

# GENERAL AGREEMENT ON

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# TARIFFS AND TRADE

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Sub-Committee on Trade  
of Least-Developed Countries

28 September 1989

NOTE ON PROCEEDINGS OF THE ELEVENTH MEETING

Prepared by the secretariat

Revision

1. The Eleventh Meeting of the Sub-Committee on Trade of Least-Developed Countries was held on 28 September 1989 under the Chairmanship of H.E. Ambassador M. Huslid (Norway). It was attended by the representatives of twenty-eight countries including a number of least-developed countries which are non-contracting parties, and by observers from a number of international organizations. Welcoming delegations to the Eleventh Meeting of the Sub-Committee the Chairman explained that this meeting which was scheduled for the first half of the year had to be postponed in view of the developments at the mid-term review of the Uruguay Round at Montreal and the subsequent re-arrangements of the calendar of the negotiations. He stated that the meeting would be mainly devoted to a review of developments in the Uruguay Round of interest to the least-developed countries. The Chairman proposed for adoption the draft provisional agenda containing the following main items:

- (i) review of developments in the Uruguay Round of interest to the least-developed countries;
- (ii) review of recent developments in the external trade and payments situation of least-developed countries and of recent commercial policy measures relating to them;
- (ii) technical assistance.

The draft provisional agenda as annotated in document COM.TD/LLDC/W/42 was duly adopted.

Agenda Item (i): Review of developments in the Uruguay Round of interest to the least-developed countries

2. Introducing this agenda item the Chairman recalled the mandate of the Sub-Committee to keep under review issues in the Uruguay Round of particular interest to the least-developed countries bearing in mind the relevant provisions in the Punta del Este Declaration regarding their particular situation and problems (Part I, Section B(vii)). He pointed out that although the Sub-Committee was not a negotiating body it had the duty of sensitizing the negotiating machinery to the particular situation and problems of the LLDC and in this capacity present views and proposals which could be considered in the negotiating groups. He added that this, to a certain extent had been done by way of the proposals which were put forward on behalf of the least-developed countries and were now before various negotiating groups. He stated that some preliminary results of interest to

the least-developed countries had been obtained in some areas especially in the Group on Tropical Products, while in other areas consideration was being given to the proposals before them. He stressed that it was incumbent on the Sub-Committee to follow developments in the various negotiating groups and make its views known. He stated that the Secretariat Note COM.TD/LLDC/W/40 which gives a brief review of the developments in the Uruguay Round could serve as a background for the Sub-Committee discussion on this agenda item.

3. The representative of the secretariat introduced the document COM.TD/LLDC/W/40 which he described as a factual summary of the discussions on the Bangladesh proposals in the various Negotiating Groups as at the end of July. He stated that a more updated summary would be made available at the next meeting of the Sub-Committee.

4. The representative of Bangladesh stated that the Uruguay Round negotiations have reached a crucial phase where contracting parties were required to define their positions on the various issues and proposals tabled in the various negotiating groups. The meeting of the Sub-Committee could therefore not have been more auspicious. He pointed out that subsequent to the relevant TNC decisions of April 1989 and as a result of the follow-up action taken by the GNG on 25 April 1989 the proposals submitted by Bangladesh on behalf of the LLDC's have been put on the agenda of the various negotiating groups and the treatment given to them as at the end of July this year had been summarized in the secretariat note. He expressed his appreciation to the chairpersons for the seriousness with which the proposals have been brought to the attention of their respective negotiating groups and noted with satisfaction the positive disposition to the proposals by the participants in the negotiating groups in line with the Punta del Este Declaration.

5. He recalled that while tabling his original proposals his delegation had reserved the right to add to or elaborate on them at a later stage. Accordingly his delegation on behalf of the LLDC's intended to table in the coming days additional and more specific proposals before the various negotiating groups which he would, in the first instance, share with the members of the Sub-Committee at this meeting both for their active consideration and endorsement. The representative of Bangladesh then went on to outline a number of proposals, some of a general nature but mostly comprising specific proposals touching on the work in the following negotiating groups: tariffs; non-tariff measures; tropical products; textile and clothing; agriculture; subsidies and countervailing measures; safeguards; GATT Articles; TRIPS; TRIMS; MTN Agreements and Arrangements; natural resource-based products, dispute settlement and services. These proposals which are annexed to this report would, according to the representative of Bangladesh, be submitted to the various negotiating groups in the coming weeks.

6. In support of his submission the representative of Bangladesh pointed at the very fragile socio-economic situation of the LLDC's. He stated that trade is recognized as an engine of growth and development, but the combined share of the forty-two LLDC's in the world merchandise trade was

hardly 0.4 per cent. He consequently appealed to contracting parties to implement the special measures in favour of the LLDC's embodied in the Ministerial Decisions of 1982 and emphasized in Part IB(vii) of the principles governing the Uruguay Round so as to enable the LLDC's to expand their trade. He stated that this appeal had been echoed at the recent meeting of Heads of States and governments at Belgrade. He also pointed out that in the agreement on the Global System of Trade Preferences (GSTP) the community of developing countries had, in recognition of the particular situation and problems of the LLDC's, provided special concessions to these countries without reciprocity. It was in this context of the general recognition of the need for special measures to enable the LLDC's to overcome their socio-economic plight, that he would appeal to contracting parties to show understanding when considering their problems.

7. The representatives of other least-developed countries including non-contracting parties gave their wholehearted support to the proposals and statement made by the representative of Bangladesh urged that they be given serious consideration. They also appealed for effective implementation of the 1982 Ministerial Decisions as called for in the Punta del Este Declaration. Representatives of some of these countries offered their collaboration in further refining and elaborating on the proposals for their submission to the various negotiating groups. The representative of one country stated that although certain concessions have been given to the LLDC's in the three areas of the negotiations where work had advanced the most, a lot more needed to be done. He pointed out that in the Group on Tropical Products despite the appreciable efforts made, tariff and non-tariff measures still remained on many products of interest to the LLDC's. In this connection he asked for the document MTN.GNG/NG6/W/35 to be revised and updated for the coming meetings of the negotiating group. With regard to the work in the Negotiating Group on the Functioning of the GATT, while appreciating the measures taken in favour of the LLDC's at the mid-term review he commented that the trade policy review exercise, with reference to least-developed countries, should go beyond a mere review and should be oriented towards finding solutions to some of their trade problems. He added in this regard that the least-developed countries were anxiously awaiting the simplified format for their trade review which was being elaborated. With reference to the work in the group on Dispute Settlement this representative reiterated the need for more simplified procedures in dispute settlement involving least-developed countries. The representatives of another least-developed country drew attention to the ongoing preparations for the second UN Conference on the least-developed countries and to the contribution which the Uruguay Round could make to the second SNPA as emphasized at the recent donor conference. This point drew a comment from the Chairman who emphasized that what was being done in the GATT with regard to the LLDC's was not being done in a vacuum but should interact with what was being done in other organizations. It was part and parcel of the general effort by the international community to help the least developed countries.

8. The representatives of a number of developed countries commended the representative of Bangladesh for his comprehensive statement and proposals, made on behalf of the least-developed countries, which would be given serious consideration in their capitals. They stressed that the detail proposals reflected a serious effort by the least-developed countries to participate in the Uruguay Round and be fully integrated into the multilateral trading system.

9. The representative of Canada while assuring a serious consideration of the proposals by this authorities took the occasion to draw the attention of the Sub-Committee to the proposals on access to markets submitted by his country to a number of negotiating groups. He particularly drew attention to a proposal for special and more favourable treatment for the least-developed countries by, inter alia, greater than formula tariff reductions and accelerated tariff reductions on goods of particular interest to the LLDC's.

10. Speaking on behalf of a group of Nordic countries, the representative of Norway welcomed the proposals as a proof of the active participation of the least-developed countries in the negotiations and assured that they would be given careful consideration by his group of countries. He said it was natural that those proposals already introduced into the negotiations have so far not been seriously addressed since it was difficult to discuss possible exceptions to rules and disciplines which were themselves still subject to elaborations and refinement. He also took the advantage to draw attention to one of the proposals of his country in the Negotiating Group on Tropical Products that all contracting parties in a position to do so should consider offering duty-free concessions on all products from the least-developed countries on a preferential basis.

11. The representative of the Commission of the EEC while congratulating the representative of Bangladesh on the proposals expressed the hope that they would soon be submitted in writing to the various negotiating groups. He referred to the long history of friendship between the Community and the least-developed countries not only through the Lomé Convention but also through other association agreements with non-ACP countries which had enabled them to enjoy preferential treatment in the field of tariffs, non-tariff barriers, stabilization of export earnings and other areas. He stressed the necessity for the least-developed countries to integrate themselves into the multilateral trading system through participation so as to obtain the greatest benefit from it. It was in this context that he regarded some of the proposals made by Bangladesh as not necessarily going in the right direction since they insisted on the institutionalization of special and differential treatment for the least-developed countries which would imply establishing a situation outside the normal rules of the system. He acknowledged that the least-developed countries were in a special situation which required special solutions, a factor which the Community through the Lomé Convention etc., took due account of. However, to extend this special situation to all fields was another question. On the question of the institutionalization of GSP concessions and other special treatment he said that one of the greatest advantages of the GSP for example and one which has contributed to its success, was that it was

an autonomous system by donor countries which allowed them a large freedom of action, a principle to which many of them were still attached. He stated further that he also had some misgivings about certain other ideas in the proposals of Bangladesh, for example how compensation could be paid for the erosion of preferential margins enjoyed by the LLDC's. There was also the question of an apparent contradiction between the demand for preferential treatment and the request for the elimination of m.f.n. duties. In spite of these misgivings he reiterated that the proposals contained ideas worthy of reflection and serious consideration. They constituted a good beginning for a debate which should take place in the respective negotiating groups.

12. The representative of the United States expressed her appreciation for for the comprehensive and concrete proposals submitted. According to her they represented a very healthy start and an encouraging move towards greater participation and integration into the GATT and the world trading system and assured that the proposals would be given serious consideration by her authorities. She, however, associated herself with some earlier comments about proposals to institutionalize special treatment for a separate group of countries at a time when the rest of the world was trying to integrate itself into the world trading system. She however reiterated her country's willingness to consider providing special considerations to the LLDC's in certain areas as called for in the Punta del Este Declaration.

13. The representative of Bangladesh on behalf of the least-developed countries expressed his appreciation for the generally positive reception given to his proposals. He recognized that no substantive discussions could be devoted to the proposals at such a short notice and was looking forward to submitting them for active consideration in the respective negotiating groups. He took the opportunity to respond to some of the preliminary comments made on some of the proposals. On the point raised on how least-developed countries could be compensated for loss of preferential margins through m.f.n. tariff reduction, he gave an example that if the margin of preference on jute were to be lost through m.f.n. reduction of duties to zero, additional compensatory concession could be given on another product of major interest to the LLDC's such as tea. With regard to the question of institutionalization, he stressed that he did not want to give the impression of giving the group of least-developed countries a permanent status since its composition was bound to change in future depending upon the evolution of their economic development. He emphasized that what he meant by institutionalization with regard to the GSP was aimed at removing the element of uncertainty, instability and non-predictability which gravely compromised its usefulness as an important instrument of economic development. These shortcomings as (well as other domestic institutional problems) had adverse effects not only on trade but also on investment prospects. He stressed that the issue of institutionalization should be looked at from the wider angle of the general evolution of the GATT. He said that at a period when the GATT was evolving into a more dynamic institution with wider participation by developing countries including the least-developed, it was imperative that any agreements or concessions in favour of these countries should become an integral part of

the GATT system instead of being an appendix or special protocols with probably only temporary status. He stated that this proposal was all the more relevant at a period when certain existing GATT Articles were being opened up for discussion and there was the probability that at the end of the Uruguay Round there might be additional provisions or major amendments to certain GATT provisions.

14. The representative of UNCTAD drew the attention of the Sub-Committee to the preparations underway for the Second UN Conference on the LLDC's to be held next year, and in particular to the donors conference held in May this year at which several references were made in the Chairman's statement to the Uruguay Round and the need for the least-developed countries to submit proposals for consideration in the negotiating groups. He went on to outline the technical assistance being offered by the Secretariat of UNCTAD to enable these countries to draw up proposals and obtain the maximum benefit from the negotiations. Apart from the general analytical, papers prepared by UNCTAD on the various subjects of the negotiations technical assistance to the LLDC's had mainly taken the form of regional and national seminars. He assured that this assistance would continue to be given throughout the negotiations.

15. Concluding the discussion on the Agenda Item (i), the Chairman commented that there was a general agreement that the integration of the LLDC's into the GATT system was beneficiary. He thought that a framework had already been built into the GATT system through the Enabling Clause etc. to enable the weakest and the less advantaged countries to benefit from certain advantages. He stressed that steps should be taken by the secretariat to put the proposals of Bangladesh in their final form, through the negotiating machinery as quickly as possible so that they could receive the necessary attention in the various negotiating groups.

Agenda Item (ii): Review of recent developments in the external trade and payments situation of least-developed countries and of recent commercial policy measures relating to them

16. Introducing this agenda item and the accompanying background secretariat notes COM.TD/LLDC/W/43 and Section 1 of COM.TD/LLDC/W/41, the Chairman pointed out that this discussion on the general economic situation of the least-developed countries formed part of the traditional work programme of the Sub-Committee which was ever relevant despite the current preoccupation with the Uruguay Round.

17. The representative of a least-developed country pointed out that the information in the secretariat document brought into sharp focus the realities obtaining in the least-developed countries. He said that in spite of the supportive measures taken by the international community through the SNPA and the major efforts undertaken by the least-developed countries themselves their share of the world trade had declined throughout the 1980's. The 1980's was a lost decade of development for these countries and some of the major reasons where the collapse in commodity prices and the increased recourse to protectionism in spite of the fast growth in the world economy especially in the developed countries. He

stressed that what the least-developed countries needed was greater market access free of all tariff and non-tariff barriers coupled with the right kind of production and export base to enable them take maximum advantage of the market access. The representative of another least-developed country pointed out that despite the appeals for more favourable treatment for the LLDC's contained in the 1982 Ministerial Declaration and the Punta del Este Declaration, not only have certain countries not fully responded but a major developed country had on the contrary suspended certain least-developed countries from its GSP scheme. He expressed the hope that the country concerned would reconsider its decision in the spirit of the Ministerial Declaration. Similarly, the representative of another least-developed country, while appreciating the special measures taken in favour of the LLDC's, appealed to all contracting parties to accept the United Nations classification and listing of least-developed countries and grant special concessions to all of them and thus eliminate the element of discrimination in the schemes of certain donor countries.

18. The representative of the United States pointed out that the Union of Myanmar and the Central African Republic were suspended from the United States GSP scheme after a lengthy investigation conducted during the annual review of the Scheme. She stressed that it was an open, predictable and fully transparent process which included beneficiary and private sector participation. She added that the US government was willing to consider restoring GSP benefits to these countries and any other suspended beneficiary should new circumstances warrant reconsideration of the decision to suspend them. She insisted that the United States administered its GSP programme in a fair and equitable manner completely in accord with its international obligations and it would continue to make the GSP an important part of its development policy. She expressed her readiness to answer any specific questions on the reasons why those two countries were suspended.

19. The representative of Japan drew attention to the fact that since 1 April 1989 Mozambique has been included among the LLDC's enjoying special concessions under the Japanese GSP scheme which was constantly being improved.

20. The representative of the Commission of the EEC stated that the secretariat document on the trade of the least-developed countries showed wide fluctuations in export performance depending essentially on the prices obtained for the different products exported by them. He stressed that the main problem was not that of protectionism but the narrow production and export base of most of these countries. He pointed out that although the Community offered duty-free access to its market to the least-developed countries the same phenomenon of wide variations in export performance among the countries was observable. This observation was shared by the representative of another developed country who stressed that the export performance of these countries depended on many variables not least of which was the state of the macro-economic management of the economy as a whole, not forgetting other external financial obligations which impinged on their ability to import.

Agenda Item (iii): Technical Assistance

21. Discussion on this agenda item was based on Section II of the secretariat note COM.TD/LLDC/W/41 which was introduced by a representative of the secretariat. He stated that the technical assistance programme of the secretariat essentially endeavoured to take account of the special situation of the least-developed countries and the need to remedy some of their handicaps arising from insufficient diplomatic representation in Geneva. Priority attention was therefore given to requests coming from these countries. He then described in some detail the activities of the secretariat in the five main areas of technical assistance. Firstly, the secretariat prepared and made available on request, data on tariffs, non-tariff barriers and other trade information on products of interest to those countries. Secondly, it offered help in the preparation of request lists, and the analysis of offers; in the preparation of factual background notes on the issues and subjects in the various negotiating groups of the Uruguay Round to keep these countries abreast of the state of progress in the negotiations etc. A third area of assistance was in the form of briefings and talks given to visiting officials from developing countries. A more systematic briefing was organized each year open to all contracting parties and aimed essentially at giving newly arrived officials an overview of the GATT and especially the Uruguay Round. He reported that in response to the request from the least-developed countries of the African Region a special information session on services was organized by the secretariat. Apart from the briefing sessions assistance was also offered to least-developed countries in the form of national and regional seminars on the Uruguay Round or assistance in the organization of such seminars, details of which had been given in the secretariat note. He expressed his appreciation to the Norwegian government for funding one such seminar for the LLDC's of the ESCAP region. The secretariat also actively participated in a number of seminars and workshops organized by other international organizations. In this regard he expressed his regret that budgeting constraint could not allow the secretariat to spread its collaboration with other organizations more widely. Finally, he reiterated the secretariat's readiness to help the least-developed countries participate fully in the activities of the GATT and thus better defend their national interests.

22. Representatives of a number of least-developed countries expressed their appreciation and gratitude for the various forms of technical assistance they were receiving from the secretariat especially in connection with the Uruguay Round. In this regard they appealed to contracting parties for a greater budgetary provision for technical assistance in the future since more of such assistance would be needed for the remaining period of the negotiations.

Agenda Item (iv): Other business

23. There was no intervention under this agenda item.



The Chairman's concluding remarks

24. At the concluding phase of the meeting, the Chairman asked the indulgence of the Sub-Committee to make some personal remarks since this might probably be the last time he chaired the Sub-Committee, a function he had occupied in two periods since 1984. He said that he would refrain from any detailed description of the situation of the group of least-developed countries since this has been well done in the relevant part of the latest Trade and Development Report of UNCTAD. He stressed, however, that by all indications, be it GNP, trade, communications, health, industry, literacy rate etc., the least-developed countries have been losing ground not only to developed countries but also to other developing countries. He pointed out that with regard to trade, the Trade and Development Report indicated that the share of the LDC's in total world exports fell during the 1970's from 0.8 to 0.4 per cent, and that the trend had continued in the 1980's thus making their share of world trade almost negligible. Against this background one could not over-emphasize the overwhelming need for the international community to give special assistance to these countries over and above measures and initiatives already taken in the trade and financial fields by individual countries and international organizations.

25. He indicated that the least-developed countries have since a number of years been given a special status in the GATT through the "Enabling Clause" arising from the Decision of 28 November 1979, which, inter alia, called for "special treatment of the least-developed among the developing countries in the context of any general or specific measures in favour of developing countries". Although certain concessions have been granted to these countries on the basis of the Enabling Clause, he would like, by way of a final message, to appeal that given the very dismal and disadvantageous situation of the least-developed countries, they be accorded special and more favourable treatment as part of accepted GATT rules. He stressed that such a move would not be in violation of the m.f.n. principles but rather a logical follow-up of it, since the present interpretation of the m.f.n. principle did not mean that all countries should be treated in an equal manner, a point reflected in another GATT principle, that of differential and more favourable treatment for the developing countries. He pointed out that the Uruguay Round presented an opportunity for further help to be given to these countries and maintained that it would be acting in line with the best traditions of the General Agreement and of the m.f.n. principle to grant further well defined advantages as part of the results of the Uruguay Round. As a concrete example of what could be done he proposed that the Enabling Clause be opened-up somewhat further for the least-developed countries by exempting them from quantitative restrictions and other non-tariff measures falling outside the scope of the MTN agreements or codes. He added that the negotiating group in which this could be examined might be the Group on GATT Articles. One could also envisage a new article in Part IV. He stated further that the proposals submitted by Bangladesh on behalf of the least-developed countries offered ample scope for other measures in favour of these countries. He concluded his statement by again appealing to contracting parties to accept this challenge to demonstrate more solidarity with the least-developed countries.

26. Representatives of a number of least-developed countries expressed their appreciation and gratitude to the Chairman for having successfully presided over the Sub-Committee for such a long period of time and for his generous devotion to the cause of the least-developed countries.

ANNEX IProposals Submitted by Bangladesh on Behalf of the  
Least-Developed Countries for Consideration  
in the Uruguay RoundGeneral proposals

- Concession negotiated in the framework of the Uruguay Round shall be implemented on an advanced and accelerated basis in favour of the least-developed countries.
- Concessions for the least-developed countries shall be unconditional, and for such concessions no reciprocity whatsoever shall be expected of them.
- The least-developed countries shall be compensated appropriately for the continuing erosion in the margin of preference enjoyed by them under the GSP and other preferential régimes, due to the progressive elimination or reduction of tariffs on products of export interest to the least-developed countries.
- Contracting parties, while ensuring market access to the products of the least-developed countries, shall adopt complimentary measures to broaden the production and export bases of the least-developed countries.
- Contracting parties shall ensure, through appropriate measures, that products which are prohibited to be sold in the exporting countries on the grounds that they are dangerous to health or for environmental reasons are not exported to the least-developed countries and that their markets are not used for experimentation to commercialize such products as well as similar products of new technology.
- Contracting parties to assume strong commitments to offer technical assistance to the least-developed countries on all aspects of their trade development. Increased technical assistance should be given to the LLDCs, inter alia, through the International Trade Centre, UNCTAD/GATT.

GSP

- Tariffs on all products of export interest to the least-developed countries, whether industrial, artisanal, tropical, agricultural or natural resource-based products, shall be eliminated under stable, predictable and simplified long-term GSP schemes and/or special dispensations for the least-developed countries, without any quotas or ceilings.
- Preference-giving countries are called upon to ensure that all the least-developed countries are included in their respective

GSP schemes and that the least-developed countries are provided with necessary assistance to cope with administrative procedures in order to enable them to reap the benefits intended under the GSP schemes.

- Simplified rules and procedures, as well as flexible rules of origin shall be put in place for the benefit of the least-developed countries.
- Global cumulation among the least-developed countries to meet the content requirement of a national/regional system of tariff preferences on imports from the least-developed countries shall be allowed.
- Global cumulation in relation to outward processing done in the least-developed countries to meet the content requirement of a national/regional system of tariff preferences on imports from the least-developed countries shall be allowed.
- Those preference-giving countries which are yet to adopt special measures for the least-developed countries within their respective GSP schemes are called upon to do so.
- Least-developed countries shall be exempted from safeguard clauses and other conditionalities attached to GSP schemes.
- Practical measures shall be taken to promote higher utilization rate of GSP treatment by the least-developed countries, for example:
  - establishment of direct trading links with the least-developed countries;
  - facilitating the participation of the least-developed countries in trade fairs, etc;
  - establishment of import promoting offices by donor countries.

Specific proposals for consideration in specified negotiating groups

Tariffs

All tariffs on all products, including in their processed and semi-processed form, for which the least-developed countries, individually or collectively, are principal suppliers shall be eliminated.

Non-Tariff Measures

- All non-tariff measures including quantitative restrictions, import levies and selective taxes that are currently applied on exports of the least-developed countries shall be eliminated.

### Tropical Products

- Contributions that have been made thus far in the negotiations, and any further contributions that might be made during the course of continuing negotiations, shall be implemented immediately and unconditionally in favour of the least-developed countries without to any staging.

### Textiles and Clothing

- All existing restraints on textiles and clothing products exported by the least-developed countries shall be phased-out on an accelerated basis. Pending the integration of the textiles and clothing sector into the GATT, no restraints shall be applied to imports from the least-developed countries.
- The concept of transitional régime should not apply in the cases of imports from the least-developed countries.
- The least-developed countries shall be exempted from any safeguard measures negotiated in the Negotiating Group on Textiles and Clothing.

### Agriculture

- Since development of the least-developed countries is synonymous with their agricultural and rural development, reforms and new disciplines that have been or would be agreed upon in the Uruguay Round should allow for the right of the least-developed countries to provide protection, support and assistance, including assistance to export development, in the agricultural sector.
- The least-developed countries which are net food importers may be adversely affected, at least in the short-run, by the reform process in the agricultural sector. As such, these countries should be assisted to overcome any consequential erosion in their purchasing power of food through food-aid, in the short-run, and direct financial and technical assistance to their agricultural sector.
- Special consideration for the least-developed countries including their needs for technical assistance within the framework of any agreement on sanitary and phyto-sanitary regulations shall be given.

### Safeguards

Safeguard measures shall not be applied by importing countries on exports of the least-developed countries irrespective of whether these countries individually or collectively, are principal suppliers or not.

Subsidies/Countervailing and Anti-dumping Duties

- Subsidies are an integral part of economic development programmes of the least-developed countries. Accordingly, the right of the least-developed countries to grant or maintain subsidies, including export subsidies, shall continue to be recognized.
- Countervailing/anti-dumping duties shall not be imposed on imports from the least-developed countries unless it is clearly established that subsidized/dumped imports from a least-developed country are the principal cause of injury to the domestic industry, in the importing country. Further, for the determination of injury, imports from a least-developed country shall not be cumulated with subsidized/dumped imports from any other country.
- No action under GATT shall be taken recourse to against a least-developed country merely on the basis of a threat of, or potential injury.

MTN Agreements and Arrangements

- Rights and benefits under the MTN Agreements and Arrangements shall be extended to all least-developed countries irrespective of whether they are signatory or not to these Agreements and Arrangements.
- Measures shall be taken to facilitate or encourage the participation, where possible, of least-developed countries in the MTN Agreements and Arrangements.

Dispute Settlement

- Before initiating any action against any exporting least-developed country, the investigating authority in the importing country will notify the concerned least-developed country first of its intention to institute investigation and establish with utmost care the causes of injury, keeping the concerned least-developed country posted.
- Establishment of a separate body (e.g. Group of Five) comprising of the Chairmen of the CONTRACTING PARTIES, Council, Committee on Trade and Development, Sub-Committee on the Trade of the Least-Developed Countries and the Director-General of GATT, should be explored with the objective of settling disputes involving the least-developed countries.
- Recourse to Panel procedure shall be the ultimate step after exhausting other means available for dispute settlement, including the use of the good offices of the Chairman of the Council or the Director-General of GATT.

- In settling disputes involving the least-developed countries, flexibility shall be the rule rather than exception.

#### TRIPS

Any Agreements/Arrangements resulting out of the negotiations in this Group shall not prevent the least-developed countries from adopting measures and policies in these areas which would assist most effectively their economic development and shall provide for improved access to, and ensure effective transfer of technologies.

Contracting parties, when considering application of any remedial measures under the envisaged Agreements/Arrangements, shall ensure that such measures would not affect the vital interest of the least-developed countries.

Contracting parties shall, if requested, give technical assistance to the least-developed countries on mutually-agreed terms and conditions to assist in the preparation of domestic regulations relating to this area.

#### TRIMS

Any Agreements/Arrangements resulting out of the negotiations in this Group shall not prevent the least-developed countries from adopting measures and policies in these areas which would assist most effectively their economic development and shall provide for improved access to, and ensure effective transfer of technologies.

Contracting parties, when considering application of any remedial measures under the envisaged Agreements/Arrangements, shall ensure that such measures would not affect the vital interest of the least-developed countries.

Contracting parties shall, if requested, give technical assistance to the least-developed countries on mutually-agreed terms and conditions to assist in the preparation of domestic regulations relating to this area.

#### GATT Articles

- The least-developed countries have chronic balance-of-payments difficulties. Accordingly, they shall continue to exercise the right to impose or maintain trade restrictions, including quantitative restrictions, under the provisions of Article XVIII:B.
- Simplified balance-of-payments consultations shall always be used for the least-developed countries.
- Special position of the least-developed countries shall be taken into consideration when designing additional criteria for the determination of negotiating rights under the provisions of Article XXVIII:1.

- Consideration shall be given to making suitable improvements in the Decision of 28 November 1979 on "Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries" (the Enabling Clause) to embrace any special and differential measures taken by Contracting Parties in favour of the least-developed countries, including the relevant provisions of the Ministerial Declaration of 1982.

#### Natural Resource-based products

- Natural resource-based products are of major importance to the trade and development of least-developed countries and the sovereign right of these countries to adopt all appropriate measures for the safeguard and development of such resources must be recognized. Any agreement in this sector shall allow for the right of least-developed countries to protect and optimize the utilization of their natural resource products and provide for support and assistance, including assistance to export development.

#### Services

- Paragraph 7(f) of the agreed text of the mid-term review in the Group of Negotiations on Services says, inter alia, that "Particular account shall be taken of the serious difficulty of the least-developed countries in accepting negotiated commitments in view of their special economic situation and their development, trade and financial needs". This principle should be fully applied in all sections of any framework or sectoral agreements negotiated in this group.