DRAFT NOTE BY THE SECRETARIAT ON THE MEETING OF 11 OCTOBER 1966

1. The Sub-Committee met on 11 October 1966. In his introduction, the Chairman recalled that at its last meeting the Sub-Committee had discussed the five points among those of interest to less-developed countries which had been taken up again and highlighted in the Trade Negotiations Committee (TN.64/80 and TN.64/SR.13, paragraph 9). Delegations might wish to comment further on the five points to which reference had been made. To these might be added two further points. Firstly, the defence by less-developed countries against the possibility that offers of developed countries might be withdrawn on grounds of reciprocity. This was primarily a question relating to negotiations between developed countries, but the possibility that it might affect less-developed countries should not be overlooked. The second additional point related to the contribution of the less-developed countries themselves. This was not altogether unconnected with the other six points. The Ministers had made it clear that reciprocity was not expected of less-developed countries, but the twenty-eight countries following the special procedures for the participation of the less-developed countries had accepted an obligation to offer some contribution to the objectives of the trade negotiations. Thus far, ten of these countries had tabled statements which included offers of specific tariff action while a further ten had tabled more general statements. The remaining eight countries had not yet tabled statements of the contribution they might make although the terminal date had passed. Details were given in TN.64/73/Rev.3.

2. The Chairman also recalled that the Sub-Committee had agreed that a period of intensive bilateral negotiation was necessary before it would be in a position to consider what multilateral action it might take to achieve its objectives. At its
last meeting the Sub-Committee had also agreed that in the course of these bilateral negotiations the desiderata of less-developed participants would be clearly defined and given priorities and their specific requests, e.g. for the creation of ex-items, for reductions of more than 50 per cent, for early implementation of cuts, would be put on paper. At the present meeting the Sub-Committee would review progress in the bilateral negotiations and would see what action it might take to accelerate and organize these negotiations.

3. The Chairman also recalled that the delegation of India had raised certain technical problems concerning the creation of new sub-headings in the tariffs of developed participants. The secretariat had circulated a note on this subject (TN.64/W/8) setting out the points which India wished to make and inviting less-developed countries to send in specific suggestions where they thought that new ex-items should be created. The secretariat was willing to give assistance on problems of a technical nature. Some suggestions had been received and work had already started on these.

4. The representative of the United Arab Republic said that the aim of the Sub-Committee should be the creation of conditions which would enable the less-developed countries to safeguard their interests during the remaining stages of the negotiations. Up to the present the less-developed countries had not obtained satisfaction. It appeared that the developed countries were primarily interested in negotiating amongst themselves; they should, however, accord high priority to solving the problems of the less-developed countries. He urged developed countries having submitted exceptions lists to remove from these lists products of actual or potential interest to less-developed countries, and requested developed countries which had not tabled linear offers without any exceptions not to include such items in their lists of withdrawals. The requests which less-developed countries had made for tariff reductions of more than 50 per cent should also be granted since most products of export interest to these countries did not compete with goods produced in developed countries. The granting of the requests that had been made would enable less-developed countries to
increase their export earnings and to implement their development plans. He concluded by proposing that the secretariat should co-ordinate the bilateral negotiations as it was doing in another field at the request of the Cotton Textiles Committee.

5. The representative of India said that the note TN.64/W/8 to which the Chairman had referred suggested a technique for the solution of some of the problems facing less-developed participants. He drew attention to the suggestion of his delegation in paragraph 4 of the paper that the new ex-items be created well before the end of the Kennedy Round and to paragraphs 5 and 6 of the paper in which products were specified. He said that in some of its bilateral meetings his delegation had had the impression that developed countries felt that one should wait for the results of the study of the Customs Co-operation Council. It was not necessary to wait; the study of the Customs Co-operation Council was proceeding along somewhat different lines and they were not working to a time-table. He welcomed the fact that the secretariat had started work on the more specific suggestions which had been received. He suggested that in the case of handmade and handicraft products a small group similar to the groups set up in other areas of the negotiations be established.

6. Referring to the seven points before the Sub-Committee, he said that his delegation would table a specific offer as soon as its assessment of the likely benefits it would receive in the negotiations was completed. He recalled that at the last meeting of the Sub-Committee he had proposed that at least the items of which less-developed countries were the principal suppliers should be removed from the exceptions lists. The scope of this proposal should be extended and duty-free treatment implemented on all such items in advance of the conclusion of the negotiations. He concluded by saying that little response to the specific requests it had made had been received by his delegation and by urging that some method of giving priority to the needs of the less-developed countries should be evolved.

7. The representative of Chile asked whether developed countries could give the less-developed countries an idea of the impact that withdrawals might have on products of interest to them or whether information would not be available
until the final phase of the negotiations started in December. It appeared to him that, apart from tropical products and some other products of relatively lesser importance, all products of interest to less-developed countries were vulnerable. He also referred to the question of the advance implementation of tariff cuts on products of special interest to less-developed countries and enquired whether this would be legally possible for all developed participants.

8. The representative of Yugoslavia said that his delegation would be having bilateral meetings with its developed trading partners. He supported the suggestions of previous speakers and welcomed the secretariat's offer of assistance on problems arising in the course of bilateral negotiations.

9. The representative of the European Economic Community said that since the last meeting of the Sub-Committee they had had a period of only three to four weeks in which they could arrange bilateral meetings. His delegation had met some less-developed countries several times but could not yet give precise indications on the requests that had been made, nor a date by which this would be possible. This did not mean that he was not optimistic. He suggested that, in the nature of things, it was difficult to set a time-table in advance for the completion of the bilateral phase and that the next meeting of the Sub-Committee should be fixed by the Chairman in consultation with delegations.

10. Commenting on the suggestion of the delegation of India in TN.64/W/8, he said that the technical difficulties involved should not be underrated. His delegation would, however, have no objection to discussing handmade and handicraft products in a group as proposed nor to considering specific requests for the creation of new ex-items. Referring to the statement of the representative of Chile he agreed that it was difficult to envisage at this stage the impact of possible withdrawals. It was also difficult to envisage any automatic procedure to deal with this question. If his delegation were forced to propose withdrawals it would take into account the requests that had been made
to it and the interests of less-developed countries. On the subject of the accelerated implementation of tariff reductions of interest to less-developed countries, he said that while it was difficult to foresee the adoption of a general rule, there would certainly be cases in which the Community would, in practice, be able to implement cuts on particular products of interest to less-developed countries more quickly if not immediately.

11. The representative of Brazil supported the statements made by previous speakers from less-developed countries and said that the present stage of the negotiations was a disappointing one for his delegation. They had indicated their contribution to the objectives of the negotiations - the measures which they had taken in the non-tariff field had already resulted in a substantial liberalization of imports - but they might not be able to maintain this contribution if the negotiations were not brought to a successful conclusion. He said that his delegation was being invited to shorten its list of requests. This was not possible since it contained only Committee III items plus a limited number of other items of special interest to his country. Some streamlining might, however, be required. More precision was required on possible withdrawals and on possible supplementary offers on tropical products. There was much uncertainty in the negotiations and while this was so it was difficult to know how to proceed.

12. The representative of Peru requested the developed countries to take into account the requests made by his delegation for advanced implementation of the full 50 per cent reduction of products of interest to it. The less-developed countries would, however, be in the dark about the likely outcome of the negotiations until December.

13. The representative of Pakistan, referring to suggestions made that more precision should be given to the lists of products of special interest to less-developed countries, said that the list submitted by his delegation
consisted of about twelve products only. Even some products of interest to his country, which had been included on the Committee III lists, had been omitted from this list. If this list appeared imprecise his delegation was prepared to supply further information on request. The document prepared by the secretariat listing products of which less-developed countries are principal or substantial suppliers to the principal industrialized countries should also assist developed participants to take action on requests which had been made. His delegation had, however, not received any response to requests it had made in bilateral negotiations. Referring to the proposed group on handmade and handicraft products, he said that if such a group were established, his delegation would wish to participate. On the contribution of his delegation to the objectives of the negotiations he said that the changes made recently in the import policy of his country represented an impressive contribution. The statement tabled by his Government also invited requests from other participants. None had yet been received. His delegation therefore assumed that its contribution was regarded as satisfactory. His delegation would also be making a contribution to the objectives of the negotiations in the negotiations between the less-developed countries.

14. The representative of the United Kingdom recalled the importance for less-developed countries of the offer which his delegation already had on the table. His delegation had met with all except two of the countries participating under the procedures for the less-developed countries and had explained its offer to them. It had not yet received any requests for the creation of new ex-items, a technique which he had suggested as a possibility at the last meeting of the Sub-Committee. Referring to the proposals of the Indian delegation, he therefore welcomed the suggestion that specific suggestions for the creation of new ex-items should be made. His delegation would be willing to join in the work of refining these suggestions.

15. With regard to the position of the less-developed countries when the bargaining started, he said that all participants were to some extent in the dark. Calculations had to be made and a procedure worked out to govern the
tabling of possible withdrawals. Developed countries should undertake formally to take into account the interests of less-developed countries when making up their lists of withdrawals. It was essential however that developed countries were informed of the priorities of the less-developed countries before the start of the bargaining stage in about a month's time. He said in conclusion that no legal obstacle stood in the way of the more rapid implementation by his Government of tariff cuts on products of special interest to less-developed countries. His delegation would have to re-examine this question when the shape of the final package became clearer.

16. The representative of the United States said that his delegation had continued its bilateral talks in the period since the last meeting. They had made it clear that they had, to the maximum extent possible, eliminated from their exceptions list products of special interest to the less-developed countries. They had explained their offer in detail and invited requests. His delegation had also tabled a number of offers to eliminate completely the duty on products of special interest to less-developed countries where they had legal authority to do so. The offers were contingent on other developed countries doing likewise.

17. The representative of India said that the technique suggested in TN.64/W/8 should be tried in the case of a few products. If there were technical problems, his Government was willing to establish a certification system for exports. He said that only one major participant had legislative restrictions on its freedom to grant reductions of more than 50 per cent on items of special interest to less-developed countries and invited the comments of developed countries on this. On the subject of withdrawals, he said that the Sub-Committee should express the hope that the position of the less-developed countries would not become worse than it was at present as a result of these.

18. The representative of the European Economic Community said that it was difficult to visualize the possibility of adopting automatic rules on these points or for any participants to foresee the details of the results of the negotiations.
19. The representative of the United States said that his delegation would consider any specific requests submitted in accordance with the suggestion in the last paragraph of TN.64/W/8. The question of withdrawals was becoming extremely important. His delegation hoped that improvements would be made in initial offers but some withdrawals would be inevitable - he assumed that the linear participants which had not tabled exceptions lists would be presenting lists of withdrawals. His delegation would not withdraw a product of interest to less-developed countries lightly but might be obliged to do so because no effort had been made by the less-developed country concerned. It was agreed that reciprocity would not be required of these countries but his delegation felt that some contribution was necessary so that it could justify the concessions it was itself making. Delay in this respect was now no longer possible.

20. The representative of Japan said that the suggestion on the restructuring of tariffs raised complex technicalities and his delegation would prefer to wait for the study of the Customs Co-operation Council before action was contemplated. His delegation was, however, in view of the importance attached to this question by less-developed countries prepared to examine any specific requests for the creation of new ex-items. He said that it was practically impossible that withdrawals would have no impact upon less-developed countries but that his delegation give serious consideration to the interests of these countries when considering this matter. No legal obstacles prevented his Government from implementing tariff reductions on products of interest to less-developed countries without the staging provided in the general rule but the possibility of doing this would have to be examined product by product. His delegation was disappointed at the lack of concrete offers from less-developed participants and had made specific suggestions as to what contribution these countries might make in their own interest. His delegation would be returning to this question in their bilateral meetings and considered that these meetings constituted the best means of achieving the aims of the less-developed countries.
21. The Chairman said that it appeared that too short a time had elapsed since the summer break for the Sub-Committee to consider what multilateral action it might take. But it was not too early to see whether the negotiations in this area were proceeding along the right lines. One delegation had said that no time-limit should be laid down for the completion of the bilateral talks but all participants were aware of the overall time-table for the negotiations which had been discussed in the Trade Negotiations Committee. Some delegations had expressed disappointment at the lack of clarity which existed in the negotiations. In one respect there was a considerable amount of clarity, since all offers had for some time been on the table. Clarity was lacking on possible additional offers and possible withdrawals. It was in the nature of things that such clarity could not exist during the negotiations. Clarity would, however, inevitably be obtained in a few months time at the end of the negotiations. The aim at the present stage should not be to obtain clarity for its own sake but to create conditions in which the negotiations could be brought to a successful conclusion.

22. On the proposal of the Chairman the Sub-Committee agreed that, given the very large number of bilateral meetings which had to be held within a relatively short period of time, the secretariat should assist delegations in setting up a schedule of negotiations and that both less-developed and developed participants should accordingly inform the secretariat of meetings they wished to hold.

23. It was also agreed that the Chairman should hold discussions with the delegations principally concerned to examine informally problems connected with the negotiations on handmade and handicraft products.

24. It was recalled that during the last meeting of the Sub-Committee there was agreement that during the bilateral negotiations the desiderata of less-developed countries should be clearly defined and given priorities, and specific requests (e.g. for the creation of ex-items, for reduction on specific
items of more than 50 per cent, for the early implementation of tariff cuts) be put on paper so that they could be presented in time to the decision-making bodies. It was agreed that lists of specific requests by less-developed to developed participants should be transmitted to the secretariat so that they could form a basis for possible multilateral action and so that the secretariat would be in a position to supply assistance of a technical nature. Requests made by developed to less-developed countries should also be transmitted to the secretariat. Any additional offers of the contribution that less-developed countries would make to the objectives of the negotiations including details of specific offers supplementing general statements of contribution already tabled, would also be transmitted to the secretariat for distribution in the normal way.

25. Finally the Sub-Committee agreed that the Chairman should programme its future meetings in the light of the information at the disposal of the secretariat and in consultation with delegations.