

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

CPC/77

8 March 1985

Special Distribution

Preferential Arrangements
Among Developing Countries
Negotiated in GATT

COMMITTEE OF PARTICIPATING COUNTRIES

Summary of Discussions at Fortieth Meeting held on 22 February 1985

Prepared by the Secretariat

1. The Committee of Participating Countries provided for in the Protocol Relating to Trade Negotiations Among Developing Countries held its fortieth meeting on 22 February 1985 under the Chairmanship of Mr. H. Rahman (Bangladesh).

2. The draft agenda circulated in document CPC/W/109 was adopted.

Expansion of trade among developing countries

3. The Chairman referred to paragraph 3 of the Summary of Discussions of the last meeting (CPC/76) and recalled that the agreed Procedures for Review of the Schedules of Concessions were circulated in CPC/69. One member stated that in his view the expansion of trade among developing countries was the central issue of the activities of the Committee. He noted that in accordance with the agreed Procedures his delegation had submitted request lists to four participating countries and received requests from one. Recalling that the Protocol provided an operational basis and a legal framework for the expansion of trade among developing countries, he expressed disappointment at the little progress achieved so far. This member suggested that without prejudice to activities in other fora, as an initial step aimed at activating and strengthening the Protocol, each participating country agree to add four or five new products to its schedule of concessions. In response to a question, this member said that the approach suggested might represent a way of moving into a more concrete stage of the agreed review of the schedules of concessions. Another member agreed that it was necessary to make an effort to increase trade among participating countries. The provision of better access and improvements in the preferences and product coverage of the schedules of concessions were means to promote trade and increase the effectiveness of the Protocol. Members should be urged to react to these proposals and to respond to the request lists received.

4. The Committee took note of the suggestions made and invited members to give serious consideration to the proposal that each participating country decide to liberalize, in the framework of the Protocol, the conditions of access for four or five items originating in other participating countries. The Committee agreed to revert to this matter at its next meeting.

Annual Report

5. The Chairman recalled that at the last meeting the Committee agreed to revert to the question of trade exchanges in concessional items among participating countries at its next meeting having regard to relevant secretariat documentation and updated statistical data that members would be expected to provide at an early date (paragraphs 4-5 of the Summary of Discussions (CPC/76)). The Annual Report of the Committee of Participating Countries to the CONTRACTING PARTIES had been circulated as L/5686 and Addenda. A summary of the aggregate trade among reporting participating countries of items covered by the schedules of concessions appeared in CPC/W/108. This document covered only the nine participating countries who had so far presented 1983 data. Document CPC/W/110 which supplements the data in CPC/W/108 reflected all the statistical data currently available concerning trade among participating countries.

6. The Chairman said that at the request of the Committee the secretariat had prepared a note containing some preliminary comments on the evolution of trade exchanges among participating countries which was being circulated on a confidential basis. As indicated in the note only a limited number of participating countries had provided the necessary statistical information. Thus, the situation reflected in the note was not complete. Moreover, some of the data did not provide all the information required for comparative purposes. Consequently, the comments made in the note were of a preliminary character and subject to revision in the light of the additional information which participating countries were expected to provide.

7. The Chairman added that the note was self-explanatory and referred to a few salient facts as follows: (i) the period 1981-1983 had been quite difficult for the economies of practically all reporting participating countries; (ii) in the face of a world-wide economic recession, trade in concessional items had shown resilience and there was a certain symmetry in developments under the Protocol and overall developments in the economies of participating countries; (iii) notwithstanding important fluctuations in the total value of imports, in 1981-1983 significant trade exchanges in concessional items had been sustained by reporting participating countries; (iv) in the period 1981-1983 several reporting participating countries had had a positive trade balance in the exchange of concessional items; (v) it had not been possible, for lack of uniform data, to establish a clear correlation between the export performance of participating countries over the 1981-1983 period and their imports under the Protocol. The Chairman concluded that in the light of these factors, and having regard to the pressing trade, finance and development needs of participating countries, it would be in their interest to seek ways and means to gradually improve the preferential trade concessions embodied in the schedules annexed to the Protocol.

8. Several members expressed appreciation for the information provided in the secretariat note. It was noted, however, that the document covered only a limited number of participating countries and it was suggested that the other participating countries provide the necessary statistical data as soon as possible so that the secretariat might revise the note.

9. One member noted that the identification of concessional items where trade had been lacking should constitute an incentive to try to promote trade in those items. If it were determined that the existing margins of preference were not sufficient to promote trade among participating countries, every effort should be made to improve the conditions of access under the Protocol. It was also suggested that a revised note indicate any relevant sources and provide a brief summary of the schedules of concessions annexed to the Protocol in order to facilitate the utilization of the arrangement by businessmen and traders.

10. The representative of the secretariat stressed that the note contained partial information because only nine participating countries had so far provided the necessary statistical data. The data available was not only insufficient but in certain cases was even incomplete and thus the information available concerning exports of concessional items was somewhat distorted. Nevertheless, as explained in the note, certain preliminary trends had emerged from the data available. If, as might be expected, the outstanding information confirmed these trends, certain conclusions which would be valid for the Protocol as a whole might be drawn eventually. The secretariat would issue a revised note as soon as the required information had been received from all participating countries. The representative of the secretariat recalled that in document CPC/S/4 the secretariat had provided up-to-date information on the schedules of concessions of participating countries, as well as current m.f.n. tariff rates and trade flows in concessional items among participating countries in 1973 and in the period 1979-1980-1981.

11. The Committee took note of the comments and suggestions made. In order to make it possible for the secretariat to revise the note, the Committee invited members who had not yet done so to provide the necessary statistical data as soon as possible. The Committee also agreed to revert to this question at its next meeting.

Certification of Origin

12. The Committee took note of the additional information concerning the certification of origin provided by Mexico which had been circulated in document CPC/10/Addendum 15.

Rules of Procedure

13. The Chairman referred to paragraphs 6 and 7 of document CPC/76 and recalled that, at the last meeting, the Committee agreed to revert to the question of amending paragraph 1 of the Rules of Procedure concerning the time period for the service of officers of the Committee. It was understood that two concrete proposals had been put forward by members. First, the extension of the period of office of the Chairman from 6 months to 12 months. Second, the substitution of the alphabetical rotation system of selection of the Chairman (which was not established in the Rules of Procedure), by rotation on some other basis. At the last meeting some members had indicated that they were not ready to adopt a decision concerning the proposals made. In the light of the time lapsed, it was understood that members had had time to reflect further on these proposals.

14. Several members expressed support for the proposal to extend the time period of office of the Chairman from 6 months to 12 months maintaining the current alphabetical rotation system. One member expressed support for a system of rotation of the Chairman on the basis of election. Some other members said that it would be preferable to maintain the present system of alphabetical rotation of officers every 6 months and suggested that the matter be included in the agenda of future meetings only when ready for decision, and at the request of interested delegations.

15. In the light of comments and proposals by delegations, the Committee agreed that the next Chairman should carry out informal consultations and make a proposal with regard to the question of amending paragraph 1 of the Rules of Procedure at the next meeting.

Rotation of Officers

16. The Chairman thanked members for their cooperation and assistance in carrying out the activities of the Committee. He said that in accordance with the Rules of Procedure of the Committee, the Chairmanship for the forthcoming period would be assumed by the representative of Brazil, and the Vice-Chairmanship by the representative of Chile.

Next meeting

17. The Chairman said that the date for the next meeting of the Committee would be fixed in consultations with delegations and the secretariat in accordance with usual practice. It was noted that some members would like to consider at the next meeting developments with respect to the accession of Argentina to the Protocol.