

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Preferential Arrangements Among
Developing Countries Negotiated
in GATT

COMMITTEE OF PARTICIPATING COUNTRIES

Draft Sixth Annual Report to the CONTRACTING PARTIES

1. The Decision adopted by the CONTRACTING PARTIES on 26 November 1971^{1/} concerning the implementation of the Protocol Relating to Trade Negotiations Among Developing Countries provides, inter alia, "That the CONTRACTING PARTIES will review annually, on the basis of a report to be furnished by the participating countries, the operation of this Decision ...". Thus, the countries participating^{2/} in the Protocol submit to the CONTRACTING PARTIES their sixth Annual Report^{2/} concerning the operation of the Protocol.
2. In adopting the Decision, the CONTRACTING PARTIES considered that trade negotiations among developing countries should have as their objective the expansion of access on more favourable terms for developing countries in one another's markets through an exchange of tariff and trade concessions directed towards the growth of their mutual trade. The CONTRACTING PARTIES noted that the establishment of preferences among developing countries could make an important contribution to the expansion of trade among developing countries and to the attainment of the objectives of the General Agreement. They also noted that countries members of the Protocol intended to keep under review the possibility of promoting negotiations for additions or enlargements to the schedules of concessions. They further expressed the hope that all developing countries not participating in the arrangements would consider acceding to the Protocol.
3. The present report has four sections. Section I briefly describes the activities of the Committee of Participating Countries during the period under review. Section II provides information on developments with regard to the initiation of a new round of trade negotiations among developing countries. Section III contains some brief comments on the statistical information provided by participating countries with regard to trading relationships under the Protocol. Section IV reproduces the tabulations containing the statistical information supplied by participating countries.

^{1/} BISD, Eighteenth Supplement, page 26.

^{2/} The first, second, third, fourth and fifth Annual Reports were published in BISD 21S/126, BISD 22S/73, BISD 23S/147, BISD 24/154 and BISD 25/163 respectively.

I. COMMITTEE OF PARTICIPATING COUNTRIES

A. Entry into force and status of ratifications

4. To the time of presenting this report, the Protocol Relating to Trade Negotiations Among Developing Countries, which entered into force on 11 February 1973, had been ratified by seventeen developing countries: Bangladesh, Brazil, Chile, Egypt, Greece, India, Israel, Republic of Korea, Mexico, Pakistan, Peru, Romania, Spain, Tunisia, Turkey, Uruguay and Yugoslavia. Paraguay has signed the Protocol ad referendum pending the completion of its domestic procedures and the Philippines has signed but not yet ratified the Protocol.

B. Implementation of the Protocol

5. Participating countries have fully observed the provisions of the Protocol and the terms of the Decision of the CONTRACTING PARTIES of 26 November 1971. During the period under review the articles of the Protocol relating to renegotiation, withdrawal or modification of concessions, emergency action on imports of particular products, temporary suspension of rights and obligations and the withholding or withdrawal of concessions were not utilized by any participating country. No consultations have been sought on measures which have implications for benefits countries may expect to derive from the arrangement. In connexion with the Declaration annexed to the Protocol, membership both in the Protocol and in regional economic and trading arrangements among developing countries has not so far resulted in the notification of any problems for participating countries.

6. No contracting party to GATT has requested consultations with participating countries pursuant to the Decision of the CONTRACTING PARTIES of 26 November 1971 on the grounds that benefits accruing under the General Agreement may be or are being impaired unduly as a result of the arrangements set out in the Protocol.

Rules of origin

7. Information on rules of origin, procedures, and documentation requirements applied by Romania in connexion with determination and certification of origin in relation to Romania's membership of the Protocol has been circulated to participants in document CPC/10/Add.11.

C. Activities of the Committee

8. The Committee of Participating Countries provided for in the Protocol was established for the purpose of giving effect to those provisions of the Protocol involving joint action and, generally, with a view to facilitating the operation and furthering the objectives of the Protocol. During the

period under review, the Committee has held sessions in December 1978, March, July and October 1979, under the chairmanship of Messrs. A. Liontas (Greece), K. Sandilya and Prem Kumar (India) and (Mexico).

9. In addition to concerning itself with day-to-day issues relating to the operation of the Protocol, the Committee has focussed a great deal of attention at each of its meetings on questions relating to a new round of trade negotiations among developing countries taking into account discussions on this subject in GATT and in other relevant international bodies and organizations. Pursuant to a technical work programme, participating countries and other interested developing countries have been exploring possibilities for a new round of trade negotiations open to all developing countries which would cover tariffs and other trade barriers. A preliminary examination of the material made available has supported the view that there is considerable scope for expanding trade exchanges among developing countries and that this could be facilitated by a new round of negotiations open to all developing countries. Details on these matters are provided in the ensuing paragraphs.

10. In connexion with a request that information concerning the Protocol be given wide circulation, the secretariat arranged circulation to all contracting parties to GATT and other developing countries and international bodies of a brochure describing the objectives, principles, main provisions and experience of the Protocol. The brochure also outlined the activities and work programme being undertaken at the time of publication with a view to exploring the scope for a new round of trade negotiations among developing countries. At the request of the Committee, GATT Commercial Policy Courses for senior officials from developing countries are giving additional attention to the question of trade negotiations among developing countries.

II. TRADE NEGOTIATIONS AMONG DEVELOPING COUNTRIES

11. It will be recalled that in the course of the thirty-fourth session of the CONTRACTING PARTIES in November 1978, a number of delegations in commenting on the Report for the Five-Year Review of the Decision concerning the Protocol Relating to Trade Negotiations Among Developing Countries referred to the question of enlargement in scope and coverage as well as membership of the Protocol. Some delegations stressed the importance attached to an early start of a new round of trade negotiations among developing countries. Consequently, in his concluding remarks, the Chairman of the CONTRACTING PARTIES noted the hope that had been expressed for an early decision to be taken on the holding of a further round of trade negotiations among developing countries in the framework of the Protocol; it had been proposed in this connexion that, as a matter of some urgency, a concrete work programme be established.

12. Previous reports to the CONTRACTING PARTIES by the Committee of Participating Countries have provided a broad description of the technical work programme undertaken by the secretariat at the request of more than fifty interested developing countries involving the collection of trade data, country studies focussing on trade flows, foreign trade régimes, development plans etc. and the examination of certain trade-related matters. The purpose of the work was to enable the interested developing countries to explore the possibilities and scope of a new round of trade negotiations among developing countries on a global basis. All developing countries have been kept informed of this programme and the basic documentation has been made available to them.

13. A preliminary assessment of the technical background information indicates that there are significant possibilities for the expansion of trade exchanges among developing countries in the agricultural and tropical products sectors and with respect to a range of manufactured and semi-manufactured goods. The studies have also brought out the importance and possibilities for inter-regional liberalization and expansion of trade among developing countries having regard to developments in sub-regional and regional economic groupings or arrangements. In the light of progress in the technical work programme, members of the Committee and representatives from other developing countries have expressed interest in the early launching of a new round of trade negotiations among developing countries, both members and non-members of GATT, which would cover tariffs and non-tariff measures on a global basis.

14. Following discussions in the Committee of Participating Countries and informal consultations with other developing countries not members of the Protocol, a meeting open to all interested developing countries was convened on 25 October to exchange views on the preparatory work that had been undertaken in connexion with the expansion of trade among developing countries and to consider how further progress might be made towards initiating a new round of trade negotiations among developing countries, both members and non-members of GATT, on a global basis. It had been proposed in this connexion that necessary arrangements be made for the establishment of a Trade Negotiations Committee of Developing Countries to work out rules and procedures and to supervise the conduct of the negotiations. [to be completed]

III. STATISTICAL DATA

15. Available statistics indicate that overall trade among participating countries in products contained in the schedules of concessions continued to increase during 1978. While full details of reported trade in products subject to concessions are shown in Section IV¹ of the report, an attempt has been made in the following table to provide a summary of certain aspects of this trade.

¹Section IV is being issued as an addendum to this document.

16. It will be noted from the summary table that with respect to the nine¹ participating countries which had provided data at the time of preparation of this report, aggregate trade with other participating countries in products included in the schedules of concessions increased over the last three years from \$59.4 million in 1976 to about \$95 million in 1978 or over 60 per cent.

17. Although noting that the figures are incomplete and reflect trade flows on scheduled items for nine participating countries, and taking into account other factors which may influence this trade, the Committee welcomed the continuation of the overall trend which has become evident since commencement of the extraction of relevant data following entry into force of the Protocol in 1973. The Committee nevertheless recognizes that these results reflect an initial effort to expand trade among developing countries on an inter-regional basis and expects that a new round of trade negotiations involving all interested developing countries could result in tariff and trade concessions which would have a substantial impact on their mutual trade relations in terms of increasing the value of such trade and enlarging the scope for the exchange of goods produced in developing countries.

¹Data provided by other participating countries will be circulated as addenda to this document and the figures shown will be modified in the light of any additional information received.

AGGREGATE TRADE IN PRODUCTS SUBJECT TO CONCESSIONS
AMONG REPORTING PARTICIPATING COUNTRIES

Participating country	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from	
	1978		1977		1976		1975		1974		1973		1972		
BRAZIL	586.0	India Spain Romania	468.0	India Spain	8,945.0	India Spain Uruguay	933.0	India Israel Spain	3,414.1	India Spain Turkey	480.2	India Spain Turkey	301.0	India Pakistan	
EGYPT	25,405.0	Brazil Greece India Korea Pakistan Romania Spain Tunisia	8,898.0	Greece India Pakistan Spain Tunisia Yugoslavia	1,456.3	Greece India Korea Pakistan Spain Yugoslavia	633.4	Greece India Korea Pakistan Spain Yugoslavia	595.5	Spain Yugoslavia					
ISRAEL	3,723.0	Greece Romania Spain Turkey	2,818.0	Greece Korea Turkey Spain	2,920.0	Greece Spain Turkey	1,101.0	Spain Turkey	837.0	Spain Turkey	192.0	Korea Spain Turkey	381.0	Spain Turkey	
KOREA	17,896.0	Brazil Chile Greece India Spain Turkey Yugoslavia	13,892.0	Brazil Greece India Turkey Uruguay Yugoslavia	8,881.0	India Turkey Yugoslavia	17,087.0	Greece Spain Turkey Yugoslavia	9,353.4	Greece India Turkey	4,094.0	Greece India Turkey	1,354.0	Greece India Turkey	
MEXICO	3,851.0	Brazil Egypt Israel Spain Uruguay	2,102.0	Brazil Egypt India Spain Uruguay	1,748.0	Brazil Egypt Spain Uruguay	2,175.0	Brazil Egypt India Israel Spain Uruguay	1,726.0	Israel Spain	2,652.0	Spain	2,312.1	Spain	
PERU			2.0	Brazil	29.0	Brazil Spain	38.7	Brazil Chile Spain							
SPAIN	1,848.5	Brazil Greece India Israel Korea Mexico Pakistan Peru Philippines Tunisia Turkey Uruguay Yugoslavia	2,642.5	Brazil Chile Greece India Israel Korea Mexico Pakistan Peru Turkey Uruguay Yugoslavia	2,061.0	Brazil Chile Egypt Greece India Israel Korea Mexico Pakistan Peru Philippines Uruguay Yugoslavia	953.4	Brazil Chile Egypt Greece India Israel Mexico Pakistan Uruguay Yugoslavia	906.3	Brazil Chile Egypt Greece India Israel Mexico Pakistan Yugoslavia	1,509.0	Brazil Chile Greece India Israel Mexico Pakistan Yugoslavia	658.0	Brazil Chile Greece India Israel Mexico Pakistan Turkey Yugoslavia	

Participating country	1978		1977		1976		1975		1974		1973		1972			
	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from	Value of imports	Imports from		
TURKEY	37,750.0	Brazil India Israel Korea Pakistan Romania Spain Tunisia Yugoslavia	33,443.9	Brazil India Israel Korea Mexico Pakistan Spain Tunisia Yugoslavia	30,291.0	Brazil India Israel Korea Pakistan Spain Tunisia Yugoslavia	27,253.0	Brazil India Israel Korea Pakistan Spain Tunisia Yugoslavia	9,135.0	Brazil Greece India Israel Korea Pakistan Spain Tunisia Yugoslavia	3,813.0	India Israel Spain Tunisia Yugoslavia	4,519.0	Egypt India Israel Korea Pakistan Spain Tunisia Yugoslavia		
	3,622.0	Brazil Greece Israel Korea Paraguay Philippines Spain	3,207.0	Brazil Greece Israel Korea Mexico Spain	3,048.0	Brazil Israel Korea Mexico Spain	2,515.0	Brazil Greece Korea Mexico Spain	4,533.0	Brazil Greece Korea Mexico Peru Spain						
URUGUAY																
TOTAL	94,681.5 ^{2/}		68,473.4 ^{4/}		59,379.3 ^{4/}		52,689.5 ^{4/}		30,500.3 ^{2/}		12,740.2 ^{2/}		9,525.1 ^{2/}			

^{1/} In US\$'000. ^{2/} Six participating countries. ^{3/} Eight participating countries. ^{4/} Nine participating countries.