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# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## MINUTES OF THE MEETING OF THE INFORMAL GROUP OF DEVELOPING COUNTRIES HELD ON 28 OCTOBER 1971

Prepared by the Secretariat

1. A meeting of the Informal Group of Developing Countries in GATT was held on 28 October 1971 under the chairmanship of H.E. Mr. C.H. Archibald, Ambassador of Trinidad and Tobago. The meeting was attended by the representatives of Brazil, Ceylon, Chile, Colombia, Cuba, Egypt, Gabon, India, Israel, Ivory Coast, Jamaica, Republic of Korea, Kuwait, Malaysia, Nigeria, Pakistan, Spain, Trinidad and Tobago, Tunisia, Turkey and Yugoslavia.

2. The Chairman drew attention to matters of particular interest to developing countries included in the provisional agendas for the nineteenth session of the Committee on Trade and Development (COM.TD/W/148) and the twenty-seventh session of the CONTRACTING PARTIES (L/3591).

### Review of the implementation of Part IV

3. A member of the Group observed that a few contracting parties had not yet accepted the Protocol relating to Part IV of the General Agreement, and suggested that in appealing to developed countries to honour their commitments under Part IV, developing countries should also stress that the Protocol should be accepted by all contracting parties. He added that the secretariat paper setting out action by governments relevant to the provisions of Part IV should be analyzed in depth with a view to evaluating how far obligations under Part IV had been fulfilled with particular reference to the standstill.

### Report of the Group of Three

4. Mr. Besa (Chile) informed the Group that the second series of consultations with developed countries had been completed and that the final report of the Group of Three would be circulated shortly. For the purpose of discussion the report could be considered in two parts -- one, containing the general recommendations of the Group, and the other, the specific recommendations addressed to individual developed countries. With the exception of two additional points concerning the import surcharges applied by Denmark and the United States, and a more extensive consideration of certain restrictive measures applied by the Federal Republic of Germany and France in a discriminatory way, the recommendations in the final report were not substantially different from those contained in the preliminary version presented at the informal GATT session last April. An important feature of the final report, however, were the references to reactions which developed countries had given to the Group's preliminary recommendations. It was evident that, with the exception of action taken on a few items

by some countries, the overall response to the recommendations had not met the expectations of the Group of Three. The Group had, therefore, placed all its observations on this situation on record and had reiterated its recommendations.

5. Lengthy discussion had been held with the representative of the United States on the imposition of a temporary 10 per cent import surcharge on a wide range of products. The Group was not convinced by the legal arguments put forward justifying the imposition of the surcharge on imports from developing countries. The United States had been requested to produce a study of the impact on the country's balance-of-payments situation if imports from developing countries were exempted from the surcharge. Such a study had, however, so far not been forthcoming. In view of the findings of the Group of Three on this issue developing countries would be well advised to exert maximum pressure at the next meeting of the Committee to obtain some consideration of the question of exempting imports from developing countries from the United States surcharge.

6. As far as the interests of developing countries were concerned, it seemed that the recently introduced Danish surcharge was less onerous because of provisions for possible exemptions and establishment of deadlines for the gradual reduction and removal of the surcharge. Furthermore, the attitude of the Danish authorities was flexible and sympathetic towards the problems of developing countries. Mr. Besa expressed the hope that when this issue was examined by the Council, favourable developments in this regard would be reported by the Danish delegation.

7. Mr. Besa recalled that, as further elaborated in the final report of the Group, a certain number of products encountered discriminatory treatment in the Federal Republic of Germany and France inasmuch as imports from practically all developed and a certain number of developing countries entered freely while imports of the products from a few developed and a large number of developing countries were subject to restrictions. The arguments and justifications put forward in support of such measures by the two countries were in his view not convincing. These measures were contrary to the philosophy of Part IV and the principle of a General Scheme of Preferences. While the economic impact of these measures might not be serious, they were clearly contradictory to efforts to resolve the trade problems of developing countries. Mr. Besa hoped that developing countries would exercise the utmost pressure for removal of this anomaly.

8. Several members of the Group observed that developing countries were not responsible for the United States' balance-of-payments difficulties. Thus, the imposition of a surcharge on imports from developing countries was not justified and was contrary to the spirit of the standstill. The Group requested the secretariat to prepare a study of the trade of developing countries affected by the surcharge. It was felt that such a study would help developing countries in preparing themselves to effectively tackle the problems involved.

9. In response to a question, Mr. M.G. Mathur, Assistant Director-General, indicated that earlier the secretariat had experienced some difficulty in giving a statistical breakdown of trade covered by the surcharge. The secretariat would, however, see what could be done to meet their request.

Trade negotiations among developing countries

10. Speaking at the request of the Chairman, Mr. M.G. Mathur drew the attention of the Group to the three documents which had been issued in connexion with the trade negotiations among developing countries. A text of the draft Protocol which dealt inter alia with the various arrangements in regard to the application of the concessions, their extension and to further negotiations had been issued as L/3598. The list of concessions exchanged between the participating countries was contained in INT(71)104. The third document (Spec(71)116) was a draft decision for discussion among contracting parties. The concessions exchanged almost exclusively on tariffs, represented approximately US\$500 million worth of imports (from all sources) into the sixteen participating countries; trade in these items among the participating countries amounted to one seventh or one tenth of figure mentioned, it covered not more than a very few million dollars worth of imports from TNC countries who were not parties to these negotiations. The present level of trade in the items subject to concessions was however less important than efforts to build something on the basis of mutual co-operation among developing countries in which developing countries who had not so far participated in the exercise should also be able to join in.

11. A number of developing countries expressed satisfaction at the conclusion of the first round of the negotiations among developing countries and hoped that other developing countries would find it possible to join in. One member of the Group suggested that a meeting between the participants and other developing countries, who had not been in a position to participate, should be arranged. In this way the latter could obtain clarification on the terms of the Protocol, the extension of concession exchanged and the accession of further developing countries to the arrangements.

The Australian proposal

12. A number of representatives said that they had transmitted to their governments the Australian proposal for the establishment of an expert group to draw up proposals for undertakings designed to avoid the creation of chronic agricultural surpluses and establish a "code of behaviour". Some members of the Group wanted to have clarification from the Australian delegation on this issue before it could be discussed in depth.

Article XIX and developing countries

13. A member pointed out that action under Article XIX which permitted contracting parties to apply emergency measures on imports of particular products could be prejudicial to the export interests of developing countries and that in his view imports from developing countries should be exempted whenever such measures were applied. This concept was put forward at the informal session and was also discussed by the Committee on Trade and Development in July 1971 which agreed that the item would be placed on the agenda of the next meeting of the Committee.

He suggested that it would be timely for developing countries to consider the possibility of modifying the application of Article XIII through an interpretative note which would take into account the provisions of Part IV. The reactions of developed countries to this proposal should be invited.

Other matters

14. One representative recalled that there had been a discussion at the informal GATT session last April on machinery to be set up to prepare for a general comprehensive round of negotiations on non-tariff barriers. While developing countries should favour such negotiations they should also take the line that non-tariff barriers on products of export interest to them should be eliminated on a preferential basis.

15. The Group agreed to meet again after the meeting of the Committee on Trade and Development scheduled for 8 and 10 November 1971, but before the twenty-seventh GATT session. That meeting should offer an opportunity to exchange views on the application of the results of the trade negotiations among developing countries and on matters on the agenda for the GATT session.