1. On 19 February 1968 the representatives of the Governments of India, the United Arab Republic and Yugoslavia addressed to the Director-General a communication on the subject of trade expansion and economic co-operation between the three countries. This has been reproduced in GATT documents L/2980 of 23 February 1968 and L/2980/Add.1 of 4 March 1968. I am sure that the representatives assembled here would have carefully studied the documentation referred to above.

2. After this communication was circulated, we have had the benefit of discussions with the Director-General of the GATT as well as with many representatives of the contracting parties who expressed special interest for the Agreement.

3. I believe that it would be useful if I put forward, on behalf of the delegations of the three countries, some major ideas of the Agreement, in particular its relation to the actions taken by the international economic community and to the efforts made within GATT on the line of expansion of economic co-operation among developing countries.

First of all, may I recall that when the GATT was originally drafted and later reviewed, the less-developed countries had touched on the subject of trade co-operation among themselves. But it took several years for the GATT to be seized of this enterprise. The ministerial meeting of May 1963 agreed to set up a working group to study the granting of preferences on selected products by less-developed countries to all other less-developed countries. Thereafter, a discussion in depth took place during the first UNCTAD in the middle of 1964. A recommendation on this subject was passed without dissent. It should be mentioned that in the ground rules for the Kennedy Round the developing countries were asked to make their contribution to its success by seeking ways and means of expanding their mutual trade.

4. It is well known that the GATT was anxious to help the less-developed contracting parties in trade creating efforts and to this end, introduced Part IV on trade and development. Article XXXVII/4 reads as follows:

"Less-developed contracting parties agree to take appropriate action in implementation of the provisions of Part IV for the benefit of the trade of other less-developed contracting parties, in so far as such action is consistent with their individual present and future development, financial and trade needs taking into account past trade developments as well as the trade interests of less-developed contracting parties as a whole."
5. Several discussions have taken place between the developing countries not only during the Kennedy Round but also in the Committee on Trade and Development. For example, the report of the Committee on Trade and Development which was adopted on 5 April 1966 (document L/2614) states:

"The Committee supports the unanimous conclusion reached by the Group that the establishment of preferences among less-developed countries, appropriately administered and subject to the necessary safeguards, can make an important contribution to the expansion of trade among these countries and to the attainment of the objectives of the General Agreement."

6. During the high-level meeting of the CONTRACTING PARTIES which in November 1967 reviewed its work throughout the last two decades, it was heartening to observe that

"the CONTRACTING PARTIES noted with satisfaction the initiative taken by the developing countries to explore, in the light of their obligations at regional and sub-regional levels and evolving international commercial policies, the possibilities of an exchange of tariff and trade concessions directed towards the expansion of their mutual trade."

7. Following this development concrete measures were envisaged by GATT in collaboration with UNCTAD through the setting up of the Trade Negotiations Committee of Developing Countries which began its examination of practical actions leading to promotion of trade among developing countries and already adopted its working plan for the trade negotiations.

8. During the current meetings of the Second UNCTAD which is being held in New Delhi, a separate working group has been in session. The developing countries, which have shown keen interest in this development, were indeed gratified when the developed countries "welcomed the intention of the developing countries to conclude arrangements among themselves aimed at promoting economic growth and expanding their mutual trade."

9. In the light of these developments and in view of the necessity to break new ground the Ministers of economy of India, Yugoslavia and the United Arab Republic met in December 1966. They agreed that practical steps should be taken to establish special tariff concessions within the framework of evolving international commercial policies. As a result of intensive work between the three Governments, the Agreement, which is placed before you, was evolved.

10. The Agreement embodies the results of a more intensive effort on their part to complete the negotiations which had been started a long time ago in the GATT. In fact, these negotiations were based on request lists which had been exchanged in the Kennedy Round of negotiations.
11. In subscribing to this Agreement the three countries have been motivated by the desire to take practical steps leading to more efficient utilization of their resources and to an expansion of mutually beneficial patterns of trade enabling them thus to contribute to the development of international trade. The primary purpose of the Agreement was to create possibilities for potential trade and the commodity lists have been drawn up in such a way that they do not affect the existing trade. Thus the Agreement is of a trade-creating and not of a trade-diversion nature.

12. When drafting the Agreement the three Governments were fully aware of their responsibility not only from the point of view of their economic interest, but also of the impact of such an agreement on international trade, in particular on the economic co-operation among less-developed countries. Consequently, from the very beginning the three parties kept in mind multilateral efforts of less-developed contracting parties towards this aim. In this respect, two provisions of the Agreement are of particular importance. Article IX provides that "the Agreement shall be open for accession by any developing country member of the group of '77".

Further, it is the intention of the three Governments to seek integration of the results of their efforts within a definitive arrangement among developing countries which might emerge as a consequence of the work on which most of us are engaged in both the GATT and UNCTAD forums. Article X of the Agreement contains specific provisions to that effect.

13. It is our view that the scheme as evolved is in pursuance of our obligations under Part IV of the General Agreement and is closely connected with the work of the Trade Negotiations Committee of the Developing Countries. The scheme is experimental in nature and the extent to which it would lead to expansion of trade among the three countries cannot now be predicted. Indeed, as has been pointed out in the communication which is reproduced in document L/2980, the three Governments firmly believe that the implementation of the Tripartite Agreement will not adversely affect the trade of any contracting party. As is customary in GATT, the Governments concerned have expressed their readiness to enter into consultation with any contracting party which experiences any practical difficulties.

14. May I on behalf of the three delegations express the hope that the methods and solutions incorporated in the Agreement will prove of interest and support to the CONTRACTING PARTIES as a pioneering though modest effort in finding solutions for the difficulties which the developing countries face in the expansion of trade among themselves and for the benefit of the international trade as a whole. We are at the disposal of contracting parties and would furnish any other information that may be required regarding the Agreement and, secondly, for discussing ways and means of widening and, if possible, deepening its scope.