GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

LDC/M/94
14 April 1971

Special Distribution

MINUTES OF THE MEETING OF THE INFORMAL GROUP OF DEVELOPING COUNTRIES HELD ON 19 MARCH 1971

Prepared by the Secretariat

1. A meeting of the Informal Group of Developing Countries in GATT was held on 19 March 1971 under the Chairmanship of Mr. Peter Lai of Malaysia. The meeting was attended by the representatives of Argentina, Brazil, Ceylon, Chile, Gabon, Ghana, Greece, India, Indonesia, Israel, Jamaica, Republic of Korea, Pakistan, Spain, Trinidad and Tobago, Tunisia, Turkey, United Arab Republic and Yugoslavia.

2. The Group again had before it the text of a draft waiver presented by the prospective donor countries covering the granting of preferences by developed countries. It was generally agreed that the proposed text constituted a satisfactory basis for discussion.

3. Some members thought that in order to avoid discrimination in the selection of beneficiaries the text should make it clear that the preferences were to extend to all developing countries. They urged preserving the GATT practice of grouping all developing contracting parties together rather than distinguishing among them as was done in UNCTAD. Some members expressed the view that the proposed text amounted to a "blank cheque" to the prospective donor countries in the selection of beneficiaries. It was noted that this might involve potential risk to prior-existing preferences in the case of some developing contracting parties. One member expressed concern unless it were certain that any developing contracting party could in the future come before the GATT and demand that preferences be extended to it. Other members did not feel that the proposed text would be a "blank cheque". It was pointed out that the OECD countries had adopted the principle of self-election of beneficiaries. Some members indicated that there would probably emerge several lists of beneficiaries, and that all developing countries might not appear on all the lists.

4. As to whether the CONTRACTING PARTIES should adopt a declaration or grant a waiver for the legalization of the generalized scheme of preferences, some members expressed a preference for the former because the scheme would constitute an entirely new approach in international commercial relations. Other members recalled that the spokesman for the donor countries had, at the meeting held on 17 March, expressed the opinion that the donor countries would probably not be in a position to agree on a declaration, preferring a waiver instead.

5. Several members urged that the document should contain more specific reference to Part IV of the General Agreement, which, in their opinion, provided adequate basis for GATT legalization of the generalized scheme of preferences and would render unnecessary any waiver. It was noted, however, that one important prospective donor country had not accepted Part IV. As a possible alternative solution some members had suggested that consideration be given to omitting the reference to Article XXV:5 in the Preamble and to deleting the words "without prejudice to any other Article of the General Agreement" in the first line of paragraph (a).

./.

These words might be replaced by language indicating that, notwithstanding the provisions of Article I, developed countries would be permitted to accord preferential treatment to products from developing countries. Such changes would result in a document tantamount to a declaration and might obviate specific reference to Part IV, which they still, however, preferred in principle.

6. Mr. M.G. Mathur, Assistant Director-General, in answer to a question, referred to the discussion of the Trade Arrangement between India, the United Arab Republic and Yugoslavia when the related draft Decision was before the CONTRACTING PARTIES. The Chairman had, on that occasion, interpreted the debate to imply that no contracting party intended to vote against the Decision and the Decision had been adopted on that basis.

7. The view was expressed that developing countries had made a serious compromise in UNCTAD and that it was in GATT that individual developing contracting parties should determine where their own particular best interests might lie. Other members did not consider it appropriate in GATT to raise issues left unsolved in UNCTAD. The task before the Group was limited to providing as rapidly as possible the necessary GATT legalization without which no developed contracting party could implement the generalized scheme of preferences. It was pointed out by several members that one prospective donor country had indicated the need for GATT action before it could take the necessary legislative steps, and that several others had indicated that prior GATT action would facilitate matters for them.

8. One member suggested that the word "binding" in the fifth paragraph of the Preamble be replaced by "contractual". Another member felt, however, that such a change would be inappropriate since the draft wording corresponded to that adopted by the Special Committee on Preferences. It was also recommended that in paragraph (a) the word "developed" be inserted before the penultimate word in the first sentence. With regard to paragraph (d) one member stated that what constituted "undue" impairment might be explained by interpretative notes. Another member proposed that the document might include language that would provide for automatic renewal in the future.

9. As for the need to avoid duplicating the work of other international organizations, referred to in paragraph (b) of the proposed text, one member said that this would depend largely on what UNCTAD might be doing in the future in this context.

10. One member stated that in his opinion the prospective donor countries had carried out their commitment in General Assembly Resolution 26 to early implementation of the scheme by coming forward with a proposed text for the CONTRACTING PARTIES. Noting that it had taken those countries several months to arrive at the draft text, some members suggested that it now might be appropriate for the Group to take time to reflect upon the exchange of views and the information furnished by the prospective donor countries' spokesman at the preceding meeting.

11. The Chairman concluded that it seemed desirable to give members some time for further reflection on the points raised and other questions related to the draft waiver. He also suggested that the Group should meet in the near future to discuss matters concerning the Informal Meeting of the CONTRACTING PARTIES to be held from 28 to 30 April.