

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

LDC/M/9
5 March 1964

Special Distribution

MINUTES OF THE MEETING OF A GROUP OF LESS-DEVELOPED COUNTRIES
ON 24 FEBRUARY 1964

Prepared by the Secretariat

1. The ninth of the regular weekly meetings of a group of less-developed countries took place on 24 February 1964 under the chairmanship of H.E. Mr. E. Letts, Ambassador of Peru.
2. The meeting was attended by the representatives of Argentina, the Central African Republic, Ceylon, India, Israel, Madagascar, Malaysia, Nigeria, Peru, Spain, Tanganyika, Trinidad and Tobago, the United Arab Republic and Yugoslavia.
3. Mr. B.N. Swarup (India), the Chairman of the small drafting group¹, which had been set up with a view to preparing the new version of the "Model Chapter on Trade and Development", on the basis of the proposals contained in document L/2147, reported to the main Group on the progress made in this regard. In reporting, the Chairman explained that the group considered it useful to have a new preamble to the Chapter. In its work, the drafting group felt that, if necessary, the discussion could be based on the United States submission, the only one coming from a developed country, it being understood that all the suggestions which had been made by less-developed countries would be incorporated in the new draft. The drafting group was still considering whether it would be preferable to incorporate in the preamble a definition of what constituted a less-developed country or whether a general reference would be sufficient. Further, the group was also considering whether such points and principal considerations as the fixation of remunerative prices for exports of less-developed countries should be taken up in the preamble. While these questions remained to be solved, the drafting group expected to be soon in a position to submit to the main Group an agreed text of the new preamble which would, of course, also take into account the Brazilian proposal, considering that the Brazilian delegation had not been able to attend the meeting of the drafting group.

¹The group consisted of Chile, India, Israel, Nigeria, Spain, Trinidad and Tobago and the United Arab Republic.

4. After having heard the report of the chairman of the drafting group, the Group addressed itself to the question of policies to be followed by less-developed countries at the twenty-first session of the CONTRACTING PARTIES, which, it was generally recognized, was of special importance since it offered a major opportunity to the less-developed countries to present their views and, it was hoped, to obtain concrete results before the opening of the Kennedy Round and the United Nations World Trade Conference. Less-developed countries should therefore try to get as much done as possible in this session. Concerted efforts to define clearly objectives of less-developed countries without getting lost in too many details were therefore required at this stage. Unless this was done and serious attempts made to obtain the maximum possible co-operation of developed countries in solving trading problems of less-developed countries, there was the danger that problems of less-developed countries might be kept by developed countries merely in a stage of discussion. Should this happen, most of the less-developed countries might conclude that the possibilities of GATT in relation to the problems of less-developed countries were limited. It would be unfortunate to have to adopt this view until it became quite clear that less-developed countries were unable to persuade developed countries to exercise their political will and determination which were necessary for the rules of the General Agreement to be adapted according to the requirements of all the contracting parties, particularly of those which were in the early stages of development. With this in mind, it was suggested that, after having reached agreement between less-developed countries on the question of timing and the policies to be followed, small working groups should be established like the one for drafting the new "Model Chapter on Trade and Development" with a view to giving precision to the common objectives and formulating practical policies for their realization.

5. As regards discussion in the CONTRACTING PARTIES of the subjects falling under item 23 - Trade of less-developed countries - in Part B of the provisional agenda (L/2124), agreement had been reached in the Council that the discussion was to be based on the reports of the committees listed from (a) to (e) under that item. It was, therefore, of vital importance that these committees should make positive and meaningful reports before the questions were taken up. It was recognized that because of time pressures it might not be possible for all the committees and sub-committees to meet before Part B of the agenda came up for discussion. It was, however, suggested that an effort should be made to ensure that all the committees listed under item 23 of the agenda submitted their reports by 10 March. A determined attempt should be made to achieve the greatest common measures of agreement on every item. As a minimum, the reports should clearly set out all points of agreement and broad conclusions based thereon which should be brought to the attention of the CONTRACTING PARTIES. In the event of developed countries not being able to subscribe to changes in the General Agreement and evolve solutions to the problems of less-developed countries, the latter might be compelled to propose a resolution re-affirming the Ministerial Conclusions and at the same time, while expressing disappointment at the slow progress of their implementation, suggest ways and means as to how the implementation should be expedited over the next six months, and to set out a working procedure to enable GATT to take decisions on the renovation of the structure of the General Agreement.

6. Assuming that at the present time it might be difficult to make progress over a wider front, the less-developed countries might wish to concentrate on achieving positive results in respect of the following points:

- (i) an "enabling clause" should be drawn up in regard to preferences for less-developed countries;
- (ii) amendment of the General Agreement during the present session in relation to the problems of less-developed countries;
- (iii) adoption of appropriate policies and measures to ensure the maximum benefits to the less-developed countries from the Kennedy Round;
- (iv) agreement to be reached by all less-developed countries on the need of the removal of internal taxes on tropical products;
- (v) adoption of the "second round" under the Action Programme, including the proposal by India for duty-free entry of hand-made products;
- (vi) establishment of the Trade Information Centre.

7. The Group established a small group consisting of the representatives of Brazil, India, Israel, Madagascar, Nigeria, and Trinidad and Tobago, to discuss the principles to be applied to the exchange of preferences and submit its finding to the main Group. The small group on preferences held its meeting on the morning of 25 February 1964. Discussion at the meeting focussed on the conditions and criteria for the granting of preferences. Specifically, the group considered whether it would be desirable to see a distinction being made in the granting of preferences between countries at different stages of development or between countries in different regions, or to ask for the granting of preferences on a universal basis.

8. The representative of Brazil drew attention to the conclusions concerning exports of manufactured and semi-manufactured goods, adopted at the meeting of Latin-American Government Experts on Commercial Policy, held at Brasilia from 20-26 January 1964. These conclusions are reproduced in the Annex.

ANNEX

CONCLUSIONS CONCERNING EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURES, ADOPTED BY THE MEETING OF LATIN AMERICAN GOVERNMENT EXPERTS ON COMMERCIAL POLICY, HELD AT BRASILIA, 20-26 JANUARY 1964

1. The developed countries should grant preferential treatment, without requiring reciprocity, to imports of manufactures and semi-manufactures from the developing countries. Such preferences should be granted by all the developed countries vis-à-vis all the developing countries, in accordance with the following criteria:

(a) Finished manufactures

- (i) The industrialized countries should grant immediate access free of customs duties and other charges with equivalent effect to imports of all finished manufactures from developing countries, on the share of such imports which represents, in the case of each product, not more than 5 per cent of internal consumption in the importing country concerned. Furthermore, any industrialized country may grant a similar preference on imports over and above this limit, without extending it to other industrialized countries but must apply it to imports from all developing countries.
- (ii) The limits for duty-free importation, as referred to in (i) above, would not include imports from developing countries under preferences established in the past, without prejudice to the provisions of paragraph 4 below.
- (iii) Imports from developing countries which exceed the limits indicated in (i) above would be subject to the applicable duties and, where appropriate, to the provisions of the most-favoured-nation clause.

(b) Semi-manufactures

The developed countries should gradually reduce, so as to eliminate them within the period provided under the development decade, customs duties on imports of semi-manufactures from developing countries. This process of liberalization should commence before 31 December 1965.

2. In applying the foregoing conclusions the developed countries must consider the requisite measures for adjusting their production structure in order to stimulate larger purchases of semi-manufactures or manufactures from the developing countries, thus co-ordinating trade in manufactures with those countries.
3. In order that the benefits deriving from the preferences referred to in point 1 above may effectively accrue to the relatively less-developed countries among the developing countries taken together, it will be necessary to supplement those preferences by the following measures:

- (i) Special programmes should be drawn up for technical assistance and international financing, to enable the countries concerned to avail themselves fully of the preferential treatment granted and to develop real industrial export flows towards the developed countries.

In the case of those developing countries which are engaged in a process of economic integration, such supplementary programmes should preferably be channelled through the regional institutions already established.

- (ii) The appropriate organs of the world trade organization which results from the Conference should periodically assess the extent to which such preferences are benefiting the less-developed countries in general, and suggest any appropriate additional measures which may be necessary in order to extend such benefits to countries which, because of their relatively lesser stage of development, have not succeeded in making sufficient use of the possibilities offered by such preferential treatment.

4. The preferences granted to some under-developed countries by some developed countries should be eliminated immediately wherever they have not resulted in trade flows. Where such trade flows have already been established, the developed countries should limit application of the preference to the volume of trade already attained in recent years, and should nevertheless gradually diminish the preference so as to eliminate it.