

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Preferential Arrangements  
Among Developing Countries  
Negotiated in GATT

COMMITTEE OF PARTICIPATING COUNTRIES

Summary of Discussion at Twenty-Fourth  
Meeting Held on 23 July 1979

Prepared by the Secretariat

1. The Committee of Participating Countries provided for in the Protocol Relating to Trade Negotiations Among Developing Countries held its twenty-fourth meeting on 23 July 1979 under the Chairmanship of Mr. Prem Kumar (India).
2. The draft agenda for the meeting circulated in document CPC/W/71 was adopted.

Trade Negotiations Among Developing Countries

3. Recalling that members of the Committee and representatives from other developing countries had expressed interest in the early launching of a new round of trade negotiations among developing countries open to all developing countries which would cover tariffs and non-tariff measures, the Chairman stated that the question of expansion of trade among developing countries had acquired new dimensions in the light of the decisions by developing countries with regard to collective self-reliance elaborated at meetings or conferences held in Colombo, Mexico City, Arusha and more recently at UNCTAD V in Manila. It had to be recognized that in order to promote trade among developing countries it might not be enough simply to open the door to imports. Attention would need to be given both to regulatory and promotional or developmental aspects. While the former dealt with border régimes, barriers to trade, and access, the latter was related to marketing and promotion, payments mechanisms, co-operation between State-trading agencies, transport, joint ventures, and co-operation in other commercial fields. Consequently, the proposal to liberalize trade among developing countries on a preferential basis had to be considered in the perspective of the overall efforts to promote co-operation for development and trade among developing countries and in the light of the objective of collective self-reliance.

4. The Chairman further stated that a new round of trade negotiations among developing countries had to be organized in such a way as to allow for the widest possible developing country participation. Protectionist pressures and recent developments in the world economy were matters of serious concern to developing countries and added urgency to the adoption of measures for the purpose of expanding their mutual trade. A preliminary assessment of the technical background information referred to in CPC/W/70 indicated there were good possibilities for the expansion of such trade in the agricultural sector and also with respect to manufactured and semi-manufactured goods. The secretariat studies also brought out the importance and possibilities for inter-regional liberalization and expansion of trade among developing countries consistent with further progress in their sub-regional and regional systems or arrangements. In addition to tariffs, taxes and other charges, the negotiations would be expected to deal with non-tariff measures such as quantitative restrictions and for example government procurement and co-operation among State-trading organizations of developing countries. Parallel efforts to remove structural weaknesses of developing countries were going on in UNCTAD and co-operation between GATT and UNCTAD was therefore desirable. The Chairman also recalled the decision taken earlier by the Committee to hold a meeting with non-participating countries in the near future with a view to encouraging the widest possible participation in the negotiations and reaching a decision on the machinery for the negotiations and on the broad scope of the negotiations.

5. In stating their governments' support for and readiness to enter into a comprehensive round of trade negotiations having regard to the possibilities identifiable in the secretariat documentation, members of the Committee emphasized that the negotiations should be open to all interested developing countries and should cover tariffs, non-tariff barriers and other measures which impede or distort inter-developing country trade with respect to both industrial and agricultural products. Members of the Committee hoped that the trade negotiations would be carried out in such a manner as to contribute to the development objectives of their countries in the industrial, agricultural and commercial fields. They indicated their expectation that other issues which might facilitate trade co-operation among developing countries would be taken up for appropriate action in the relevant fora.

6. With regard to the scope and coverage and possible modalities and procedures for the new round of trade negotiations, a number of suggestions were made, namely:

#### Tariffs

- (i) Product-by-product negotiations;
- (ii) agreement on one or more linear tariff reduction formulae that might vary according to product groups or sectors;

- (iii) consideration of the establishment of a "common list" of concessions by participants which could be subject to periodic review and enlargement;
- (iv) abolition of tariffs and non-tariff measures with respect to products included in industrial or agricultural co-operation agreements or joint ventures among developing countries;
- (v) consideration of a programme for trade liberalization, not excluding an eventual free-trade area agreement among developing countries;
- (vi) one member recalled the statement by his country's Minister of Commerce at UNCTAD V to the effect that on the basis of mutual benefit, his Government would consider tariff cuts of up to 50 per cent on products of interest to other developing countries.

Non-tariff measures

- (i) Product related non-tariff measures;
- (ii) product group or sector related non-tariff measures;
- (iii) non-tariff measures related to co-operation agreements or joint ventures;
- (iv) negotiations should include quantitative restrictions, State-trading, government procurement, etc.;
- (v) possible application of MTN non-tariff measure agreements among developing countries with adjustments as necessary to meet the particular situation of developing countries.

Other trade-related measures

- (i) Identification of areas where it might be useful to negotiate instruments to promote economic development;
- (ii) possibility of introducing rules which could serve the purpose of ensuring progressive trade expansion and facilitating marketing arrangements among developing countries;
- (iii) agricultural and industrial co-operation among developing countries including joint venture agreements;

- (iv) industrial complementarity agreements similar to those being implemented by some regional economic groupings;
- (v) modalities for the negotiations should include the question of strengthening or establishing payments arrangements with a view to supporting an enlarged preferential trading arrangement among developing countries.

Organization questions

- (i) A meeting should be convened in September/October open to all developing countries for the purpose of considering the objectives and scope of a comprehensive new round of trade negotiations and the setting up of a Trade Negotiations Committee of Developing Countries to elaborate and put into effect trade negotiating plans, establish appropriate procedures and modalities, and supervise the conduct of the negotiations;
- (ii) a declaration outlining the objectives and scope of a new round of negotiations might be prepared for consideration at the enlarged September/October meeting;
- (iii) the invitation to attend the September/October meeting might be accompanied by a background note on the possible objectives and scope of the negotiations drawn up in the light of informal consultations between participating and non-participating countries;
- (iv) preparation of a possible time-table for the negotiations;
- (v) continuation of technical work by the secretariat.

Other suggestions

- (i) Interested participants might wish to submit lists of products or measures which could be taken up in the new round of negotiations;
- (ii) consideration of the setting up of separate sub-groups to deal with tariffs and non-tariff measures, the legal framework, and other trade-related issues;
- (iii) the application of any new preferential trade concessions should be limited to developing countries participating in an enlarged arrangement, as under the Protocol;
- (iv) the need for adequate support arrangements in capitals and, as needed, in Geneva to deal with the negotiations;
- (v) co-operation between GATT and UNCTAD.

7. In connexion with the issue of the legal framework which would embody the results of a new round of trade negotiations, some members noted the juridical basis provided by the Protocol Relating to Trade Negotiations Among Developing Countries and felt that without excluding a revision or possible amendments to its provisions, the Protocol provided an adequate framework for the negotiations. Reference was made in this connexion to the flexibility and simplicity of the current arrangement which would permit both the enlargement of its membership and the scope of the concessions exchanged so as to include, for example, non-tariff measures.

8. Several other members stated that, it might be preferable to leave the question of the legal framework open until there had been substantial progress in the negotiations. At the appropriate time, participants might wish to examine the provisions of the Protocol with a view to identifying possible shortcomings or problems and consider relevant solutions. In the meantime, interested developing countries should be informed that participation in the new round of trade negotiations among developing countries would be without commitment on their part and that the question of a legal framework which would embody the results of the negotiations would be taken up at the appropriate time in the Trade Negotiations Committee.

9. The observer for UNCTAD made a statement in connexion with Resolution 127(V) on economic co-operation among developing countries adopted at UNCTAD V in Manila.

10. In his summing-up, the Chairman said that in the light of the discussion, he was in a position to list the following conclusions of the Committee in connexion with a new round of trade negotiations among developing countries:

- (i) There was a general consensus and recognition of the importance of launching a new round of trade negotiations among developing countries at an early date particularly in the light of developments in the world economy, the outcome of the MTN and the evolving concept of collective self-reliance,
- (ii) it was generally agreed that the negotiations should be organized in such a way as to encourage the widest possible participation by developing countries,

- (iii) there was also agreement that a meeting should be convened in a couple of months time to define the objectives of the negotiations and possibly to take a decision on the launching of the negotiations and the establishment of a Trade Negotiations Committee which would deal with the organization of the negotiations and evolve appropriate modalities,
- (iv) the negotiations should extend both to tariffs and non-tariff measures,
- (v) it was understood that positive action would be needed in other fields such as marketing, joint ventures, evolution of payments unions, sub-contracting, etc. in which work was going on in UNCTAD; appropriate co-operation between GATT and UNCTAD could be expected,
- (vi) the question of incorporating the results of the negotiations into a legal text or instrument would need to be examined. In this regard it had been noted that the Protocol was an effective and simple instrument which also gave a legal basis to start the negotiations,
- (vii) as regards the negotiations in the tariff field, various possibilities had been mentioned ranging from a free-trade area approach to a product-by-product approach. It was suggested that benefits would extend only to participants,
- (viii) in parallel with the preparations for the meeting to launch the negotiations, the secretariat should continue the technical work being carried out and undertake work on possible negotiations in the non-tariff field concerning measures such as quantitative restrictions, import control measures, government procurement and co-operation among State-trading organizations. A study might also be carried out on the modalities which regional groupings had used successfully to develop and promote trade among developing countries and whether they might be applicable at the inter-regional level,
- (ix) in the period preceding the meeting to launch the negotiations, the secretariat in consultation with the Chairman should convene informal groups of both participating and non-participating countries to draw up a possible statement and a background note or working paper on the objectives and scope of the negotiations which would be considered at the meeting,
- (x) if it was possible to reach a conclusion at the September or October meeting or soon thereafter, the intention would be to launch the negotiations before the end of the year so that the work could enter its substantive phase early in the new year.

Annual report

11. The Chairman said that in order to facilitate the preparation of the sixth annual report on the operation of the Protocol to the CONTRACTING PARTIES, the main points relevant to reporting procedures had been summarized in document CPC/W/69. In order to allow sufficient time for the preparation and finalization of the report by the Committee of Participating Countries at its September 1979 meeting, the Committee agreed to invite members to submit to the secretariat all the necessary statistical data concerning trade in the items appearing in the schedules of concessions annexed to the Protocol during the period 1976-1977-1978, as well as a brief description of the main developments relevant to the operation of the Protocol, as early as practicable and, in any case, no later than 7 September 1979. The secretariat would be entrusted with preparing a draft of the report which the Committee would finalize at its next meeting.

Rotation of officers

12. The Chairman stated that in accordance with paragraph 1 of the rules of procedure of the Committee (CPC/47), his term of office had come to an end. He thanked members for their assistance and spirit of co-operation in carrying out the activities of the Committee and contributing to the consideration of action aimed at the strengthening of economic development of developing countries through a new round of trade negotiations among developing countries. In accordance with the rules of procedure of the Committee, the representative of Mexico would assume the Chairmanship of the Committee for the forthcoming period, with the representative of Peru becoming the Vice-Chairman.

Next meeting

13. The Chairman said that in accordance with usual procedures, the date of the next regular quarterly meeting of the Committee would be fixed by the Chairman in consultation with members of the Committee and the secretariat.