

GENERAL AGREEMENT ON TARIFFS AND TRADE

DIVISION OF ECONOMIC AFFAIRS

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Trade Negotiations Committee
Sub-Committee on the Participation
of the Less-Developed Countries

NOTE BY THE SECRETARIAT ON THE FIRST MEETING OF THE SUB-COMMITTEE ON 27 NOVEMBER 1963

1. The Sub-Committee held its first meeting on 27 November 1963. The discussion showed that there was a general recognition on the part of developed and less-developed countries alike that the Kennedy round presented a major opportunity to deal with and solve some of the important trade problems of the less-developed countries and that there was a genuine desire on the part of the less-developed countries to participate fully in the negotiations.
2. The Sub-Committee considered, first, how effect should be given to the Decision of Ministers that every effort should be made to reduce barriers to the exports of the less-developed countries. There was general agreement with the objective that, so far as possible, products of special interest to the exports of the less-developed countries should not be included in the exceptions lists of the developed countries. A number of proposals were made in this connexion on the rôle the Sub-Committee itself might play. Among other things it was suggested by representatives of less-developed countries that, should developed countries find that they had to include products of special interest to less-developed countries in their exceptions lists, there should be a procedure under which these should be subject to confrontation, justification and agreement with the less-developed countries; and that should such products nevertheless be made subject to exceptional treatment, some compensation would need to be found for less-developed countries in other fields. Reservations were expressed on some of the suggestions made, and it was agreed that the question would require further consideration at a later stage.
3. The question was raised of the possibility of tariff reductions of more than 50 per cent by the developed countries on products (for example, raw materials, tropical products, and semi-manufactured and manufactured products based on tropical products, and hand-made and other highly labour intensive products) of special interest to the less-developed countries. Reservations were expressed on this matter. Representatives of some developed countries referred to the highly competitive nature of trade in certain of these products. It was also recognized that some of the questions involved were already being discussed in other GATT bodies.

4. Representatives of developed countries pointed out that the less-developed countries could expect to share significantly in the benefits to be derived from the fullest possible reduction of tariffs and other barriers to trade in the Kennedy round. A realistic approach to the problem of participation by the less-developed countries offered promise of fruitful results.
5. Some representatives of less-developed countries suggested that the Sub-Committee should also study the problem which arose from the fact that, in past tariff negotiations under the GATT, products of special interest to less-developed countries had tended to be excluded from the tariff concessions made by the developed countries, with the result that, in their view, tariffs on products of special interest to them tended to be disproportionately high.
6. Stress was also laid on the importance for the less-developed countries of reductions in non-tariff barriers. It was pointed out that in many cases these constituted a greater barrier to their exports than did tariffs. It was recognized that in its further consideration of this question the Sub-Committee would have to take account of work that was taking place in other GATT bodies.
7. The second group of problems the Sub-Committee considered concerned the contribution the less-developed countries could make to the negotiations on their side. It was noted that Ministers had agreed that the developed countries could not expect to receive reciprocity from the less-developed countries. Representatives of some less-developed countries suggested, in this connexion, that the general increase in imports into the less-developed countries of products needed for their development which should result from a successful conclusion of the negotiations, coupled with an assurance by them of a disciplined commercial policy, should be regarded as a measure of reciprocity on their side. It was generally felt that the right approach to this question was to consider what contribution each participating less-developed country could make in the light of its development needs and for the purpose of furthering its trade and economic development. In this connexion it was suggested that the less-developed countries could, among other things, consider bindings or reductions in their tariffs which were desirable in their own economic interest, it being recognized that considerations of revenue and of the need to protect infant industries would limit what could be done in this connexion. It was agreed that this element in the problem would need considerable further study.
8. It was also felt that consideration should be given to relations between the less-developed countries themselves; it was suggested, for example, that those countries might scrutinize their tariff and non-tariff measures from the point of view of considering what action they could take to facilitate trade of interest to other less-developed countries.
9. Reference was also made to the possibility of preferences being granted by developed to less-developed countries or by less-developed countries to one another. It was noted that, here again, work in this field was going on in other GATT bodies, though it might still be necessary for the matter to be considered by the Sub-Committee at some stage.