

**Preferential Arrangements
Among Developing Countries
Negotiated in GATT**

COMMITTEE OF PARTICIPATING COUNTRIES

**Summary of Discussions at Fifty-Third Meeting
Held on 30 March 1989**

1. The Committee of Participating Countries provided for in the Protocol Relating to Trade Negotiations Among Developing Countries held its fifty-third meeting on 30 March 1989 under the Chairmanship of Mr. L. Paunescu (Romania).

2. The draft agenda circulated in document CPC/W/135 was adopted with the addition of an item concerning updating of the information on certification of origin and a notice on the circulation of the CSHedules of Yugoslavia transposed to the Harmonized Commodity Description and Coding System.

Expansion of trade among developing countries

3. The Chairman referred to paragraphs 3-7 of the Summary of Discussions (CPC/96) of the last meeting. He said that at the last meeting it was suggested that in order to update and improve the schedules of concessions and with a view to strengthening the Protocol Relating to Trade Negotiations Among Developing Countries, participating countries might envisage implementing one or more of the measures which were listed in paragraph 6 of document CPC/96 and in the convening notice for this meeting, document CPC/W/135. The Committee had taken note of the comments and suggestions made and agreed that participating countries would reflect on the various approaches which might be pursued with a view to the expansion of trade among developing countries. At the request of the Committee, the secretariat had circulated a factual note summarizing developments relevant to the schedules of concessions of participating countries. The Committee had also agreed to revert to the question of the expansion of trade among developing countries at the present meeting.

4. Several members reiterated their support for the objectives of the Protocol and stressed that the Protocol continued to be a positive and fully operational instrument for the expansion of trade among developing countries the utilization of which should be intensified and the scope broadened to cover all aspects of trade relations among developing countries. In this connection, reference was made to the possibilities offered by the Protocol for the liberalization of non-tariff measures and market access restrictions which affected trade among developing countries. Commenting on the suggestions listed in paragraph 6 of document CPC/96, some members said that, in their view, a negotiated approach to trade liberalization would be more productive and stable than autonomous measures which individual participating countries might withdraw unilaterally at any

time. Other members, however, stressed the need for flexibility and said that the significance of unilateral concessions should not be excluded a priori. In their view, the autonomous and the negotiated approaches were not incompatible and might be combined. For instance, following an initial period and in the light of trade developments, participating countries might wish to give a contractual character to concessions initially established on an autonomous basis.

5. With reference to the secretariat note entitled Developments relevant to the schedules of concessions of participating countries, several members said that the note had provided a very useful up-to-date picture of the schedules of concessions of participating countries and the current situation of the preferential concessions vis-a-vis the margins of preference negotiated originally. The note had clearly demonstrated that in many instances the present m.f.n. rates were lower than the preferential rates. Thus, it was evident that the value of a number of concessions had been nullified. Noting that up to now there had been no complaints in this respect, a member said that perhaps some of the concessions affected by these changes were of no real operational interest to other participating countries. A member of the Committee recalled that the concessions contained in the schedule of concessions of his country were established in percentage terms of the m.f.n. rates and had not therefore been eroded. Another member expressed his readiness to explore ways and means to improve the functioning of the Protocol and to enter into negotiations with other participating countries to deal with all trade barriers on a reciprocal basis. In supporting the suggestions to liberalize the conditions for market access and eliminate non-tariff measures in the framework of the Protocol, a member proposed that participating countries consider the possibility of providing unhindered access or deeper tariff cuts without reciprocity to products originating in the least-developed countries. Noting the very small share of these countries in world trade, he emphasized that such action could not be expected to have any negative impact on the economies of the participating countries.

6. A number of members suggested that following the examination of the secretariat note in capitals, participating countries would have to decide on the appropriate follow-up action with a view, as a first step, to restoring the value of concessions which might have been impaired or eroded. In this connection support was expressed for setting all concessions embodied in the Protocol as a percentage of the m.f.n. tariff rates in order to ensure the maintenance of the value of the concessions automatically. To this effect interested participating countries might request the assistance of the secretariat. Following the implementation of this first step, members would have to pursue actively and effectively the other proposals reflected in paragraph 6 of document CPC/96 with a view to updating and improving the schedules of concessions of participating countries and strengthening the Protocol Relating to Trade Negotiations Among Developing Countries.

7. Several members supported the suggestion that the liberalization of the conditions of access for products of interest to other developing countries in the framework of the Protocol might be a contribution to the attainment of the overall objectives of the Uruguay Round for which participating countries might obtain credit. Some members stressed that this suggestion deserved serious consideration both in the Committee and with other interested trading partners. They noted that this approach might also encourage other developing countries to accede to the Protocol.

8. In response to questions raised by a number of participating countries concerning the ways and means to strengthen the Protocol as well as to secure credit in the Uruguay Round for concessions exchanged within its framework, the representative of the secretariat said that the prospects for strengthening the Protocol should be seen both in the long- and in the short-term. The long-term prospects were influenced by a number of developments in world trade which would have a bearing on the Protocol such as the Uruguay Round, the Global System of Trade Preferences, regional arrangements, etc. At some point in time in the future, participating countries would have to address both the political and technical aspects of the relationship between the Protocol and the GSTP. In the short-term, and pending a definition of these broader questions over the longer-term, delegations would have to address issues related basically to the possible broadening of the scope and coverage of the Protocol as well as increasing developing country participation. In his view, without prejudice to the decisions which might be taken in the longer term and to the ECDC activities being pursued elsewhere, the suggestions listed in paragraph 6 of document CPC/96 were conducive to the aims of strengthening the Protocol as well as providing greater actuality and stability to the schedules of concessions. This would in and of itself encourage greater participation in these arrangements as the Protocol would seem to be moving forward. However, the practical experience of the operation of the arrangements had demonstrated that other matters might be worked into the Protocol such as, for instance, non-tariff measures. Having regard to the relevant provisions of the Enabling Clause and on the basis of the experience of the Uruguay Round, this process might be initiated with an exchange of information. Other questions that might be considered by the Committee related to a programme for the dissemination of information and the promotion of trade under the Protocol.

9. The representative of the secretariat added that participating countries might consider the possibility of using the Protocol as an instrument for concessions and contributions in the context of the Uruguay Round for which credit would be recognized by other trading partners. He believed that credit would only be obtained in connection with new concessions. These concessions might take the form either of autonomous trade liberalization in favour of other developing countries or of negotiated concessions. In the tropical products negotiations, a developing country had already tabled concessions which would be applicable to other developing countries only. In his view the Protocol offered a transparent and GATT-sanctioned legal framework for developing countries to exchange concessions in the context of the Uruguay Round. To this effect a

number of possible approaches could be envisaged by the Committee. These included the following: (i) the application of the concessions might be limited to participating countries exclusively; (ii) the concessions might be established as bindings applicable to other developing country non-signatories of the Protocol through an appropriate complementary legal instrument; (iii) the concessions might be applicable to non-signatories of the Protocol on an autonomous basis. In summary, in the short-term the Committee might proceed as follows: first, pursue the updating of the schedules of concessions of participating countries having regard, inter alia, to the opportunities offered by the introduction of the Harmonized Commodity Description and Coding System; second, review periodically developments in the schedules of concessions on the basis of an updated secretariat document; third, consider in more detail the possible elaboration of procedures that might entitle participating countries to incorporate into the Protocol additional concessions and contributions fully recognized in the context of the Uruguay Round of Multilateral Trade Negotiations.

10. The Committee took note of the comments and proposals made by members and agreed that participating countries would reflect on the various approaches which might be pursued with a view to the expansion of trade among developing countries. The Committee also agreed to revert to this matter at its next meeting.

Certification of origin

11. The Committee took note of the additional information concerning certification of origin provided by Israel which had been circulated in documents CPC/10/Addendum 31 and 32.

12. A member said that a communication notifying changes in his country's administration relevant to the certification of origin under the Protocol had been sent to the secretariat recently. The Committee took note of this information. The notification has been circulated in document CPC/10/Add. 33. Another member said that the customs authorities had encountered certain difficulties to apply the concessions established in her country's schedule of concessions due to the fact that, in some cases, certificates of origin did not conform to the information circulated in document CPC/10 and Addenda. Apparently, some participating countries had failed to notify on time changes in the institutions entitled to issue certificates of origin. She suggested that document CPC/10 might be revised and the information therein up dated. The Committee agreed to revert to this matter at its next meeting.

Yugoslavia - Schedule of Concessions

13. The representative of Yugoslavia said that her country was applying the Harmonized Commodity Description and Coding System as of 1 January 1988. Consequently, the Schedule of Concessions of Yugoslavia had been transposed to the Harmonized System and would be circulated to participating countries in the near future. Pursuant to the procedures

established in document CPC/4, if no objections were raised by participating countries within the prescribed time limit, a Certification of Ratifications to the Schedule of Concessions of Yugoslavia would be issued in due course. The proposed Schedule of Concessions of Yugoslavia has been circulated as document CPC/97, dated 25 April 1989. The Committee took note of this information and agreed to revert to this matter at its next meeting.

Next meeting

14. The Chairman said that the date for the next meeting of the Committee would be fixed in consultation with delegations and the secretariat in accordance with usual practice.