

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 THIRD MEETING OF THE SUB-COMMITTEE ON 17 DECEMBER 1964

1. The Sub-Committee met on 17 December, under the chairmanship of the Deputy Executive Secretary, to consider further the arrangements for the participation of developing countries in the Kennedy Round. For its meeting the Sub-Committee had before it a draft outline, proposed by the secretariat, of a plan for the participation of less-developed countries in the trade negotiations (Spec(64)197).¹
2. The Chairman recapitulated briefly the decisions already taken on the principles to govern participation by the less-developed countries in the Kennedy Round. At their meeting in May 1963, the Ministers had enunciated the dual principle "that in the trade negotiations every effort shall be made to reduce barriers to exports of the less-developed countries, but that the developed countries cannot expect to receive reciprocity from the less-developed countries". In April 1964, the Sub-Committee had invited developing countries to submit lists of items which they did not wish to be excluded from the trade negotiations. A number of developing countries had submitted such lists, which, no doubt, had been taken into consideration by the industrialized countries in preparing their exceptions lists or offers. The Sub-Committee had agreed at that time that "a body" should make arrangements for confrontation and justification in cases where developed countries included products of special interest to less-developed countries in their exceptions lists.² The Chairman suggested that the Sub-Committee itself could take over this particular task. At their May 1964 meeting, Ministers had agreed that the contribution of the less-developed countries to the

¹The authentic French text was contained in Spec(64)197/Rev.1.

²TN.64/21, paragraph 6.

overall objective of trade liberalization should be considered in the light of the development and trade needs of these countries. Certain developing countries had accepted this point on the understanding that the phrase "development and trade needs" covered the requirements of their financial situation.¹ Subsequently the CONTRACTING PARTIES had adopted a new Part IV of the General Agreement in which were further elaborated certain concepts pertaining to the extent and nature of the participation of developing countries in trade negotiations.

3. The Chairman said that it was now the task of the Sub-Committee to devise specific procedures and a time schedule for participation by developing countries. This task should be achieved with the maximum possible speed in view of the need to introduce the developing countries into the negotiations at an early date. The secretariat had accordingly drawn up a draft outline in which it had attempted to establish a schedule for the participation of less-developed countries in the negotiations.

4. On the question of timing, the Chairman pointed out that there was no logical connexion between the receipt of exceptions lists by the developing countries and indications by these countries of their own contributions, since the question of reciprocity did not arise. However, for practical purposes, it was probably desirable, as had been attempted in the secretariat draft, to establish dates for the two distinct processes simultaneously. The Chairman invited discussions on the basis of the secretariat's draft outline.

5. In reply to a question, the Chairman stated that, if the procedures, suggested in the secretariat's draft, were to be adopted, developing contracting parties, not presently members of the Sub-Committee, would be free, if they accepted these procedures, to join the Sub-Committee and participate in negotiations within it.

6. A number of representatives from less-developed countries expressed their general support of the procedures laid down in the secretariat draft.

7. A representative pointed out that, at its July meeting, the Trade Negotiations Committee had agreed that there should be an examination of those exceptions of special interest to less-developed countries immediately² following the process of justification between linear-cut participants.

¹TN.64/27, Section D.

²TN.64/SR.8, paragraph 4(c).

It was not, therefore, clear that the whole of the exceptions lists of industrialized countries had to be made available to the less-developed countries. There was need to define the items of interest to developing countries and for this purpose it would be necessary to establish certain criteria. It would also appear from the July decision of the Trade Negotiations Committee that the confrontation procedure suggested would have to await the completion of the confrontation between the linear-cut countries.

8. Representatives of developing countries emphasized that a difficult problem of definition would arise if they were to receive only a list of items which were considered to be of interest to them. The lists of items submitted by developing countries, as being of interest to them, were by no means exhaustive. Moreover, there was the question of substitutes and synthetics. They considered, therefore, that they could only obtain a clear picture of the effects on their trade of the exceptions lists by seeing them in toto.

9. On the question of timing, some representatives of developed countries stressed their desire to see an early commencement of negotiations aimed at producing benefits for the trade of less-developed countries. They accepted, too, the need for developing countries to examine the exceptions lists in so far as these related to items of interest to less-developed countries and to enter into the confrontation as provided for in the secretariat draft. They suggested, however, that the procedures contained in the secretariat draft were unsatisfactory in that the less-developed countries would see the whole of the exceptions lists and enter into discussion on their contents before they had provided any indication of the extent of their own contribution to the Kennedy Round. In this connexion, it was pointed out that the agreement by the Trade Negotiations Committee in April 1964 on procedures for confrontation and justification¹ related to those developing countries which were participating. It would be difficult to infer that developing countries were in fact full participants before the extent of their contribution was known. It would therefore be preferable, these representatives suggested, for the developing countries to submit an indication of their contribution prior to their viewing the exceptions lists. Such notifications could, of course, be conditional upon satisfactory conclusions of negotiations, not only in relation to tariffs but also on non-tariff barriers and agriculture. It was suggested that contributions could be set at a level reflecting an assumption that no item of interest to the contributing country was in fact on an exceptions list.

¹TN.64/21, paragraphs 3 and 6.

10. A representative of a developed country pointed out that, under the procedures proposed in the secretariat's draft, a developing country could, once it had seen that no item of interest to it was contained on any exceptions list, conclude that there was no need for it to contribute to the Kennedy Round. Such an attitude would in fact be erroneous since it was possible for items to be added to exceptions lists in the course of negotiations. It was further suggested that the bargaining position of the developing countries in the negotiations would be enhanced generally if they were to make a conditional offer of contributions prior to the commencement of these negotiations. Actual negotiations, both on the exceptions lists themselves and on the other aspects of the Kennedy Round, were likely to continue for a considerable period of time and it would be desirable for the developing countries to make known the extent of their contributions at an early date in order to participate in these negotiations ab initio.

11. Representatives of developed countries confirmed that, once a less-developed country had provided an indication of the contribution it would be prepared to make, it would, of course, also be entitled to receive the exceptions lists in their totality and not merely the list of items of interest to it.

12. Representatives of developing countries drew attention to the fact that the procedures for presentation and examination of exceptions lists outlined in the secretariat's draft were conditional on developing countries giving a definite indication that they would be making a contribution by a specific date. It would be unrealistic for the developed countries to expect them to provide details of their contribution in advance of their receiving and discussing the exceptions lists. It was only after such a procedure that they would be in a position to gauge the probable effects of the trade negotiations on their trade and development prospects which would, in their turn, determine the extent of their contributions. It was also significant that the procedures provided for industrialized countries presenting their lists of suggestions to the less-developed countries concerning the contribution which the latter might make. This suggested that the contribution of the less-developed countries would be of a specific character and could helpfully incorporate ideas put forward by the industrialized countries. The less-developed countries could not accept the contention of industrialized countries that they could make an "offer" on the assumption that no item of interest to them appeared on any of the exceptions lists. In relation to countries with some interest in agricultural and tropical products, such an assumption was manifestly incorrect. It was suggested that developing countries had already gone further than had originally been envisaged by agreeing to make contributions at all. The procedural suggestions which had been made appeared to represent a reversion to the concept of reciprocity. Further, the less-developed countries were being required to table their contributions before they knew how their interests, particularly in the non-tariff field and in relation to existing tariff barriers, would be affected.

13. Representatives of developing countries, with a primary interest in agricultural products, drew attention to their particular difficulties which arose from the fact that, in accordance with the procedures suggested in the secretariat's draft, they might be required, in order to participate, to provide an indication of their contribution in advance of their having any knowledge of the rules which might emerge concerning trade in agricultural products. This problem would be greatly aggravated if, as a general rule, an indication of the contribution which less-developed countries might make had to precede their being given access to the exceptions lists and being enabled to examine them.

14. It was suggested that a possible compromise procedure would be for less-developed countries to give an indication of the specific contributions they were willing to make after they had seen the exceptions lists but prior to the process of confrontation and justification.

15. The Chairman stated that the meeting, whilst being useful in clarifying the different standpoints of delegations, appeared to have reached a point where further discussion was unlikely to yield results. While the points agreed at certain meetings on the participation of less-developed countries were not in dispute there appeared to be a major divergence of views at the present juncture as to whether the lists of exceptions should be made available to the less-developed countries, and a process of confrontation, on items of interest in these lists, embarked upon, prior to an indication by the less-developed countries of the precise contributions which they could make or only after such indications had been given. He suggested that it would now be desirable to attempt, in informal discussions, to accommodate the different views expressed. When it seemed from these informal discussions that agreement could be achieved, the Sub-Committee could be reconvened. In view of the urgency of ensuring the participation of developing countries in the Kennedy Round, he expressed the hope that it would be possible for a meeting to be called early in January 1965.

16. The representative of Argentina said that if agreement were not soon reached on the question of participation of developing countries, his Government might have to reconsider its decision to participate in the Kennedy Round.