

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Trade Negotiations Committee
of Developing Countries

PROCEEDINGS OF THE SIXTH MEETING

Held at the Villa Le Bocaze, Geneva,
on Friday, 14 November 1969

Chairman: Mr. O. LONG

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I. Submission of request lists

1. The Chairman recalled that at the fifth meeting of the Trade Negotiations Committee held on 13 December 1968, it was agreed that all participating governments would make an effort to complete the process of exchanging information and the submission of specific request lists by certain target dates and that, thereafter, the Committee would proceed to a discussion of rules and procedures for the negotiations with the purpose of securing agreement on the main elements before the offers were defined (cf. TN(LDC)16, paragraphs 4 and 9). A summary of developments in the negotiations since the last meeting of the Committee was presented in TN(LDC)21. To date, specific request lists had been submitted by thirteen Governments.¹ A number of other participants had not yet found themselves in a position either to present such requests or to indicate when they would be in a position to do so. The negotiations had thus tended to fall behind the time-table envisaged by the Committee, and a considerable intensification of efforts on the part of all concerned would be necessary in the coming months. The Chairman pointed out that the preparatory work done between the last and the present meeting of the Committee as well as the informal discussions and consultations that had taken place between delegations over the period should allow the negotiations to move more quickly ahead than had been the case hitherto. The secretariat also had compiled a fair amount of factual documentation and trade data which should be of assistance to the participating governments in defining the concessions they might usefully request from one another. He enquired whether delegations had any further information to add regarding the present status of request lists and any bilateral consultations looking forward to the exchange of such requests.

¹Ceylon, Greece, India, Iraq, Israel, Republic of Korea, Pakistan, Peru, Philippines, Turkey, United Arab Republic, Uruguay and Yugoslavia.

2. The representative of Turkey said that his Government had submitted request lists to ten countries; additional requests were being addressed to nine other countries. His Government had received requests from seven participating governments. The representative of Mexico said that his Government would be filing specific requests within the next few days.

II. Rules and procedures for the negotiations

3. The Chairman said that the informal discussions and consultations over the past few months had brought out the difficulties experienced by certain governments in defining their requests and making a policy decision to participate in the negotiations before certain key elements in the ground rules had been agreed upon. He drew attention of the members to the communication from the Government of Brazil (TN(LDC)19), to a set of draft suggestions prepared by the delegations of some participating countries (INT(69)185) and to a secretariat paper intended to facilitate consideration by the Committee of the main elements in the rules and procedures for the negotiations (INT(69)114). He added that it was not necessary that the Committee should reach agreement at its present meeting on all the elements in the rules and procedures which had been identified in the secretariat paper. The Committee would, however, be well advised to see whether sufficient agreement existed on those points concerning the scope and nature of these negotiations which, in the view of certain governments, need to be settled before they could substantively participate in the negotiations. The points related essentially to (i) the application of concessions to participating countries and other developing countries, and (ii) the scope of the negotiations, that is, whether they would cover only tariffs or other types of barriers also. There were, of course, a number of other major questions concerning, for example, the period for which the concessions might be established, the procedures for reviewing or modifying any concessions, the desirability of establishing rules of origin and the legal instruments that might be adopted for embodying the results of the negotiations. All these were, however, points on which discussion could be continued even after the request lists had been completed and initial offers made.

4. The representative of Chile said that a set of uniform rules of origin was indispensable for any preferential arrangements which might eventually be established. This matter should, therefore, be taken up at an early meeting of the Committee. To assist the Committee in its task, the secretariat might be requested to prepare a paper setting out concrete proposals in this regard. In his view the existing provisions of the General Agreement were adequate to deal with the question relating to the duration of the concessions and their withdrawal or modification, and protection against nullification or impairment. Further, the negotiations should cover not only tariffs but all the barriers whose elimination or reduction might lead to an expansion of trade among developing countries. Special attention should be paid to ensuring that no undesirable distortions were introduced in the existing trade of developing countries as this could provide a precedent that might prove harmful to the interests of the developing countries generally. The concessions should therefore be applicable to all the participating

countries and to developing contracting parties that had not participated in the negotiations.

5. The representative of Israel said that the question of rules and procedures for the negotiations should be discussed in a pragmatic manner with a certain measure of flexibility. He felt that the participating countries were being guided too much by the techniques which were employed in the negotiations between the industrialized countries. Such negotiations had concentrated principally on the exchange of tariff concessions and their success was based on an established commercial infra-structure, e.g. the existence of established trade flows, shipping and air freight facilities, banking and insurance services and established industries. In the case of trade among developing countries this basic commercial infra-structure had yet to be built up. The negotiations among developing countries should not be restricted to the elimination or reduction of tariffs alone. The participating countries should identify products in the first instance which could usefully lend themselves to negotiations. Some of them might not require the lowering of tariffs but there might be other problems, for example, the absence of a regular shipping line, hampering the flow of trade in those products. Bilateral talks might therefore be directed to exploring such possibilities as the development of a jointly-owned shipping line, the establishment of joint enterprises for processing one another's raw materials and joint marketing and export promotion activities. He added that an immediate agreement on the ground rules was essential for the negotiations to get off the ground.

6. The representative of Ceylon said that the negotiations should cover both tariff and non-tariff barriers. He pointed out that these negotiations were launched with the aim that they would lead to an expansion of trade among developing countries. The assumption was that in the negotiations due consideration would be given to the differing situations of different participating countries and their individual capacity to grant concessions and that the negotiated concessions would be applied on the principle of non-discrimination. He thought that the concept of "mutual benefit" mentioned in paragraph 6 of document INT(69)185 might introduce a new element in the exercise which had not been envisaged when the CONTRACTING PARTIES gave their approval to the negotiations. According to his understanding the concept of "mutual benefit" implied reciprocity. As the participating countries were in varying stages of economic development the "less developed" among developing countries, like his own, might not be in a position to offer equal concessions as they might have either little or nothing to offer due to the structure of their trade and the stage of their economic development. The limitations of these countries in according reciprocity demanded of them should not lead to discrimination against them. His Government viewed these negotiations with great interest and was prepared to participate in the negotiations on the understanding that the negotiated concessions would be applied multilaterally and without discrimination. He requested clarification of the concept of "mutual benefit".

7. The representative of India said that the suggestions in INT(69)114 and INT(69)185 were intended to secure a certain amount of discipline in the negotiations and to define the nature of the deviation from the most-favoured-nation clause. There were two basic issues involved. Firstly, whether participating countries were willing to extend concessions to all members of the Trade Negotiations Committee and secondly whether they were willing to extend concessions to all developing countries Members of GATT. Further, it had not been possible for some members of the Committee to take an effective part in the negotiations. To decide who were effective participants and who were not had also posed a problem. He suggested that the participating countries as well as the secretariat might submit specific suggestions or amendments to INT(69)185 with a view to overcoming these difficulties. While discussions on the elements suggested in sections 4 to 8 of the secretariat paper INT(69)114 could be initiated, the first task of the Committee should be to secure an understanding on the nature and scope of concessions to be negotiated. These negotiations should cover tariffs, non-tariff barriers and other aspects of trade which the negotiating partners might wish to bring in.

8. The representative of Mexico said that the real problem was to have a decision on the question of beneficiaries of the negotiated concessions. The suggestions in INT(69)185 had laid a basis for discussion of the issues involved. He favoured a pragmatic approach to the problem and expressed the hope that with some modifications, the paper would be acceptable to the members of the Committee.

9. Summing up, the Chairman said that there appeared to be a consensus on one element of the ground rules, namely that the negotiations should cover tariff, non-tariff, para-tariff barriers and other aspects of trade on which the participating governments might wish to negotiate. As to whom the negotiated preferences should be applied, it was recognized that developing countries which could make a contribution to the negotiations should not be encouraged to stay out on the assumption that they would, in any event, get the same benefits as the participating countries. However there was the danger that a limited approach which would make the preferential arrangements discriminatory not only in relation to the developed countries but also between the developing contracting parties, might endanger the solidarity of the developing countries. Such an approach would at least seem inconsistent with the principle under which developed countries were considering the introduction of a general scheme of preferences in favour of all developing countries. It further might set a precedent for discriminatory trade policy action on the part of developed countries that might prove prejudicial to the interests of the developing countries generally. Apart from introducing undesirable distortions in the existing pattern of trade among developing countries, this approach could also create difficulties for the CONTRACTING PARTIES. In the circumstances the Committee might find it appropriate to adopt a working hypothesis on the following lines:

"The concessions resulting from these negotiations will be applicable on a multilateral basis and on the principle of mutual benefit to all participating countries and other developing contracting parties and developing countries. The procedures under which the concessions will be applied to developing countries who have not effectively participated in the negotiations will be defined before the concessions come into force."

A formula on these lines would meet certain concerns of those participating governments who had insisted that the application of the preferences resulting from these negotiations should be limited to the participating countries. It would at the same time also ensure that an equitable solution in regard to the application of the negotiated preferences to non-participating countries would be found at the end of the negotiations.

10. Members of the Committee expressed appreciation for the Chairman's analysis of the policy issues underlying the question of the application of concessions. It was suggested that some time should be allowed to delegations for reflection on the working hypothesis suggested and that the matter might be taken up at the next meeting of the Committee.

11. The representative of Uruguay said that his delegation was entirely in agreement with the decision of the Committee that the negotiations would not only cover tariff and non-tariff barriers but would be extended to include such elements as might favour the expansion of trade among developing countries. On the question of extension of concessions on a multilateral basis he observed that the first sentence of the working hypothesis suggested by the Chairman did not add to what was already stated in paragraph 1 of INT(69)185 and that if this paragraph were viewed in conjunction with paragraphs 2 and 9 of the same document, the question of possible discrimination did not arise.

12. The representative of Yugoslavia said that the working hypothesis suggested by the Chairman should permit the negotiations to move ahead more speedily. The question of the application of concessions could be taken up at the time when concessions had been exchanged. He expressed the hope that a pragmatic approach would be adopted.

13. Mr. M.G. Mathur, Assistant Director-General, referring to the point raised by the representative of Ceylon, said that in previous background papers on rules and procedures for the negotiations, the expression "on the basis of mutual advantage" or "on the principle of mutual benefit", had been used as representing a more flexible concept of the negotiations than was inherent in the phrase "on a reciprocal basis". The expression did however indicate that the negotiations involved an exchange of concessions on products that were of interest to the negotiating partners. It also took account of the fact that different negotiating countries might have different interests and different negotiating possibilities. In one of the secretariat's earlier drafts on the ground rules it had been indicated that special trade, financial and development needs of each country would be taken into account in the negotiations. When one spoke of negotiations on the principle of mutual benefit one also took into account the possibility that even if some countries were not in a position to make a particular contribution at the present time, they might be in a position to do so in due course. In response to a clarification sought by the representative of Uruguay, Mr. Mathur said that the specific provision that could be made in regard to the suggestion contained in

paragraph 9 of INT(69)185, was also one of the matters which could be dealt with at the end of the negotiations, if the working hypothesis which the Chairman had proposed was acceptable to the Committee. It was also clear that the negotiations remained open as before to all developing countries irrespective of whether or not they were Members of GATT.

14. The representative of Nigeria said that while his country was at all times willing to co-operate both within and outside GATT to further its objectives, particularly the expansion of trade among developing countries, it was as yet difficult to make a specific commitment as to Nigeria's active participation in the negotiations. His Government therefore reserved its position regarding active participation in the work of the Trade Negotiations Committee until such time as a number of economic considerations permitted it to take a decision to participate actively in the negotiations.

III. Future work

15. After a short discussion it was agreed that (a) those participating countries which had not presented request lists up to now should endeavour to do so not later than the end of the year; (b) the Committee should meet again in December 1969 to discuss and adopt a working hypothesis concerning rules and procedures for the negotiations; (c) the presentation of offers should be completed by 31 March 1970; and (d) an exchange of views should take place on the other elements in the rules so that they could be defined to the extent possible by the time offers were filed.