DRAFT REPORT

1. In accordance with its terms of reference, the Working Party considered whether a practical and satisfactory way could be devised for less-developed countries, which do not yet feel in a position to accept the obligations of the General Agreement, to participate in the work of the CONTRACTING PARTIES.

2. The representative of the United States, explaining the proposal which had been put forward by his Government at the twentieth session, said that the proposal was based on the assumptions, first, that there were a number of countries which, although represented by observers at sessions of the CONTRACTING PARTIES, felt inhibited from requesting opportunities to participate in discussions, and, secondly, that the reason why some countries did not seek accession to the GATT was that they were either not sufficiently conversant with the practical implications of accession and of the rights and obligations resulting therefrom or were not yet prepared to assume the obligations. His Government would propose an arrangement whereby less-developed countries, not at present contracting parties, could participate in the wide range of GATT activities of special interest to them but not directly concerned with the rights and obligations of the contracting parties. There might be included in the arrangement provisions for a contractual link to be established between these countries and the CONTRACTING PARTIES whereby they would undertake to co-operate in achieving the objectives of the General Agreement. Referring to a comment that the initiative should come from the less-developed countries themselves and that they should make known the problems which stood in the way of their accession, the representative of the United States said that his Government believed that there were less-developed countries which would welcome a closer association with the GATT, but would not take the initiative in proposing a revision of GATT procedures to make this possible.
3. Some members of the Working Party accepted as valid the assumptions on which the United States proposal was based and agreed with the United States that the initiative should be taken by the CONTRACTING PARTIES. If such an arrangement were offered to non-contracting parties there should be a clear distinction between their rights and those of contracting parties, and the arrangement should in no way interfere with the administration of the General Agreement. A number of suggestions were made concerning the form to be given to any possible arrangement. In the first place, the term "less-developed countries" should be carefully defined, or alternatively each application should be considered on its merits. A time-limit should be fixed, after which the country concerned should be expected to decide whether it wished to accede, or alternatively there should be a periodic review of the status of each participant. The view was expressed that the GATT would be more attractive to less-developed countries, if, in inviting them to take advantage of any proposed arrangement for their closer co-operation, they were offered greater assistance in formulating their commercial policies and general advice on their trade and development problems; this might require the establishment of a special division in the secretariat.

4. A number of members of the Working Party had doubts about the appropriateness of pursuing this proposal at this stage. They felt that, in the first instance, enquiries should be made as to the reasons why certain countries had not sought accession. They suggested that if lack of knowledge of the rights and obligations and of the facilities offered through participation in the work of the CONTRACTING PARTIES were responsible for their hesitation to accede, the proper course would be to take steps to see that they were better informed on these matters. Some representatives suggested that the procedures and requirements for accession might be eased so that the countries concerned would be encouraged to accede, and thus the creation of a "second-class citizenship" would be avoided. If an arrangement for participation were offered this might in practice discourage requests for accession as countries might be satisfied with their new status as participants. Some thought that less-developed countries which are already contracting parties might object to countries which had not acceded being offered facilities which had not been available to them. It was
also suggested that, in any case, it would be premature to offer a new form of participation until Committee III had completed its present programme of work and until after the ministerial meeting.

5. Some members of the Working Party felt that more information about the attitude of certain non-contracting parties should be obtained concerning a closer association with the GATT and about any difficulties or problems which prevent them from seeking full accession. Possibly some of them would be prepared to accede in the near future and the forthcoming round of trade and tariff negotiations should provide the opportunity. Therefore in drawing up arrangements for the negotiations the CONTRACTING PARTIES might provide an opportunity for less-developed countries which are not at present parties to the GATT to negotiate for their accession. If an invitation should be extended to these countries to participate in the conference with a view to accession under Article XXXIII, as had been done prior to the conferences at Annecy and Torquay, the Executive Secretary might be authorized to explore with those which did not accept that invitation their participation in the GATT under an arrangement such as that proposed by the United States.

6. In this connexion the Working Party examined a plan put forward by the United States delegation (Spec(63)^2), and agreed that any such arrangement for participation should be based on the following principles:

(a) the new participating country should accept the objectives set out in Article I (Revised);

(b) the new participating country should undertake to publish and make available to the secretariat full information on all relevant laws, regulations, customs duties, agreements, etc. as is required of contracting parties by paragraphs 1 and 2 of Article X;

(c) new participating countries should undertake to afford, to each other and to contracting parties, reasonable opportunities for consultations on their trade problems;
(d) the new participating country should be entitled to join in discussions of topics of special interest to it, in particular in the work of Committees II and III, but not in discussions relating to the application of the provisions of the General Agreement or the rights and obligations of contracting parties;

(e) new participating countries should be entitled to receive copies of all ordinary GATT documents;

(f) the arrangement should be for a limited period of years and should contain provision for a review at the end of that period to decide whether it should be continued, modified or terminated, it being understood that the principal objective of the arrangement was to lead to full accession under Article XXXIII.7

7. The Working Party agreed that the terms of such an arrangement, apart from the inclusion of these six principles, would be a matter for discussion, with each applicant country and that each arrangement would require the approval of two thirds of the contracting parties. The Executive Secretary should be requested to report on his inquiries and each case could then be examined by the CONTRACTING PARTIES or by the Council in the light of any statement the country concerned may have made about the problems or obstacles standing in the way of a request for early accession.