

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Preferential Arrangements Among
Developing Countries Negotiated
in GATT

COMMITTEE OF PARTICIPATING COUNTRIES

Draft Seventh Annual Report to the CONTRACTING PARTIES

1. The Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries¹ adopted by the CONTRACTING PARTIES at their thirty-fifth session in November 1979 applies, inter alia, to "regional or global arrangements entered into amongst less-developed contracting parties for the mutual reduction or elimination of tariffs and, in accordance with criteria or conditions which may be prescribed by the CONTRACTING PARTIES, for the mutual reduction or elimination of non-tariff measures ..." notwithstanding the provisions of Article I of the General Agreement. There is thus a standing legal basis resulting from the Tokyo Round² for the Protocol Relating to Trade Negotiations Among Developing Countries.
2. The Committee on Trade and Development which has been given primary responsibility for supervision of the implementation of the above Decision, also known as the Enabling Clause, in discussing procedural arrangements for reviewing activities covered by the Decision took note

¹L/4903

²The implementation of the Protocol was originally covered by a Decision of the CONTRACTING PARTIES dated 26 November 1971 (BISD, Eighteenth Supplement, pages 26-28).

that reviews of the operation of the Enabling Clause could be co-ordinated with its end of year reviews of the implementation of Part IV and that information for the purpose of such reviews should be circulated in good time. Thus, the countries participating in the Protocol submit to the CONTRACTING PARTIES their seventh Annual Report¹ concerning the operation of the Protocol.

3. The present report has three sections. Section I briefly describes the activities of the Committee of Participating Countries during the period under review. Section II contains some general comments on the statistical information provided by participating countries with regard to trading relationships under the Protocol. Section III reproduces the tabulations containing the statistical information supplied by participating countries.

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 sixteen developing countries: Bangladesh, Brazil, Chile, Egypt, 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. Greece has withdrawn from the Protocol as of 28 June 1980.

¹The first, second, third, fourth, fifth and sixth Annual Reports were published in BISD 21S/126, BISD 22S/73, BISD 23S/147, BISD 24S/154, BISD 25S/163 and L/4855 and Addenda respectively.

B. Implementation of the Protocol

5. Participating countries have fully observed the provisions of the Protocol. 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. One participating country has disinvoked paragraph 15 on non-application of the Protocol vis-a-vis another participating country.

C. Activities of the Committee

6. 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 March, July and October 1980 under the chairmanship of Messrs. S. Delgado (Mexico) and E. Ponce and (Peru).

7. In addition to concerning itself with day-to-day issues relating to the operation of the Protocol, the Committee has taken up questions with respect to the expansion of trade among developing countries, having

regard to discussions on this subject in GATT and in other relevant international bodies and organizations. Pursuant to a request submitted by the Government of Bangladesh, on 18 March 1980 the Committee agreed to extend the duration of the Protocol of Accession of Bangladesh until 28 March 1983. The text of the Decision is reproduced in Annex I.

8. In the light of the request of Argentina for accession to the Protocol, the Committee of Participating Countries has agreed on procedures for negotiations which are taking place between Argentina and interested participating countries.

9. The question of expansion of trade among developing countries through a further round of trade negotiations has been engaging the attention of a number of countries including members of the Protocol. In this connexion, the Committee of Participating Countries has taken note of the technical work carried out by the secretariat and the preliminary observations regarding the scope for the further expansion of trade among developing countries emerging from the study and analysis made. The Committee has also noted that consideration would continue to be given to the matter of further trade negotiations among developing countries.

II. STATISTICAL DATA

10. Available statistics indicate that overall trade among participating countries in products contained in the schedules of concessions was broadly maintained during 1979 with a number of such countries continuing to record an increase in imports of concessional items. While full details of reported trade in products subject to concessions are shown in Section III¹ of the report, an attempt has been made in the following table to provide a summary of certain aspects of this trade. It covers eight participating countries²

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

²Data 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.

which had provided information on trade in concessional items and generally refers to the period 1975-79. For Romania, the statistics cover the years 1978 and 1979 taking into account that Romania acceded to the Protocol in 1978. As indicated in the summary, aggregate trade in products included in the schedules of concessions amounted to \$US276 million in 1979.

11. Although noting that the figures are incomplete and reflect trade flows on scheduled items for eight participating countries, and taking into account other factors which may influence this trade, the Committee welcomed the continuation of the positive, overall trend which has become evident since commencement of the extraction of relevant data following entry into force of the Protocol in 1973. In recognizing that the Protocol is a first attempt at expanding trade among developing countries at the inter-regional level on the basis of an exchange of trade concessions, the experience suggests that there is considerable scope for promoting increases in trade among developing countries through the further development of trade preferences among developing countries as provided for by the Enabling Clause.

ANNEX I

Extension of the Protocol of Accession of Bangladesh

Decision of 18 March 1980

Considering the request of the Government of Bangladesh for an extension of the duration of its Protocol of Accession to the Protocol Relating to Trade Negotiations Among Developing Countries for a further period;

The COMMITTEE OF PARTICIPATING COUNTRIES

Decides in accordance with paragraphs 4 and 14 of the Protocol Relating to Trade Negotiations Among Developing Countries to extend the duration of the Protocol of Accession of Bangladesh until 28 March 1983.

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	
	1979		1978		1977		1976		1975	
BRAZIL	636	India Romania Spain	586	India Romania Spain	468	India Spain	8,945	India Spain Uruguay	933	India Israel Spain
EGYPT	8,868	Greece India Korea Pakistan Romania Spain Yugoslavia	25,405	Brazil Greece India Korea Pakistan Romania Spain Tunisia	8,898	Greece India Pakistan Spain Tunisia Yugoslavia	1,456	Greece India Korea Pakistan Spain Yugoslavia	633	Greece India Korea Pakistan Spain Yugoslavia
ISRAEL	11,034	Greece Korea Mexico Romania Spain Turkey	3,723	Greece Romania Spain Turkey	2,818	Greece Korea Spain Turkey	2,920	Greece Spain Turkey	1,101	Spain Turkey
KOREA	21,637	Greece Israel Spain Turkey Yugoslavia	17,896	Brazil Chile Greece India Spain Turkey Yugoslavia	13,892	Brazil Greece India Turkey Uruguay Yugoslavia	8,881	India Turkey Yugoslavia	17,087	Greece Spain Turkey Yugoslavia
MEXICO	5,632	Brazil Chile Egypt Israel Korea Spain Uruguay	3,851	Brazil Egypt India Spain Uruguay	2,102	Brazil Egypt India Spain Uruguay	1,748	Brazil Egypt Spain Uruguay	2,175	Brazil Egypt India Israel Spain Uruguay
ROMANIA ²	225,524	Bangladesh Brazil Chile Egypt Greece India Israel Mexico Pakistan Peru Spain Tunisia Turkey Yugoslavia	235,354	Brazil Chile Egypt Greece India Israel Mexico Pakistan Peru Spain Turkey Uruguay Yugoslavia						
SPAIN	1,655	Brazil Chile Greece India Israel Korea Mexico Pakistan Peru Tunisia Turkey Uruguay Yugoslavia	1,840	Brazil Greece India Israel Korea Mexico Pakistan Peru Tunisia Turkey Uruguay Yugoslavia	2,643	Brazil Chile Greece India Israel Korea Mexico Pakistan Peru Turkey Uruguay Yugoslavia	2,054	Brazil Chile Egypt Greece India Israel Korea Mexico Pakistan Peru Uruguay Yugoslavia	953	Brazil Chile Egypt Greece India Israel Mexico Pakistan Uruguay Yugoslavia
URUGUAY	1,156	Brazil Greece Romania Spain	3,258	Brazil Greece Israel Korea Paraguay Spain	3,207	Brazil Greece Korea Mexico Spain	3,048	Brazil Israel Korea Mexico Spain	2,515	Brazil Greece Korea Mexico Spain
TOTAL	276,142 ^{3/}		291,213 ^{3/}		34,028 ^{4/}		29,052 ^{4/}		25,397 ^{4/}	

^{1/} In US\$ '000^{2/} The Protocol entered into force for Romania on 15 September 1978^{3/} Eight participating countries^{4/} Seven participating countries