

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Sub-Committee on Trade of
Least-Developed Countries
25 May 1983

NOTE ON PROCEEDINGS OF FOURTH MEETING

Prepared by the Secretariat

1. The fourth meeting of the Sub-Committee on Trade of Least-Developed Countries was held on the 25 May 1983, under the Chairmanship of Ambassador Fernando Jose Reino of Portugal.
2. The Chairman referred to the decision of the General Assembly of the United Nations in Resolution 37/133 of 17 December 1982 which included Djibouti, Equatorial Guinea, Sao Tome and Principe, Sierra Leone and Togo in the list of least-developed countries. He expressed the hope that the activities of the Sub-Committee would be of interest to these countries also.
3. Noting that this was the first meeting of the Sub-Committee since the Ministerial Meeting of November 1982, the Chairman suggested that it should primarily be devoted to the organization of its work programme in the light of the ongoing work of the Sub-Committee and the directives received from the Committee on Trade and Development.
4. The Chairman recalled that the forty-ninth session of the Committee on Trade and Development had accepted a proposal that the Sub-Committee on Trade of Least-Developed Countries should (a) monitor the implementation of those aspects of the Ministerial Declaration which concerned the least-developed countries; and (b) hold consultations between interested least-developed countries and their respective trading partners on issues related to their development and export interests including the examination of barriers to their trade, and any relevant commercial policy matters. He recalled further that the Committee on Trade and Development had invited the Sub-Committee to make the necessary arrangements for the inclusion of the proposals in its programme of work.
5. The Sub-Committee had before it a secretariat background note COM.TD/W/LLDC/7 which contained an outline of the various elements in the proposed work programme including suggestions in the light of the Ministerial Meeting made by the Committee on Trade and Development and the subsequent proposals regarding the organization of proposed ad hoc consultations between individual least-developed countries and their respective trading partners on issues related to their export interest.
6. Referring to the ad hoc consultations between least-developed countries and their trading partners, the Chairman pointed out that this proposal stemmed from paragraph 3(g) of the Annex to the Ministerial Declaration which asked contracting parties to "give more emphasis to the

discussion and examination of policy issues of interest to least-developed countries in the context of further efforts to liberalize trade".¹ Such consultations, he stated, would not constitute a departure from the work programme of the Sub-Committee and could conveniently come under item (iii) of its programme which provided for the consideration of matters relating to export interests of the least-developed countries. The objective of this item was the "identification of continuing barriers to the exports of least-developed countries for discussion, comments and suggestions in the Sub-Committee as a contribution to the work of the Sub-Committee itself or in other contexts on the question of possibilities for further trade liberalization" (COM.TD/LLDC/1, Annex item (iii)).

7. The agenda set out in document COM.TD/W/LLDC/8 was adopted and delegations were invited to comment on the work programme of the Sub-Committee.

8. Representatives of least-developed countries supported the proposals contained in document COM.TD/W/LLDC/7 and said they looked forward to concrete results from the work of the Sub-Committee. They welcomed the decision of the Committee on Trade and Development to entrust the Sub-Committee with the responsibility of monitoring decisions concerning the least-developed countries taken by the GATT Ministerial meeting and for giving it the responsibility for the consultations that were to take place between interested least-developed countries and their trading partners. They hoped that such consultations would lead to greater efforts to reduce trade barriers that restricted exports from least-developed countries to developed countries. They looked to the GATT secretariat to provide necessary technical assistance and welcomed the proposal that the information relevant to individual least-developed countries be provided for the consultations.

9. One representative of a least-developed country, while acknowledging the special measures that had already been taken in favour of least-developed countries, stated that quite a number of countries had failed to permit duty-free access and quota-free treatment for jute goods and textile products; quota restrictions and unfavourable treatment as far as rules of origin were concerned still affected their exports; quantitative restrictions faced exports of textiles and ready-made garments; jute, twine, cordage, ropes and cables and sacks and bags were subject to ceiling restrictions in some countries. While acknowledging the generous treatment accorded to his country's trade by many countries, he felt there were still many problems that could be discussed during the consultations.

10. Another representative of a least-developed country referred specifically to the deterioration in terms of trade, the lack of investment, the excessive increase of debt and deteriorating terms of credit that faced least-developed countries. These countries must be aided to increase and diversify their production and their exports. Tariff

¹ See Annex II for the text of the Annex to the Ministerial Declaration.

barriers had to be dismantled, GSP schemes improved and rules of origin simplified. He stressed the need for long-term commodity arrangements which guaranteed purchases at remunerative prices, joint industrial projects which would add value to primary products, the compensatory financing of export deficits, restructuring of debt and a reduction in rates of interest. He further referred to the need for assuring fair terms of transport for land-locked countries. Such measures would not only stimulate the development of least-developed countries but lead to an increase in their demand for imports from developed countries and so contribute to the expansion of the latter's economies. Any increases in exports from least-developed countries would not only better enable them to repay their debts but better enable them to respond to the legitimate desire of their people to live in dignity.

11. Representatives of developed countries expressed their hope that the work of the Sub-Committee would produce concrete results. Referring to action that had already been taken by them in favour of least-developed countries, they said it was their intention to take an active part in the work of the Sub-Committee. Supporting the proposed work programme they stressed the importance of the consultations that were to take place.

12. The representative of a group of developed countries made particular reference to three programmes among the measures which already existed in favour of least developed countries. First, the GSP scheme which provided access to their markets without quantitative limits to exports from least-developed countries. Second, special agreements with certain countries within whose framework all aspects of trade between the two sides were examined. Third, the Lome Convention under which there were a number of special measures benefiting the trade of some least-developed countries. These countries were further ready to take part constructively, within the framework of GATT, in the work programme proposed by the Ministers.

13. Another representative of a developed country said that while he did not wish to go into details of actions already taken by his country, he wished to state that there were limitations on what could be done. His country was nevertheless ready to participate in detailed consultations with least-developed countries with every intention of addressing problems as positively as possible. He was of the view that smaller, less formal talks, such as the proposed ad hoc consultations, would lead to a more active implementation of what the Ministers had agreed.

14. In response to queries raised by representatives of least-developed countries, the representative of the secretariat said that the necessary technical assistance under the proposed work programme would be provided under the existing technical assistance programme. Though the secretariat at present envisaged two consultations a year it would take into consideration the requirements of delegations in working out a satisfactory programme.

15. The Sub-Committee took note of the suggestions made. The Chairman asked the Sub-Committee's authorization to draw up a time-table for consultations with interested countries. He noted that the delegations of

Bangladesh, Burundi, Central African Republic, Haiti, Sudan and Tanzania expressed interest in holding ad hoc consultations in the Sub-Committee. He added that other least-developed countries that were interested in holding ad hoc consultations could notify the secretariat in writing.

Chairman's concluding remarks

16. Summing up, the Chairman stated that the Sub-Committee had examined the organization of its work programme in the light of its on-going work and of the relevant decisions taken at the Ministerial meeting and the directives received from the Committee on Trade and Development. These directives dealt firstly with the implementation of those aspects of the Ministerial Declaration which concerned the least-developed countries and secondly, the holding of ad hoc consultations between interested least-developed countries and their respective trading partners, on issues related to their development and export interests.

17. The Sub-Committee took note of the comments and suggestions of delegations on the monitoring and the implementation of the Ministerial decisions concerning the least-developed countries, as well as on the organization of its regular programme of work. The Sub-Committee requested the secretariat, under its own authority, to include references to the elements contained in the Ministerial Declaration under the relevant items of its regular programme of work. Annex I contains a revised work programme for the Sub-Committee in the light of above decisions.

18. The Sub-Committee further took note of suggestions made on the question of the organization of ad hoc consultations between least-developed countries and their trading partners and adopted the procedures set out in the secretariat note COM.TD/W/LLDC/7 taking into account the suggestions made during the meeting.

19. The Sub-Committee authorized the Chairman to prepare a calendar for ad hoc consultations with interested least-developed countries in consultation with other delegations concerned.

20. It was decided that the next meeting of the Sub-Committee would be determined in consultation with delegations.

ANNEX I

Future Work of the Sub-Committee on Trade of Least-Developed Countries¹

Taking into account the essential features of the Sub-Committee's terms of reference - special attention to the particular situation and trade problems of the least-developed countries, including work relating to the results of the Tokyo Round, and to keep under review the special treatment which could be accorded these countries in the context of any general or specific measures taken in favour of developing countries - the work of the Sub-Committee could consist provisionally of the following items, having regard to the activities of other GATT Committees and bodies.

(i) Review of developments in international trade of relevance to the trade of least-developed countries

This might provide an opportunity for the Sub-Committee to review developments in commercial policy, points relating to the implementation of the Tokyo Round, activities in other GATT bodies, as well as in other international organizations etc. of relevance specifically to the trade interests of least-developed countries so as to obtain an overall perspective of the situation for these countries.

(ii) Review of measures taken in favour of least-developed countries

Countries might be invited to report on measures that have been taken or are being envisaged to provide least-developed countries with special treatment as referred to in the Sub-Committee's terms of reference. The report could also cover actions taken in connexion with points 3(a) to 3(d) and 3(f) of the Annex to the Ministerial Declaration (November 1982) aimed at facilitating trade of least-developed countries and reducing tariff and non-tariff obstacles to their exports. This activity in the Sub-Committee could form part of the overall review of the operation of the Enabling Clause of the parent body (the Committee on Trade and Development) dealing specifically with the interests of least-developed countries.

(iii) Export interests of the least-developed countries

The consideration of this item could be based on a secretariat background note providing statistical as well as tariff and trade information on selected items exported by individual least-developed countries and showing developed country markets and the commercial policy applied. Least-developed countries could also be invited to notify additional products of export interest. Particular points relating to the application of the non-tariff measure agreements of relevance to the least-developed countries could also be raised. The object would be to identify continuing barriers to the exports of

¹ Initial work programme of the Sub-Committee as proposed in para. 26 of COM.TD/W/LLDC/1, and revised to reflect the relevant aspects of the Ministerial Declaration of November 1982.

least-developed countries for discussion, comments and suggestions in the Sub-Committee, as a contribution to work in the Sub-Committee itself or in other contexts on the question of possibilities for further trade liberalization. In conformity with the objectives of this item and in connexion with point 3(g) of the Annex to the Ministerial Declaration, it has been decided that ad hoc consultations be organized in the Sub-Committee between interested individual least-developed countries and their trading partners on issues related to their export interests, including the examination of barriers to their trade and any other relevant commercial policy matters.

(iv) Secretariat assistance

The Technical Cooperation Division in particular is available to provide, upon request, technical assistance to developing countries including the least developed among them. In this connexion, it may be recalled that point 3(e) of the Annex to the Ministerial Declaration enjoins contracting parties to "strengthen the technical assistance facilities of the GATT secretariat targeted to the special requirements of least-developed countries". Delegations may have comments and suggestions to offer with respect to this work in the light of the particular interests of the least-developed countries.

(v) Other matters

It would, of course, remain open to the Sub-Committee to take up, within its terms of reference, any other matters relevant to GATT's work raised by members of the Sub-Committee, which have a bearing on the trade interests of the least-developed countries.

ANNEX II

Annex to the Ministerial Declaration of 29 November 1982

GATT RULES AND ACTIVITIES RELATING TO DEVELOPING COUNTRIES

The CONTRACTING PARTIES:

1. Decide, in order to improve the review and surveillance procedures in regard to the implementation of Part IV, that:

- (a) the Committee on Trade and Development, bearing in mind particularly the special responsibility of the developed contracting parties in this regard, shall adopt a programme of consultations with contracting parties individually or collectively, as appropriate, to examine how individual contracting parties have responded to the requirements of Part IV;
- (b) each such consultation shall be based on information supplied by the contracting party or parties in question and additional factual material prepared by the secretariat;
- (c) the Committee on Trade and Development shall also examine other aspects of existing procedures for reviewing the implementation of Part IV and for dealing with problems relating to the application of its provisions, and prepare guidelines for their improvement.

2. Invite the Committee on Trade and Development to review the operation of the Enabling Clause as provided for in its paragraph 9, with a view to its more effective implementation, inter alia, with respect to objectivity and transparency of modifications to GSP schemes and the operation of consultative provisions relating to differential and more favourable treatment for developing countries;

3. Invite contracting parties to pursue action as follows towards facilitating trade of least-developed countries and reducing tariff and non-tariff obstacles to their exports:

- (a) further improve GSP or m.f.n. treatment for products of particular export interest to least-developed countries, with the objective of providing fullest possible duty-free access to such products;
- (b) use, upon request and where feasible, of more flexible requirements for rules of origin for products of particular export interest to least-developed countries;
- (c) eliminate or reduce non-tariff measures affecting products of particular export interest to least-developed countries;
- (d) facilitate the participation of least-developed countries in MTN Agreements and Arrangements;

- (e) strengthen the technical assistance facilities of the GATT secretariat targeted to the special requirements of least-developed countries;
- (f) strengthen trade promotion activities, through the ITC and other initiatives, such as by encouraging the establishment of import promotion offices in importing countries;
- (g) give more emphasis to the discussion and examination of policy issues of interest to least-developed countries in the context of further efforts to liberalize trade.

4. Decide to strengthen the Technical Co-operation programme of the GATT with a view to facilitating the more effective participation of developing countries in the GATT trading system:

- (a) by responding to increasing requests for seminars and other technical assistance activities;
- (b) by permitting increased participation in the GATT Commercial Policy Courses, and the inclusion in the training programme of a regular course in the Spanish language;
- (c) by encouraging, in the context of this programme, appropriate contributions from individual contracting parties.

5. Invite contracting parties individually to grant new voluntary contributions or provide other forms of assistance to the ITC.