

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Trade Negotiations Committee of Developing Countries

PROCEEDINGS OF THE SEVENTH MEETING

Held in the Palais des Nations, Geneva,
on Monday, 16 February 1970, at 4.45 p.m.

Chairman: Mr. O. Long

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I. Rules and procedures for the negotiations

1. The Chairman recalled that at its sixth meeting on 14 November 1969 the Trade Negotiations Committee had taken note of the progress made in the submission of request lists and had held an exchange of views on the question of rules and procedures for the negotiations. The secretariat had set out in a paper (INT(69)114) the main elements of the rules and procedures that required consideration and the Committee also had before it at that meeting specific draft suggestions on certain key issues concerning rules and procedures prepared by the delegations of a number of participating countries and circulated in INT(69)185. While there was consensus on certain points at that meeting, for example, that the negotiations should cover tariffs and non-tariff and para-tariff barriers, and other aspects of trade as might be agreed upon mutually between negotiating partners, one of the points discussed at some length, on which it appeared that delegations needed some time for reflection, was the question of applicability of the negotiated concessions. The Chairman further recalled that, in order to meet the different considerations involved, he had suggested a working hypothesis to serve as a basis on which the negotiations might proceed (cf. TN(LDC)22, paragraph 9).

2. In the light of the discussion at the November meeting, consultations had been held among a number of delegations who had now presented a set of revised draft proposals on certain working rules circulated in INT(70)21. The Committee having already agreed on the point contained in paragraph 2, the Chairman suggested that further discussion could focus on paragraph 4, in which the working hypothesis had been taken up. If these provisions were broadly acceptable, the other points in the paper did not appear to him to contain any particular difficulty. If agreement could be achieved on the substance of paragraph 4, it should be possible for those countries who had so far not taken a policy decision to participate

in the negotiations, to do so in the near future and to present request lists to other participants.

3. The representative of Chile said that, in order to permit the negotiations to proceed further, a number of participating countries had prepared a draft of certain working rules for consideration by the Committee. While no negotiated document could be fully satisfactory to all concerned, the text had endeavoured to take account of most of the views and major concerns of various delegations. He felt that at this stage it was desirable for the participating countries to be in a position to inform the CONTRACTING PARTIES of the progress achieved in these negotiations which aimed at expanding the mutual trade of developing countries. He expressed the hope that the paper would be approved by the Committee.

4. The representative of Mexico, said that although he had not received final instructions from his Government on the rules and procedures for the negotiations, his delegation would endorse the paper for adoption by the Committee. He added that while the paper did not offer a comprehensive set of rules for the negotiations, it nevertheless represented a commendable effort to meet the major concerns of participating countries.

5. The representative of Cuba, referring to paragraph 4 of the document, expressed his understanding that in accordance with Article I of the General Agreement, the concessions resulting from the negotiations between developing countries should be extended automatically to all developing countries Members of GATT.

6. The representative of Israel said that although the paper did not attempt to solve all the problems which would have to be settled before negotiated concessions could be implemented, it provided a satisfactory basis for the resumption of bilateral consultations and the conduct of actual negotiations among developing countries. Recognizing that there might be some points on which certain participating countries might encounter difficulties, she expressed the hope that the paper as a whole would meet the approval of the Committee.

7. In response to the point raised by the representative of Israel, the Chairman confirmed that his report to the CONTRACTING PARTIES would reflect nothing more than the present state of the preparatory work and the approval by the Committee of certain working rules to serve as a basis for pursuing negotiations.

8. The representative of Venezuela, in supporting the paper in principle, said that his delegation had not had an opportunity to express its views on the rules and procedures. Commenting on certain "draft basic rules for trade negotiations among developing countries" prepared by his delegation, he observed that these included a number of points which had not been covered in the draft text under consideration in the Committee; for example, the compatibility of the present exercise with regional or sub-regional arrangements, duration of the negotiated scheme, safeguard clauses for special measures etc. These points did not,

however, appear to be controversial and could no doubt be dealt with in more detail at an appropriate time so that he could go along with the proposals in INT(70)21 at the present time. He felt that some thought may need to be given in the course of the negotiations to the position of those non-GATT participating countries which had bilateral trade agreements with certain countries having a most-favoured-nation clause.

9. The representative of Peru said that the paper offered an acceptable basis for the negotiations among developing countries. Two principles governed his Government's participation in the exercise. They were: that the negotiations should be strictly on a preferential basis without any distinction between countries, contracting parties to the GATT or not, and that the principles of mutual advantage and reciprocity should be respected. Commenting on the question of extension of concessions to countries which had not effectively participated in the exercise, he suggested that the question could best be settled in a pragmatic way. Once the negotiations had been completed requests from developing countries wishing to join the preferential system could for example be examined by the Committee with a view to deciding how the negotiated concessions could be extended to those countries.

10. The representative of Yugoslavia said that the paper represented a compromise between different views and concerns expressed in the Committee. In view of the difficulties encountered earlier in dealing with the question of rules and procedures for the negotiations, he did not see any other formula which could be acceptable to participating countries. Much preparatory work had already been done and it would be regrettable if progress in the negotiations was held up for lack of an agreement on working rules.

11. The representative of Pakistan, referring to paragraph 4 of the draft working rules, said that although the concept of effective participation was not quite clear at this stage it was his understanding that the negotiated concessions would, in principle, be applicable to all developing countries Members of GATT.

12. The representative of Indonesia said that although his country had not as yet been in a position effectively to participate in the negotiations, he could support the draft working rules for the negotiations as set out in the paper under consideration.

13. The representative of Ceylon drew the attention of the Committee to one of the Ministerial Conclusions of 1963, stating that a working group should be established to study the granting of preferences on selected products by developing countries to all other developing countries (cf. BISD, Twelfth Supplement, page 44, paragraph 24(b)). The concept of non-discrimination had been clearly spelled out in that Conclusion and should be maintained. Referring to paragraph 4 of the draft working rules, he said that it was not clear what criteria would be followed in extending the negotiated preferences to those developing countries which had not effectively participated. To determine what constituted effective participation by any country would pose problems. At the last meeting of the

Committee he had raised the question of those developing countries which were less developed than the others, like his own. Such countries might not find themselves in a position to give concessions on a reciprocal basis mainly because they had very little or nothing to offer. He suggested that, to this end, the sub-paragraph under paragraph 4 might be strengthened by substituting "shall" in place of "intend". His intention was not to obstruct the work of the Committee but to seek clarification as to how these intentions would be translated into practice. While reserving the position of his delegation vis-à-vis paragraph 4, he agreed that the Chairman could inform the CONTRACTING PARTIES that the rules and procedures for the negotiations had met with general approval in the Committee.

14. The representative of Turkey recalled that, at the previous meeting of the Committee, he had expressed certain doubts regarding any divergence from the principle of mutual benefit because the concept of different stages of economic development of individual participating countries was not well defined. Those fears had not been completely alleviated by the present paper. He supported the principles set out in the paper on the understanding that the views expressed by him in relation to the concept of different stages of economic development were duly noted.

15. The representative of Argentina said that those representatives who had helped in drafting the paper had made efforts to accommodate the views and concerns of all participating countries. The text under consideration was the result of a delicately balanced compromise. Paragraph 4 represented the optimum result which could be obtained, taking into account the different positions of participating countries. It was logical to have a working hypothesis which could at least give an idea of the scope of concessions which the negotiating partners were going to exchange between themselves, without prejudice to any decisions which might be taken at a later stage concerning the extension of concessions. In regard to the concept of the least developed among developing countries, the position of his Government was well-known. This problem could best be solved through arrangements within the regional organizations. It was complex in nature and if dealt with in other fora could give rise to even greater complications. His delegation was, on the other hand, not prepared to go any further than the formula described in sub-paragraph 2 of paragraph 4 of the paper.

16. The representative of Brazil said that, although the paper represented a departure from the views circulated in TN(LDC)19, it reflected a compromise between the different views and concerns of the participating countries. The working rules were acceptable to his delegation. Referring to remarks made by previous speakers, he observed that the time had come for participating countries to decide whether to engage in the negotiations or not. The Brazilian delegation, for its part, had given consideration to the question and had come to the conclusion that a serious effort should be made to carry out these negotiations and Brazil would wish to make its full contribution to the success of the exercise. In his view, paragraph 4 had taken care of three important aspects namely, whether the concessions should be extended outright to non-participants, the measure of reciprocity to be expected, and the kind of treatment to be accorded to least developed among developing countries. These questions could, however, be dealt with definitely only after the results of the negotiations were known.

17. The representative of India said that his delegation was ready to accept any working hypothesis which would enable members of the Committee to start substantive negotiations with a view to evolving some multilateral arrangements for the expansion of mutual trade of developing countries. The contents of the paper were acceptable to his delegation. Paragraph 2 had taken care of the desire of negotiating partners to negotiate not only on tariffs but on any other barriers to trade which might be mutually agreed upon. In paragraph 4 an effort had been made to accommodate the working hypothesis suggested by the Chairman at the previous meeting of the Committee. At the end of the negotiations, the question concerning the extension of the negotiated preferences to those developing countries which had not effectively participated and the problem of least developed among developing countries could be settled. The interventions of the previous speakers had amply shown how delicately the whole document was balanced. He appealed to the members of the Committee to accept the paper as a working hypothesis so that the negotiations could proceed. Referring to the specific point made by the representative of Ceylon, he said that the word "intend" in paragraph 4 was perhaps an improvement over a commitment which was being sought. In bilateral consultations the "intention" would remain under constant attention and, at the end of the negotiations, it would be seen how that "intention" could be translated into action.

18. The representative of Greece, in supporting the paper INT(70)21, said that the position of his Government in relation to the concept of least developed among developing countries was rather flexible. However, the position of his Government in respect of paragraph 4 would be made known at a later stage when this point had been fully elucidated.

19. The representative of Trinidad and Tobago said that, owing to the forming of the Caribbean Free Trade Association (CARIFTA), his country was not participating in these negotiations for the present. He expressed the hope that the participating countries would appreciate the position of his country. He endorsed the pragmatic approach made in INT(70)21 and the views expressed by the representatives of Argentina, Brazil, India and Turkey that it was important to see the results of the negotiations before deciding what should be done with them.

20. The representative of Spain said that, although he had no specific instructions from his Government on the subject, his delegation was in general agreement with the working rules for the negotiations now under consideration. He believed that the adoption of these rules would reactivate the negotiations.

21. The representative of the Philippines pointed out that the rules and procedures for the negotiations should be considered as representing working hypotheses and that they should remain open to subsequent amendments and changes by governments. On this understanding, he supported the draft rules. He added that due consideration should be given to the position of those non-GATT participating countries which had bilateral trade agreements with other countries on a most-favoured-nation basis.

22. The representative of Korea, in supporting the draft working rules for the negotiations, said that his delegation was ready to enter into substantive negotiations with those countries who had made requests to his Government and to whom his Government had made requests for concessions. In relation to sub-paragraph 4, he observed that it may be difficult to assess the development, financial and trade needs of each individual country. It might be sufficient if the principle of mutual benefit could be agreed upon. If, however, the concept of development, financial and trade needs was introduced, it should be spelled out in more specific terms.

23. The representatives of Chile, India, Israel and Yugoslavia, in the course of their interventions had referred to the importance of reaching early consensus on guidelines for the negotiations so that the Chairman of the Trade Negotiations Committee could report to the CONTRACTING PARTIES on the effort at self-help by developing countries represented by these negotiations.

24. In summing up the discussion, the Chairman said that it had become clear from the debate that members of the Committee had reached a broad consensus on certain working rules and hypotheses for the trade negotiations among developing countries on the basis of which requests and offers could be formulated and discussed. Therefore, while certain delegations might have a certain position on one or two individual points, it should now be possible for the participating countries to move rapidly into the substantive phase of the negotiations and to consider what concessions they could appropriately seek from, or offer to, one another. He would report to the CONTRACTING PARTIES on the progress made in the work of the Trade Negotiations Committee in these terms.

25. The working rules, as generally agreed upon by the Committee, are annexed.

II. Submission of request lists and offers

26. In view of the consensus which had emerged on the question of working rules, the Chairman suggested that it would be appropriate if target dates for the filing of request lists and offers were established. He suggested that 2 April and 1 June might be fixed for the presentation of request lists and offers, respectively. After a short discussion it was agreed that the participating countries should make their best endeavours to meet these target dates.

Annex

CERTAIN WORKING RULES FOR TRADE
NEGOTIATIONS AMONG DEVELOPING COUNTRIES

The aim of the trade negotiations among developing countries is to expand trade between developing countries and to widen the markets they provide for each other, through reduction or elimination of some of the tariff and non-tariff barriers that affect existing trade flows or inhibit the development of new trading possibilities.

1. The negotiations are open to all developing countries irrespective of whether these countries:

- (a) belong to the same geographic region or not; and
- (b) are contracting parties to the GATT or not.

The participation of any developing country in these negotiations will not create any new rights or obligations between that country and any other participating country in respect of any commitment not covered by these negotiations.

2. The negotiations may cover an exchange of concessions on tariffs and/or any other barriers to trade. It will be for the participating countries, in their bilateral negotiations, to decide on the scope of the concessions to be exchanged between them.

3. The negotiations will be carried out on a selective product-by-product basis. It will, however, be open to participating countries to offer tariff reductions on one or more sectors of their imports on a linear basis.

4. The concessions resulting from these negotiations apply on a preferential basis. They will be applicable on a multilateral basis and on the principle of mutual benefit to all developing countries referred to in Rule 1, namely, developing countries whether contracting parties to the GATT or not. The procedures under which the concessions would be applied to developing countries who have not effectively participated in the negotiations will be defined before the concessions come into force.

In applying the principle of mutual benefit the participating countries intend to take into account the development, financial and trade needs of individual developing countries.

5. Concessions will be exchanged between participating countries on the basis of specific lists of requests and of offers made within the framework of these negotiations.

6. The list of concessions granted by each participating country will be attached to an appropriate legal instrument giving effect to the scheme resulting from these negotiations.

7. Developing countries who have not until now participated in the negotiations may at any time request the Trade Negotiations Committee to make arrangements for their participation.