

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Preferential Arrangements  
Among Developing Countries  
Negotiated in GATT

## ENLARGEMENT OF THE PROTOCOL

### Trade Negotiations Among Developing Countries

#### Note by the Secretariat

1. At the twenty-third meeting in March 1979, members of the Committee of Participating Countries reiterated views expressed at earlier meetings of the Committee and in the course of informal consultations regarding their interest in the early launching of a new round of trade negotiations open to all developing countries in the framework of the Protocol. In addition to inviting the secretariat to prepare and circulate a note outlining possible objectives, procedures and modalities for a new round of trade negotiations among developing countries which would cover tariff and non-tariff measures, the Committee agreed that such questions as timing and machinery for negotiations and arrangements for opening negotiations to the participation of all interested developing countries or groups of developing countries would also be among the matters to be taken up at forthcoming meetings (CPC/49, paragraph 8).

2. This note which describes progress in the preparatory technical work undertaken by the secretariat might be helpful to delegations in enabling them to consider what additional technical information might be required. In the light of the technical work already undertaken, delegations may also have some preliminary views on the issues which might be taken up in a new round of trade negotiations among developing countries.

#### Country studies

3. In response to a secretariat communication dated June 1977 addressed to all developing countries, some fifty-two countries have participated in the technical work for the purpose of exploring the possibilities of a further round of trade negotiations among them. The aim of the country study segment of this programme has been to provide, to the extent readily available for each participating country, a broad picture of its commercial policy situation including production development plans, tariff structure, import régime, trade flows and balance-of-payments situation. Certain countries have participated in the exercise as members of regional economic groupings. It was felt that this information would assist countries to identify the scope which exists for increasing their mutual trade exchanges and also provide some indication of the possibilities of a new round of negotiations in terms of scope and objectives.

4. The following country studies have been circulated to countries participating in the technical work programme: Andean Group - Bolivia, Colombia, Ecuador, Peru, Venezuela - (LDC/TS/29), Bahamas (LDC/TS/31), Bangladesh (LDC/TS/3), Brazil (LDC/TS/21), Burundi (LDC/TS/26), Central African Empire (LDC/TS/15), Chile (LDC/TS/7), Cyprus (LDC/TS/22), Egypt (LDC/TS/12), Fiji (LDC/TS/8), Ghana (LDC/TS/19), Greece (LDC/TS/9), India (LDC/TS/23), Iran (LDC/TS/27), Israel (LDC/TS/17), Ivory Coast (LDC/TS/18), Jamaica (LDC/TS/24), Republic of Korea (LDC/TS/4), Liberia (LDC/TS/30), Malawi (LDC/TS/25), Mauritius (LDC/TS/36), Morocco (LDC/TS/34), Nigeria (LDC/TS/16), Pakistan (LDC/TS/14), Panama (LDC/TS/35), Paraguay (LDC/TS/40), Philippines (LDC/TS/32), Portugal (LDC/TS/20), Romania (LDC/TS/11), Spain (LDC/TS/2), Sri Lanka (LDC/TS/10), Suriname (LDC/TS/37), Tunisia (LDC/TS/13), Turkey (LDC/TS/6), Uganda (LDC/TS/33), Uruguay (LDC/TS/28), Yugoslavia (LDC/TS/5) and Zaire (LDC/TS/39). The country studies concerning Benin, the Central American Common Market (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua), Chad and Mexico have been completed and will be issued shortly. Country studies for Argentina and Macao are in the process of preparation.

#### Trade matrices

5. The trade matrices circulated in document LDC/TS/1 show for all products in the CCCN, broken down by categories and sub-categories, trade between individual developing countries in 1974. A summary table in the matrix document shows for each of the categories and sub-categories of products listed, the combined imports of the eighty-six developing countries covered from the world and from all developing countries. The shares of developing countries in total developing country imports of each category or sub-category and the main developing country importers and exporters concerned are also shown.

6. Aggregate trade flows between the same eighty-six developing countries appear in Matrix A of the document. Matrix B shows the inter-trade of the eighty-six developing countries in agricultural products and Matrix C provides similar information on trade between developing countries in industrial products. For greater detail, the document provides statistics on trade between individual developing countries for each category and sub-category of products utilized in the print-outs. In a cover note to the tabulations, attention is drawn by way of illustration to agricultural and industrial products traded in significant quantities among developing countries. It is also noted that although a substantial part of inter-developing country trade was of a regional nature, many of the countries covered by the matrices had substantial trade with developing country trade partners in other regions of the world.

7. The matrices are in the process of being updated to 1975 and these will be available before the end of July. Among other things, the data for the same categories and sub-categories of products are being arranged in such a way as to identify more easily trade flows at the sub-regional, regional or inter-regional levels and trade between individual developing countries.

#### Product identification

8. Spec(78)26/Add.1 contains an illustrative sample study of the commodity composition and direction of selected exports in 1976 or 1977 to other developing countries from five developing countries - Brazil, India, Ivory Coast, Republic of Korea and Yugoslavia. The study lists some 580 items identified mainly at the SITC five-digit level which account for more than 85 per cent of exports of the five to other developing countries in the years examined. The lists are by no means exhaustive and for example do not include items which may have export potential for the country concerned. Similar tabulations in respect of Egypt, Mexico, Pakistan, Panama, Uruguay and Zaire will be made available in July. The secretariat is also in the process of preparing product lists for other countries participating in the technical work.

#### Trade-related studies

9. As indicated in document Spec(78)26, the secretariat is providing, for further background and clarification, studies on certain trade-related factors of relevance to the expansion of trade among developing countries. One such note - "Payments Arrangements Among Developing Countries" - issued as LDC/TS/38 contains a description of normal channels of settlements and payments among developing countries and reviews certain existing documentation on the subject as well as the experience of payments arrangements at the regional level in connexion with the expansion of trade among developing countries. Notes are also being prepared on transport and marketing and distribution systems for individual countries and product groups so that delegations have ready access to certain basic information on these matters. In addition, a note is being prepared on rules of origin having regard, inter alia, to experience in this respect within the framework of the Protocol.

#### Preliminary conclusions emerging from technical work

10. On the basis of the technical work carried out to that time, a progress report containing some preliminary observations on possibilities for trade expansion among interested developing countries and trade policy measures which need to be taken into account in the negotiation of expanded exchanges of tariff and trade concessions was circulated at the end of 1978 as Spec(78)26. In statistical annexes the report provides, inter alia, information regarding

the commodity structure of developing country trade and inter-regional trade flows in 1975 within and among developing countries participating in regional economic groupings. The report also examines three main categories of apparent restraints to the growth of trade among developing countries. Firstly, the customs tariff; secondly, a range of charges and/or taxes on imports other than the customs duty, and, thirdly, other non-tariff measures such as import licensing systems, import control measures and administrative procedures. Some concluding observations on the possibilities for trade expansion among developing countries are contained in paragraph 23 of the note.

11. In the light of the further information now available by way of additional country studies, the updating of trade matrices etc., the secretariat is in the process of revising this note to identify more precisely those areas of commodity trade and commercial policy where the liberalization of trade among developing countries at the inter-regional level could be of mutual benefit to participants.

#### Objectives, modalities and procedures for negotiations

12. In line with a decision of the Committee of Participating Countries at its last meeting, a preliminary note (CPC/W/68) on possible objectives, procedures and modalities for a further round of trade negotiations among developing countries was issued recently illustrating certain points that need to be kept in mind in this respect.

#### Objectives

13. In CPC/W/68 certain suggestions have been made concerning the objectives of a second round of trade negotiations among developing countries. It may be noted that the Protocol Relating to Trade Negotiations Among Developing Countries contains in its Preamble a reference to the objectives and considerations that guided participants in the negotiation of the arrangements embodied in the Protocol. The countries participating in a new round of trade negotiations may wish to reaffirm the objectives stated in the Preamble. They may also, however, wish to record particular trade policy objectives which they consider relevant to the further effort to build up economic and trade co-operation among themselves. In this connexion they might, for instance, wish to note their desire to give special consideration to the position of the least developed countries and also to ensure that arrangements at the inter-regional level continue to give due regard to the expansion of trade at the regional and sub-regional levels, including programmes of regional and sub-regional integration.

14. As the negotiations progress and in the light of the results achieved, consideration could also be given to the need for possible revision or amendment of particular provisions of the Protocol with a view to ensuring that it remains a fully effective instrument for the continued expansion of trade among developing countries.

### Modalities

15. As indicated in document CPC/W/68, it is to be expected that a second round of trade negotiations among developing countries would cover tariffs, non-tariff measures and other measures which impede or distort inter-regional developing country trade in both industrial and agricultural products, including tropical products and raw materials, whether in primary form or at any stage of processing.

16. It is expected that negotiations in the area of tariffs would be designed to secure a substantial reduction in tariffs on the broadest range of products of both actual and potential export interest to participating developing countries. Participants may wish to consider how tariff negotiations might best be conducted taking into account documentation available on trade flows and import régimes. In this respect, a number of suggestions have been made, including a linear approach with exceptions lists, a sector approach covering broad sectors or categories of products of actual or potential interest in inter-developing country trade, or an item-by-item approach having regard to the essential development needs of individual developing countries. Combinations or variations of these basic elements taking into account the use where appropriate of such techniques as tariff quotas, tariff reclassification etc. would also be for consideration.

17. With regard to non-tariff measure negotiations, the following would appear to be aspects which could be the subject of consideration:

- (i) product related non-tariff measures which could be pursued on an appropriate basis;
- (ii) the need for any multilateral action on non-tariff measures in the context of trade relations among developing countries, having regard, for example, to the multilateral agreements negotiated in the Tokyo Round; and
- (iii) negotiations on particular products may need to cover both tariffs and certain non-tariff measures affecting such products.

### Procedures

18. As indicated in document CPC/W/68, the Committee of Participating Countries had in mind that a meeting of interested developing countries could be convened shortly after the next meeting of the Committee with a view to achieving further progress towards a new round of trade negotiations among developing countries. It is suggested that following this meeting it should be possible to put forward proposals for the establishment of the appropriate machinery for organizing the negotiations, adopting the necessary ground rules, taking the decisions required for the actual conduct of the negotiations and ensuring the necessary back-up support required from the secretariat.

19. It should be noted that any preliminary views which the participants reach on the matters referred to in paragraphs 12-18 above may have to be adjusted in the light of developments in the negotiations arising from the process of identification of products of interest to, and the exchange of relevant information among, the participating countries. It is suggested that this technical process of identification of products and exchange and clarification of information would be carried on in parallel with the formulation of any rules or procedures.

Working rules employed for the First Round of Trade Negotiations

20. For reference purposes, the working rules applied in the first round of trade negotiations among developing countries at the inter-regional level have been reproduced in the Annex to document CPC/W/68.