

# GENERAL AGREEMENT ON

RESTRICTED

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## TARIFFS AND TRADE

Special Distribution

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### Preferential Arrangements Among Developing Countries Negotiated in GATT

#### COMMITTEE OF PARTICIPATING COUNTRIES

##### Draft Seventeenth Annual Report to the CONTRACTING PARTIES

1. The Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries<sup>1</sup>, also known as the Enabling Clause, applies, *inter alia*, to "regional or global arrangements entered into amongst less-developed contracting parties for the mutual reduction or elimination of tariffs and, in accordance with criteria or conditions which may be prescribed by the CONTRACTING PARTIES for the mutual reduction or elimination of non-tariff measures ...." notwithstanding the provisions of Article I of the General Agreement. This Decision constitutes a standing legal basis<sup>2</sup> for the Protocol Relating to Trade Negotiations Among Developing Countries.

2. The Committee on Trade and Development which has been given primary responsibility for supervision of the implementation of the above Decision, in discussing procedural arrangements for reviewing activities covered by the Decision took note that reviews of the operation of the Enabling Clause could be co-ordinated with its end-of-year reviews of the implementation of Part IV and that information for the purpose of such reviews should be circulated in good time. Thus, the countries participating in the Protocol submit to the CONTRACTING PARTIES their seventeenth Annual Report.<sup>3</sup>

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<sup>1</sup>BISD 26S/203-205.

<sup>2</sup>The implementation of the Protocol was originally covered by a Decision of the CONTRACTING PARTIES dated 26 November 1971 (BISD 18S/26-28).

<sup>3</sup>The first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth and sixteenth Annual Reports were published in BISD 21S/126, BISD 22S/73, BISD 23S/147, BISD 24S/154, BISD 25S/163, BISD 26S/337, BISD 27S/172, BISD 28S/129, BISD 29S/155, BISD 30S/203, BISD 31S/291, BISD 32S/191, BISD 33S/224, BISD 34S/218, BISD 35S/409, and L/6573 and Addenda, respectively.

## I. COMMITTEE OF PARTICIPATING COUNTRIES

### A. Entry into force and status of ratifications

3. To the time of presenting this Report, the Protocol Relating to Trade Negotiations Among Developing Countries, which entered into force on 11 February 1973, has been ratified by fifteen developing countries: Bangladesh, Brazil, Chile, Egypt, India, Israel, Republic of Korea, Mexico, Pakistan, Peru, Romania, Tunisia, Turkey, Uruguay and Yugoslavia. Paraguay has signed the Protocol ad referendum pending the completion of its domestic procedures and the Philippines has signed but not yet ratified the Protocol.

### B. Implementation of the Protocol

4. Participating countries have fully observed the provisions of the Protocol. During the period under review, the articles of the Protocol relating to renegotiation, withdrawal or modification of concessions, emergency action on imports of particular products, temporary suspension of rights and obligations and the withholding or withdrawal of concessions were not utilized by any participating country. As described in Section C below, consultations have been sought on certain measures which have implications for benefits which participating countries may expect to derive from the arrangement. In connection with the Declaration annexed to the Protocol, membership both in the Protocol and in regional economic and trading arrangements among developing countries has not so far resulted in the notification of any problems for participating countries.

### C. Activities of the Committee

5. The Committee of Participating Countries provided for in the Protocol was established for the purpose of giving effect to those provisions of the Protocol involving joint action and generally with a view to facilitating the operation and furthering the objectives of the Protocol. During the period under review, the Committee has held sessions in December 1989, and March and [September] 1990 under the Chairmanship of Messrs. O. Gökce (Turkey) and [J.P. Buda] (Uruguay).

6. In addition to concerning itself with day-to-day issues relating to the operation of the Protocol, the Committee has taken up questions with respect to the expansion of trade among developing countries.

7. Having regard to the relevant provisions of the Protocol Relating to Trade Negotiations Among Developing Countries, the Committee of Participating Countries pursued the review of the schedules of concessions of participating countries with a view to facilitating action aimed at updating and improving the scope and coverage of the concessions on the basis of the considerations and principles embodied in the Preamble of the Protocol. To this effect, consultations for the purpose of exchanging

information and seeking clarifications were carried out and the Committee took note of the proposals to liberalize the conditions of access for some additional items of interest to participating countries without prejudice to activities in other fora concerning economic cooperation among developing countries. In this connection, having regard to the Punta de Este Declaration and the Montreal Decisions concerning trade liberalization, participating countries also exchanged views on possible procedures that might be used for seeking appropriate credit in the Uruguay Round Multilateral Trade Negotiations for further trade liberalization measures undertaken in the framework of the Protocol. Without prejudice to the right of individual participating countries to act on an autonomous basis, the Committee agreed to revert to the question of the expansion of trade among developing countries in the framework of the Protocol at the end of the Uruguay Round.

8. In the light of a request by Bangladesh, the Committee decided to extend the duration of the Protocol for the Accession of Bangladesh to the Protocol Relating to Trade Negotiations Among Developing Countries until 31 December 1999.

9. Pursuant to Annex A of the Protocol, participating countries have updated information with respect to certification of origin.

10. The Committee agreed to extend to one year the term of office of the Chairman and Vice Chairman on the understanding that the principle of rotation would continue to be observed.

## II. STATISTICAL DATA

11. Available statistics indicate overall trade among participating countries in products contained in the schedules of concessions. Full details of reported trade in products subject to concessions are shown in addenda to this report.