

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Trade and Development
Forty-seventh Session
1-2 July 1982

CONTRIBUTION TO THE PREPARATIONS FOR THE MINISTERIAL MEETING

Conclusions by the Chairman

1. The Committee carried out an examination of issues that might need to be taken up by the meeting of the CONTRACTING PARTIES at Ministerial level in November of this year. The discussions on these issues will appear in the secretariat note on the proceedings of this session, under the individual items of the Agenda.
2. The Committee's review of developments in international trade highlighted the present critical trade and payments position of many developing countries. The Committee had before it a secretariat background note prepared for this review which focusses attention on the continuing increase in the combined current account deficit of developing countries, related to the further deceleration in the growth of their exports, the deterioration in the terms of their trade and rapidly growing interest payments. In the course of this review, attention was also drawn to the difficulties faced by many developing countries due to instability of commodity export prices. It was suggested that document COM.TD/W/368 and the record of the discussion in the Committee on this matter could assist in the drafting of the political declaration for consideration by Ministers (Part I of the Final Product), and should therefore be brought to the attention of the Preparatory Committee.
3. A number of specific proposals were made on tropical products, quantitative restrictions, tariff escalation, Part IV and the Enabling Clause, and the GSP. These proposals covered the following main points:
 - (a) Tropical Products: agreement on further work, with a view to seeking means of further liberalizing trade in tropical products, particularly in their processed and semi-processed forms, through consultations and negotiations, according to terms and modalities to be established by the Committee on Trade and Development;
 - (b) Quantitative Restrictions: decision regarding elimination of quantitative restrictions inconsistent with GATT as well as standstill and liberalization of other restrictions; the examination of all quantitative restrictions in a group or committee with particular reference to the interests of developing countries;

- (c) Tariff Escalation: recognition of the importance of the problem of tariff escalation particularly in regard to the trade of developing countries; decision to eliminate/substantially reduce escalation of tariffs on products with increased processing;
- (d) Part IV and the Enabling Clause: a review by the Committee on Trade and Development of the application and implementation of Part IV, including existing surveillance procedures, as well as of the operation of the Enabling Clause, in terms of its paragraph 9; also an examination by the committees of the various MTN codes, in conjunction with interested non-member developing countries, of possibilities for facilitating their accession to the codes, bearing in mind the provisions of paragraph 2(b) of the Enabling Clause;
- (e) GSP: further expansion and improvement of GSP schemes.

4. A large number of delegations supported the adoption of these proposals by Ministers and urged the need for early progress in these matters. Other delegations, while recognizing the need for further work and reflexion in these areas, expressed certain reservations, and indicated that these proposals required closer examination and further discussion before they could be adopted for consideration by Ministers. Certain delegations made specific comments and suggestions on different aspects of some of the proposals. Some questions were raised as to whether the stage had been reached for negotiations on some of these matters.

5. In relation to tropical products and quantitative restrictions, it was recalled that at the April session of the Committee the Chairman had been able to sum-up (COM.TD/110, Annex) by noting the agreement in the Committee that there was scope for further work, with a view to seeking means of further liberalizing trade in products of interest to developing countries. It was also recalled that the Committee had agreed that the Ministerial meeting of the CONTRACTING PARTIES presented an opportunity for the consideration of specific measures of trade liberalization and of appropriate modalities for carrying forward the unfinished process of liberalization in this area; and that the Committee could carry out preparatory work to this end, with a view to facilitating decisions by Ministers. In regard to tariff escalation, the Committee noted the communication of the Chairman of the Committee on Tariff Concessions to the Preparatory Committee (TAR/57) to the effect that there was a widespread belief among members of the Committee on Tariff Concessions that tariff escalation was a factor inhibiting international trade, and suggesting that Ministers therefore could express appreciation for the problem and endorse further work, including the examination of possible means for reducing such escalation.

6. It was agreed that further discussions should be held on the above matters with a view to reaching consensus. All views expressed in the course of the discussions in the Committee will be recorded in the note on the proceedings of this session.

7. There was widespread support in the Committee for the substance of the suggestions made by the Chairman of the Sub-Committee on Trade of

Least-Developed Countries for Ministerial decisions in regard to action on further improvements in m.f.n. or GSP treatment for exports from least-developed countries, the elimination or reduction of non-tariff measures affecting products of particular export interest to them, greater flexibility for their participation in MTN agreements, strengthening GATT secretariat technical assistance to them, strengthening trade promotion activities and strengthening the role of the Sub-Committee on Trade of Least-Developed Countries. There was also some support for the proposal regarding greater flexibility in rules of origin applied to products of export interest to least-developed countries, with respect to which, however, certain delegations had reservations. It was suggested that problems for least-developed countries in this area could be examined with a view to considering whether the simplification of origin rules or technical assistance would be the appropriate way of dealing with them. The proposals by the Chairman of the Sub-Committee will be reproduced in an annex to the note on proceedings.

8. There was general agreement in the Committee that Ministers be requested to endorse a strengthening of the technical cooperation programme of the secretariat, covering training courses and other technical assistance activities, with a view to ensuring that it meets more adequately the current and prospective requirements of developing countries related to their participation in the GATT trading system. In this connexion, the proposal for a regular commercial policy course in Spanish was recalled. It was noted that the budgetary implications of such an expanded programme would need to be addressed.

9. It was agreed that the note on the proceedings of the session be forwarded to the Preparatory Committee as a further contribution of the Committee on Trade and Development to the work of that body.

10. The proposals referred to above will appear in annexes to the note on the proceedings.

¹ These proposals are also reproduced in the annexes to this document.

ANNEX 1Proposals by a number of developing country delegations
for consideration by the Ministerial Meeting(a) Tropical Products

- (i) The Ministers recognize the importance of trade in tropical products to developing countries. While expressing their appreciation for the progress achieved in eliminating and reducing barriers to such trade in previous rounds of trade negotiations in GATT, including the Tokyo Round, they recognize the need to seek further liberalization of conditions of access to markets for tropical products, particularly in their processed and semi-processed forms, taking into account the interests of all producers. In this respect, they take note of the results of the recent series of informal consultations on tropical products, held under the Committee on Trade and Development, in March 1982, including requests made by developing exporting countries for further reduction or elimination of barriers to trade of specific products.
- (ii) Accordingly, the Ministers decide to establish a Programme for Further Liberalization of Trade in Tropical Products covering, as appropriate, consultations and negotiations aimed at eliminating or reducing existing tariff and non-tariff measures affecting trade in tropical products. They agree that the Committee on Trade and Development should be responsible for establishing appropriate modalities for this purpose.
- (iii) Recalling further the undertaking in Part IV on internal taxes of a selective nature, the Ministers also urge that the standstill on fiscal measures should apply to both specific and ad valorem tax rates presently applicable to tropical products covered by the undertaking.
- (iv) Ministers request the CONTRACTING PARTIES to review progress achieved in relation to trade measures affecting tropical products at their regular session at the end of [1984].

(b) Quantitative Restrictions

- (i) Elimination of all quantitative restrictions inconsistent with the provisions of the General Agreement.
- (ii) Indication of a time-frame for the phasing-out of remaining restrictions, priority being given to restrictions affecting exports of developing countries.

- (iii) Standstill on new tariff and non-tariff barriers against exports, with priority to exports of developing countries.
- (iv) Until and during the phasing-out of the remaining restrictions, action should be taken with regard to the following:
 - (a) Progressive enlargement of quotas in favour of developing countries.
 - (b) Adoption of measures to ensure the full utilization of quotas.
 - (c) Removal of discriminatory aspects of quantitative restrictions.

The suggestion was also made by some delegations that the Balance-of-Payments Committee would be given the responsibility of carrying out consultations on all types of quantitative restrictions.

(c) Tariff Escalation

Tariff escalation stands out as a major problem requiring of the Ministerial meeting a decision to eliminate/substantially reduce the escalation of tariffs on products with increased processing. To this end the necessary studies should be completed expeditiously and intensive work followed up so as to have such barriers to trade as result from the application of escalation promptly eliminated (document PREP.COM/W/6).

(d) Part IV

- (i) Ministers, reaffirming their commitment to the fullest implementation of the objectives and provisions of Part IV, decide to instruct the Committee on Trade and Development to carry out a detailed review of the extent of application and implementation by governments of Part IV since its inception, as well as an examination of ways to improve procedures for reviewing actions under Part IV and for dealing with problems relating to the application of its provisions.
- (ii) They request the Committee on Trade and Development to submit appropriate guidelines to further the implementation of Part IV and the liberalization of trade in favour of developing countries to the regular session of the CONTRACTING PARTIES in 1983.

(e) Enabling Clause

- (i) Ministers, emphasizing the importance they attach to the full use of the consultation provisions in paragraph 4 as a framework for dealing with any specific difficulties that arise in the application of differential and more favourable treatment, especially GSP treatment, agree that wherever possible these provisions should provide an opportunity for ex ante, as well as ex post, consultations on modifications to such treatment.
- (ii) In regard to modifications of GSP treatment, Ministers affirm the importance they attach to transparency and objectivity with regard to such modifications.
- (iii) Accordingly, they request the Committee on Trade and Development to carry out an in-depth review of the operation of the Enabling Clause, including an examination of the matters referred to in (a) and (b) above, with a view to making appropriate recommendations.
- (iv) Having regard to the framework provided by the Enabling Clause and in particular paragraph 2(b) thereof, Ministers invite the managing committees of the various MTN codes to examine, in conjunction with interested non-member developing countries, the reasons why more developing countries are not joining the codes, and whether the clarification of existing provisions on differential and more favourable treatment for developing countries, or the further elaboration of such provisions, might be an appropriate way of overcoming any problems identified in this connexion.

ANNEX 2

Suggestions made by the Chairman of the Sub-Committee on Trade of Least-Developed Countries on elements in regard to the least-developed countries that might be included in a decision by Ministers

- (a) Further improvements in m.f.n. or GSP treatment for exports from least-developed countries, with the objective of providing duty-free access to products of particular export interest to least-developed countries.
- (b) The adoption of more flexible requirements for rules of origin for products of particular export interest to least-developed countries.
- (c) Elimination or reduction of non-tariff measures affecting products of particular export interest to least-developed countries; greater flexibility for the participation of least-developed countries in MTN agreements.
- (d) Strengthening of the technical assistance facilities of the GATT secretariat targeted to the special requirements of least-developed countries.
- (e) Strengthening of trade promotion activities, through the ITC and other initiatives, such as the establishment of import promotion offices in importing countries.
- (f) Strengthening of the role of the Sub-Committee on Trade of Least-Developed Countries in the discussion and examination of policy issues of interest to least-developed countries in the context of further efforts to liberalize trade.