

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Trade Negotiations Committee of
Developing Countries

PROCEEDINGS OF THE THIRD MEETING

Held at the Palais des Nations, Geneva,
on Monday, 24 June 1968, at 3 p.m.

Chairman: Mr. O. Long

Subject discussed: Procedures for discussion of the requests lists (TN(LDC)/7)

1. In opening the meeting the Chairman recalled that the Trade Negotiations Committee of Developing Countries was set up last November; its establishment was welcomed by the CONTRACTING PARTIES and noted in the Conclusions adopted at the twenty-fourth session. Since its last meeting there had been a considerable increase in the size of the Committee; nine governments not contracting parties to GATT had responded positively to the Committee's invitation to take part in its work. The Chairman welcomed the new members. In response to the Committee's request nineteen of the thirty-one participating governments had submitted lists of products (cf. TN(LDC)/8/Rev.2). Although many of these lists were of a general nature and were not addressed to individual participating countries they appeared, nevertheless, to have provided a concrete basis for further work in the context of the negotiations. The main purpose of the present meeting was to work out practical arrangements to facilitate the identification of products which offered possibilities of increased mutual trade between developing countries. To this end the Chairman proposed that consideration be given to the draft procedures submitted by the secretariat in TN(LDC)/7. According to the proposed time schedule active consultations between delegations aimed at identifying specific products for negotiation should begin next September on the basis of concrete information available in the participating delegations. By November of this year, delegations should be in a position to draw up specific requests lists addressed to individual participating countries.

2. The representative of the Secretary-General of UNCTAD welcomed the new members of the Committee, in particular governments not contracting parties to the General Agreement, and expressed the hope that continued increase in the membership would eventually result in benefits to be shared by all developing countries. UNCTAD II in New Delhi had paid particular attention to the necessity of exploiting the full potential of trade expansion among developing countries. The Conference had adopted unanimously a resolution which, inter alia, stated that a "large number of developing countries have expressed their willingness to participate, in

a framework jointly serviced by GATT and UNCTAD, in multilateral trade negotiations with a view to reducing their mutual trade barriers" (Resolution 23(II)). In this connexion the UNCTAD secretariat had prepared a statistical study on patterns of trade among developing countries (TD/15/Supp.5 and Add.1). In conclusion he assured the Committee that the UNCTAD secretariat was ready to render any assistance that might help the negotiations to achieve the best results in accordance with the suggested procedures.

Observations on the lists exchanged

3. The representative of the United Arab Republic said that certain governments participating in the negotiations had submitted very extensive lists of products and that it was difficult to furnish information on import treatment in respect of all those products. He expressed the hope that participating countries would make every endeavour to keep their lists of products as short as possible and that the items would be more precisely defined. The representative of India said that identification of products was the most important step for the negotiations to get under way. As a pragmatic approach, participating countries should limit their requests lists to those products which actually offered possibility for export. After the establishment of specific requests lists, the secretariat could draw up a consolidated list of the items to be negotiated. The representative of Argentina felt that it was too early for consideration to be given to the compilation of a consolidated list, there being as yet no concrete idea about the products on which concessions would be requested. The Government of Argentina, for one, had found it difficult to decide on a list of products for lack of appropriate information and consequently had only addressed a general list to participating countries for the purpose of securing the basic information necessary for drawing up specific request lists. Such lists could be available by September if the requested information were obtained in time. The representative of Chile thought that it would be useful to have a consolidated list of products at an appropriate later date. The representative of Pakistan observed that the lists submitted by certain governments were couched in general terms and expressed the hope that the delegations concerned, with the assistance of the secretariat if necessary, would be able to define the products in more precise terms, preferably by using the Brussels Tariff Nomenclature. The secretariat might prepare a document showing which of the products were being currently traded among developing countries and which countries were the main exporters and importers. The representative of Chile suggested that it would perhaps speed up matters if the participating countries could inform the secretariat of the products on which they were prepared to grant concessions and if the secretariat could draw up a consolidated list of such products for priority consideration in the negotiations. The Chairman stated that the secretariat would be ready, if called upon, to assist delegations in identifying products for inclusion in their lists of requests and that a consolidated list of all requests exchanged could be prepared at an appropriate stage of the discussions.

4. The representative of Colombia informed the Committee that his Government would be submitting a list shortly.

Products to be covered in the negotiations

5. The representative of Nigeria suggested that requests should be limited to products for which exportable surpluses already existed. Items of only potential interest in the export trade of a country need not be included in the requests lists. The representative of Chile considered that it was the inherent right of each government to decide whether it should seek concessions on actual exports only or also on products of potential export interest. As the concessions would be granted on a mutually advantageous basis and since no country would be willing to pay for a concession which was not of material benefit to it, one could be confident that the bilateral talks between the delegations would result in the elimination of items on which concessions would provide no significant benefit. Mr. Mathur, Assistant Director-General, explained that the procedures which the secretariat had proposed in TN(LDC)/7 were designed to assist the participating countries in identifying the specific trade possibilities that existed and in deciding on the products for inclusion in their requests for concessions in the light of their assessment of the rôle that these concessions might play in expanding trade in such items. Whilst governments should in general be more interested in obtaining concessions which were of immediate benefit, there could be cases in which emphasis was placed on ensuring outlets for products which were not being exported at present but in which production could be started or expanded, given improved access to foreign markets.

Purpose and timing of proposed consultations

6. The representative of Yugoslavia suggested that the delegations in their bilateral contacts should try to determine the products on which negotiations were feasible. The representative of Pakistan expressed the hope that bilateral contacts would lead to the establishment of specific requests lists and stressed the importance of information on relevant import régimes being available in the participating delegations.

7. The representative of India suggested that bilateral consultations could be held between delegations even before September with a view to exchanging factual information and identifying products which could lend themselves to negotiations. The representative of Argentina supported this view and pointed out that this would accelerate the exchange of information necessary for defining the requests lists and ensure the fulfilment of the time-table proposed by the secretariat. The representative of Israel said that in case two or more developing countries felt that they were ready to enter into negotiations ahead of the time envisaged in the proposed time-table there should be no objection to their doing so provided the Committee was kept informed of the progress. The Chairman explained that the time-table suggested in paragraph 5 of TN(LDC)/7 was intended to be indicative; there could be no reason why delegations must wait until September before

exchanging factual information. It would be desirable if as much work as possible could be accomplished between now and then so that substantive discussions looking towards actual negotiations could get off the ground in September. The Chairman said that there appeared a broad measure of agreement that bilateral consultations should be initiated as soon as possible with a view to identifying products which could lend themselves to negotiations.

8. Commenting on paragraph 5 of TN(LDC)/7 concerning the establishment of a programme of bilateral meetings between delegations, the representative of Chile stated that it would be preferable if the scheduling of meetings could be left to the delegations concerned; the secretariat need only be kept informed of the meetings scheduled or held. The representatives of Yugoslavia and Pakistan pointed out that meetings involving more than two delegations could more conveniently be organized by the secretariat. The Chairman explained that it was not the intention of the proposed procedures that all meetings must be scheduled by the secretariat; delegations could naturally arrange meetings between themselves as convenient. The secretariat would only wish to remain at the disposal of delegations and provide such assistance as might be needed. The representative of the United Arab Republic observed, however, that having regard to the need, as suggested in paragraph 6 of TN(LDC)/7, for the presence of experts from capitals in the consultations, it might be preferable if there could be drawn up in advance a precise programme of the bilateral consultations.

9. The representative of Argentina pointed out that since not all government experts coming from capitals could be expected to have adequate knowledge of the GATT working languages it would be advisable if the secretariat could arrange to provide Spanish language interpretation at bilateral meetings as necessary. The Chairman assured the Committee that such assistance would be provided to the extent permitted by the secretariat's resources.

Nature of the concessions to be exchanged

10. The representative of Chile said that although it was important to go ahead with the trade negotiations as quickly as possible, it was equally important that certain important elements of the "ground rules" were clarified at an early date. One important question concerned the relationship between the concessions negotiated and the provisions of Article I of the General Agreement. Another would be whether the results of the negotiations should be applicable to all developing countries or whether the application should be restricted to those which had actually participated in the negotiations. There being no mention of the rules in the secretariat proposal in TN(LDC)/7, he suggested that it should now be agreed that the rules for the negotiations should be established before the negotiations enter their substantive phase. The Chairman said that the question whether the results of the negotiations would be applied on a most-favoured-nation basis or on a preferential basis could usefully be discussed at a later stage as all the relevant elements necessary for a decision were not yet available. He advised the Committee that the best course would be to leave the matter in abeyance for the time being and to take it up at a later time. The representative of Pakistan supported this view.

11. The representative of Nigeria stated that this question of how the concessions were to be applied was of prime importance and that his Government had not submitted a list of products mainly because the nature of the concessions had not been discussed and determined. He stressed the need for an early exchange of views on the matter. The representative of Mexico was also of the view that an attempt should be made at an early date to clarify as to how the concessions negotiated would be applied. In principle the intention should be to exchange concessions among developing countries without the benefits necessarily being extended to developed countries, although there was no need to establish this as a rigid rule at this stage. The representative of Colombia considered that the working hypothesis for the negotiations should be that the concessions would be extended exclusively to the countries participating in the negotiations.

12. Mr. Mathur, speaking on behalf of the secretariat, gave a brief outline of the developments leading to the examination by the CONTRACTING PARTIES of the question of trade expansion among developing countries. He stated that the GATT had been concerned with the problem of expansion of trade among developing countries over a number of years. In part IV of GATT, adopted in 1965, specific provisions were incorporated aiming at action by developing countries for the benefit of the trade of other developing countries. At the same time certain proposals aiming at the establishment of preferential arrangements among developing countries with a view to facilitating their mutual trade had been considered by a Working Party on Preferences and in the Group on Expansion of Trade Among Developing Countries of the Committee on Trade and Development. In February 1966, the Group had reached the conclusion that the establishment of preferences among developing countries, appropriately administered and subject to the necessary safeguards, could make an important contribution to the expansion of trade among these countries and to the furthering of the objectives of the General Agreement. The Committee had endorsed this conclusion and agreed that before an attempt was made to draw up specific legal provisions or formulae for the exchange of such preferences, it would be useful to see what concrete proposals or arrangements might in practice be made or negotiated by developing countries acting within the spirit of Part IV of the General Agreement. These views were noted in the Committee's report, which was approved by the CONTRACTING PARTIES at their twenty-third session. The CONTRACTING PARTIES also recommended in the report that arrangements should be made by the CONTRACTING PARTIES for the examination of such proposals or arrangements when they were received. It was against this background that developing countries had been discussing in the past two years arrangements for the negotiations. It would be seen that while the concessions to be negotiated could in theory be destined for application either on a preferential basis or on a most-favoured-nation basis, whether one or the other appeared more appropriate might depend on the products involved. Since the choice could vary from one product to another, how the participating countries could best proceed might become clearer from an examination of the lists of the products on which concessions were to be exchanged. In respect of concessions exchanged on a preferential basis the CONTRACTING PARTIES would, of course, have the right to consider the matter when the results

were submitted to them. This point had been discussed at the last meeting of the Committee and the ex Director-General had concluded the discussion from the chair in the following terms:

"... that any preferential arrangement resulting from the negotiations would require action by the CONTRACTING PARTIES in order to reconcile it with the international obligations of the countries concerned. It was on record that in cases where it was necessary to establish preferential arrangements in order to make progress in promoting trade among developing countries, such initiatives would be sympathetically viewed by the CONTRACTING PARTIES", and

"... that it was premature to judge whether the results of the negotiations would be applied on the most-favoured-nation principle or on a preferential basis. He emphasized that this was not a problem which could be dealt with in the abstract because much depended on the products involved, the nature of the agreements, and the considerations underlying the preferential treatment. In the case of products like jute or tea, produced exclusively in developing countries, any concessions negotiated might be implemented on the most-favoured-nation principle without prejudice to the trading interests of developing countries. Contrariwise there may be products on which concessions could most appropriately be negotiated on a preferential basis." (TN(LDC)/3.)

13. Mr. Mathur added that the CONTRACTING PARTIES had noted the view of developing countries that such preferences should be granted and applied on a non-discriminatory basis and that developing countries should be in a position to exchange preferences with other developing countries in general and not only in the context of regional schemes of integration. The question as to whether preferences could be applied only to developing countries participating in the negotiations had not come up for consideration.

14. The representative of Argentina, stressing the importance of the question under discussion, pointed out that the possibility of the concessions being extended to developed countries would have an important inhibitive effect on the negotiations. In the case of his own country he could not think of any products on which concessions could be granted on a most-favoured-nation basis in the context of these negotiations among developing countries. The negotiations should be started on the clear understanding that the results would be applied on a preferential basis. As for the question raised by Chile whether the application of the concessions should be limited to countries which had actually participated in the negotiations or to all developing countries, a decision should be adopted at an appropriate stage of the negotiations and in any case before the establishment of offers. He added that the question would lose importance if all developing countries of importance in international trade took part in the negotiations. The representative of Yugoslavia suggested that the question of most-favoured-nation application vs. preferential arrangement should be taken up immediately before the negotiations entered their substantive phase when offers were put on the table. He suggested that this should be duly noted in the records of the Committee in relation to the proposed procedures in TN(LDC)/7.

15. The Chairman observed that the records of the present meeting would seem to provide ample material for reflection on the points raised, and that delegations would no doubt give further thought to this question in anticipation of a thorough discussion at an appropriate future time.

16. Commenting on paragraph 8 of TN(LDC)7, the representative of the United Arab Republic expressed the view that it would be necessary to take a decision also on certain other important elements, such as the margin of preference, before substantive negotiations were entered into. The Chairman agreed that questions of this nature could be taken up prior to the commencement of the actual negotiations.

17. In the light of the discussion it was generally agreed that delegations and the secretariat should proceed along the lines of the proposed procedures in TN(LDC)/7, subject to the understandings mentioned by the Chairman as indicated in the relevant paragraphs above, notably:

- (a) that, with respect to paragraph 5 of the procedures, the secretariat's assistance in establishing a meeting schedule will be provided in so far as it was needed;
- (b) that the secretariat should at an appropriate time, and preferably at the close of the first phase of the exercise and before the commencement of the actual negotiations, prepare a consolidated list of products on which specific requests were made, in order to enable each participant to take a multilateral view of the negotiations; and
- (c) that questions relating to the rules by which the negotiated concessions would be applied should be taken up in the Committee at an appropriate time prior to the final stage of the negotiations.