

GENERAL AGREEMENT ON TARIFFS AND TRADE

Trade Negotiations Committee
of Developing Countries

PROCEEDINGS OF THE SECOND MEETING

Held at the Palais des Nations, Geneva,
on Monday, 4 December 1967 at 3 p.m.

Chairman: Mr. E. WYNDHAM WHITE

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I. Working plan for the trade negotiations

1. The representative of Uruguay, recalling the discussion at the last meeting, expressed gratification at UNCTAD's collaboration with GATT in guiding the trade negotiations. In his view efforts should be concentrated on securing participation of the largest possible number of developing countries in the exercise rather than on dealing with the question of competence. His delegation agreed with the procedures outlined at the last meeting by the Chairman for the conduct of the negotiations. The negotiations should be initiated on a product-by-product basis; a linear approach might be developed in due course. The feasibility of working out methods of payments arrangements should also be explored. The negotiations should be based strictly on reciprocity and the advantages derived should be restricted to participating countries. He did not believe that it was necessary to have prior exchange of information on import régimes and trade statistics before products on which participating countries wished to negotiate were identified. Once requests lists were established, such information could be elicited in bilateral discussions.

2. The Chairman said that his suggestions on a working plan for the negotiations set out in TN(LDC)/2 were essentially based on the discussion at the last meeting of the Committee and were intended to assist in reaching agreement on procedures for the exchange of product lists followed by bilateral negotiations. He explained that the suggestion for a comparatively short list of products did not imply a limitation of the scope of the negotiations, and it would be left to the judgment

of the participating countries to select those products which they consider most appropriate for the negotiations. In order to ensure that the work of the Committee was not unnecessarily impeded, it would be wise to make sure that the lists of products exchanged closely related to trading possibilities. Once the lists had been exchanged and a reasonable amount of time allowed for their examination, the exporting countries would be expected to take the initiative of entering into consultations with countries whose markets they wished to explore. Information concerning trade patterns, import regulations governing the products listed and other difficulties of non-commercial nature would become available in the course of bilateral discussions. If the suggestions in TN(LDC)/2 were adopted it would be necessary to fix a date for the exchange of request lists.

3. The representative of Chile stated that the primary aim of the trade negotiations was to seek diversification of trade and to find markets for products faced with export problems. He suggested that the establishment of specific requests list should be achieved in two stages. Firstly, exporting countries should circulate their initial general lists of products on which they wished to negotiate. Secondly, importing countries, on the basis of those lists, would indicate items which offered possibilities in their markets. Both lists should describe the products involved as specifically as possible using the BTN classification. The whole process could be co-ordinated by the secretariat.

4. The representative of Argentina, in supporting the Chilean proposal, suggested that the first general list of products could be established on the basis of individual lists presented by each country to the other participating countries. It would be useful if delegations were to contact each other before drawing up their lists with a view to obtaining information on trade flows and commercial policies.

5. The representative of Nigeria felt that the procedure proposed by Chile for the identification of products was time-consuming and would unnecessarily delay the initiation of negotiations. It would be preferable for the exporting countries to address specific lists of products to individual participants whose markets they wished to explore. This should be followed by bilateral discussions in which all the relevant elements affecting export possibilities for the listed products would become apparent.

6. The representative of Israel agreed with the Chairman's suggestions. A great deal of work had already been undertaken to identify products of current and potential export interest to developing countries in the context of the Kennedy Round. Use of those lists could be made by the participating countries in establishing their individual lists of products for the present exercise.

7. The representative of Trinidad and Tobago stated that it was very important that request lists were kept reasonably short and designed to lead to bilateral or multilateral discussions with a view to identifying problems affecting exports of the listed products from one developing country to the other.

8. The representative of Brazil stated that in the absence of information on trade patterns of certain participating countries, it was difficult to identify products for which his country would like to explore markets of other developing countries. Each developing country should establish two lists - one of items it would like to export and the other of items which it would be prepared to import. Such a procedure would facilitate the drawing up of specific requests lists by the participating countries.

9. The representative of the United Arab Republic, in supporting the Brazilian proposal, suggested further that the second list mentioned by the Brazilian representative should also provide information on the volume of imports and principal sources of supplies in respect of each product concerned. Bilateral negotiations should then be initiated on the basis of the two lists in order to elicit information on trade patterns, statistical data and production branches with a view to establishing specific request lists.

10. The Chairman stated that the working plan suggested was based on the assumption that when consultations were engaged the possibilities of negotiations and the inherent difficulties would become more apparent and the information of the kind referred to by various delegations would emerge in those consultations. Efforts should be made to define areas which might lend themselves to actual negotiations. The existing indicative list (INT(67)215 and Addendum) could be used for identifying the products which were most suitable for negotiations.

11. The representative of Yugoslavia supported the suggestions contained in TN(LDC)/2. He stressed the need for an early exchange of lists of products for initiating negotiations by a specified date. Information on trade statistics and import régimes governing those products could be obtained from various sources as well as from the bilateral discussions on the products concerned. The negotiations should be conducted on a mutually advantageous basis.

12. The representative of Pakistan stated that the exchange of general lists as suggested by several delegations was time-consuming. He stressed the need for an early exchange of lists of products related to individual markets and their examination by the countries to which they were addressed. The lists should contain exact description of the products concerned and their BTN classification. This would facilitate consultations between pairs of countries with a view to collecting factual information and the identification of negotiable elements in the import policies of the participating countries.

13. In response to a question the Chairman confirmed that any preferential arrangement resulting from the negotiations would require action by the CONTRACTING PARTIES in order to reconcile it with the international obligations of the countries concerned. It was on record that in cases where it was necessary to establish preferential arrangements in order to make progress in promoting trade among developing countries, such initiatives would be sympathetically viewed by the CONTRACTING PARTIES.

14. The representative of Yugoslavia said that according to his understanding the negotiations among developing countries were aimed at establishing preferences among themselves. He wondered how the application of the results of the negotiations on a most-favoured-nation basis would benefit the trade of developing countries. He believed that in the course of the negotiations developing countries would not only be able to establish preferences among themselves but would also be able to find other initiatives that could be taken to promote their mutual trade.

15. The Chairman felt that it was premature to judge whether the results of the negotiations would be applied on the most-favoured-nation principle or on a preferential basis. He emphasized that this was not a problem which could be dealt with in the abstract because much depended on the products involved, the nature of the agreements, and the considerations underlying the preferential treatment. In the case of products like jute or tea, produced exclusively in developing countries, any concessions negotiated might be implemented on the most-favoured-nation principle without prejudice to the trading interests of developing countries. Contrariwise there may be products on which concessions could most appropriately be negotiated on a preferential basis.

16. The representative of Argentina recognized that there might be cases where negotiated concessions could be implemented on a most-favoured-nation basis. In the case of his own country, however, he could think of hardly any product on which negotiations could usefully be conducted and concessions implemented on the most-favoured-nation principle. He recalled that from the beginning, participating countries were generally in agreement that trade negotiations among developing countries would be carried out fundamentally on a preferential basis. It was on this understanding that Argentina had agreed to participate in the exercise. This was, however, a question which would emerge from the negotiations themselves and need not be resolved on an à priori basis.

17. Summing up, the Chairman said that there appeared to be a broad measure of agreement on the exchange of lists of products followed by consultations as suggested in document TN(LDC)/2. It was agreed that the lists should be submitted as early as possible and not later than 31 March 1968.

II. Negotiations already in progress among certain developing countries

18. The Chairman informed the Committee that certain developing countries had advised him of certain trade negotiations which they had already initiated or intended shortly to initiate between themselves. They had enquired how such negotiations would be related to the negotiations contemplated by the Committee. In his view the negotiations envisaged by these countries, although slightly ahead of the general programme, would be in order, provided the intention was to integrate their results eventually into any overall arrangements which might emerge as a consequence of multilateral negotiations in the Committee. Further, the members of the Committee should be kept informed of the progress of their talks and where appropriate might be given an opportunity to associate themselves if they wished with the discussions with a view to participation in the negotiations.

19. The representative of Yugoslavia stated that consultations had been held between India, the United Arab Republic and Yugoslavia with a view to agreeing on measures to expand mutual trade. Statements to this effect had already been made by the representatives of the three countries at the recent session of the CONTRACTING PARTIES. Lists of products had been exchanged with a view to finding a common ground for exchange of concessions on a basis of mutual benefit. This exchange of concessions could, however, in principle be extended to other countries also. This was the type of economic co-operation which the developing countries have always had in mind. The Committee would be kept informed of further developments.

20. The representative of Nigeria endorsed the views of the Chairman and expressed satisfaction that the negotiations between India, United Arab Republic and Yugoslavia would be reported to the Committee for eventual integration into the overall results which might be achieved in the general trade negotiations among developing countries. His country had bilateral arrangements with a number of West African and North African countries and his delegation would be pleased to submit them for the consideration by the Committee.

21. The Chairman suggested that the regional integration arrangements should not be mixed up with agreements between developing countries of a more strictly commercial character. Information in regard to the former was submitted to the CONTRACTING PARTIES under Article XXIV.

22. The representative of Chile stated that the efforts of certain developing countries aimed at expanding trade among themselves should be looked upon sympathetically and be supplemented by a parallel effort on the part of other developing countries so that the results of the two operations could eventually be reconciled. Regional arrangements could not be extended to countries outside the region because of their political connotation. Any inter-regional arrangements worked out, not being subject to such limitation, should be extended to other developing countries in the interest of increasing overall trade.

23. The representative of Brazil wondered whether the results of the negotiations already in progress between certain developing countries would be implemented earlier than those achieved in the Committee or whether action on these would be kept pending until such time as the whole operation was completed and overall results submitted to the CONTRACTING PARTIES for approval. He enquired whether other developing countries would be allowed to participate in the more limited negotiations if certain products involved in their negotiations were found to be of interest to them.

24. The Chairman observed that as agreed the negotiations among developing countries would be characterized by three stages, namely identification of products on which individual contracting parties wished to negotiate, exchange of request lists, and submission of offers. The three stages would be of a bilateral nature within the multilateral framework in the sense that all participants would be kept informed of what was being negotiated between pairs of

countries which, at the end, would be incorporated in the multilateral package. Certain developing countries had indicated that they were in a position to move rapidly because they had already established lists of products and were ready to enter into bilateral discussions. The question was whether they should go ahead with the exercise or should keep the rhythm of multilateral negotiations in the Committee. In his opinion those countries should not be prevented from moving ahead with their negotiations provided they agreed to keep other participants informed of developments so that they could protect their interests and if necessary participate in the negotiations on products of interest to them as had been the practice in past GATT negotiations. At the end of the exercise implementation of the concessions on a most-favoured-nation basis would pose no problems but if it were intended to apply them on a preferential basis and to restrict the application to the participants, it would certainly raise problems in GATT both for developing and developed countries with respect to the most-favoured-nation clause.

III. Participation of non-GATT member countries in the negotiations

25. The Chairman informed the Committee that the GATT secretariat maintained continuous relations with twenty-eight developing countries not members of the GATT. It was his intention to inform the countries about the discussions in the Committee and the desire of the participating countries that non-GATT developing countries should take part in the work of the Committee with a view to their participation in the negotiations. The UNCTAD which was collaborating in the exercise might also consider it necessary and desirable to address a communication to developing countries members of UNCTAD, inviting them to participate in this joint venture. These countries would participate on an equal basis without prejudice to their other international obligations; any problems arising out of their international commitments would be dealt with in the course of the negotiations. He would consult with the Secretary-General of the UNCTAD on the matter to ascertain whether he would be agreeable to the suggested procedure. This was agreed by the Committee.

26. In response to a question the Chairman said that non-GATT member countries participating in the negotiations would obtain contractual rights only for the concessions and matters dealt with in the negotiations and would not obtain any contractual rights with regard to other concessions or to the general most-favoured-nation treatment guaranteed by GATT.

27. The Chairman said that the Committee would be reconvened as soon as he was satisfied that all the elements for convening a meeting were present.