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Committee on Trade and Development

Sixty-Fourth Session

13 July 1988

NOTE ON PROCEEDINGS OF SIXTY-FOURTH SESSION

Prepared by the Secretariat

1. The Sixty-Fourth Session of the Committee on Trade and Development was held on 13 July 1988 under the chairmanship of Mr. P. Nagaratnam, Permanent Representative of Sri Lanka to GATT. The Committee had the following items on its agenda: review of developments in international trade and in the Uruguay Round; technical assistance to developing countries in the context of the Uruguay Round; and other business.

Agenda item (i): Review of developments in international trade and in the Uruguay Round

2. The Chairman noted that, as agreed at its Sixty-Second Session in October 1987, the Committee was expected to take up the following points under this agenda item: (a) review of developments in international trade and in the Uruguay Round; (b) review of developments in negotiating bodies of the Uruguay Round with regard to special and differential treatment and fuller participation and reciprocity; and (c) specific topics in the Uruguay Round of particular relevance to trade between developed and developing countries. The Chairman also recalled that in reviewing developments in the Uruguay Round, duplication with the work of the Trade Negotiations Committee and its subsidiary bodies should be avoided. He observed that delegations might wish to suggest any specific points for discussion at future meetings of the Committee. In this connection he recalled that at the Sixty-Third Session on 19 April 1988, the Committee agreed to revert at a future date to the suggestion made by one representative concerning an update of the 1984 Study "Prospects for Increasing Trade Between Developed and Developing Countries" (COM.TD/W/412 and Add.1). At that meeting some members of the Committee felt that the suggestion required closer examination especially given that the specific context in which the original Study had been undertaken differed from the current situation. The point had also been made that the Study could be updated as a whole and not by specific paragraphs as originally suggested. In addition a decision on an update of the Study should take account of more urgent demands on the secretariat's resources.

3. One representative stated that his Government's concerns had not been allayed by developments in the Uruguay Round since he voiced these at the last session of the Committee. Developing countries were being called on to make concessions in areas of low priority to them in order to provide concrete results for the mid-term review. In areas of special interest to developing countries, such as Tropical Products, Textiles and Clothing and Safeguards there had been little progress. He referred to the submission of a proposal by his country to the Surveillance Body on rollback (MTN.SB/W/5) which sought to achieve the goal of progressive implementation of the Ministerial commitment. His Government hoped that this proposal, widely supported by other developing countries, would be accepted by developed countries. The representative also expressed concern for the lack of response to the call made in the Ministerial Declaration concerning special and differential treatment for developing countries in the Uruguay Round negotiations. Instead, developing countries were being called upon to make unilateral concessions without having received indications that their contributions would lead to improved market access in the developed world or progress in areas of special interest. His Government considered it an absolute priority that the negotiations not fail to deal with the issue of special and differential treatment effectively. While in previous multilateral negotiations the principle had been recognized in theory but not implemented, in the Uruguay Round the principle should operate in practice both within the negotiating process and in terms of final results.

4. Another representative supported the previous statement. He emphasized that according to its mandate the Committee on Trade and Development should review developments in international trade as they affected trade of developing countries. Therefore, an adequate distinction should be made in the agenda between developments in international trade and in the Uruguay Round. In his view, it would have been appropriate to pursue such a review in the Committee in the light of the secretariat Study prepared for the Special Session of the Council in order to include the concerns of developing countries with respect to developments in the trading system within the scope of the work of the Committee. In referring to developments in the Uruguay Round, he stated that the Committee did have an additional rôle to play in the context of proposals made in the process of negotiations. In particular, issues under discussion in the Negotiating Group on the Functioning of the GATT System were relevant to the permanent agenda and traditional work of the Committee.

5. Another representative expressed her Government's belief that a successful Uruguay Round, resulting in a worldwide expansion of markets was vital to the economic interests of developing countries. Noting that some of these countries had already embraced outward-oriented development models and trade liberalization, her Government welcomed recent indications that other developing countries were moving in this direction. Encouraged by the interest and involvement of many developing countries in the Negotiating Groups the representative hoped that those countries that had recognized the value of outward-oriented policies would begin to advocate

that position in the Negotiating Groups. As her delegation had stated on many previous occasions, participation in Uruguay Round agreements must entail the acceptance of meaningful disciplines or the results of the negotiations would be of little value. She observed that many developing countries had substantially increased their competitiveness and participation in world trade, considerably raising their levels of development. Such advances had been recognized in the Punta del Este Declaration which reaffirmed that developing countries were expected to increase participation in the framework of rights and obligations under the GATT with the progressive development of their economies. Thus blanket forms of special and differential treatment were no longer warranted. She went on to state that her delegation would encourage each Uruguay Round participant to give consideration to specific areas in which they would be willing to take on greater disciplines, taking into account their growth and development needs. Areas in which her Government expected developing countries to make substantive contributions include comprehensive tariff bindings, negotiating tariff reductions, recognizing the need to improve and strengthen the balance-of-payments provisions, and taking steps to increase the transparency of their trade régimes.

6. With regard to the suggestion concerning the review of developments in international trade under a separate item on the agenda a representative noted that the current formulation of agenda item (i) was a result of lengthy consultations. The Chairman also recalled that item (i) as it was currently formulated enabled members of the Committee to review developments in international trade from the point of view of developing countries in accordance with the mandate of the Committee. It was also noted that the Committee, which usually met twice a year, reviewed at its regular sessions developments in international trade as well as the implementation of Part IV and the operation of the Enabling Clause. Such a review was undertaken at the spring Session of the Committee in April 1988 and another review would be undertaken at the end-of-year meeting.

7. One representative made a statement regarding a submission by his delegation, on behalf of the least-developed countries, to the Sub-Committee on Trade of Least-Developed Countries at its Ninth Meeting in February 1988. These proposals had been issued for circulation (COM.TD/LLDC/W/37) and many contracting parties had reacted favourably. At this stage of negotiations in the Uruguay Round, the representative believed it was time to consider the proposals in a broader context and therefore intended to submit them to the Group of Negotiations on Goods for consideration in appropriate negotiating groups. This step was not, however, meant to preclude further discussions within the framework of the Sub-Committee.

8. Referring to the agreement on the Global System of Trade Preferences among developing countries one representative recalled her earlier request for information regarding this agreement. She noted that the agreement amongst forty-eight countries established a global framework of rules based

on reciprocity and MFN encompassing the exchange of trade concessions and sectoral agreements. She hoped that this agreement was a harbinger of fuller participation of developing countries in the Uruguay Round, including the binding of market liberalizing concessions. Her delegation looked forward to obtaining additional information on the agreements as soon as possible in order that the CONTRACTING PARTIES might examine it under the provisions of the Enabling Clause or another GATT procedure, as appropriate. The representative remarked that the agreement had implications for other trading partners and in addition, the granting of trade concessions on a reciprocal and MFN basis was not irrelevant to issues being discussed in the Uruguay Round. The foregoing statement was supported by the representative of a group of developed countries. Some representatives from developing countries recalled that the agreement would enter into force upon ratification by fifteen countries. At present only two countries had ratified it. As soon as the agreement had entered into force, which would still take some time, it would be notified to the GATT in accordance with the Enabling Clause which seemed to be the relevant provision for its examination.

9. Regarding the proposal to revise and update the Study "Prospects for Increasing Trade Between Developed and Developing Countries", some representatives questioned whether it was appropriate or relevant at this time considering also the significant demands placed on the resources of the secretariat. In one member's view an initiative outside the Uruguay Round would not necessarily provide additional momentum to negotiations. Trade of developing countries could be promoted by devoting attention in the Committee to negotiations in specific areas and promoting the trading interests of developing countries in such sectors as agriculture, tropical products and textiles. Some members believed this path would lead to duplication of work in the negotiating groups whereas an updated study would be useful to focus the Committee's discussion. The representative of the secretariat noted that Committee members might wish first of all to determine whether the Study would be making a valuable contribution to the issues being addressed in the Uruguay Round. He felt that further informal consultations might perhaps be useful in order to clarify the intentions of the proponents of the idea and the concerns of those members who hesitated to agree with it. One member wondered if, in the interim, it would be feasible to update the statistical annex of the Study to reflect more recent trade figures. The representative of the secretariat said that it was possible to update the statistical annex if the Committee so wished.

10. In concluding the discussion on item (i) of the agenda the Chairman said that under this item, as currently formulated, members of the Committee would be free to refer to developments in international trade, developments in the international trading system and developments in the Uruguay Round. In regard to information requested on the Global System of Trade Preferences the Chairman noted that participants in the agreement would notify it to GATT after entering into force in accordance with relevant provisions of the General Agreement. As to the suggestion

concerning the updating of the 1984 Study the Chairman suggested that further informal consultations on this suggestion including the updating of the annex be held and that the matter be reverted to at the next meeting of the Committee. The Committee took note of these remarks and agreed with the suggestion of holding further informal consultations on possible update of the 1984 Study.

Agenda item (ii): Technical assistance to developing countries in the context of the Uruguay Round

11. The Chairman recalled that the Committee had reviewed periodically the technical assistance provided in GATT to developing countries in the context of the Uruguay Round. He also recalled that as agreed at the Sixty-Third Session of the Committee on 19 April 1988, governments and international organizations providing technical assistance to developing countries in relation to the Uruguay Round had been invited to keep the Committee periodically informed of their activities in order to promote greater transparency and complementarity of technical assistance. The Chairman noted the special attention given by the Director-General of GATT to technical assistance activities undertaken with the view to enhancing the participation of developing countries in the Uruguay Round and informed members of the Committee that the Director-General, Mr. Arthur Dunkel, wished to address the Committee on this matter at this Session.

12. The Director-General noted the growing importance of technical assistance as developing countries got more and more involved with the GATT and the international trading system and as the links between trade policy and other aspects of their economic policies become closer. Recalling the decision taken at the Punta del Este Ministerial meeting to strengthen GATT action in the area of technical assistance, he emphasized that in order for developing countries to participate effectively in the negotiating process, their first priority should be to strengthen trade policy personnel in capitals and in Geneva. In addition, for a number of developing countries there would of course also be the need to establish an adequate infrastructure and institutional mechanisms for the management of trade policies. The GATT secretariat had been assisting governments and delegations by providing information on barriers and trade flows, by furnishing background notes on issues in the negotiations, by briefing trade policy officials through seminars and workshops and by strengthening training courses in Geneva. Such activities would be reinforced for example by making greater efforts to organize seminars and workshops for officials belonging to a region or sub-region in Geneva and in their capitals. The secretariat could also concentrate on helping developing countries to meet information requirements such as by organizing national data for submission to the GATT Integrated Data Base. In order to keep up with increasing requirements for technical assistance the capacity of the GATT secretariat to deliver technical assistance would need to be augmented by additional voluntary financial contributions; these already supported a significant part of technical co-operation activities. He expressed hope

that such voluntary contributions would be forthcoming on an even more generous scale than in the past. Contracting parties might also wish to consider the possibility of establishing a standing Trust Fund in the GATT to support technical assistance activities over the next two or three years. Turning to the technical assistance offered by other international organizations and some governments, the Director-General observed that there was more than enough scope for such activities to complement the efforts of the GATT secretariat and, perhaps, to focus more particularly on areas and activities that were outside the scope of the traditional rôle of the GATT. One such area was related to the need, in a number of developing countries, to improve institutional infrastructures to formulate and conduct trade policy. He also recognized the importance of transparency in regard to technical assistance activities of international organizations and governments. Observing that the GATT had shared its experience and views regarding technical assistance with international organizations and governments concerned he expressed hope that the Committee would continue to play a key rôle as the focal point for the dissemination and sharing of information on technical co-operation activities of various international organizations related to the Uruguay Round (the full text of the statement by the Director-General was circulated in document COM.TD/W/463).

13. Following the Director-General's statement the Chairman offered the floor to observers from international organizations to inform the Committee on their technical assistance activities.

14. The representative of the Commonwealth Secretariat referred to the Nairobi symposium held in April 1988 under its auspices and in co-operation with other international organizations. The symposium, attended by fourteen Commonwealth African countries and Mozambique, highlighted areas of interest for Africa in the Uruguay Round negotiations. He also mentioned papers prepared or under consideration by the Commonwealth Secretariat on negotiating areas and an up-coming seminar to be held in London in collaboration with the Trade Policy Research Centre. The text of the statement and the conclusions of the Nairobi symposium can be found in document COM.TD/W/464.

15. The representative of the Inter-American Development Bank stated that in addition to providing technical assistance to individual countries in Latin America the Bank was working to develop projects involving private sector organizations and would also be conducting an in-house study on the export revenue gains to Latin America from liberalization in agricultural trade. This statement is reproduced in document COM.TD/W/462.

16. The representative of UNCTAD recalled that the organisation's plans for technical assistance during the Uruguay Round had been outlined at the Sixty-First Session of the Committee in June 1987 (paragraph 29 of COM.TD/126). He welcomed the opportunity of keeping the Committee informed of UNCTAD activities in relation to the Uruguay Round which were undertaken in accordance with the Final Act of UNCTAD VII that requested the Secretary

General to provide technical assistance to developing countries. He expected that UNCTAD's efforts and those of the GATT secretariat would be mutually reinforcing and facilitate the effective participation of developing countries in the Uruguay Round. UNCTAD's technical co-operation for the multilateral trade negotiations consists of an inter-regional project and three regional projects, funded by UNDP and executed by UNCTAD in collaboration with the UN Regional Commissions. These projects were aimed to prepare developing countries, in terms of technical capability and availability of necessary information, to strengthen their negotiating capability and maximize the trade benefits they might gain from negotiations. Prospective activities included various regional seminars and workshops, training in quantitative analyses of UNCTAD's data base, development of software for analyses of market access in collaboration with the World Bank and a series of brain-storming sessions for experts from developed and developing countries. In conclusion, the representative stated that UNCTAD would be happy to co-operate not only with the GATT secretariat but also with other interested organizations working towards the same objective.

17. The representative of the World Bank recalled that information on the Bank's technical assistance activities had been recently circulated in document COM.TD/W/459. He also provided an update on information concerning the World Bank's software programme ("SMART") which would permit developing countries to analyze market access problems by identifying major markets, competitors and details on the existence and operation of trade barriers. The software was designed for use with personal computers so as to make the hardware affordable to developing countries. At present, the files contained information only on the major markets of industrialized countries; however, it was envisioned that selected developing countries would be included at a later stage. GATT had been asked to join in the development of the data base by providing information from the GATT Tariff Study files. The programme, available to both the GATT and the UNCTAD secretariat, would be tested in international organizations during the autumn of 1988 and should be available to governments by mid-1989. (The statement of the World Bank's representative was subsequently circulated in COM.TD/W/465).

18. Many representatives welcomed the statement made by the Director-General and expressed appreciation for the technical assistance provided by the GATT. They agreed that technical assistance was increasingly important and welcomed greater efforts on the part of the GATT secretariat. Several developing-country representatives acknowledged that strengthening trade policy personnel was the key to improved participation in negotiations. At the same time there was an increased need for technical assistance from GATT as well as other international organizations. One representative further noted that the direction and dynamics of this Round, in particular the keenness with which many participants were aiming to further a wide range of interests, had led to a dramatic increase in technical assistance activities. In this context the GATT programme was of special importance for assisting developing countries in promoting their interests in negotiations.

19. In commenting on the GATT programme one representative suggested that the secretariat, when choosing locations for seminars, take into account that trade officials could not easily absent themselves from capitals. Some delegates expressed the view that additional consultations, briefings on progress in the negotiations and background papers on items of interest would be useful. The representative of a developed country suggested that the secretariat could prepare lists of export interest, aid in the participation of developing countries in the Integrated Data Base and provide analytic support by testing results of various negotiating proposals. A number of representatives emphasized that in order to make technical assistance more responsive closer identification of the needs of developing countries was needed. It was also stressed that the idea of a Trust Fund deserved careful consideration. Some developing-country representatives suggested that the Trust Fund be extended over a longer time period.

20. Several representatives encouraged the use of the Committee on Trade and Development as a focal point for the exchange of information on technical assistance activities. One representative perceived that this would reduce duplication of efforts and improve co-operation but did not believe that transparency should necessarily apply to the content of advices provided. The representative of a group of countries expressed the view that the GATT secretariat was in a key position to provide assistance in the context of the Uruguay Round while other organizations should focus on other trade policy aspects. Furthermore, the Committee should assure transparency both in regard to technical assistance available and on the substance of activities. The representative voiced concern regarding the dangers of factual errors and inadequate comprehension of the negotiating process appearing in studies produced by other organizations. He also cautioned against governments' use of technical assistance activities as a means to garner support for their views. While several members acknowledged that the GATT secretariat could not be responsible for studies produced outside the secretariat, the representative of a developing country suggested that a remedy to avoid inaccuracies could be found through closer co-ordination between international organizations and participants in the Uruguay Round. Another member suggested that contracting parties, as well as international organizations, be invited to notify technical assistance activities.

21. Many representatives expressed appreciation for the presentations made by observers from international organizations. Several of them also expressed appreciation for technical assistance provided by these organizations as well as the governments of some countries such as Canada and the Federal Republic of Germany. In connection with the software programme developed by the World Bank one representative felt that there could be greater collaboration between the Bank and potential software users while another member hoped it could be made available sooner to governments. One member noted that the merits of the programme would be in the details it provided such as the accuracy of the information. Another member stated that the growing importance of developing countries in international trade demanded that their markets ultimately be included in the data base.

22. The Director-General thanked the members of the Committee for their interventions and added some further comments. In the first place, he felt that the greater involvement of other institutions in technical assistance activities could be viewed as a positive development. GATT had co-operated in the past with UNCTAD and now with other institutions as well. He also noted that the development of a trade policy infrastructure, particularly in the case of developing countries was a long-term process and that in this area the GATT secretariat could not do everything. The more immediate problem was to ensure that developing countries can take care of their interests and participate in the collective effort of the Uruguay Round. Turning to the idea of the Trust Fund in the GATT, he believed that such a fund would act as a catalyst for finances which were certainly in place, would ensure the necessary transparency as to the use of funds and also improve the value of technical assistance. The Director-General also noted that given the workload related to the Uruguay Round and in order to avoid any scarcity of expertise the rationalization of resources should be a steady concern. While the GATT secretariat was prepared to help other organizations, he believed it was important that the emphasis on all sides should be on the provision of technical assistance directly to delegations. The Committee on Trade and Development could be useful in ensuring more direct contact which would maximize the use of available resources. The Director-General identified practical problems to be resolved such as scheduling briefings so that delegations would be able to attend, defining with greater precision the specific needs of governments, working closely with other organizations as well as governments to improve the quality of data and perhaps to inform delegations regarding private sector efforts in the field of technical assistance.

23. The representative of the World Bank responded briefly to questions raised by delegations on its SMART software programme. The World Bank intended to provide training in both capitals and in Geneva. Introducing the programme would be possible on a test basis in a number of countries prior to mid-1989. As far as funding of personal computers was concerned there were various possible sources. Regarding data access he repeated the wish for access to the GATT Tariff Study data in addition to the data from UNCTAD. He recognized the need for accuracy of data as emphasized by some participants and encouraged a greater rôle on the part of the GATT secretariat in this exercise. While some contracting parties wanted to control the use of the information this would admittedly prove difficult in practice and he feared such discussions were delaying the implementation of the programme.

Agenda item (iii): Other business

24. The United States representative reiterated the request for more information regarding the Brazil-Argentine Economic Integration Arrangement concluded through the Latin American Integration Association (ALADI). In particular she expressed interest in knowing more about the agreements affecting the capital goods, food-processing and automotive industries.

The request was motivated by the desire to promote transparency with respect to the effects of the agreements on participants and third country trade and ascertain consistency with the Enabling Clause and other GATT rules. Given that the agreement was a major departure from Article I and her delegation had not received satisfaction as yet on its request for information within the Committee, the representative stated that the matter would be brought before the GATT Council.

25. The representative of Brazil speaking also on behalf of Argentina said that note had been taken of the United States statement. He stated that the secretariat of ALADI had been invited to include the information requested by the United States in the biennial reports presented to the Committee. Moreover, the three members of the agreement had attempted to respond in the Committee to the points raised by the United States representative and the large number of questions raised at the last meeting had been conveyed to capitals. He had not thought that immediate responses to those questions had to be provided. The representative believed that participants to the agreement had complied with GATT provisions. He also observed that the ALADI Report was still under consideration in the Committee and therefore he did not see the need at this time for bringing the matter before another GATT body.

26. The Committee took note of the statements made.

Next meeting of the Committee

27. The Chairman proposed that the next meeting of the Committee be tentatively scheduled for 17 and 21 October 1988 and that the final date be determined by the Chairman in consultation with delegations and the secretariat.