

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

TN.64/100  
20 June 1967

Special Distribution

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## Trade Negotiations Committee

### NOTE BY THE SECRETARIAT ON THE MEETING OF THE SUB-COMMITTEE ON THE PARTICIPATION OF LESS-DEVELOPED COUNTRIES ON 4 MAY 1967

1. The Sub-Committee met on 4 May 1967. In his opening statement, the Chairman recalled that at the last meeting of the Sub-Committee it was agreed that the negotiations should continue on a bilateral basis and that the secretariat should give any necessary assistance on technical matters. This had been done. The secretariat had co-operated with a large number of delegations in the preparation of specific request lists and in the arrangement of meetings with developed participants. Furthermore, in preparation for the January meeting of the Committee on Trade and Development, a comprehensive set of documents had been drawn up setting out information necessary to evaluate the state of the negotiations at that time and to provide the necessary background for the continuing bilateral negotiations.
2. On a multilateral level, the Punta del Este meeting had given participants an opportunity to take stock of the situation, and the conclusions adopted at that meeting had provided negotiators with a framework within which to operate during the final stages of the negotiations. The less-developed countries had also drawn up, again with technical assistance from the secretariat, a consolidated list of requests for advanced implementation of concessions and cuts of more than 50 per cent. These requests were presented to high level representatives of developed participants at a special meeting held in April.
3. The Chairman stressed the fact that, although the Sub-Committee had not met since October last, there had therefore been no break in the work for which it was responsible. Furthermore, he said that he had undertaken to make himself available to members of the informal group of less-developed countries on matters concerning the Kennedy Round in which their interests were at stake.

4. The Chairman said that the basic purpose of the present meeting was to see what action the Sub-Committee could take in order to facilitate bilateral negotiations between less-developed and developed participants. Less-developed countries could only participate usefully if they had a complete picture of the negotiations. This meant that information on adjustments being made in the offers of developed countries as a result of negotiations amongst themselves should be quickly made known to less-developed participants, so as to permit them to appraise the situation and take steps to safeguard their interests. Information of this sort had been tabled by the United Kingdom and the United States in the form of a positive offers list. Similar information had not yet been tabled by other developed countries.

5. The representative of the European Economic Community said that his delegation's initial offers were still on the table and that every effort would be made to take into account the interest of less-developed countries if changes were made as a result of negotiations with industrialized countries. A number of specific requests had been received from less-developed participants. These were under study and some of them would be treated favourably. He could not be more specific at that time. If less-developed countries wanted any specific information on the offers of the Community, this could be given in bilateral talks.

6. The representative of Canada stated that his country had tabled a positive offer from the beginning of the negotiations. This offer had been supplemented from time to time. They were now assessing the significance of withdrawals by some of the developed participants and the effects that this might have on their own offers. He did not think that products of interest to less-developed countries would be extensively affected. He noted that for 50 per cent of the products mentioned in the consolidated list of requests presented by less-developed countries in April, duty-free entry was contemplated in the Canadian offers. Special problems might arise on specific items, mainly tropical products, because of the loss of preference that Commonwealth countries would suffer. In any case a definite decision on a number of products would be reached in the next week.

7. The representative of Switzerland said that the Swiss offer on tropical products had been maintained in its entirety. The offer on other products would have to be readjusted in the search for reciprocity with developed participants. His delegation could not yet table a positive offer since there were still too many positions which were under negotiation. His delegation was prepared to explain bilaterally what the situation was on any particular product.

8. The representative of Austria said his country could not table a positive offer without knowing what the final offers of its main trading partners would be. As soon as these offers were known, Austria would draw up its final offer: in any event, the offer on tropical products would be maintained. His delegation was now studying the requests of less-developed participants and was prepared to hold-further bilateral talks with them.

9. The representative of the Nordic countries said that he understood the need to inform less-developed participants of the actual state of the offers of industrialized participants. That was why an improved Nordic offer on tropical products had been circulated the day before. His delegation was prepared to hold bilateral discussions on any particular point of interest to less-developed participants.

10. The representative of Japan said that of the 150 products contained in the consolidated list of requests for advanced implementation and cuts deeper than 50 per cent, which had been presented to his country, Japan's initial offer consisted of free binding or deeper cuts than 50 per cent for thirty-three products and cuts of 50 per cent for eighty products. That left only a very limited sector where no offer had been possible. The interest of developing countries had been taken into account as a result either of bilateral or multilateral discussions. His delegation had thus informed the Tropical Products Group of the improvements Japan was prepared to make in its offer. Japan, which had temporarily suspended duties for cocoa beans and coffee beans, was now prepared to consolidate this treatment. They were also considering the possibility of advanced implementation of concessions for a certain number of products, notably tropical products. However, withdrawals that other industrialized participants were making could seriously affect the interests of Japan, and consequently it might be forced to eliminate some concessions which had been tabled. Japan would endeavour to avoid as far as possible any adverse effects on the trade interest of developing countries. The positive offers list would be tabled by the end of the week.

11. The representative of the United Kingdom said that his delegation had given some clarifications on the United Kingdom positive offers to the informal group of less-developed countries which had met on the previous day. He was prepared to complement those explanations if necessary.

12. The representative of the United States said that the positive offers list tabled by his country constituted a modification of their initial offer. It was inevitable that products of interest to developing countries would be affected. It was as yet impossible to quantify the impact but in any case his Government had tried to keep it to a minimum. In the field of tropical products some offers had to be modified because the legal condition required by legislation for eliminating duties without staging had not been met. The next best possible offer had been made. It would however be possible to reinstate the initial offer if these conditions were met. There was also considerable pressure on the United States delegation to withdraw certain offers in which developing countries had a direct interest. It had proved difficult to resist this pressure because it had not been possible to demonstrate that the less-developed countries in question had seriously endeavoured to offer contributions in the form of tariff reductions which would be consistent with their development needs. Offers of a specific nature from developing countries

benefiting from the American offer, even if made at this late stage, could still be a factor enabling his Government to maintain its offers. Since tabling the positive list a number of fruitful bilateral talks had been held. His delegation would welcome any additional bilateral meetings in order to do the utmost to take into account the interests of less-developed participants.

13. The representative of Peru said that less-developed countries were embarking on these last stages of the negotiations with a feeling of isolation in respect of what was actually happening. The object of this meeting was to give them an opportunity of assessing the situation as it stood now. It was thus indispensable for them to have at their disposal positive offers lists. He understood the difficulty of providing the lists immediately, but it nonetheless remained that without them no fruitful evaluation of each country's interest was possible. That was why he would like to insist that the greatest number of positive offers be tabled without delay. In this connexion his delegation wished to express its gratitude to the delegations of the United Kingdom and the United States for having already done so. He would not embark on a detailed analysis of these two lists, which were under study by his country's expert, but would like to point out that neither of them contained any reference to the possibility of advance implementation of concessions on products of interest to less-developed countries. This was a matter of concern to his delegation, especially since one industrialized country had already expressed the wish that this matter be decided after the tariff negotiations proper had been terminated. It was his view that this question had to be solved together with the negotiations on tariff concessions. He added that his delegation was preparing a list of offers consonant with the Part IV of the General Agreement.

14. The representative of Uruguay said that it was important to remember that, in respect of developing countries, the Kennedy Round should result not only in a mere tariff negotiation, but in a liberalization of trade permitting them to progress rapidly in the field of economic development. With this objective in view the Ministerial Meeting of May 1964 and Part IV of the General Agreement stressed the fact that developed participants should not expect full reciprocity from less-developed countries. For this reason a glance at the actual state of the negotiations conveyed to his delegation a feeling of frustration and dissatisfaction. An analysis of the few positive offers which had been submitted showed that the developing countries' interests had not been considered. A specific example, in the case of Uruguay, was the situation in the meat sector. As far as developing countries were concerned the result of the Kennedy Round would be assessed mainly in terms of the agricultural sector and this was precisely the field where negotiations had been particularly fruitless. Worse still, they were witnessing an increased internal support policy in sectors vital to their economy and in countries which so far had been their traditional markets. As things stood it had to be recognized that for developing

countries the Kennedy Round was a failure and that the benefits these countries were to derive from it were only a mirage. It was with this frame of mind that his country hoped to take part in a ministerial meeting, where it could highlight the political importance of a failure of the Kennedy Round. He wished to support what had been said by the representative of Peru in respect of the advanced implementation of concessions, and would like to thank the secretariat for its most earnest efforts in helping developing countries participate in the Kennedy Round.

15. The representative of India insisted on the need to receive the positive offers lists as soon as possible. If this proved difficult, at least the state of present offers on products of interest to less-developed countries should be forthcoming. The discussions so far had not shed any light on what the overall situation was on these products, and it would be very unfortunate if, due to simple lack of knowledge of what had been agreed upon by developed countries, developing countries found themselves unable to defend their interests. Since there was to be a further meeting of this Sub-Committee, this matter would have to be taken up again, together with the five outstanding substantive points the Sub-Committee had discussed on previous occasions.

16. The representative of Argentina thanked the delegations of the United Kingdom and the United States for their lists and insisted upon other industrialized countries following suit in the very near future. Once all these lists were in the hands of the less-developed countries they would be able to appreciate the situation on the whole and enter into a detailed discussion of them. As of now, they had to say that in the lists already tabled there were some withdrawals that seriously affected them. He recalled that Argentina had tabled an offer consolidating in GATT important changes which had taken place in his country's foreign trade régime. His Government was examining the possibility of tabling additional offers, but these would be dependent on the turn the Kennedy Round took in its final days.

17. The representative of Pakistan said that the bilateral talks held up to now had been useful in clarifying certain points, but he stressed that helpful answers were yet to come. He insisted on the need to dispose of positive offer lists as soon as possible, this being a question of interest both to developed and less-developed participants. In his view, the less-developed countries' interests centred at this stage on three main questions: the consideration given to their request lists, assurance that their interests would be considered in drawing up the positive offers lists and that they would be given enough time to analyze and discuss these lists once received.

18. The representative of Turkey said that, in order to make a full assessment of the offers made by the industrialized countries, the developing countries must receive positive offers lists shortly. From an analysis of those already at their disposal, he realized that some products of interest to Turkey were missing and his delegation would take this up bilaterally. He further added that advanced implementation of concessions was a measure that should be applied in view of the trade and developing needs of participating less-developed countries.

19. The representative of Chile said that the analysis of the two positive offers lists already tabled shed some light on the actual state of the negotiations, but at best it was a partial and uncertain view, because within a matter of hours negotiations amongst industrialized countries could modify the whole situation for less-developed countries. In consequence there was a widespread feeling of uncertainty. It was not even known how many industrialized countries would actually table a positive offers list. As things stood now, the United Kingdom's offers omitted whole sectors of the negotiations which were of great interest to Chile, while others were covered but not fully. The United States offers were conditional on eight points being met; this meant that nothing was sure about them. It was clear that the success of the Kennedy Round was dependent on agreement being reached in certain key sectors by the industrialized countries, and that such agreement would itself determine the range of concessions that could be given to less-developed countries. The problem now was not only one of a technical, detailed study of the requests, but of a political decision to be taken at a very high level by industrialized countries on what the results of these trade negotiations were to be for developing countries. In so far as procedure was concerned, positive offers lists should be tabled as soon as possible and another meeting of confrontation with industrialized countries should take place, so that technical matters could be discussed in preparation of a Ministerial meeting.

20. In answer to a question, the representative of the Nordic countries said their positive offers lists were being prepared and would be distributed as soon as possible. This delay was of a pure technical nature. Information on offers could be given bilaterally.

21. The representative of Israel said that the picture had become clearer, even though to a certain extent in a negative way. Positive offers had been tabled by two countries, and others had promised to do so without delay. Still others would not table them until certain details were known about the offers of their principal trading partners. In his country's view this attitude was very prejudicial considering the very limited time that was left for substantive negotiations, and he entreated these countries to produce their offers as soon as possible.

22. The representative of Yugoslavia said that time had been too short for a detailed analysis of the United Kingdom and United States lists, but after a preliminary study their first reaction was deep disappointment and concern. The interest of his country lay mainly in agriculture and it was clear at this stage of the negotiations that results in this sector were very small. On 50 per cent of Yugoslavia's agricultural exports to the United States no concession was offered. The United Kingdom offer was still worse: out of \$33 million in exports of agricultural products, representing 65 per cent of Yugoslavia's total exports to the United Kingdom, only \$2.5 million were covered by offers. Some products of vital interest to his country - such as chilled meat, tinned fish, fruits, hops and various kinds of preserved and processed vegetables and fruits - were completely omitted from the offer. As regards the industrial sector, for such goods as wood products, textiles, clothing and footwear, the treatment offered in both lists was unsatisfactory. It was the hope of his Government that satisfactory solutions could be reached through bilateral talks. It was also of importance that requests by developing countries for advanced implementation of concessions be met.

23. The representative of Ceylon said that the statements made by the representatives of developing countries clearly showed the anxiety they felt about the lack of positive offers from certain industrialized countries. He urged that these countries should table their offers as soon as possible. In respect of particular products he urged the representative of the European Economic Community to bind the duty actually applied to tea. Other countries had also made offers on tea but these sometimes did not represent an improvement in the present situation.

24. The representative of the United Arab Republic associated his delegation with the statements of representatives of developing countries. In view of his country's discussions for final accession to GATT, his delegation would see the highest value on receiving the positive offers list from industrialized participants so as to continue with their bilateral negotiations.

25. Summing up, the Chairman said that the question of tabling positive lists by industrialized countries had played an important rôle in the discussions. Note had been taken by the major industrialized countries of the appeals voiced by less-developed countries to forward the lists promptly and give them as much time as possible to evaluate the results of these last minute adjustments in the offers so as to exercise whatever influence they could, either bilaterally or multilaterally. This was a legitimate concern, since the period available for further substantive negotiations was very brief and could be counted in days and since it had emerged from the discussions that, as many suspected, the process of adjustment of negotiating positions between the industrialized countries endangered a number of concessions of direct or indirect interest to less-developed countries.

26. Positive lists had been tabled by two major countries and the Sub-Committee had been given to understand that similar information would be available in the course of a few days from other industrialized countries. Others would only be producing such positive lists at the very final stage of the negotiations - arguing that this would permit the maintenance of more comprehensive offers. It seemed in the interest of developing countries that all opportunities and possibilities should be explored by the industrialized countries in the negotiations between themselves before such final lists were tabled in order that they may be drawn up at the highest possible level. It was, however, clear that, in cases where positive offers could not be expected within the immediate future or only at a very late date of the negotiations, other ways would have to be found to enable developing countries to defend their interests. The countries which were not tabling their positive offers at that stage had clearly indicated their willingness to advise the developing countries, in bilateral talks or otherwise, of the actual situation in regard to products of particular interest to them.

27. It could also be concluded from the discussion that a further discussion should take place in the Sub-Committee in a few days time, when more light had been thrown on the scene, in order to come to a conclusion as to what it could do multilaterally to ensure that the maximum results were obtained.

28. The discussion at the present meeting had, in the main, related to problems of immediate interest and importance, i.e. the question of items to be included in the positive offers and the depth of such cuts. Reference had also been made in the course of the meeting to certain other matters on the Sub-Committee's agenda, such as the question of advanced implementation, and the question of compensation for the loss of preferences. The Chairman suggested that there would be time after the present stage of the negotiations had been brought to an end to tackle the remaining items on the agenda. The Chairman suggested that the Sub-Committee should also deal with questions concerning tropical products. It would then be unnecessary to convene further meetings of the Special Group on Tropical Products and time would be saved. The Sub-Committee agreed the summing up of the Chairman. The date of its next meeting would be set by the Chairman in consultation with delegations.