

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/LLDC/2
12 August 1981

Limited Distribution

Sub-Committee on Trade of
Least-Developed Countries
13 July 1981

NOTE ON PROCEEDINGS OF SECOND MEETING

Prepared by the Secretariat

Introduction

1. The Sub-Committee on Trade of Least-Developed Countries held its second meeting on 13 July 1981, under the Chairmanship of Mr. A. Dunkel, Director-General of GATT.
2. In his introductory remarks, the Chairman recalled that the broad exchange of views on commercial policy issues of interest to least-developed countries which the Sub-Committee had undertaken at its first meeting had provided an agreed basis for its future work as reflected in the Annex to document COM.TD/LLDC/1. In his summing-up at that meeting, he had noted, among other things, that the Sub-Committee could be a useful forum for keeping under review activities of interest to least-developed countries in various GATT bodies, as also activities in other international organizations and bodies. Further, the Sub-Committee would serve as a forum for addressing the trade problems of least-developed countries which lent themselves to practical consideration and action in the GATT.
3. The Chairman referred to the intensive efforts which were being made by the international community to ensure the success of the United Nations Conference on the Least-Developed Countries to be held in Paris in September. He noted that the specific focus of work in the Sub-Committee was in the field of commercial policy and that due regard had to be taken of the Sub-Committee's terms of reference. It was within this context that the GATT could contribute towards the aims of the Conference.
4. The Sub-Committee had before it two secretariat notes, one on recent developments in international trade and in commercial policy relevant to the trade interests of least-developed countries, which also dealt with technical assistance by the secretariat (COM.TD/W/LLDC/2), and the other, containing updated information on tariffs and trade flows and preliminary data on certain non-tariff measures which appeared to be relevant to products of interest to least-developed countries (COM.TD/W/LLDC/3). As suggested in the annotated provisional agenda (COM.TD/W/LLDC/4), which was adopted, the Sub-Committee agreed to pursue its work programme under two broad headings. Under the first heading, delegations took up points (i), (ii) and (iv) of the annotated agenda dealing with a review of developments in international trade of relevance to the trade of least-developed countries,

a review of commercial policy measures taken in favour of the least-developed countries and technical assistance activities of the secretariat. The second heading, covering point (iii) of the agenda, was concerned with an identification of barriers to the exports of least-developed countries for discussion, comment and suggestions as a contribution to work in the Sub-Committee or in other contexts on the possibilities for further trade liberalization.

Review of developments in international trade and commercial policy

5. The representative of a least-developed country, supported by delegations of other least-developed countries, drew attention to the precarious economic situation and prospects facing least-developed countries. In addition to domestic economic problems, the least-developed countries were being especially hard hit by world recession and inflation. The value of their imports had increased sharply due to higher import prices while export earnings had declined substantially as the prices of their exports, mainly raw materials and agricultural products, continued to fall. These developments, together with the continuing deterioration in their external payments, debt servicing, and financing positions had been documented in the secretariat note (COM.TD/W/LLDC/2). In the view of these delegations it was against this background that the Sub-Committee should discuss what further practical and immediate measures could be taken to liberalize access to developed country markets for exports of least-developed countries.

6. Delegations of least-developed countries expressed appreciation for actions already taken by some developed countries in favour of least-developed countries, notably GSP duty-free entry for most products imported from least-developed countries and advance implementation of certain m.f.n. concessions. They urged other developed countries to take similar action. These delegations observed that, since imports from their countries comprised only a relatively small proportion of imports by developed countries, liberal conditions of access would not disrupt developed country markets. On the other hand, even small quantities of incremental exports were of considerable significance for least-developed countries.

7. The representative of a least-developed country referred to the progress that had been made in the Sub-Committee with respect to the examination of the trade problems of least-developed countries and the identification of export products of interest to them. In his view, the Sub-Committee should now move towards an "action-oriented" phase by exploring ways of finding solutions to the outstanding problems with the minimum of delay.

8. Representatives of least-developed countries noted with appreciation the technical assistance that had been made available by the secretariat to certain least-developed countries upon request and emphasized the continuing importance of this activity for their countries.

9. Delegations of some developed countries indicated their awareness of the serious economic situation of least-developed countries and the difficulties they faced in relation to the deficits in their foreign trade accounts. These delegations recalled that world production and trade and the world economy were in a protracted phase of recession, unemployment, inflation and payments imbalances which had had the effect, among other things, of depressing internal demand and in particular the demand for imports in most developed countries. In the view of these delegations, this situation tended to limit to some degree possibilities open to developed countries in the area of commercial policy. These delegations, and representatives of some other developed countries, nevertheless referred to a number of actions which their governments had taken, or were in the course of considering, towards providing improved trading conditions for the least-developed countries. These included further improvements in GSP treatment for agricultural and industrial products, inclusion of more products imported from least-developed countries within GSP coverage, including in one case certain handicrafts and textile products, the extension of duty-free treatment for imports from least-developed countries in another scheme which had recently been extended for a further ten-year period, and certain domestic measures which one developed country had taken in the field of trade promotion. Representatives of some developed countries expressed a readiness to consider with interested least-developed countries appropriate ways and means for carrying forward the examination of specific problems and possible measures which could be taken with respect to products of export interest to these latter countries.

Products of export interest to least-developed countries

10. A number of delegations stated that they could make only preliminary comments on the information in document COM.TD/W/LLDC/3 covering tariffs, non-tariff measures and trade flows, which had been circulated shortly before the meeting. They expressed the view, none the less, that the document offered a useful basis for the consideration of certain issues and problems in the field of commercial policy of relevance to the least-developed countries. As a first step, however, these delegations indicated that they would provide the secretariat with suggestions or amendments that might be required with respect to the background material in COM.TD/W/LLDC/3 so that an up-to-date data base for further work was available. One of these delegations observed that as most of the non-tariff measures shown in the document as being maintained by his country were health and phytosanitary regulations, he would not wish to hold out the prospect that such regulations, maintained solely for health reasons and having no trade-restrictive intent, could be relaxed. In this context, the representative of a least-developed country explained that his country did not expect health restrictions without discernible trade distortive effects to be relaxed, although in certain cases least-developed countries may wish to ask for technical assistance in order to better understand such regulations and to be able to comply with their requirements.

11. In noting the interest expressed by representatives of least-developed countries in seeking early solutions to problems of market access facing their countries, some delegations of developed countries reiterated their readiness to enter into consultations with interested least-developed countries when specific problems and issues were identified, in order to clarify the background to such issues and problems and discuss practical approaches towards finding solutions having regard to the Sub-Committee's terms of reference.

12. Some delegations of developed countries recalled the view expressed at the previous meeting of the Sub-Committee that the provision of special trade measures and differential treatment for least-developed countries was an international responsibility in which all contracting parties should share. Accordingly, they suggested that in any future revision of the secretariat document (COM.TD/W/LLDC/3), information should also cover the commercial policy applied by developing countries to imports from least-developed countries. Some of these delegations referred to the possibilities that may be available for expanding the trade of least-developed countries in the context of regional or sub-regional arrangements among developing countries. They noted also that the Eastern trading area could make an appropriate contribution by providing greater opportunities in their markets for products originating in least-developed countries. The representative of a developing country, referring to the terms of reference of the Sub-Committee, noted that as they related to special treatment for least-developed countries in the context of any general or specific measures taken in favour of developing countries, the particular proposal made relating to developing countries was not relevant to the work of the Sub-Committee. Also in this connexion, the representative of a least-developed country noted that as developed country markets were of primary importance to least-developed countries, it was reasonable to seek solutions to problems of market access in this area as a starting point. This representative also noted that possibilities for providing special treatment for least-developed country products in the markets of developing countries were being examined in the broad framework of economic co-operation among developing countries.

Chairman's concluding remarks

13. In the light of the points raised during the discussions, the Chairman, in his concluding remarks, stressed the importance of the forthcoming Paris conference on the least-developed countries which would afford the international community an opportunity to tackle on a global basis the many problems these countries were facing. GATT would continue to pursue its work in the field of international trade as a contribution to the efforts being made globally. As to the work in GATT on the trade problems of least-developed countries, it was expected that, over the forthcoming period, interested delegations would offer their comments, etc., on the secretariat paper dealing with tariffs and non-tariff measures (COM.TD/W/LLDC/3), so that an adequate basis would be available for following up this matter. Least-developed countries would also be invited to notify any additional

trade measures not covered by the documentation that may appear to be adversely affecting their exports. It was expected that where specific problems and issues were identified, a process of consultation could take place between the countries concerned with a view to seeking clarifications and discussing practical approaches towards finding solutions having regard to the Sub-Committee's terms of reference.

14. In noting the willingness of some delegations of developed countries to consult with least-developed countries regarding concrete trade problems and possibilities for solving them, the Chairman expressed the hope that least-developed countries would make full use of such opportunities. He indicated the readiness of the secretariat to provide technical assistance, upon request, to least-developed countries and to be available to facilitate the process of consultation and discussion.

Next meeting of the Sub-Committee

15. It was noted that the date of the next meeting of the Sub-Committee would be determined in consultation with interested delegations.