

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

LDC/M/1

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Special Distribution

NOTE ON THE PROCEEDINGS OF THE MEETING OF A GROUP OF
LESS-DEVELOPED COUNTRIES ON 11 NOVEMBER 1963¹

Prepared by the Secretariat

1. In accordance with the decision of a group of representatives of less-developed countries at the meeting of the Council on 29 October 1963, the first of the regular weekly meetings of representatives of less-developed countries was held on 11 November 1963.
2. Representatives were present from Brazil, Ghana, India, Israel, the United Arab Republic and Yugoslavia.
3. H.E. Ambassador Grant of Ghana was unanimously elected to chair the meeting.
4. The minutes of the meeting of 29 October (LDC/1), instituting the regular Monday meetings and indicating major areas of work in which the less-developed countries are interested, were adopted with the following modification:

The list of countries appearing against the last subject in the second full paragraph on page 4 of LDC/1 should be amended to read:
"Ceylon, India, Israel, Peru, United Arab Republic".

Major Topics Taken up at the Meeting

A. Work arrangements

5. In further discussion under this heading, which was considered at the meeting on 29 October (see LDC/1, pages 4 and 5), the desirability of all less-developed countries having continuous local representation was again stressed. It was emphasized that such representation would facilitate effective action by less-developed countries in the various GATT bodies dealing with matters of urgent and special interest to the developing countries.

¹ Circulated to the permanent representatives of less-developed countries members of the Action Committee, as agreed at the meeting of less-developed countries on 29 October (LDC/1, page 5).

B. Conditions and criteria for the granting of preferences by less-developed countries on trade between themselves

6. For discussion under this heading the group had before it a paper¹ by the representative of the United Arab Republic containing specific suggestions to implement a proposal emanating from the ministerial meeting which envisages the granting of preferences on selected products by less-developed countries to all other less-developed countries (MIN(63)7, paragraph 24(b)). This proposal is under consideration in the Working Group on Preferences but has not yet been discussed in detail.

7. Introducing the paper, the representative of the United Arab Republic explained that the proposal aimed, inter alia, to have incorporated in the General Agreement a provision which would make it possible for less-developed countries, without recourse to a waiver procedure, to enter into arrangements with other developing countries regarding preferences on certain semi-processed and processed products with a view to ensuring that economic levels of production would be achieved and maintained in the industries of the countries concerned. Such arrangements had already been concluded by a number of less-developed countries, including the United Arab Republic. While such arrangements might not meet all the criteria for the establishment of a free-trade area laid down in Article XXIV of the General Agreement, they would, nevertheless, serve the purpose of leading to an expansion of trade among less-developed countries. Much as the less-developed countries might wish to join in free-trade area agreements there were often practical difficulties which prevented them, at the present stage, from participating in a free-trade area of the conventional type. Even preferential arrangements affecting only certain products might more easily be implemented if they were, in the first instance, restricted to countries in a given region.

8. In the discussion of these proposals, the representative of the United Arab Republic further explained that preferences would not be sought for all products but only in respect of those items where the demand in less-developed importing countries was at present solely or primarily met by suppliers in industrialized countries although such goods were also available for export from producers in less-developed countries.

9. Members of the group pointed out that the specific proposals of the representative of the United Arab Republic seemed to be covered by the more general request of less-developed countries that industrialized countries undertake to relax the most-favoured-nation rule as regards the trade of developing countries. At the same time it was felt that it might not be desirable to limit the reciprocal granting of preferences on a regional basis. The group agreed that these questions would need to be taken up again at the next meeting, together with the question of preferences for products of less-developed countries in markets of industrialized countries. Also suggested for discussion by the group were compensation arrangements for exporting countries adversely affected by the granting of preferences.

¹The text of the paper, which reproduces part of a statement, first submitted to the Working Group on Preferences (Spec(63)286), is annexed.

ANNEX

Proposal by the United Arab Republic for the
Granting of Preferences by Less-Developed
Countries on Trade Between Themselves¹

1. Highly industrialized countries agree to grant semi-processed and manufactured goods of less-developed countries preferential treatment. We have to decide here what preferences are to be granted to those products of less-developed countries and to generalize these preferences to all products of less-developed countries without any discrimination. I previously mentioned the opinion of Minister Brasseur in this connexion; there may be other suggestions. We welcome any idea which may enable us to expand our products of semi-processed and manufactured goods in highly developed markets, by granting them preferences, because our semi-processed and manufactured goods cannot by any means compete, and as Mr. Brasseur has said, they will never harm the economy of these wealthy countries.

I suggest for discussion, that preferences would be the following:

To grant semi-processed and manufactured products of less-developed countries 50 per cent over and above the percentage which is going to be agreed upon in the forthcoming Trade Conference by the highly developed countries.

2. To grant preferences on selected products by less-developed countries to other less-developed countries. As I have already said, we can go step by step. This means:

(a) Agree between less-developed countries upon items to which they would like to grant preferences in their markets;

(b) to limit, as a step, these preferences on a geographical basis. This proposal will be in line with the decisions of the Summit Conference of Independent African States held in Addis Ababa in May 1963, in which they said in their resolutions, inter alia:

(1) Appoint pending the establishment of the Economic Commission of the organization, a preparatory economic committee to study in collaboration with governments and in consultation with the Economic Commission for Africa, inter alia, the following questions and submit their findings to member States:

¹ Excerpt from Spec (63)266, pages 6 and 7.

(i) the possibility of establishing a free-trade area between the various African countries;

(ii) the establishment of a common external tariff to protect the emergent industries and the setting up of a raw material price stabilization fund;

(c) that preferences exchanged between less-developed countries are not to be less than preferences granted to any other country or group of countries.