

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Sub-Committee on Trade of
Least-Developed Countries
15 June 1982

NOTE ON PROCEEDINGS OF THIRD MEETING

Prepared by the Secretariat

1. The third meeting of the Sub-Committee on Trade of Least-Developed Countries was held on 15 and 17 June 1982, under the Chairmanship of Ambassador H.W. Ewerlof of Sweden.
2. The Chairman recalled that the Sub-Committee had undertaken its work on the basis of broad understandings accepted by delegations regarding its work programme. The present meeting of the Sub-Committee would accordingly be expected to address itself to the main elements in the agreed work programme which had been summarized in the Annotated Provisional Agenda (document COM.TD/W/LLDC/5), if this were acceptable to the Sub-Committee. He observed that, in discussing these elements, delegations might wish to keep in view, and where they so wished refer to, the contribution they would like to have the Sub-Committee make to the work of the Preparatory Committee for the Ministerial Meeting in November, taking into account the fact that the Committee on Trade and Development had ultimate responsibility for initiatives in this respect.
3. The basic document before the Sub-Committee was the review of developments in international trade relating to the trade interests of least-developed countries (COM.TD/W/LLDC/6), which was relevant, among other things, to the discussion of items (i), (ii) and (iv) in the annotated provisional agenda. This document had been prepared by the secretariat mainly to provide the basis for the review of these items, and to assist delegations towards an appreciation of actions already taken by governments as well as of further possibilities for advancing the trade interests of least-developed countries. The Chairman invited delegations to supplement the information provided in the document and to make such comments and observations as they might deem relevant and appropriate.
4. The Sub-Committee, having adopted the agenda and the Chairman's proposal regarding the organization of the work of the meeting, proceeded to examine agenda items (i) and (ii).

Review of developments in international trade and commercial policy

5. The representative of a least-developed country, referring to the secretariat background note, drew attention to the growing trade and current account deficits and the deteriorating terms of trade of

least-developed countries. In his view, international economic aid and other forms of financial assistance would continue to be valuable. Trade expansion was nevertheless a crucial objective, with the growth in least-developed countries' exports on the basis of more liberalized conditions of access to markets constituting a major source of potential benefits for least-developed countries. He urged that the awareness by developed countries of the serious economic situation and difficult growth prospects of least-developed countries, and the expressions of good intent by developed countries should be translated into immediate and concrete action in favour of least-developed countries. The representative of another least-developed country expressed appreciation for certain actions already taken by a number of developed countries, and noted that, as indicated in the secretariat documentation on existing tariffs and non-tariff measures in the main developed country markets, some exports of major importance to least-developed countries still faced significant barriers in importing-country markets. What was needed in his view was the development of a co-ordinated approach to liberalizing import regimes facing exports of least-developed countries, to replace the largely piecemeal actions which are being taken.

6. Delegations of some developed countries informed the Sub-Committee of certain actions they had taken recently to assist in developing the trade of least-developed countries. The representative of one of these countries referred to changes in his country's GSP which, inter alia, extended duty-free or preferential treatment to a number of export products of least-developed countries which some of these countries had declared to be significant in terms of growth in existing exports and of prospects for potential exports. Another representative of a developed country informed the Sub-Committee that his country intended in the near future to offer duty-free entry for those goods currently eligible for GSP treatment imported from least-developed countries. Furthermore, rules of origin under the GSP would be liberalized for imports from least-developed countries. This would contribute to increasing the value-added by least-developed countries to their export products. Representatives of some other developed countries also reported changes in commercial policy to provide special treatment for least-developed countries. In one case, special tariff treatment in favour of least-developed countries would, with effect from 1 July 1982, complement the country's GSP by extending duty-free treatment to all imports of goods in CCCN chapters 25 to 99 (with a few exceptions in which products are subject to fiscal duties), and to a number of agricultural products. In another case, with effect from 1 January 1982, imports of industrial products from least-developed countries entered duty-free, as did a significant number of agricultural products.

7. A representative of a developed country reviewed actions already taken by his government under the GSP and other preferential frameworks. He referred to the possibility that improvements in the GSP for 1983, which are now being considered at various levels, might provide additional benefits for least-developed countries. While nearly all manufactured exports were admitted duty-free, and special arrangements existed for some products such as textiles and jute, there were problems with certain agricultural imports, an area in which action is being taken on a product-by-product basis and conditions of access progressively liberalized. In the view of this representative, the elimination of

barriers to trade might usefully be complemented by efforts to assist least-developed countries to exploit more fully the possibilities for deriving trade advantage from facilities for more liberal access to importing markets.

8. Another representative of a developed country, supported by delegations of some other developed countries, expressed the view that the particular trade problems of least-developed countries were likely to be more thoroughly appreciated if they were to be approached on a country-by-country basis, in which specific trade problems facing a least-developed country could be identified, in relation to existing commercial policy treatment in individual importing markets, and possibilities explored for tackling specific problems.

9. A representative of a developed country recalled that his government remained of the view that the provision of special treatment to least-developed countries was an international responsibility in which all contracting parties should share. Delegations of some developed countries shared this view and the suggestion that data provided by the secretariat on trade flows, tariffs and non-tariff measures affecting exports of least-developed countries should cover both developed and developing country import treatment of products from these countries. The representative of a developing country emphasized that his country had participated actively in the work of the Sub-Committee since it was established and reaffirmed its continuing support for it. He observed that work on trade and development problems of least-developed countries was also being undertaken in other international fora, and referred to the need to avoid unnecessary duplication. He recalled that the Sub-Committee's terms of reference were clearly stated and that, in their essentials, they had their origin in paragraph 6 of the Tokyo Declaration. Accordingly, work in the Sub-Committee should proceed within the framework of the Sub-Committee's terms of reference.

10. A number of delegations referred to the fact that the information in the basic documents, on trade flows, tariffs and non-tariff measures, was mainly in respect of 1977 and 1978, and to the need for up-to-date data to be made available. One representative indicated that it might be useful if all contracting parties could provide the secretariat with more recent data. The Chairman informed the Sub-Committee that the secretariat had intimated that data in respect of 1980 were likely to be available in the autumn. The representative of a least-developed country suggested that the secretariat might consider making certain data available on a regular basis, rather than mainly for meetings of the Sub-Committee. He believed that this would serve both to inform members of the Sub-Committee and other interested parties of developments relating to the trade interests of least-developed countries and to sustain an awareness of their trade problems.

Identification of barriers to the exports of
least-developed countries

11. In introducing this item, the Chairman noted that the Sub-Committee had before it two background documents COM.TD/W/LLDC/1 and 3 and the Addenda to them. The main documents contained preliminary information

prepared by the secretariat on trade flows and on tariffs and non-tariff measures applied in eleven major industrial countries on imports of products from least-developed countries. Some delegations had contributed to the process of revision of the data by providing amendments, deletions and additions which had been reproduced as Addenda to COM.TD/W/LLDC/1 and 3. It had also been envisaged that least-developed countries might notify additional products of export interest which faced trade barriers in their export markets. Delegations were invited to make specific suggestions on any additional information they might consider useful, and to address themselves to any procedural suggestions regarding possibilities for carrying forward the work of the Sub-Committee in this area.

12. The representative of a developed country observed that health and sanitary measures, included among non-tariff measures being maintained by his country against imports from least-developed countries, were not intended as trade restrictive or protective measures. He suggested that, in further revisions of document COM.TD/W/LLDC/3, references to health and sanitary measures maintained by his country be either deleted or the fact that they were neither trade-restrictive nor protective indicated in appropriate footnotes.

13. The representative of a least-developed country referred to the possibility that Global Negotiations within the UN system might begin soon. He anticipated that GATT could be the focus for discussion of trade problems, including the particular trade problems of least-developed countries. It seemed necessary, therefore, that further studies should be undertaken on the impact of trade barriers and on the incidence of various trade measures on global trade relations. Another representative of a least-developed country recalled the need expressed earlier by some delegations for more recent data on trade and trade measures. He suggested that the effects of particular measures maintained by individual countries on their imports from specific least-developed countries should be examined.

14. The Chairman referred to the ideas for further studies which had been indicated by delegations in the discussion of trade barriers to the growth of least-developed country exports and in the earlier discussion of trends in world trade relevant to the trade and development interests of least-developed countries. He suggested that the secretariat might consult with interested delegations with a view to exploring concrete possibilities regarding the purpose of and modalities for such studies.

Technical assistance by the secretariat to least-developed countries

15. The representative of a least-developed country stressed the need to continue and expand the programme of technical assistance by the secretariat to least-developed countries, both in the form of missions to these countries and of special seminars designed to examine in some depth the interpretation and implementation of Tokyo Round agreements, with a view to assisting least-developed countries to derive maximum advantage from provisions and arrangements for special treatment for them. He further suggested that the secretariat might prepare and make generally available a document highlighting, further clarifying and explaining those

provisions in Tokyo Round agreements which are directly relevant to the trade interests of least-developed countries. This document could, for example, be made available to least-developed countries which could not be included in secretariat missions or participate in special courses or seminars. The representative of another least-developed country asked whether there were plans to revive, perhaps in a different form, the two special courses for senior officials from least-developed countries designed to acquaint them with the results of the Tokyo Round and how they might relate to their countries.

16. At the request of the Chairman, the representative of the secretariat recalled that the question of technical assistance by the secretariat was one issue being discussed in the Preparatory Committee for the Ministerial Meeting. He referred to the document prepared for the last session of the Committee on Trade and Development. Various elements in the secretariat's technical assistance programme for developing countries had been referred to, with special emphasis given to the needs of least-developed countries. The representative of the secretariat expressed the hope that, at the next meeting of the Committee on Trade and Development, delegations would seek to advance further the consideration of technical assistance possibilities so that concrete proposals could be formulated for consideration at the Ministerial Meeting. Least-developed countries were taking advantage of available technical assistance provided by the secretariat, and there were indications that more could be done in this regard.

17. The representative of a developed country differentiated between two broad forms of technical assistance. In the first, the technical expertise of the secretariat had been put at the disposal of all contracting parties with specific technical queries or problems. Least-developed countries should avail themselves fully of this facility. Secondly, there were more positive, active initiatives embodied in specific training courses and country missions. He expressed the hope that in these programmes, activities were being deliberately targeted, inter alia, to the specific needs and trade problems of individual least-developed countries. The representative of the secretariat informed the Sub-Committee that in secretariat missions to individual countries special attention was consistently given to concrete trade development and market access problems of individual countries, including least-developed countries, based on secretariat studies of patterns of trade flows, the identification of trade possibilities, and of importing regimes in developed country markets. He noted, none the less, that there were budgetary limitations which ultimately defined what could be done, taking into account the need for efficiency and thoroughness.

18. The representative of a least-developed country assured the Sub-Committee that there was a demand by least-developed countries for secretariat missions and special courses and seminars, and inquired whether there were plans to secure more funds for the technical assistance programme. In reply, the representative of the secretariat indicated that the financing problem was real and would have to be faced up to. It seemed that least-developed countries might themselves wish to consider how their particular trade needs could be met, with the secretariat remaining prepared to assist them to this end.

19. The representative of a developed country inquired whether it would be possible for experts from developed countries to be associated with seminars and training courses for officials from least-developed countries. In his view, this would strengthen the understanding by least-developed and developed countries of the particular trade problems of the former, and possible difficulties of the latter. The representative of the secretariat indicated that existing budget appropriations would not in the order of course permit inviting experts from outside the secretariat to participate in these programmes. Moreover, the substantive content and approach of a mission, special seminar or course may require the participation of persons actively involved in the work of the secretariat or closely associated with it. An extension of the scope and content of technical assistance to cover more general trade and related needs could provide enlarged opportunities for the participation of outside experts, and would require appropriate funding.

Possible contribution to the Ministerial Meeting

20. The Chairman reminded delegations that the Ministerial Meeting was approaching and recalled the need for the Sub-Committee to consider and propose concrete ideas to the Committee on Trade and Development regarding possibilities for safeguarding and advancing the special and priority trade interests of least-developed countries. The Chairman also drew the attention of the Sub-Committee to the Substantial New Programme of Action for the 1980's for least-developed countries which was adopted by the Paris Conference in September 1981. In his view, greater attention could be paid to the follow-up of the results of this Conference.

21. The representative of a developing country supported the idea of giving special attention to the trade problems of least-developed countries in the Ministerial Meeting in November. He indicated certain areas in which possibilities for further special treatment could be explored, including action in relation to tariff reductions in the Tokyo Round, the non-tariff measure agreements, further liberalization of trade in tropical products, and further improvements in the GSP, including changes in rules of origin, particularly for least-developed countries.

22. Delegations of some developed countries were of the view that progress towards further trade liberalization was more likely to be made through detailed identification at the level of products, countries and measures of practicable possibilities for liberalizing import regimes, rather than through global commitments some of which could conceivably lead to little significant additional advantage for least-developed countries. Further improvements could be made in schemes of generalized preferences (GSP), and possibilities relating to specific products were constantly being reviewed.

Chairman's concluding remarks

23. The Chairman noted that, in the course of the meeting, delegations had expressed their sympathy and concern for the grave economic and trade difficulties currently being encountered by least-developed countries. While stressing the importance of measures already taken in the fields of trade and economic co-operation in favour of least-developed countries, these delegations had recognized the need to seek further means to

encourage the expansion and diversification of trade of least-developed countries, to enhance technical co-operation in trade matters, and generally to facilitate the integration of these countries in the GATT trading system.

24. He added that representatives of least-developed countries had expressed their appreciation for the global efforts of economic co-operation currently being undertaken, in particular through the Substantial New Programme of Action adopted at the Paris Conference on the Least Developed Countries, as well as for specific measures that have been adopted in the fields of trade, trade promotion and technical assistance related to trade questions. They had emphasized, however, the crucial role of trade in determining short- and long-term possibilities for accelerating economic development in their countries, and therefore the urgent need for further concrete action in this area.

25. He concluded that it had been generally noted that the meeting of the CONTRACTING PARTIES at ministerial level in November 1982 would provide an important opportunity for governments to review actions already taken in favour of least-developed countries and to take further effective action including under paragraph 2(d) of the Enabling Clause, with a view to ensuring special treatment to the least-developed countries in the context of any general or specific measures in favour of developing countries.

26. The Chairman then made the following statement:

"In the light of the discussions in the Sub-Committee, I wish to make certain suggestions from the Chair on elements that might be included in a decision by Ministers. These suggestions are intended for further consideration by delegations as part of the preparatory work for the Ministerial Meeting, and are made under the responsibility of the Chair:

- (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; and

- (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."

Next meeting of the Sub-Committee

27. The Chairman stated that the date for the next meeting of the Sub-Committee would, as usual, be determined in consultation with delegations.