

# GENERAL AGREEMENT ON TARIFFS AND TRADE

MIN(63)SR.  
30 May 1963  
Limited Distribution

MEETING OF MINISTERS  
16-21 May 1963

## SUMMARY RECORD OF THE MEETING

Held at the Palais des Nations, Geneva  
on Tuesday 21 May 1963

Chairman: Mr. Hans Schaffner (Switzerland)

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Item I: Measures for the Expansion of Trade of Developing Countries as a Means of Furthering their Economic Development  
(MIN(63)3, MIN(63)5)

The CHAIRMAN invited comment on the report (MIN(63)3) submitted by the Drafting Group which had been appointed on 17 May.

Mr. ZANDOU (Minister of Economy, United Arab Republic) referred to the recommendation by Ministers of the less-developed countries that a working group should be established to study the question of extending the activities of the GATT to embrace the financing aspect as outlined in paragraph 27 of MIN(63)3. He pointed out that no reference was made to this proposal in paragraph 31 of the draft report, or in the draft resolution, and he suggested that paragraph 31 should contain specific mention of the recommendation. He stressed that the inadequacy of the export earnings of developing countries was primarily a trade problem which had a serious impact on the trade of all

<sup>1</sup>A list of the statements on these items made at meetings on 16-20 May and which were submitted for distribution will be issued shortly in MIN(63)INF.

contracting parties, industrialized and non-industrialized, and this should be of much greater concern to all contracting parties. Developing countries were keen to increase their imports from industrialized countries but they were handicapped by the fact that their exports did not generate sufficient importing power. In the context of the obligation of industrialized countries to bolster trade among contracting parties it was almost impossible to separate trade from finance. Methods of financing should be given the utmost consideration as a study of the promotion of trade without the inclusion of this element would be counter to the objectives of the GATT to promote trade between the contracting parties. A special committee or working group should, within the framework of the General Agreement, study this problem of finance in relation to trade.

The CHAIRMAN said that, as the recommendation in paragraph 27 was not a unanimous recommendation, it could not be included in paragraph 31. However, the view that a working group should be established was recorded in paragraph 27 and this and the other points made by the Minister of the United Arab Republic would be recorded and would be taken fully into account.

The report contained in document MIN(63)3 was adopted.<sup>1</sup>

The CHAIRMAN then submitted for consideration the draft resolution in MIN(63)5 which had also been submitted by the Drafting Group.

Mr. FIANKAN (Ivory Coast) said that if the report in document MIN(63)3 was to be used as a basis for action under the operative paragraph of the draft resolution he would support the resolution.

The CHAIRMAN confirmed that MIN(63)3 would form the basis for the work contemplated under the operative paragraph of the resolution.

Mr. BRESSON (Upper Volta) on behalf of the States associated with the European Economic Community, said that he had no objection in principle to the adoption of the draft resolution. Although its terms had not given full satisfaction on certain points, the States associated with the EEC had accepted the text in a spirit of co-operation. He added that the position of the countries for which he spoke had been clearly established in document MIN(63)3 and that their agreement to the resolution implied that the Action Committee and other appropriate organs of the CONTRACTING PARTIES would take into account the joint statement which had been made by the EEC and the eighteen associated countries which was recorded in that document.

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<sup>1</sup>See document MIN(63)7.

Mr. LACARTE, (Uruguay) said that he supported the draft resolution because, generally speaking, it represented a constructive contribution which offered encouraging perspectives for the immediate future. Nevertheless, the resolution did not lay sufficient emphasis on certain aspects referred to in document MIN(63)3 and which were matters of serious concern for many developing countries. Despite the time that had elapsed since the last ministerial meeting and despite the obvious importance of the present meeting, quantitative restrictions detrimental to the developing countries and in violation of the General Agreement were still being applied by certain countries. Therefore his delegation could not declare itself satisfied, and wished to make it clear that the Uruguayan Government had taken note of the facts and had drawn the appropriate conclusions. This represented such a source of concern and anxiety for his Government as to be a determining factor in its future policy. The progress made in the formulation of the Action Programme gave satisfaction in the sense that displayed the will to co-operate by a certain number of governments, but it was regretted that there had not been unanimity. He trusted that the Action Committee and other working bodies referred to in paragraphs 24 and 30 of document MIN(63)3 would carry out rapid and effective work. Uruguay had attended the present meeting motivated by a frank and definite spirit of co-operation in the hope of attaining concrete arrangements which would strengthen the General Agreement. However, while his delegation hoped that this progress would be achieved in practice, it was obliged to base its action on the factual and existing situation.

Mr. MAYANJA-MKANGI (Minister without Portfolio, Uganda) commented that the fifth paragraph of the draft resolution stated that the consideration of further measures and the pursuit of more ambitious goals should not stand in the way of implementing as quickly and as fully as possible the Programme of Action. Further, the operative paragraph of the resolution resolved that the CONTRACTING PARTIES set up an Action Committee to assist them in the implementation of the Programme. As, in fact, it appeared from document MIN(63)3 that no programme of action had been adopted, he wondered what was meant by the word "implementation" and whether it implied yet further discussion of the points which had been raised under the Programme.

The CHAIRMAN said that, in MIN(63)3, the Ministers of the member States of the EEC had endorsed in principle the general objective of the Programme of Action and had declared themselves ready to contribute to the fullest extent possible towards the development of the developing countries. This was a firm understanding and meant that the proposed Action Committee would first implement what had already been agreed upon and then would stimulate study of the other points still under consideration, in order to give further impetus to the

fulfilment of the whole Action Programme. In his view, therefore, the words in the draft resolution were not in contradiction with the aims outlined in the basic document MIN(63)3.

The Resolution contained in document MIN(63)5 was adopted.<sup>1</sup>

Items II and III: Arrangements for the Reduction or Elimination of Tariffs and Other Barriers to Trade, and Related Matters; and Measures for Access to Markets for Agricultural and Other Primary Products  
(MIN(63)4, MIN(63)6)

The CHAIRMAN said that he had been in consultation with a number of delegations and he was now in a position to put forward a draft resolution which, he felt, would command a wide measure of support. The resolution he would propose would be identical with that which had been circulated by the United States (MIN(63)4), with which he believed a number of delegations substantially agreed, except that he would propose a redraft of paragraphs A 4 and B 3(b), as set out in document MIN(63)6. In addition a change in paragraph B 3(c) was now proposed, copies of which had been distributed to all those present.

The CHAIRMAN said he understood that, in paragraphs A 4 and B 3(b), the word "significant" means "meaningful in trade terms", and that this is acceptable, and further that the purpose of the special rules mentioned in these paragraphs is, among other things, to reduce disparities (in tariff levels) and that this is also acceptable.

Mr. MUSTAPHA (Minister of Trade and Industry, Sierra Leone) in reference to the Trade Negotiations Committee, enquired how the membership of the Committee would be decided and whether the less-developed countries would be adequately represented. He suggested that the relevant paragraph B 1 be amended to include provision that the committee be appointed by the present meeting and that the less-developed countries be included in the membership of the Committee. He also enquired how, if the Trade Negotiations Committee included the less-developed countries, paragraph B 1 could be reconciled with paragraph B 3(f) which seemed to indicate that, at some stage in the deliberations of the Trade Negotiations Committee the less-developed countries might be asked to participate.

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<sup>1</sup> See document MIN(63)8.

The CHAIRMAN confirmed that all countries actively participating in the trade negotiations including the developing countries, would be members of the Trade Negotiations Committee.

Mr. ILLANGARANTNE (Minister of Commerce, Trade, Food and Shipping, Ceylon) suggested that paragraph B 1 should be amended to provide that the Trade Negotiations Committee would be composed of representatives of the contracting parties to the GATT.

The CHAIRMAN said that he thought it more appropriate to use the term "participating countries". However, the point raised by the Minister of Sierra Leone might be met by inserting the word "all" before the words "participating countries" in paragraph B 1.

Mr. SHAH (Minister for International Trade, India) enquired how the term "participating country" was to be defined.

In reply the EXECUTIVE SECRETARY said that the text should be read as a whole. It was provided that the Trade Negotiations Committee should do a number of things either directly or through committees. For example, a committee might consider the means of assuring the participation of less-developed countries in the trade negotiations in a way consonant with their economic development needs. He envisaged that such a committee, which would include all interested less-developed countries, would work within the framework of the Trade Negotiations Committee and that, as soon as the committee had determined the means of assuring the participation of less-developed countries, those less-developed countries which were able to participate in the negotiations on the terms thus agreed would automatically become members of the Trade Negotiations Committee itself. That was the system which was envisaged in Section B and which would give ample opportunity for all less-developed countries to discuss on a footing of full equality the extent to which and the manner in which they would participate in the negotiations.

Mr. SHAH (Minister for International Trade, India) felt that the clarification given by the Executive Secretary implied a somewhat complex procedure. He said that all contracting parties would be parties to the resolution and in several respects every country had to participate within the framework of the conclusions. Therefore all contracting parties should be represented on the Trade Negotiations Committee.

The EXECUTIVE SECRETARY said that in past negotiations the tariff negotiations committees had been composed solely of the countries which took part in the negotiations. The proceedings of such committees were naturally confidential and were the concern of the countries which were participating. In order to make it possible for all countries which eventually decided to participate in the negotiations to take part fully in the Trade Negotiations Committee, a fuller mechanism had been provided in paragraph B 3(f) whereby the less-developed countries together with the developed countries could discuss and agree upon

the terms for participation. It would be inappropriate to provide for a trade negotiations committee which would include countries not participating in any way in the trade negotiations. This dilemma was circumvented through a separate committee which would settle the question of participation, and once this question was resolved then the composition of the Trade Negotiations Committee itself could be determined.

Mr. LACARTE (Uruguay) enquired how the initial membership of the Trade Negotiations Committee would be determined.

The EXECUTIVE SECRETARY said that, at a certain stage, countries would indicate their expectation of participating in the negotiations and of their desire to participate in the settlement of the questions which were to be resolved by the Trade Negotiations Committee. It might be that as things proceeded some countries might find that certain of the problems which were to be resolved by the Trade Negotiations Committee were not dealt with in a manner satisfactory to them; presumably, at that stage, such countries would decide that their preliminary intention to participate in the negotiations should be reversed. In such cases the countries concerned would presumably inform the Executive Secretary that they no longer intended to participate in the negotiations whereupon they would withdraw from the Tariff Negotiations Committee.

Dr. LIM SWEE AUN (Minister of Commerce and Industry, Federation of Malaya) enquired whether the less-developed countries could be considered as "negotiating" since paragraph A 8 of document MIN(63)4 stated that the developed countries could not expect to receive reciprocity from the less-developed countries in the trade negotiations.

Mr. SHAH (Minister for International Trade, India) recalled that it had been clearly stipulated that various countries which had a special interest in some products would ask for certain lists of exceptions, and that it was only through a process of consultation and confrontation that the less-developed countries would indicate their views on such lists. There were many provisions in paragraph B 3 through which the less-developed countries would have a major rôle to play in the trade negotiations. The less-developed countries would also share in fashioning the methods and rules governing the expansion of world trade in agricultural and primary products as well as various other products which required price stabilization. It could not be considered therefore that reciprocal action on tariff cuts would be the only contribution which various parts of the world hoped to make towards the expansion of world trade. The less-developed countries would be able to participate in the trade negotiations in one way or another and all contracting parties should therefore be considered as participants and should be able to participate at the different stages of the trade negotiations.

The EXECUTIVE SECRETARY said that the implications of the word "negotiating" would be one of the interesting questions which a committee of the Trade Negotiations Committee might consider, and which would fall under paragraph B 3(f). The less-developed countries which wished to participate in the negotiations would notify the Executive Secretary of their intention to do so on the assumption that the matters referred to the committee of the Trade Negotiations Committee to which he had referred would be satisfactorily resolved.

Mr. SHAH (Minister for International Trade, India) then proposed that paragraph B 3(f) be deleted, since every country which would be participating in the negotiations would be doing so in a way consonant with its economic development needs.

Mr. FIANKAN (Ivory Coast) said that the drafters of the resolution might explain the reasons why paragraph B 3(f) was inserted in the resolution before a decision was taken to delete it.

The EXECUTIVE SECRETARY said that on the instructions of the Chairman he had contacted several delegations during the preparation of the draft resolution. He had gathered that the reason for the insertion of paragraph 3(f) was that there was some question as to whether all developing countries at the outset would want to participate in the negotiations. It was thought that if these countries were in doubt because they could not form a judgement as to the conditions of such participation, having regard to their development problems, it was at least reasonable to make provision whereby there could be some discussion of the question before they made up their minds whether or not they were going to participate actively in the negotiations, and therefore to seek membership of the Trade Negotiations Committee itself. The Executive Secretary concluded that he was inclined to agree with the Minister of India that, since it was assumed that all or most developing countries would want to participate actively in the negotiations, the point under discussion would not be of any major importance and paragraph B 3(f) could be deleted.

Mr. FIANKAN (Ivory Coast) said that, in view of the explanation given by the Executive Secretary that it would be possible for any country which wished to do so to take part in the trade negotiations and therefore in the work of the Trade Negotiations Committee, he could agree that paragraph B 3(f) be deleted.

The CHAIRMAN referring to paragraph B 3(c), stated that, pursuant to this paragraph the Committee will deal with the case of certain countries where it is established that their very low average level of tariffs or their economic or trade structure is such that the general application of equal linear tariff reductions would not be appropriate. For such countries the objective shall be the negotiation of a balance of advantages based on trade concessions by them of equivalent value, not excluding equal linear reductions where appropriate.

Mr. McEWEN (Deputy Prime Minister, Australia) enquired whether the words "special economic or trade structure" in paragraph B 3(c) cover the special situation of a country which, it is established, has a very large dependence on exports of agricultural and other primary products.

In reply the CHAIRMAN stated that the interpretation given by the Minister of Australia on this point is correct and it is fully accepted that in agreeing to this formulation of paragraph B 3(c) it is on the understanding that the conference fully accepts this ruling. The question and answer would be included in the record of the meeting.

The resolution proposed by the Chairman (document MIN(63)4 as amended by document MIN(63)6), further amended by the agreed amendment to paragraph B 3(c) and the deletion of paragraph B 3(f) was adopted.<sup>1</sup>

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<sup>1</sup>The text as adopted, has since been distributed as MIN(63)9 in English and as MIN(63)9 and Corr.1 in French.