

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Trade Negotiations Committee
of Developing Countries

PROCEEDINGS OF THE THIRTEENTH MEETING

Held in the Villa Le Bocage, Geneva
on Friday, 15 October 1971, at 10 a.m.

Chairman: Mr. O. LONG

Subject discussed: Draft Protocol relating to trade negotiations among developing countries; request for decision by CONTRACTING PARTIES

1. Recalling that at its twelfth meeting in August the Committee had been informed of the results of the bilateral negotiations then being carried out, the Chairman stated that there were now forty-eight bilateral agreements among sixteen countries members of the Committee. The countries concerned had each been provided with a copy of a consolidated schedule of the concessions covered by these agreements.

The delegations of these same countries had been meeting informally during the preceding five weeks for the purpose of working out the provisions to govern the application of the concessions negotiated, including the principles relating to rules of origin. The result of these informal discussions was the text of a Draft Protocol, circulated in document TN(LDC)42. The meeting was intended to provide an opportunity for members to make comments or suggestions with regard to the text, and to adopt the draft text ad referendum.

2. The representative of the Philippines expressed his Government's satisfaction that the Committee was about to conclude its work, and hoped that the results of the negotiations would soon be approved by the authorities of all the delegations concerned so that the aims and objectives of the Protocol would soon begin to be implemented. The Philippine delegation was prepared to accept the text of the Draft Protocol and the accompanying Declaration ad referendum, and would seek governmental confirmation and formal approval as speedily as possible. Referring to a statement made by his delegation at one of the informal meetings during which the text of the Protocol was being discussed, he reiterated that while the Philippine delegation had negotiated with genuine determination to share its markets with its partners, as amply demonstrated by the manner in which it had participated in the negotiations as well as by the Philippine concessions themselves, it could not and did not enter into commitments which infringed upon already existing obligations of a preferential nature, including the commitments to renegotiate these obligations.

3. He also repeated his earlier informal statement to the effect that should the Philippines or any other country in the future become part of any regional or sub-regional preferential arrangements, the latter should be treated with sympathy by the participating countries and should be placed on a footing at least equal to those arrangements already in existence. In this context the Philippine delegation gave a broad interpretation to the Declaration accompanying the Protocol; thus the arrangements envisaged by the Declaration should encompass future arrangements among developing countries that might not be considered customs unions or free-trade areas stricto sensu but which had the basic elements and/or objectives thereof. Arrangements of a transitory nature and those of a more restrictive coverage than customs unions or free-trade areas were also covered by the Declaration, in light of the reference made therein to the Preamble of the Protocol.

4. The representative of the Philippines also expressed his Government's profound gratitude to GATT for having been allowed to participate in the negotiations and thanked the secretariat for its invaluable assistance and support. His delegation had received technical support by the UNCTAD Secretariat, for which he expressed appreciation as well as the hope of his Government that the co-operation of UNCTAD in this matter would continue even after the Trade Negotiations Committee had been transformed into the Committee of Participating Countries.

5. The representative of India said that his delegation was prepared to accept ad referendum the Draft Protocol and the accompanying Declaration. As regards the latter, his delegation and some others had suggested the addition of the words "economic co-operation agreements" after the words "free-trade areas" in the first paragraph. With a view to reaching a compromise, however, his delegation did not wish to press for the inclusion of these words in that paragraph; but wished to state for the record that it was the understanding of his delegation that the provisions of the Declaration would be applicable to "economic co-operation agreements" entered into or to be entered into by developing countries on a regional basis. Such agreements were consistent with the provisions of the General agreement, particularly those contained in Part IV.

6. The representative of Turkey was glad to see the efforts made over so many years now crowned with success, as the outcome of co-operation among all the delegations concerned. He noted that the text of the Draft Protocol represented compromises which had been made so that the results could be presented to the CONTRACTING PARTIES without delay. One point on which the Turkish delegation had not insisted, but which it considered to be essential, was that concerning re-negotiations for the withdrawal or modification of concessions. He called attention to the procedure laid down for the accession of developing countries to the Protocol, whereby their present and future development, financial and trade needs as well as past trade developments were to be taken into account. While fully supporting this principle, which constituted the most outstanding example of solidarity among developing countries, the Turkish delegation nonetheless wondered whether it had really been applied during the bilateral negotiations conducted in July and August. It was not without regret that the Turkish delegation noted that the principle had not been fully observed. For this reason, in any future re-negotiations of concessions all the participating countries

concerned should be required, vis-à-vis one another, to take into account their present and future development, financial and trade needs. The representative of Turkey added that his Government was satisfied with the interpretation given by the delegations of India and the Philippines to the Declaration accompanying the Protocol. His delegation accepted ad referendum the text of the Draft Protocol, the annexes and the accompanying Declaration.

7. The representative of Argentina, noting that his delegation had thus far been unable to participate actively in the Committee's work, nonetheless congratulated it on its accomplishment in having drawn up an instrument of considerable importance that was destined to become a milestone in the history of international trade relations. It was noteworthy that the initiative taken at the Ministerial Meeting in 1963 had now resulted in the Draft Protocol, an encouraging achievement under GATT auspices. His delegation could approve of the text, which was well balanced and prudently worded in light of the objectives sought. It was particularly important that the instrument contemplated the future accession of developing countries on terms to be agreed with the Committee of Participating Countries, because in the near future his delegation hoped to be among the Committee's active participants.

8. The representative of Pakistan indicated that his delegation was ready to accept the Draft Protocol text and accompanying Declaration ad referendum. He stated that in light of the wording in the Preamble, the Declaration accompanying the Protocol was to be regarded as covering economic co-operation agreements as well as customs unions and free-trade areas. Thus, any such future agreements fulfilling the objectives of the Protocol and of the General Agreement would receive the same sympathetic consideration under the Declaration as customs unions and free-trade areas would receive. His delegation also attached importance to the open-ended nature of the arrangements, which looked forward to other developing countries taking part in the future. This was necessary to give the exercise a dynamic character.

9. The representative of Yugoslavia welcomed the successful conclusion of the negotiations and expressed satisfaction that mutually satisfactory solutions had been found for the problems which had been encountered. He shared the views of the previous speakers relative to the Declaration. His delegation supported the adoption ad referendum of the text of the Draft Protocol along with the accompanying Declaration and the annexes covering the rules of origin and containing the schedules of concessions. Yugoslavia had entered into the negotiations on the principle of mutual benefit and had particularly taken into account the level of economic development as well as the present and future needs of her trading partners. Guided by these principles Yugoslavia was ready to consider the appropriate application of multilateral concessions in favour of the least developed among the developing countries.

10. Even though his delegation had not been able to reach bilateral agreements with all delegations, it was a matter for satisfaction that overall the negotiations had proved fruitful. Yugoslavia had joined the negotiations with the awareness that developing countries are in a position to make their own

contribution to the development of mutual economic co-operation and trade, which is in the interest of the world economy as a whole and that of developing countries in particular. In the present economic and trade situation efforts should continue to be made to improve the arrangements under the Protocol and to expand the lists of concessions. It was his hope that at their forthcoming twenty-seventh session the CONTRACTING PARTIES would approve the Protocol, and that the necessary formal procedures would be carried out promptly so that the arrangements could be implemented as soon as possible.

11. The representative of the Arab Republic of Egypt, recalling his country's early initiatives in favour of trade negotiations among developing countries, expressed satisfaction with the efforts which had been devoted to carrying out the negotiations and which had resulted in the text of the Draft Protocol. The Protocol, reflected the efforts of developing countries to co-operate toward raising their standards of living on the basis of their mutual co-operation. It was hoped that the CONTRACTING PARTIES would shortly approve of the Protocol, the accompanying Declaration and the annexes so that the aims and objectives could be applied as soon as possible. It was also hoped that the success of the Committee's work would attract the participation of other developing countries.

12. The representative of Ceylon, recalling that his country had been a member of the Committee from the outset, stated that the fact that his delegation had not arrived at a stage permitting the active negotiation of concessions was not indicative of a lack of interest in the Committee's work. His delegation was ready to accept the Draft Protocol text and the accompanying Declaration ad referendum on the understanding that the development, financial and trade needs of Ceylon would be taken into account as provided therein when an application for accession was made. It was also understood that the accompanying Declaration would apply to Ceylon in the event that it should have entered into such arrangement in the future relating to customs unions or free-trade areas. With time, the limited scope of the Protocol would hopefully be widened by the participation of additional developing countries.

13. The representative of Israel stated that the Committee had accomplished the difficult task of breaking new ground. A sound foundation had now been laid, on which trade among developing countries could increase, both through the enlargement of agreements already initiated and the accession of additional developing countries. In this context Israel attached great importance to the principle of taking into account the needs and the development stage of each applicant country as provided in the Draft Protocol. Her delegation was awaiting final approval of the text of the Draft Protocol by the Government.

14. The representative of Mexico expressed satisfaction with the result of the Committee members' joint efforts and said that his delegation accepted ad referendum the text of the Draft Protocol and accompanying Declaration. The Government of Mexico hoped that the CONTRACTING PARTIES would in the near future approve of the Protocol in its present form, and that their decision would not in any way restrict its operation. It was with a spirit of optimism that his delegation regarded the arrangements as a method for contributing to the economic

development of developing countries and for improving their living standards. He urged all delegations participating in the exercise to attempt to widen the scope of the arrangements by exchanging concessions on additional products and by raising the volume of their mutual trade. Moreover, other developing countries should join the arrangements as soon as possible. It would be necessary in the future to keep alive the spirit of co-operation that had engendered the Protocol so as to prevent the erosion of benefits that participating countries would derive from the arrangements. In particular, this spirit would be called for in the case of a country's ceasing to be a participating country or its failure to have become one, as well as with regard to the suspension of concessions. In the latter case, it was hoped that the pertinent provision in the Protocol would be invoked to withdraw a concession only when its maintenance would be genuinely prejudicial to the participating country in question.

15. The representative of Greece recalled that, as among the participating countries, the Protocol would establish a new trading relationship which would be limited initially to the products covered by concessions already negotiated but which in the future should be expanded to include additional developing countries as well as products not yet shown in the schedules of concessions. This dynamic aspect of the arrangements under the Protocol was important, since it underlined the forward-looking nature of the negotiations as well as the spirit which had motivated the countries which had taken part in the work of the Committee. In the future this should continue to stimulate greater efforts toward expanding the scheme.

16. The text of the Draft Protocol with its annexes and the accompanying Declaration were adopted ad referendum with the approval of all of the members present.

17. The Chairman indicated that it would be necessary to transmit the text of the Draft Protocol and the lists of concessions to contracting parties, and suggested that it might be appropriate to formulate a request, on behalf of the fourteen contracting parties among the sixteen countries which had concluded negotiations, for a decision by the CONTRACTING PARTIES authorizing the implementation of the arrangements. The Chairman was requested to arrange for the transmittal of a communication as agreed by the Committee along with the Draft Protocol and its accompanying Declaration and annexes, to contracting parties. It was also agreed that, in connexion with consideration by contracting parties of these arrangements, each contracting party could be supplied on a confidential basis with a copy of the list of concessions agreed upon by countries participating in the negotiations. To this end, and in order that they could be annexed to the Protocol when it was open for signature, it was agreed that delegations should complete the verification of the lists as quickly as possible.

18. The Chairman drew the Committee's attention to the need to prepare a draft decision for the CONTRACTING PARTIES, which normally was the task of the secretariat. It would be necessary to consult informally with other developing contracting parties which were not members of the Committee and with developed contracting parties in order to formulate an appropriate Draft Decision.

19. In summing up, the Chairman expressed the view that the Committee's work would mark an extremely important step in the evolution of international trade relations. Although the initial concessions were perforce modest in scope, he saw the arrangements under the Protocol both as a framework and as a model. It would be a framework within which additional concessions could be exchanged, and which could expand with the accession of other developing countries which had not yet joined the active participants. More importantly, the Protocol would be a model of what developing countries could work out among themselves, without the participation of developed countries. In a world in full evolution under the influence of major economic changes, such a model could be an important aid in the task of building a new international trade order, a task with which the second post-war generation was faced. It was especially opportune for developing countries thus to have demonstrated their ability to respond to the challenge before which all nations found themselves. They had shown their readiness to strike out in new directions that would hopefully lead to improved relations among themselves and consequently to an improvement of their economic conditions.