

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

LDC/M/35

2 March 1966

Special Distribution

MINUTES OF THE MEETING OF A GROUP OF LESS-DEVELOPED COUNTRIES HELD ON 11 FEBRUARY 1966

Prepared by the Secretariat

1. Another in a series of regular meetings of a group of less-developed countries was held on 11 February 1966 under the Chairmanship of H.E. Mr. C. Valenzuela, Ambassador of Chile.
2. The meeting was attended by the representatives of Algeria, Argentina, Chile, India, Indonesia, Israel, Jamaica, Pakistan, Peru, Trinidad and Tobago, Tunisia, Uruguay and Yugoslavia.
3. The group addressed itself to matters expected to be dealt with by the Group on Legal Amendments to the General Agreement and the Expert Group on Trade Information and Advisory Services (GATT Trade Centre). Following the decision taken at the meeting of the less-developed countries in the Director-General's office on 10 February 1966, the group also considered the question of the establishment of an advisory group of less-developed countries participating in the trade negotiations to keep contact with the Director-General on progress and developments in the Kennedy Round.

Legal amendments to the General Agreement

4. Referring to the draft decision on Article XXIII attached as Annex I to document COM.TD/F/3, it was recalled that it contained certain areas of agreement as well as disagreement which were brought out as a result of discussions held in the earlier meeting of the Group on Legal Amendments to the General Agreement. It was recognized that while paragraphs 1-6, 8-10 and 15 of the draft decision did not present difficulties of substance, and were generally acceptable subject to an agreement on portions appearing in square brackets in those paragraphs, there remained paragraphs 7, 11 and 12 on which there seemed no possibility of reaching agreement.
5. The suggestions made in the meeting relating to certain paragraphs of the draft decision are summarized below:

Paragraph 4. The less-developed countries should not feel any difficulty in going along with the suggested insertion appearing in square brackets. It did not, however, appear necessary to spell out a concept when it was fully understood.

Paragraph 5. The words appearing in square brackets in this paragraph should not be included. Up to the present, the normal practice in the GATT had been to appoint panels in consultation with the parties concerned. In the process of consultation, the countries being consulted had always indicated whether or not they agreed to the panel suggested. It was possible that if this procedure for formal approval was accepted, it would cause unnecessary delay.

Paragraph 6. Although there seemed an element of redundancy, less-developed countries might insist on the spelling out of the concepts as described in sub-paragraphs (a), (b) and (c) of the paragraph.

Paragraph 7. As it was extremely difficult to get general agreement in GATT on the concept of financial compensation, it was stated that less-developed contracting parties were obliged to make a clear choice as to whether they would be prepared to accept a number of improvements to Article XXIII to make it more effective and the procedures followed more speedily, or they would continue to press for financial compensation.

Paragraph 9. The text should be such as to bring out the concept of time limit which should be neither too rigid nor too flexible. The word "panel" appearing in square brackets in the fourth line of the paragraph should be deleted.

Paragraphs 11 and 12. It was suggested that less-developed countries should give consideration to the following points (i) the procedures mentioned under sub-paragraphs (a), (b) and (c) of paragraph 6 would become gratuitous if each country was allowed to be the judge of its own cause, and (ii) while the limitations on the capacity of less-developed countries to retaliate made it desirable to explore the possibility of joint action in some form, it may be difficult to get agreement on any form of collective sanction. Some delegations indicated that they would have difficulties in accepting any changes in substance of the texts.

Paragraph 13. As consultations under paragraph 2 of Article XXXVII will have to be preceded by bilateral consultations, it therefore seemed unnecessary to insert another phase of bilateral consultations before the matter was taken up by the CONTRACTING PARTIES under paragraph 2 of Article XXIII.

6. With regard to the question of surcharges, it was pointed out that there were a number of points which had been identified in the record of discussions of the earlier meeting of the Group, in particular (a) whether surcharges and quantitative restrictions could be applied simultaneously to the same products; (b) whether any departure from the principle of non-discrimination could be permitted in respect of surcharges on balance-of-payments grounds on the analogy of the

provisions of Article XIV; (c) what would be the scope of these consultations; and (d) whether any legal obligations resulting from such consultations related only to bound items on which surcharges were applied or would also cover the non-bound items.

7. The Group did not engage itself in a substantial discussion of these points. It was, however, pointed out that less-developed countries should make every endeavour to acquire greater flexibility in the application of surcharges on the grounds of balance-of-payments difficulties.

GATT International Trade Centre

8. At the outset of the discussion under this heading, the Chairman pointed out that, as the UNCTAD was also contemplating the establishment of a trade centre for the benefit of less-developed countries, it seemed appropriate to consider what should be done to avoid duplication of work and a waste of resources.¹ Co-ordination in the work of the two organizations in the field of trade promotion and advisory services would be useful. The Chairman recalled the observations made by the Director-General in his private meeting with representatives of less-developed countries that to have two trade centres with the same scope of activity -- one in the GATT and the other in the UNCTAD -- seemed far from rational. It was recognized that, at this stage, the delegations present in the group would not be able to take a position on these questions. It was, therefore, suggested that less-developed countries should provide their respective national governments with all the background material relevant to this matter and seek instructions.

9. One representative pointed out that the problem of duplication should not really arise. While the GATT Centre was already in operation for more than a year, the UNCTAD Trade Centre was so far merely a proposal. The problem which did exist was that the UNCTAD Committee on Manufactures was expected to discuss shortly a number of proposals regarding work to be undertaken in the field of trade information and trade promotion which would encompass the work already entrusted to the GATT Trade Centre. This type of discussion would, of course, create some uncertainty in the minds of industrialized countries as to whether they should devote further resources to the expansion of the GATT Trade Centre.

¹ Reference was made to Annex A.III.6 of the Final Act of the First United Nations Conference on Trade and Development and documents TD/B/C.2/7, TD/B/41, TD/B/41/Corr.1, prepared for the meeting of the UNCTAD Committee on Manufactures on 28 February-8 March 1966.

10. Two representatives pointed out that the GATT Trade Centre had done remarkably well in its operation over the past year, and had proved that its work could be expanded to cover a broader field of trade promotion on behalf of less-developed countries. It seemed unwise to frustrate further development of the Centre in the hope that a new trade centre would be established under the auspices of the UNCTAD. They recalled that the GATT Centre had been established in response to proposals from less-developed countries. If the less-developed countries were satisfied that the Centre was meeting the needs for which it was established they should make a further effort to strengthen its resources. There was no assurance that an UNCTAD centre would provide more effective service to less-developed countries; indeed there was a distinct possibility that the service may be less effective.

11. There was some discussion of Annex A.III.6 of the Final Act of the First United Nations Conference on Trade and Development and of the following excerpt from the UNCTAD document TD/B/C.2/7 which contains the UNCTAD Secretariat proposals for the Committee on Manufactures: "... For this reason, the Second Committee of the Conference considered that it would be desirable to establish an international trade information and trade promotion centre, adequately staffed by competent persons." It was pointed out that the recommendation at Annex A.III.6 did not pick up the proposal for the establishment of an international trade centre under UNCTAD auspices, because the GATT Trade Centre was already functioning and its activities had to be taken into account.

12. One delegation felt that there may be justification for organizing trade information and advisory services in the UNCTAD if these services could thereby be expanded on a more universal basis. But there would be no difference in this case, because the GATT Centre served both GATT and non-GATT countries without distinction. This was confirmed by Mr. Mathur, Assistant Director-General, who pointed out that fairly substantial use of the Centre's service had been made by non-GATT developing countries.

13. The Chairman indicated that this matter could be further considered after the secretariat paper for the meeting of the Advisory Group on the Trade Centre became available, as this was expected to provide a complete listing of the GATT Centre's programmes and activities and proposals for further work.

Setting up of an advisory group of less-developed countries
participating in the Kennedy Round

14. Due to the short time available, the group did not discuss the question of the establishment of a small group of less-developed countries participating in the trade negotiations to consult periodically with the Director-General on developments in the trade negotiations of interest to less-developed countries. It was agreed that this matter would be taken up at the next meeting of the group.