

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MINUTES OF THE MEETING OF THE INFORMAL GROUP OF DEVELOPING COUNTRIES HELD ON 2 MAY 1968

Prepared by the Secretariat

1. A meeting of the informal group of developing countries in GATT was held on 2 May 1968, under the Chairmanship of H.E. Dr. José Antonio Encinas del Pando, Ambassador of Peru. Present were the representatives of Algeria, Argentina, Brazil, Chile, Cuba, Dominican Republic, Ghana, India, Indonesia, Israel, Jamaica, Korea, Nigeria, Pakistan, Peru, Spain, Trinidad and Tobago, Tunisia, Turkey, United Arab Republic, Uruguay and Yugoslavia.
2. Basing itself on a note by the Chairman in INT(68)53, the group held a preliminary exchange of views on the future work programme in GATT with respect to the trade problems of developing countries. It was recognized that the Second UNCTAD had not succeeded in resolving many important issues of paramount interest to developing countries as a whole. The group felt that it was important for developing countries to review the situation over the entire field and in particular to consider, in the light of the results from UNCTAD II and other developments, what programme of work could usefully be pursued in the GATT and how their participation in this organization could be made more effective and meaningful. In this context, attention was drawn to recent developments in the international trade and payments situation connected with the balance-of-payments difficulties of one major industrialized country and to the initiatives taken to deal with this situation. A reference was also made to the initiative taken in the GATT to examine the question of border tax adjustments and the possible need for an amendment of GATT provisions on the subject. It was suggested that developing countries might wish to consider how best to ensure that their interests were taken into account at an early stage of the formal or informal discussion of these highly complex matters in GATT. In addition, the developing countries should consider what specific initiatives might be pursued in GATT by way of a programme of work directed to deal with their special problems. In this connexion it was suggested that an analysis might be made of the Algiers Charter and of the decisions at UNCTAD II so that the elements that might be usefully taken up for action in the GATT might be identified. It was suggested that one or more informal working groups might be established to carry out this work and prepare proposals. It was also suggested that work should also continue on the programme adopted by the CONTRACTING PARTIES at their last session and that, in particular, efforts should be made to carry forward the work of the Trade Negotiations Committee of Developing Countries, having regard to any relevant conclusions and findings emerging from the discussions in New Delhi. It was further proposed that a meeting of the Committee on Trade and Development should be convened at a time when sufficient elements were present for a fruitful discussion on matters of interest to developing countries.

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3. With reference to recent press reports concerning negotiations which were being held among developed countries with a view to taking co-operative action to help one developed country out of its balance-of-payments difficulties it was noted by some members of the group that the contemplated action might take the form of accelerated implementation by some countries of the concessions agreed upon in the Kennedy Round, combined, if the Government of the United States so desired, with retardation by it of the tariff concessions scheduled for implementation on 1 January 1969. It was observed that whatever might be the outcome of these negotiations, the implementation of the concessions exchanged during the Kennedy Round was a matter of direct interest to developing as well as developed contracting parties alike. It was proposed that representation of developing countries at these negotiations be secured and the request originally made for accelerated implementation of concessions on products of interest to developing countries should be pursued.
4. In response to a request for background information on border tax adjustments, Mr. M.G. Mathur, Assistant Director-General, informed the group that the Chairman of the Working Party had indicated that the secretariat would compile information on the GATT discussions with respect to the existing provisions on border tax adjustments and in particular to the distinction that was said to exist between the treatment of direct and indirect taxes. Elaborate documentation was already available with respect to the relevant tax practices of the OECD countries; information on the existing practices of other governments in this field would also be compiled. On the basis of the information collected, discussion would be held on the effects of existing practices on international trade and on the question whether any amendment of the existing provisions of the General Agreement was called for having regard to the legislative history of these provisions. He assured the group that he would inform those responsible for compiling the information of the interest of the developing countries in having a clear picture of the existing practices as they affected exports of developing countries.
5. On the question of collaboration between GATT and UNCTAD some members expressed the view that this was a matter on which a decision could not be taken on a priori basis. With the passage of time, it would become clear where such a co-operation could be fruitful and where the two organizations should maintain their distinct individualities. It was pointed out, for example, that while UNCTAD would be working on a general scheme of preferences, action in GATT would be necessary before the scheme could be implemented.
6. It was suggested that a delegation, representing all shades of opinion in the group, should meet the new Director-General to discuss with him the concerns of developing countries in GATT and related operational and administrative questions.
7. The group decided to meet again on Wednesday, 15 May 1968, to resume the discussion initiated at the present meeting.