

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Preferential Arrangements
Among Developing Countries
Negotiated in GATT

COMMITTEE OF PARTICIPATING COUNTRIES

Draft Twelfth Annual Report to the CONTRACTING PARTIES

1. The Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries¹, also known as the Enabling Clause, 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. This Decision constitutes a standing legal basis for the Protocol Relating to Trade Negotiations Among Developing Countries.²

2. The Committee on Trade and Development which has been given primary responsibility for supervision of the implementation of the above Decision, in discussing procedural arrangements for reviewing activities covered by the Decision took note 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 twelfth Annual Report³ concerning the operation of the Protocol.

I. COMMITTEE OF PARTICIPATING COUNTRIES

A. Entry into force and status of ratifications

3. 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,

¹BISD 26S/203-205

²The implementation of the Protocol was originally covered by a Decision of the CONTRACTING PARTIES dated 26 November 1971 (BISD 18S/26-28).

³The first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth and eleventh Annual Reports were published in BISD 21S/126, BISD 22S/73, BISD 23S/147, BISD 24S/154, BISD 25S/163, BISD 26S/337, BISD 27S/172, BISD 28S/129, BISD 29S/155, BISD 30S/203 and L/5686 and Addenda, respectively.

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

4. 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 connection 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.

C. Activities of the Committee

5. 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 February, May, July and [September] 1985 under the Chairmanship of Messrs. H. Rahman (Bangladesh), A. de Aguiar Patriota (Brazil) and F. Morales (Chile).

6. 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.

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

8. Having regard to the relevant provisions of the Protocol Relating to Trade Negotiations Among Developing Countries, the Committee of Participating Countries decided to carry out a review of the schedules of concessions of participating countries with a view to facilitating action aimed at updating and improving the scope and coverage of the concessions on the basis of the considerations and principles embodied in the Preamble of the Protocol. To this effect, the Committee has adopted procedures for review of the schedules of concessions. Pursuant to these procedures, consultations for the purpose of exchanging information and clarifications concerning the review exercise are being carried out. As a starting point for carrying out the initial phase of the agreed procedures, the Committee has been considering a suggestion that without prejudice to activities in other fora, 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 has requested the secretariat to prepare on the basis of available data a listing of items for which the conditions of access might be liberalized in the framework of the Protocol.

9. Pursuant to Annex A of the Protocol, participating countries have updated information with respect to certification of origin.

10. Having regard to the signature of the treaty of accession of Spain to the European Communities, the Committee has taken note that Spain intends to withdraw from the Protocol pursuant to paragraph 17 thereof.

II. STATISTICAL DATA

11. Available statistics indicate overall trade among participating countries in products contained in the schedules of concessions. Full details of reported trade in products subject to concessions are shown in addenda to this report.