

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

LDC/M/7

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Special Distribution

MINUTES OF THE MEETING OF A GROUP OF LESS-DEVELOPED COUNTRIES ON 17 DECEMBER 1963

Prepared by the Secretariat

1. The seventh of the regular weekly meetings of a group of representatives of less-developed countries was held on 17 December 1963.
2. The meeting was attended by the representatives of Argentina, Brazil, Ceylon, Chile, Ghana, India, Indonesia, Israel, Jamaica, Nigeria, Pakistan, Peru, Rhodesia and Nyasaland, Trinidad and Tobago, Uganda, the United Arab Republic, Uruguay and Yugoslavia.
3. H.E. Mr. E. Letts, Ambassador of Peru, presided over the meeting.
4. The Group took up the question of the accordence of preferential treatment to the semi-processed and manufactured goods exported by less-developed countries. The Sub-Group which was entrusted with the work of redrafting the proposed "Article IA - Special Most-Favoured-Nation Treatment" as set out in paragraph 6 of document LDC/M/6, submitted for the consideration of the Group, another draft of the Article, the text of which is reproduced below.¹

DRAFT TEXT

ARTICLE I (a)

"Notwithstanding anything contained in this Agreement and without prejudice to the rights of CONTRACTING PARTIES in Article I, paragraphs 2, 3 and 4, CONTRACTING PARTIES may accord, with respect to all matters in this Agreement, preferential treatment to products originating in less-developed countries, with a view to promoting economic development and international trade of less-developed contracting parties. Such preferential treatment granted by any contracting party shall be applied automatically and unconditionally to like products originating in all other less-developed contracting parties, unless under special circumstances the CONTRACTING PARTIES give with a two-thirds majority to the contracting party granting the preference the right to deviate from this provision."

¹The Sub-Group consisted of the representatives of India, Jamaica, Nigeria, Pakistan and Uruguay (see LDC/M/6, paragraph 7).

5. In the discussion, some members of the Group observed that the draft Article, in its present form, tended to give, under special circumstances, the right to contracting parties to restrict the granting of preferences to one or some less-developed contracting parties. In their view, this proviso was tantamount not only to a discrimination between less-developed countries but also led to a kind of bilateralism as opposed to multilateralism which was the basic principle of the General Agreement. It was recalled that Ministers, at their last meeting in May 1963, agreed that preferences should be granted to all less-developed countries as a whole. It was stressed that the intention should be, that the proposed preferential arrangements should be applicable to all less-developed countries including those who were members of the General Agreement and it should be ensured that such preferential arrangements were directed to stimulate the infant economies of less-developed countries rather than specific industries. They, therefore, believed that the draft Article should not contain a proviso through which discrimination could be exercised within the group of less-developed countries.
6. Some members of the Group felt however, that due to different stages of economic development in less-developed countries, it was of vital importance to those less-developed countries whose economies were less-favourably placed in comparison with other less-developed countries that the right to grant preferences to one or some less-developed countries be given to contracting parties.
7. Several drafting changes were put forward with a view to bringing about a compromise between the two views on the draft Article, but the Group failed in its efforts to come up with a substantive agreement on the issue.
8. It was generally agreed that as the industrialized countries had not given, so far, an indication in clear and unambiguous terms concerning their intention of accepting the principle of granting preferences to less-developed countries, the deliberations of the Group were somewhat hindered.
9. The Group agreed that in the next meeting of the Working Group on Preferences, industrialized countries should be asked, in specific terms, if they were prepared, in principle, to grant preferences to all less-developed countries. Any questions concerning the scope of such preferences, their duration and rates, would be taken up only after the principle of granting preferences had been accepted by the industrialized countries.
10. The Group adjourned sine die.