlines of the final package. This would be examined by governments in the interval between then and the end of April. The total package would be finalized towards the end of April. The Committee had agreed to leave the arrangements for this period until a later date, but to put Ministers on notice that their presence in Geneva might be necessary towards the end of April. A meeting of the Trade Negotiations Committee might be convened in April to take any further procedural decisions which the course of the negotiations suggested as being necessary. The Chairman said that the Committee was also unanimously agreed that, in order to achieve a successful result by 30 April, a major effort was called for by all delegations and that this effort was particularly necessary in the agricultural negotiations which, for well-known reasons, had not progressed as far as the negotiations in the industrial sector. There was also agreement that this was the stage to make a determined effort to implement the conclusions adopted at Punta del Este and that consideration of these questions should be given high priority by governments in the final stage of the negotiations.

30. The Committee agreed the Chairman's summing up on this item of the agenda.

II. Legal Drafting Group

31. The Chairman said that there would be a considerable amount of work to do during the whole of April in the drawing up of the necessary legal instruments to give effect to the result of the negotiations. There might also be arising out of the negotiations a number of legal points on which advice from experts would be needed. He therefore proposed that the Committee should agree to establish a legal group which would be entrusted with the task of establishing the protocols and other instruments giving effect to the results of the

negotiations and also to consider any legal questions remitted to them by the Chairman on behalf of the Trade Negotiations Committee. Delegations in a position to make legal experts available should advise the secretariat which would then establish the composition of the group and advise the Committee in due course. The group should be prepared to begin its work in the first week in April and to continue thereafter throughout the month of April.

32. The Committee agreed to establish a legal drafting group as proposed by the Chairman.