

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

CPC/17

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Special Distribution

Preferential Arrangements Among
Developing Countries
Negotiated in GATT

COMMITTEE OF PARTICIPATING COUNTRIES

Summary of Discussion at Seventh Meeting
held on 17 December 1974

Prepared by the Secretariat

1. The Committee of Participating Countries provided for in the Protocol Relating to Trade Negotiations Among Developing Countries held its seventh meeting on 17 December 1974 under the Chairmanship of Mr. I.S. Chadha (India).
2. The draft agenda for the meeting, contained in CPC/W/13, was adopted.

Enlargement of the Protocol

3. The Chairman said that, as indicated in document CPC/W/14 and Add.1, Paraguay had applied for accession pursuant to paragraph 14 of the Protocol without negotiations. Secondly, Romania, Iran and Sri Lanka had indicated interest in exploring possibilities for accession to the Protocol in accordance with the procedures established in CPC/S/1, and thirdly, Bangladesh, the Dominican Republic and Madagascar had requested the assistance of the secretariat in order to determine products of export interest for which they might find it worthwhile exploring possibilities for seeking concessions from participating countries. The Committee decided to deal with the three situations separately.

Paraguay

4. The Chairman recalled that the representative of Paraguay had expressed the desire of his country to accede to the Protocol pursuant to paragraph 14 thereto without carrying out negotiations for an exchange of concessions. The Paraguayan communication, circulated as CPC/15, also indicated that Paraguay would be submitting information on its foreign trade régime and that this information would be circulated to participating countries when received. In CPC/W/14/Add.1, the secretariat had collected certain background information on the main exports and imports by Paraguay in recent years and indicated a number of items listed in the schedule of concessions attached to the Protocol which might be of trade interest to Paraguay.

5. Members of the Committee welcomed the application of Paraguay to accede to the Protocol and expressed the hope that it would be followed by other requests for accession. Some representatives said that, as provided for in paragraph 14 of the Protocol, their authorities had considered Paraguay's application in the light of her development, financial and trade needs and were ready to accept the request for accession to the Protocol without carrying out negotiations for an exchange of concessions, on terms to be agreed by the Committee. Other representatives, in also welcoming the Paraguayan request, felt that possible terms of accession required further consideration and suggested that the Committee should revert to this matter at its next meeting taking into account the information to be provided by Paraguay concerning her foreign trade régime. One representative said it would be helpful to have more information concerning Paraguay's request to accede without negotiations. In this connexion, it was proposed that the representative of Paraguay be invited to attend the next meeting of the Committee for the purpose of exchanging views with members of the Committee on his country's application.

6. The Committee agreed to revert at its next meeting to Paraguay's application for accession to the Protocol without negotiation and in this respect decided to invite the representative of Paraguay to attend that meeting for the purpose of exchanging views with members of the Committee on the application.

Romania, Iran and Sri Lanka

7. The Chairman said that the communications received from Romania, Iran and Sri Lanka, together with suggestions for action to be taken by participating countries under the relevant paragraphs of CPC/S/1, were summarized in paragraphs 6 to 15 of CPC/W/14. On the assumption that participating countries wished to enter into the exploratory process, they would be expected to provide relevant information on their imports of the items appearing in the Romanian and Sri Lankan lists and the tariffs and other trade regulations applicable, in accordance with a time-table to be agreed upon. A similar programme would apply to the items in the Iranian list which was expected to be submitted shortly. As indicated in CPC/S/1, participating countries might also identify products in respect of which they would be interested in exploring possibilities for concessions in the markets of Romania, Iran and Sri Lanka so that these countries could prepare the required information on imports, tariffs and other trade regulations.

8. While the secretariat could be of assistance in collating the information provided by delegations and identifying, where relevant, items already included in the schedule of concessions which might be of interest to the countries wishing to explore possibilities for accession, it was to be expected that

contacts would also take place between delegations for the purpose of discussing and clarifying particular points of mutual interest. When the stage of presenting specific requests to Romania had been reached, participating countries might wish to have in mind the sort of requests that might be addressed to that country. In this connexion, it might be noted that Romania had recently established a customs tariff and its rôle as an instrument of Romanian trade policy was currently under consideration in a GATT Working Party. The general conclusions which might be arrived at on this matter would be available to the Committee in due course.¹

9. Members of the Committee welcomed the interest shown by Romania, Iran and Sri Lanka in exploring possibilities for accession to the Protocol in accordance with the procedures established in CPC/S/1. They agreed to initiate the exploratory process and indicated their willingness to provide the information mentioned in paragraph 4 of CPC/S/1 in respect of the items identified by these countries as being of trade interest. In order to simplify the collection of information and to ensure a measure of uniformity, the Committee agreed that the secretariat would circulate a general note including a convenient pro forma for the provision of data by participating as well as the interested countries with respect to the product lists.

10. Some members said that the process of examining the Romanian and Sri Lankan lists of products was already under consideration in their capitals and noted that they might wish to enter into bilateral consultations with representatives of the interested countries for the purpose of clarifying points of mutual interest, etc. Lists of products of export interest to some participating countries in the markets of the interested countries were already under preparation and would be submitted to the countries concerned and to the secretariat when they had been finalized. These members favoured adopting a time-table for the exploratory process. Other members suggested that the time-table should have some flexibility taking into account such problems as the limited resources of certain countries and their involvement in intensive preparations for the multilateral trade negotiations.

11. The Committee agreed that participating countries would use their best endeavours to provide information on tariffs, trade data and trade regulations applicable to the products contained in the Romanian and Sri Lankan lists, using the pro forma to be provided by the secretariat², by the end of February 1975. Participating countries would endeavour to submit lists of products for which

¹The Interim Report of the Working Party has been issued as L/4130.

²Issued as CPC/W/16

they would like to explore the possibilities for concessions in the markets of Romania and Sri Lanka by the end of January 1975. Romania and Sri Lanka, on the other hand, would be asked to provide information on tariffs, trade data and trade regulations applicable in their markets to the products of interest to participating countries, by the end of February 1975. Broadly similar arrangements would apply with respect to Iran. The Committee also agreed to invite the representatives of Romania, Iran and Sri Lanka to the next meeting of the Committee for the purpose of exchanging views on their communications with the members of the Committee.

Bangladesh, the Dominican Republic and Madagascar

12. The Committee, in welcoming the interest shown in the Protocol by Bangladesh, the Dominican Republic and Madagascar, noted that the secretariat was assisting these countries to identify products of export interest to them, in respect of which it might be possible to explore possibilities for concessions in the framework of the Protocol, as well as the applicability of existing concessions to products being exported by those countries. This work was expected to be completed early in 1975.

Accession without Negotiation

13. The Committee also had a preliminary exchange of views on possible terms of accession in cases where an application was made for accession to the Protocol without negotiations as provided for in paragraph 14 of the Protocol.

14. In this respect, it was noted that most of the obligations embodied in the Protocol related to the exchange of concessions among participating countries and were mainly concerned with matters such as the maintenance of the value of concessions, procedures for renegotiation, etc. It was suggested that, in cases where sympathetic consideration was being given to an application for accession without negotiations, certain commitments could conceivably be sought, consistent with the overall objectives of the Protocol and having regard to the particular case under consideration. It might be possible, for example, to seek a general understanding from the applicant country that in so far as imports from other participating countries are concerned, every effort would be made to facilitate trade. In cases where problems in trading relationships might arise, provisions for consultations might be made with a view to finding solutions to any such problems. Depending on the circumstances of the application under consideration, participating countries might also wish to examine the possibilities of accession without negotiations for a limited period of time. In this situation, participating countries could decide, prior to the expiration of the agreed time period, whether to invite the country concerned to enter into negotiations for an

exchange of concessions or to extend the existing arrangement. At any rate, the specific terms that may be agreed upon would depend on the situation of the applicant country and the facts of each case.

15. Members of the Committee agreed that requests for accession without carrying out negotiations for an exchange of concessions would have to be considered on a case-by-case basis, having regard to the provisions of paragraph 14 of the Protocol. Some members, in stating that this question required further reflection, expressed support for the idea of some general guidelines relating to accession to the Protocol without negotiations.

Ratification of the Protocol

16. After recalling statements made at the last meeting by the representatives of Peru and Uruguay regarding developments in connexion with ratification of the Protocol in their respective countries, the Committee noted a statement by the representative of the Philippines that a study was being undertaken of the effects of the new tariff rates being applied by the Philippines on their schedule of concessions. The Committee decided that a letter be addressed to the signatory countries which have not yet completed ratification procedures, requesting them to indicate their intentions with respect to this matter.

Annual Report

17. The Committee noted that at its meeting on 8 November 1974, the GATT Council had taken note of the first annual report of the Committee of Participating Countries (L/4091 and Add.1) and agreed that in the future, the reports of the Committee should be submitted to the Committee on Trade and Development before being considered by the Council. The Committee on Trade and Development had earlier welcomed the suggestion that it might act as a forum for following developments in connexion with the Protocol (L/4110). The Committee decided that arrangements would need to be made for the collection of data, etc., by mid-September each year at the latest, in order that the annual report might be prepared and circulated sufficiently in advance of the relevant meeting of the Committee on Trade and Development to permit the undertaking of a meaningful examination of the arrangement. In this connexion it was recalled that certain participating countries¹ had still to provide statistical information in respect of the recent report.

¹Egypt, Pakistan and Tunisia

Other Business

18. Referring to some recent discussions he had had, the Chairman drew the attention of members of the Committee to the obligations participating countries had undertaken as a result of their ratification of the Protocol. These included, for example, obligations under paragraphs 11 and 12 to notify and, on request, to consult on measures which had implications for benefits countries expected to derive from the arrangement. It seemed particularly appropriate to recall this matter since the Protocol had been in force for about two years and, in the present situation of world trading relationships, it was important that participating countries took good care to ensure that the terms of the arrangement and its substantive objectives were fulfilled. He stated that this aspect should be kept in mind when participating countries took any commercial policy actions which might have relevance to the various provisions of the Protocol.

Next Meeting

19. It was agreed that the date of the next regular quarterly meeting of the Committee would be fixed by the Chairman in consultation with delegations.