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Sub-Committee on Trade
of Least-Developed Countries
26 October 1988

NOTE ON PROCEEDINGS OF THE TENTH MEETING

Prepared by the Secretariat

Revision

1. The Tenth Meeting of the Sub-Committee on Trade of Least-Developed Countries was held on 26 October 1988 under the Chairmanship of H.E. Ambassador M. Huslid (Norway). It was attended by twenty-one delegations including those of a number of non-contracting party least-developed countries as well as observers from a number of international organizations.

2. The main item on the provisional agenda proposed for adoption was:

- (i) review of developments in the Uruguay Round of interest to the least-developed countries.

The draft provisional agenda was adopted.

3. In his opening statement the Chairman recalled that the mandate of the Sub-Committee was, inter alia, to keep under review issues in the Uruguay Round of particular interest to the least-developed countries and stressed that although the Sub-Committee was not a negotiating body it was its duty to sensitize the negotiating machinery to the particular situation and trade problems of the least-developed countries and at the same time present views and proposals which could be followed up in the negotiating groups. He added that this duty was particularly important in view of the forthcoming Mid-Term Review at Montreal. In this respect he referred to the preliminary proposals, made at the preceding meeting of the Sub-Committee by the delegation of Bangladesh on behalf of the least-developed countries, and which were later notified to the Group on Negotiations on Goods (GNG) appearing as document MTN.GNG/W/14. He added that the preliminary responses to the proposals and others made by other delegations were generally positive. He stressed that the purpose of the present meeting was to continue examination of the proposals in the light of other decisions and proposals made by contracting parties collectively and individually. In this respect he also referred to a number of similar proposals made under his own responsibility at the Sixth Meeting of the Sub-Committee in October 1984 and which appeared in document COM.TD/LLDC/W/27. He pointed out that the problem was not a dearth of proposals and measures but principally that of implementing them. He added, on a personal note, that a rigid interpretation of the m.f.n. principle should not stand in the way of further special concessions being given to the least-developed countries especially since the principle of differential and more favourable treatment for developing countries has become part of the accepted rules of GATT.

4. The representative of Bangladesh in his opening intervention stated that the Uruguay Round of Negotiations was possibly the most crucial of all the GATT negotiations as reflected not only in the wide range of subjects being covered but also the active participation of a large number of countries. He acknowledged that the progress made to date in the negotiations was impressive by the standards of previous GATT rounds, but it remained largely technical and has had little impact on the real world of international trade. He stressed that the Montreal Mid-Term Review was important both in terms of its ability to achieve a breakthrough in a number of important sectoral issues and of its capacity to restore some momentum to the negotiations. In view of the forthcoming meeting of the GNG which would be expected to finalize the GNG's input for the Montreal meeting, he appealed to contracting parties to participate effectively in the discussion of the Sub-Committee since the outcome of its deliberations could constitute its share of the GNG's input for the Montreal meeting. The representative of Bangladesh went on to recall and highlight the salient features of the preliminary proposals he had submitted to the Sub-Committee in February 1988 on behalf of the least-developed countries and subsequently reproduced in document MTN.GNG/W/14 of July 1988. By way of elaboration on some of the proposals he stressed the need for long-term guarantee of maintenance of GSP commitments for the least-developed countries for say a period of ten or fifteen years. Moreover modalities for advanced implementation, in favour of the least-developed countries, of m.f.n. concessions agreed amongst the participants in the Round could be worked out in a manner to ensure an accrual of benefits to the least-developed countries in the initial years, preferably in the first quarter of the agreed timetable for the general implementation of the m.f.n. concessions.

5. In this connection he noted with interest the proposal made by the United States Trade Representative at an informal meeting held at Islamabad under the auspices of the GATT, calling for duty-free access for all exports of the least-developed countries to the markets of the developed countries. Since the United States proposal might be submitted formally at the Montreal meeting for multilateral acceptance he called on contracting parties to reflect seriously on it in their respective capitals. Finally he appealed to contracting parties to find a means of ensuring that the proposals of the least-developed countries received active consideration as the negotiations advanced to more substantive stages and in this respect expressed the hope that a concrete step would be taken at the Montreal meeting.

6. The views expressed by the representative of Bangladesh were fully supported by a number of other least-developed countries. One such representative stressed that in order to comply with the recommendation in the Punta del Este Declaration for an expeditious implementation of the 1982 Ministerial Decision in favour of the least-developed countries, there was need for a time-bound programme of action. He also pointed out the possibility of losses of preferential margins for the least-developed countries arising from m.f.n. and GSP concessions during the negotiations and the need for measures to cushion the impact of such losses. He appealed to GSP donor countries who have not yet done so, to extend least-developed country status to all such countries in their GSP schemes. The representatives of non-contracting party least-developed countries gave

their support to these proposals. The representative of one such country pointed out that many least-developed countries were not contracting parties not due to lack of respect for the rules and principles of the GATT but because, for the moment, accession was beyond their economic and technical ability. He stated that the Sub-Committee represented a window through which the GATT and the CONTRACTING PARTIES could look at the problems of all the least-developed countries and thus contribute to the objectives of the SNPA to which all United Nations bodies are committed. He stressed that the activities of the Sub-Committee and the whole process of negotiations in general were of special importance to all least-developed countries in view of the preparations for the 1990 United Nations conference on the SNPA. They were also important in the context of the African Recovery Programme to which the UN system was also committed. He also took the opportunity to express the gratitude of his Government for the technical assistance that his country, which is a non-contracting party, has received from the GATT, through the programme of consultations, and stressed that what was needed was a more concrete programme of action to make such assistance more useful.

7. The Chairman emphasized that the activities of the Sub-Committee were not being pursued in a vacuum but formed an integral part of actions in various international fora in favour of the least-developed countries and in this respect appealed to contracting parties to bear in mind the UN Conference on the SNPA to be held in 1990 to draw up new guidelines for action by the world community in the nineties on behalf of the least-developed countries. Similarly he emphasized the importance of the Recovery Programme of Action for Africa, a continent on which most of the LLDCs could be found. With regard to technical assistance he drew attention to the statement made by the Director-General at the Sixty-Fourth Session of the Committee on Trade and Development on the activities of the GATT and the further possibilities for action in this field. The Chairman also made reference to the programme of consultations which was organized in the Sub-Committee for certain requesting least-developed countries and which was greatly appreciated by such countries and stated that although it had been suspended temporarily the option was still open for it to be revived at a later stage.

8. The representative of a least-developed non-contracting party while supporting the various proposals made on behalf of the least-developed countries, stated that the main reason why his country was not a contracting party was that his country's external trade was practically non-existent. He pointed out, however, that his country was in the process of planning its future industries including export-oriented industries, and of promoting private enterprises. It was in this respect that the Uruguay Round was of primary importance to his country since it was bound to change the rules of international trade for the future. In view of this he laid special emphasis on the proposals concerning predictability and long-term guarantee of the maintenance of GSP preferences without which future industrial planning and development could be jeopardized. In this context he pointed out that the timespan in the United States proposal for granting duty-free access for the export of the LLDCs to its market through to the year 2000 was rather short and proposed that a longer duration should be considered. He added that his country was looking forward to fruitful co-operation with the GATT secretariat on technical assistance especially

in the area of export planning and development. The need for technical assistance in export development and promotion was also echoed by the representative of another least-developed country who pointed out that his country's foreign trade earnings barely covered 2 per cent of its imports.

9. The representative of another least-developed country stressed the primary and fundamental obligation of the Sub-Committee to consider how best the proposals and recommendations of the least-developed countries could be brought to the urgent attention of Ministers at the Mid-Term Review. He suggested the possibility of annexing the proposals to the Report of the Chairman of the GNG for Montreal or incorporating elements in the proposals in the Report of the various negotiating groups. He also urged that the proposals made by the Chairman to the Sub-Committee and discussed in 1984 and 1985 also be taken into consideration. Referring to the proposal made by the United States at Islamabad he expressed the hope that it would be formally submitted to the GATT possibly before Montreal. He demanded whether the proposal also covered non-tariff barriers and whether the product coverage extended to all primary and industrial products or was limited to only certain categories of products.

10. The representative of the United States stated that her Government has been considering what action could be taken in the context of the Uruguay Round to benefit the world's poorest nations, adding that these countries could benefit substantially from improved market access. The United States was exploring a trade initiative for the least-developed countries, the basic concept of which would be to provide such countries with duty-free access to the United States market for all products through the year 2000. The implementation of the action was foreseen at the conclusion of the Uruguay Round provided that the negotiations would result in a successful outcome and that the United States would be joined in the action by a significant number of its major trading partners. She added that the Government was still refining the proposal and examining its broader implications, including its effect on the Caribbean Basin Initiative. It was anticipated that the idea would be discussed further during the Mid-Term Review at Montreal. She also intimated that her authorities might send a representative to discuss the proposal with other contracting parties in the near future. She promised meanwhile to refer back to Washington the requests for further information on the proposal.

11. The representative of Hungary stated that his authorities would, in general, give sympathetic consideration to the proposals submitted on behalf of the least-developed countries. Referring to one specific proposal concerning contracting parties with centrally-planned trading systems, he noted that the use of such terminology alien to the General Agreement was unfortunate. Moreover, the said proposal could not fit into the context of the chapeau since bilateral trade agreements did not form part of the Uruguay Round programme of negotiations. He added that his country like many other contracting parties had concluded bilateral trade agreements with various countries including least-developed countries but this did not prevent its trade from being subject to the multilateral rules and principles of the GATT and the rights and obligations arising therefrom. The representative of a least-developed country explained that the rationale behind the proposal was to make a global appeal to countries with centrally-planned trading systems especially the non-contracting

parties with whom they had trading relations to take measures to ensure the free flow and growth in such trade. Taking note of the above explained intention of least-developed countries to formulate a call towards some non-contracting parties the representative of Hungary suggested that the wording of the proposal be corrected accordingly. With reference to Part B of the proposals he outlined a number of measures, already notified to the Sub-Committee (COM.TD/LLDC/9) which his Government had taken in favour of the least-developed countries. These included duty- and quota-free access for their exports, import promotion measures in their favour, and the facilitation of their participation in Hungarian trade fairs.

12. The representatives of a number of developed countries expressed their awareness of the need for the least-developed countries to obtain special benefits in the Uruguay Round and pointed out that the proposals of the least-developed countries were being actively considered in their capitals. The representative of one country stated that the proposals constituted an important contribution to the integration of the least-developed countries in the negotiating process. The spokesman of a group of developed countries referred to the proposal made in their submission to the Negotiating Group on Tropical Products for a duty-free access for all exports of the least-developed countries on a preferential basis and stressed that one of the aims of the Uruguay Round should be to obtain additional special benefits in favour of the least-developed countries as part of accepted GATT rules. He expressed the hope that concrete results could already be obtained at Montreal. Developed countries generally stressed the need for the active participation of the least-developed countries to enable them to identify their specific interests. The need to reflect on how best the interests and concerns of the least-developed countries could be highlighted at the Montreal Mid-Term Review was also stressed. A number of developed countries, however, acknowledged the technical problems the least-developed countries faced in participating fully across-the-board in the negotiations and therefore attached great importance to the provision of technical assistance to them in this regard. They called on the least-developed countries to provide them with a feedback on the kind of technical assistance they needed. They generally welcomed the idea of a trust fund to finance Uruguay Round technical assistance and stated that the proposal was being seriously considered in their respective capitals. In this regard the spokesman of the Nordic countries stated that some of them had already allocated money for strengthening the technical assistance activities of the GATT secretariat especially those in favour of the least-developed countries. The representative of the Commission of the EEC added that independently the EEC had taken certain actions especially in Africa where in conjunction with the ACP secretariat a Uruguay Round seminar was organized last September for the PTA and SADCC countries in Lusaka.

13. On the broader question of measures taken in favour of the least-developed countries the representative of the EEC Commission stated that these had already been notified in previous meetings of the Sub-Committee. However, the EEC was looking for ways and means of improving the situation. On this particular subject the representative of Canada outlined a number of measures taken by her Government under the new Canadian Development Assistance Policy to assist the least-developed countries develop their export potential. These included doubling of the budget of the Canadian

International Development Agency's industrial co-operation programme which promotes the strengthening of business between Canada and developing countries; the creation of in-plant training facilities to encourage improvement in management skills and increase productivity in developing countries; increased scholarship fund for technical and vocational training; as well as the expansion of the trade facilitation office which promotes imports from least-developed countries.

14. The Chairman stated that the idea proposed by the Director-General for the creation of a trust fund for technical assistance financed through voluntary contributions was worth being borne in mind with regard to the Montreal meeting.

15. The representative of the International Trade Centre in his intervention stated that the ITC was essentially a technical assistance agency and almost over 30 per cent of its technical cooperation budget was devoted to projects and programmes related to trade matters in over thirty least-developed countries. The ITC was very appreciative of the assistance it has been receiving from the UNDP and the donor countries. He appealed to other developed countries to increase their assistance to the ITC. In this regard he also noted with appreciation the fact that some developing countries were themselves giving financial support for projects in the least-developed countries. He stressed that technical assistance was particularly important especially in the areas of trade information, market research, market development, and training, since they enhanced the ability of the least-developed countries to take advantage of the many trade advantages already open to them.

16. The representative of Bangladesh expressed his appreciation to the delegations which had actively participated in the discussion on the proposals presented on behalf of the least-developed countries, and especially for the supportive statements made by a number of developed countries. He pointed out that one major point which had emerged from the Sub-Committee's discussion has been the paramount need for the concerns of the least-developed countries to be adequately addressed at the Montreal Mid-Term Review and how to find ways and means of bringing this about. In this regard he proposed that the Sub-Committee authorize its Chairman to address a communication to the Chairman of the GNG appealing to him to take the necessary steps to bring the concerns of the least-developed countries into focus at the Ministerial meeting so that the TNC could give appropriate guidelines and recommendations to the negotiating groups for consideration in their respective negotiations. With regard to technical assistance in the context of the Uruguay Round he proposed that in view of the Montreal meeting the GATT secretariat should organize a briefing session for the representatives of the least-developed countries to enable them to have a fuller appreciation of the various proposals facing the negotiating groups and to better identify the areas of interest to them. He pointed out that the variety and increasing complexity of the issues and proposals being discussed, the greater frequency of meetings and the paucity of their resources constituted serious constraints on the negotiating ability of the least-developed countries.

17. Invited to comment on the last proposal of the representative of Bangladesh the representative of the secretariat stated that the GATT technical assistance programme provided for the holding of briefing sessions, at the request of developing countries and for the delegations of other interested countries, on recent developments in the GATT and in particular the Uruguay Round. Briefing sessions of this nature have been held in the past and have been considered very useful. He added that the secretariat would be most pleased to meet the request of Bangladesh and he undertook to convey the request to the Director of the Technical Cooperation Division. He suggested that the representative of Bangladesh contact the Director of the Technical Cooperation Division for the possible timing of such a briefing session.

18. With reference to the other proposal of the representative of Bangladesh on how best to highlight the concerns of the least-developed countries at Montreal the Chairman reiterated that although the Sub-Committee was not a negotiating group it was the only GATT body which had the task of looking at the trade problems of the least-developed countries. He added that normally the report of the Sub-Committee to the Committee on Trade and Development should fully reflect the views expressed in the Sub-Committee; however, since the Committee on Trade and Development would not meet again until next year another means should be found for conveying such views to the Ministers at Montreal. He proposed that if it was agreeable to the Sub-Committee he as Chairman would write a letter to the Chairman of the GNG under his own responsibility. The letter would be in general terms drawing attention to the provisions of the Punta del Este Declaration concerning the least-developed countries, and to the work of the Sub-Committee related especially to the proposals already submitted to the GNG. It would also refer to the express wish of the least-developed countries that their interests be given due attention at the meeting and in any follow-up to it.

Chairman's concluding remarks:

19. In his concluding remarks the Chairman, without wanting to summarize the discussion, noted that a number of concrete issues had been raised many of which referred to the proposals made by the least-developed countries in various areas of the negotiations. Some touched on the need for predictability in the concessions to be offered to the least-developed countries as well as a guarantee of their long-term maintenance; on the need to remedy any possible loss of preferential margins on the part of the least-developed countries, and on the need for a time bound programme of action in the implementation of measures; others touched on aspects of other proposals as well as on the question of technical assistance. He reiterated that the main issue was not the lack of proposals and measures but that of their implementation.

20. With regard to the next meeting of the Sub-Committee he suggested that it be convened late in the first half of next year on a date to be set after consultations with delegations.