

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## MINUTES OF THE MEETING OF THE INFORMAL GROUP OF DEVELOPING COUNTRIES HELD ON 12 MARCH 1971

Prepared by the Secretariat

1. A meeting of the Informal Group of Developing Countries in GATT was held on 12 March 1971 under the chairmanship of H.E. Mr. C.H. Archibald, Ambassador of Trinidad and Tobago. The meeting was attended by the representatives of Argentina, Brazil, Ceylon, Chile, Cuba, Ghana, Greece, India, Indonesia, Israel, Ivory Coast, Jamaica, Malaysia, Pakistan, Spain, Trinidad and Tobago, Turkey, United Arab Republic and Yugoslavia.
2. The Group had before it the text of a waiver drafted by the donor countries and by which the CONTRACTING PARTIES would authorize the granting of preferences by developed countries. The Chairman said that the text had been given to him by a spokesman for the donor countries with the request that it be made available to developing countries. In his capacity as Chairman of the Informal Group he had agreed to meet with the spokesman for the donor countries on Monday, 15 March, in order to make known the preliminary reactions of developing countries to the draft. He was advised that the donor countries wished to have a first informal discussion on the text with all interested developing countries in the very near future. The Chairman added that, while it was for the donor countries to decide on the kind of request they would make to the CONTRACTING PARTIES, developing countries may wish to ensure that the proposed waiver also reflected their views and understandings with respect to the generalized system of preferences.
3. In reply to a question as to whether the governments of the donor countries had already completed the necessary legislative procedures to permit implementation of the system of preferences, the Chairman said that it was his understanding that this process had not been completed and that in some countries it might not be possible to initiate the relevant legislation until a decision on preferences had been formally taken in the GATT. He understood further that it was the hope of the donor countries that the process of arranging for the necessary legal cover in GATT would be carried out in as simple and expeditious manner as possible.
4. Members of the Group gave their personal and preliminary reactions to the draft. They said that the draft was a useful one and that their respective official positions on it would be given when the text had been studied in their capitals.
5. Some members noted that the donor countries had tabled their request for legal cover in the form of a waiver which would be granted under the provisions of Article XXV. They felt that this Article was not adequate to deal with such an

important matter as the granting of preferences and would have preferred an approach along the lines of the declaration which had been proposed originally by the secretariat in document Spec(70)6 dated 5 February 1970. They felt particular concern on this point because of the implications any action taken might have on other questions which might be brought before the CONTRACTING PARTIES. They felt that a waiver approach was more appropriate to permit action which was not in conformity with the provisions of the General Agreement. In their view, the granting of preferences in favour of developing countries was already provided for under Part IV of the GATT and there was therefore no need to have recourse to a waiver procedure. They would however not insist on dealing with the matter under Part IV since an important donor country had not yet accepted this Part. However they felt that the adoption of a declaration on preferences was the next best solution. Some other members said that they were originally in favour of a declaration but since the donor countries had now tabled their request in the form of a waiver they would be willing to go along since the important consideration was that the generalized system of preferences should be implemented as quickly as possible.

6. Some members felt that the Informal Group should not embark on a discussion of issues which were not resolved in the UNCTAD but should confine itself to a discussion of the legal action which would be required in the GATT to authorize the implementation of the preferential system. Some members felt that in order to avoid involvement in such issues in discussions with developed countries, the developing countries should first work out a common position of the draft text before engaging in talks with the donor countries.

7. In response to a request for clarification on the position of certain developed countries on the problem of reverse preferences the Chairman said that he had been informed by the United States and Swiss delegations that in their view the proposed draft did not relieve beneficiaries of the obligations a few of them had under Article II:1(c) of the General Agreement to accord reverse preferences. The two delegations had therefore expressed the wish to discuss the matter with developing countries before a final text of a waiver was drawn up for approval. The Chairman said that he was also advised that it was the view of the United Kingdom delegation that Article XXVIII provided adequate procedures to cover this point. The Chairman further explained that his understanding of the views of the United States and Swiss delegations to which he had referred did not mean that the two countries had taken a final decision on the matter. Some members recalled the position they had taken in the UNCTAD, that the question of reverse preferences should be settled between the developed countries.

8. Certain members referred to the agreement which was recorded in the Charter of Algiers that developing countries benefiting from existing preferences should not be penalized. They reiterated the hope that the anxieties of such countries would not be forgotten.

9. On the text of the draft waiver itself, some members felt that the text should reflect more closely the understandings reached in the UNCTAD and that the preambular section should contain a more explicit reference to the rôle played by UNCTAD on

preferences. It was also felt that the preambular section should contain a specific reference to Part IV of the General Agreement. Some members observed that the fifth preambular paragraph stated that the preferential arrangements did not constitute binding commitments. They recalled in this connexion that in the agreed Conclusions of the Special Committee on Preferences a similar statement was recorded in those Conclusions as being only the views of developed countries. The inclusion of this statement in the draft waiver as being a general view went beyond the position recorded in the UNCTAD. These members felt that the agreement to grant preferences was a binding international commitment to contribute to the trade and development of developing countries.

10. Some members were unsure as to what was meant by the term "most developed Contracting Parties", used in the third preambular paragraph. With respect to the question of duration of the waiver which was referred to in the beginning of operative paragraph (a) of the draft, it was generally felt the word "initial" should be inserted so as to conform more closely to the words used in Point VI of the agreed Conclusions of the Special Committee on Preferences (TD/B/3/329). Some members in stressing the need for UNCTAD and GATT to avoid duplication in reviewing the operation or functioning of the generalized system of preferences felt that operative paragraph (b) needed some improvement in this regard.

11. Some members felt that the relationship between the various consultations provided for in (d) of the draft waiver and those in II(ii) and III(ii) of the agreed Conclusions of the Special Committee on Preferences should be looked into.

12. It was generally felt that the ideas expressed in (a)(i), (d) and (e) were unclear, since it was obvious that, if preferences were granted, the trade interests of at least some developed countries would be affected. They also felt that some explanation should be given as to what was meant by the term "impaired unduly". Some members stressed that in discussing the text with the developed countries attention should be drawn to the need to avoid discrimination among developing countries.

13. There was general agreement in the Group that while every effort should be made to avoid delays and to ensure that the CONTRACTING PARTIES would be in a position to take the necessary action as soon as possible, the text proposed by the donor countries should be most carefully studied by developing countries.

14. It was agreed that the Group would meet again on Friday, 19 March, to continue discussions on the text in the light of instructions which might be received from capitals.