

RESTRICTED

LDC/M/106

11 October 1972

Special Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

MINUTES OF THE MEETING OF THE INFORMAL GROUP OF DEVELOPING COUNTRIES HELD ON 14 SEPTEMBER 1972

Prepared by the Secretariat

1. A meeting of the Informal Group of Developing Countries in GATT was held on 14 September 1972 under the chairmanship of Mr. Peter S. Lai, Permanent Representative of Malaysia. The meeting was attended by the representatives of Algeria, Argentina, Brazil, Ceylon, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, Gabon, Guatemala, Honduras, India, Israel, Jamaica, Korea, Malaysia, Mexico, Pakistan, Peru, the Philippines, Romania, Spain, Thailand, Turkey, Uruguay, Venezuela, Yugoslavia and Zaire.

2. The Chairman recalled that the Director-General had addressed a letter to non-GATT developing countries asking them if they would wish to be associated with work in GATT relating to the preparations for the trade negotiations (L/3718). In response to this invitation, the delegations of some fifteen countries had so far indicated an interest to participate actively in the preparatory work. The Chairman welcomed the presence of several of these delegations in the Informal Group. It had always been the wish of the Informal Group to enable non-GATT developing countries to participate in the Group's deliberations relating to the preparatory work for the negotiations. As the Chairman of the Group, he was happy to see them take part in the discussion of this subject at the present meeting.

Techniques and modalities for the trade negotiations

3. The Chairman said that, at the request of developing countries, a note containing a preliminary examination by the secretariat of implications for developing countries of various suggested techniques and modalities had been circulated to the Committee on Trade in Industrial Products (COM.IND/W/85) in July 1972. The Committee would revert to this matter at its next meeting scheduled in October. Certain suggestions in regard to objectives for the negotiations put forward by developing countries at the July meeting were set out in Annex I of the report of the Committee (COM.IND/W/87). A similar note (COM.AG/W/86) covering negotiations in the agricultural sector had also been circulated and would be examined by the Agriculture Committee at its September meeting. A note for discussion of possible techniques and modalities in regard to tropical products had been requested and would be available to the Special Group on Trade in Tropical Products at its October meeting.

4. Most members expressed appreciation of the secretariat note COM.AG/W/86. As their preliminary reaction several members observed however, that it dealt with the issues in the abstract only. At an appropriate point of time the techniques and

modalities would have to be analyzed in relation to their possible implications for specific products of export interest to developing countries. It would be helpful if the secretariat would assist developing countries in the identification of such products, both of present and of potential export interest to them, in collecting data on the trade barriers affecting those products and in the working out of possible techniques to be employed in the negotiations with a view to achieving improved access for these items in the markets of developed countries.

5. A member suggested that in the negotiations, special attention should be paid to the following aspects: (i) developing countries should be exempted from the obligation of eliminating or reducing export aids; (ii) elimination or reduction of tariffs applied by developed countries on products mainly originating in developing countries; (iii) all products subject to a less than 10 per cent duty in developed countries should be fully exempted when imported from developing countries; (iv) it would be important that due account be given to the "price aspect" especially with regard to agricultural products in the sense of ensuring equitable and stable prices for commodities exported by developing countries, and (v) industries in developed countries producing "like products" to those exported by developing countries should not be given protection through tariffs or quantitative restrictions but they might, where considered necessary, be assisted by a subsidy perhaps to be drawn from an international fund established through contributions from developed countries.

6. Speaking at the request of the Chairman, Mr. J.M. Lucq, Director, Agriculture Division, explained that the secretariat note was based on material so far collected by the Agriculture Committee and its Working Group. An attempt had been made to show, in a preliminary way, what implications the suggested techniques and modalities were likely to have on the interests of developing countries. It had, at this stage of the preparatory work, not been possible to provide an exhaustive listing of all the different techniques and modalities that might be evolved. Further techniques could be added to the listing in the light of more information on the exact nature of the problems facing the exports of developing countries. A detailed examination of each conceivable negotiating technique, even for only the principal export items of all developing countries, could require scrutiny of several thousand cases. The diversity of the market interests and export potential was in fact such that one was led to the conclusion that it would only be the developing countries themselves that could determine by what techniques and modalities their specific interests could best be pursued. As regards the question of pilot studies - such as had been suggested - the matter of carrying them out would in all likelihood necessitate further orientation to be given by the CONTRACTING PARTIES.

7. Mr. M.G. Mathur, Assistant Director-General, commenting on a number of points raised in relation to the secretariat note, explained that, given the fact that in the Agriculture Committee itself the discussion of the possible implications of the different techniques had not so far been directed to establishing with respect to a given product what results were likely to be obtained if one technique rather than another one was to be adopted, all that the secretariat paper could attempt

at this stage was to set out in a fairly general fashion the possible approaches for dealing with the different restrictive measures in the negotiations on agricultural products, for instance those affecting exports, imports, production and certain other measures such as sanitary regulations. This, however, did not mean that at a later stage of the work and possibly on the basis of a somewhat different mandate, it might not be possible to take up the questions also in relation to individual products. The secretariat would, no doubt, reflect on the points put forward in this regard and would do its best to see in what way developing countries might be helped to examine how different approaches may be related to products in which they had interest. He recalled in this connexion that the secretariat was already in the process of compiling tabulations for individual developing countries which would give for all of the items of significant export interest to them the relevant trade data and information on the tariff and non-tariff barriers affecting these items in the markets of developed countries.

Working Party on Accessions to the European Communities

8. The Chairman said that the Working Party had met on five occasions to discuss the arrangements for examining the Treaty of Accession pursuant to Article XXIV as well as the negotiations to be conducted pursuant to paragraph 6 of that Article, and to discuss the type of documentation to be provided by the enlarged Communities. At its meeting in July several members of the Working Party had expressed the view that the information offered by the Communities was not such as to permit a meaningful examination under Article XXIV and urged the enlarged Communities to reconsider their position in this regard (Spec(72)85). Representatives of developing countries, members of the Working Party, had shown particular interest in obtaining full information on preferential duties, including the Commonwealth Preferences and the Generalized System of Preferences. They had further stated that they would need technical assistance by the secretariat in collecting relevant information, such assistance having previously been recommended by the Group of Three and endorsed by the Committee on Trade and Development.

9. A member of the Group recalled that at the last meeting of the Working Party, developing countries had specifically requested information on preferential duties including the existing Commonwealth Preferences and the Generalized System of Preferences. Several members emphasized that unless full information was provided in regard to these arrangements and how they would be modified, it would be difficult to make an assessment of the implications of the enlargement of the EEC on the trade of developing countries. The hope was expressed that the secretariat would lend its technical assistance in the assembly of such data.

Working Party on Acceptance of the Anti-Dumping Code

10. The representative of India recalled that when the Anti-Dumping Code was being drawn up during the Kennedy Round, developing countries had expressed some reservation because (i) the provisions of Part IV had not been fully taken into account, and (ii) no agreed interpretation of the term "normal value" had been worked out. He added that recent informal discussions with developed countries

seemed to suggest that if a compromise formula could be worked out, it might be possible to have an agreed interpretation put into the Code which would take care of the special problems of developing countries. He proposed the following text and expressed the hope that developing countries would lend their support to the proposal:

"The application of Article 2(a) would not be appropriate in the case of exports from developing countries as the sales in domestic markets of such exporting countries do not permit proper comparison for the purpose of that Article. For the purpose of price comparison in such cases it would be therefore appropriate to use 'particular market situation' provisions of Article 2(d), and determine normal value on the basis of comparable price of the product when exported to any third country market."

11. While some members supported the Indian proposal, others said that they had to refer it to their governments. In order that governments may have sufficient time for reflection, these members preferred that the matter should not be pressed for an early decision.

Textiles

12. The Group noted the view of a member that the draft chapters relating to production, consumption and trade in textiles, recently circulated by the secretariat, tended to suggest that developing countries were faring well which, in his opinion, was not the case.