

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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**Sub-Committee on Trade of
Least-Developed Countries
7 November 1994**

NOTE ON PROCEEDINGS OF THE FIFTEENTH MEETING

Prepared by the Secretariat

1. The Fifteenth Meeting of the Sub-Committee on Trade of Least-Developed Countries was held on 7 November 1994 under the Chairmanship of H.E. Ambassador E.C. Selmer (Norway). The Chairman said that since the present meeting was the first one since the completion of the Uruguay Round negotiations, the Sub-Committee could take this opportunity to take stock of the results embodied in the Final Act, in particular relating to the least-developed countries (LLDCs), and start an examination of the tasks which laid ahead. In addition to the agenda item contained in GATT/AIR/3645, he proposed to briefly review, under "Other Matters", progress in LLDCs compliance with requirements for WTO original membership. The Sub-Committee adopted the agenda.

Item I: Preliminary exchange of views on possible measures of support for least-developed countries in the future work of the World Trade Organisation

2. In introducing this Agenda item, the Chairman drew attention to the documentation prepared by the Secretariat summarising the legal texts resulting from the Uruguay Round, with emphasis on those provisions most relevant to the least-developed and other developing countries. Document COM.TD/W/510 identified, within the Uruguay Round results, special provisions for developing countries, while document COM.TD/LLDC/W/54 was a synoptic table containing those provisions specifically in favour of LLDCs. He also drew attention to the cover note of both documents which stated that they did not constitute a legal interpretation of the provisions by the GATT Secretariat.

3. The Chairman recalled that clear directions were set out in the Uruguay Round texts for reviewing the specific needs of LLDCs as, for example, in the Decision on Measures in Favour of Least-Developed Countries. In this respect, as Chairman of the Sub-Committee, he had raised the question of a focal point within the Secretariat, to address work related to LLDC's issues and concerns.

4. The Director-General made reference to the requirements set out in the Uruguay Round texts for the WTO to review LLDCs' needs, as well as the implementation of special provisions of the Multilateral Trade Agreements in favour of that group of countries. He also drew attention to the formal and informal proposals underlining the need to have a focal point to address work relating to LLDCs' issues and concerns. He informed the Sub-Committee that, as of the present day, this focal point was established in the form of an LLDC Unit within the Development Division of the Secretariat, itself newly created. He did not envisage the Unit to be a mere bureaucratic point for information gathering and dissemination, nor to duplicate the important work on technical assistance, in particular for LLDCs, provided by the Technical Cooperation and Training Division. It would have to be responsive to the requirements and demands set out in the Uruguay Round texts.

5. The representative of Malaysia, speaking as Chairman of the Informal Group of Developing Countries, recalled that on 15 December 1993 he had proposed that a special unit be created to look after the LLDCs' interests. He was therefore gratified that this proposal had been taken in due consideration and welcomed the establishment of both the Development Division and the LLDC Unit. He considered that one of the very important functions of the WTO was to assist LLDCs in their development process and their increasing integration in the multilateral trading system. He underlined in this context the importance of trade as an engine of growth. The LLDC Unit would monitor the implementation of the special provisions pertaining to the LLDCs and work towards ensuring that these countries participate more effectively in the multilateral trading system and reap benefits from the Uruguay Round results. The Unit could harness synergies of organizations involved in LLDCs matters, such as International Trade Centre, UNCTAD and the Bretton Wood institutions, with the long-term objective of developing these countries' trading capabilities.

6. The representative Bangladesh, also speaking on behalf of the least-developed countries, expressed gratitude to the Director-General, the contracting parties and the Chairmen of the Informal Group of Developing Countries and of the Sub-Committee for their support to the cause of the LLDCs.

7. The representative of the Singapore, speaking on behalf of the ASEAN countries, noted with satisfaction the increased attention concerning fuller participation of the LLDCs in the multilateral trading system and welcomed the setting up of the LLDC Unit. As countries in the process of going up the ladder of development, ASEAN states had recognized the need for outside assistance and acknowledged assistance from the industrialized countries. This had enabled ASEAN countries, at a crucial period, to become active players in the international economic and trade system. Because ASEAN countries believed that time had come to help other developing countries to also climb up the ladder, they were offering technical assistance in the form of training programmes either individually or collectively through the ASEAN Secretariat based in Djakarta (Indonesia). The representative added that he and his ASEAN colleagues would be available to participate actively in the work of the LLDC Unit and suggested that closer collaboration between the Unit and the ASEAN Secretariat be maintained in order to co-ordinate and provide complementary technical assistance.

8. Several representatives expressed great appreciation for the support of the Chairmen of the Sub-Committee and of the Informal Group of Developing Countries to the problems of the LLDCs and welcomed the establishment of the LLDC Unit within the Secretariat, which would focus on interests and concerns of LLDCs, including the monitoring of the implementation of the provisions of special and differential treatment. This focal point would also assist them to better integrate within the multilateral trading system. The representative of Madagascar said that since LLDCs had limited resources and manpower, the LLDC Unit would facilitate the work of the LLDCs delegations thus helping them to integrate better within the multilateral trading system. The representative of Norway, speaking also on behalf of Sweden, hoped that such a focal point would benefit from adequate resources and would be headed at an appropriate level. The representative of Myanmar expressed appreciation for the ASEAN offer to participate to the activities of the LLDC Unit. The representative of the European Communities took note that no institutional repercussions would result from this initiative; however, he wondered whether there were some financial budgetary consequences. He underlined that coordination between the LLDC Unit, the Development Division and the Technical Co-operation and Training Division would have to be set up in order to guide the kind of technical assistance the LLDCs need. He said that consideration would have to be given to technical assistance programmes provided either bilaterally, or by the GATT Secretariat, or also the by other international organizations such as the World Bank and the International Monetary Fund (IMF).

9. With respect to a request for clarification by Bangladesh speaking on behalf of the least-developed countries, the Director-General confirmed that the LLDC Unit within the Development Division would address work specifically relating to LLDCs' issues and concerns. This Unit was a response to concerns

constantly reiterated by the LLDCs with regard to the specific provisions in the Uruguay Round results. He also said that the setting up of the Unit had no budgetary implications.

10. The representative Bangladesh, also speaking on behalf of the least-developed countries, said that the Uruguay Round had been a global negotiation and the LLDCs had contributed to its successful conclusion within the limits imposed by their particular situation. Since their per capita income as a whole had declined each year since the early 80s and their share in the world trade had fallen to 0.3 per cent in 1992, as against 0.6 per cent in 1980, the LLDCs called upon the CONTRACTING PARTIES to take appropriate measures for improving their trading opportunities and fully implement the provisions for special and differential treatment. The LLDCs hoped that the Uruguay Round would give a boost to investment, job creation, sustainable development and economic reform. They recognized, however, that important efforts would be required from them to make adjustments to the new trading arrangement but counted on the assistance of the international community to facilitate such adjustments. MFN concessions on tariff and non-tariff measures agreed in the Uruguay Round on products of export interest to the LLDCs should be implemented in advance and without staging. Consideration should be given to further improve GSP and other schemes for products of particular export interest to LLDCs, particularly because of the erosion of preference margins. The LLDCs took note of the need for coordination among the World Trade Organization (WTO), the IMF and the World Bank in the fields of trade, money and finance, and hoped that such collaboration would contribute positively to their development and not lead to increased conditionalities. Although the LLDCs recognized the importance of the work on trade and environment, they hoped that the work in this area would not result in enhanced obligations to be borne by them. The living and working conditions in poor countries would improve only if their economic well-being was improved through appropriate domestic policies and adequate external support.

11. Over the years, the CONTRACTING PARTIES had recognized the difficult economic situation of the LLDCs and had regularly reiterated their commitment to take into account the problems of the LLDCs for appropriate action. In this context, in April 1994 in Marrakesh, Ministers had recognized the importance of the implementation of the provisions of special and differential treatment for the LLDCs and had declared "their intention to continue to assist and facilitate the expansion of their trade and investment opportunities". The representative stressed that LLDCs would need substantial technical assistance for implementing the results of the Uruguay Round. They would also require increased flows of concessional resources and of direct foreign investment, as well as further debt relief, for activating growth and achieving sustainable development. The WTO's cooperation in this regard would improve the capacity of LLDCs to participate in international trade.

12. The representatives of a number of LLDCs expressed their support for the statement of Bangladesh made on their behalf.

13. The representative of Zambia said that in order to take advantage of the international trading system resulting from the signing of the Marrakesh Agreement, the LLDCs would have to adjust their economies. Such adjustments would have to be consistent with their long-term development objectives including poverty reduction, food security and development of human capabilities. To succeed in implementing policy reforms in a sustained manner, LLDCs' efforts would need to be underwritten by a substantially expanded and more predictable financial flow to their economies. Therefore, the envisaged cooperation of the WTO with the World Bank and the IMF was of great interest to the LLDCs. An early and comprehensive evaluation of the impact of the final package would have to be carried out to ensure the effective application of the differential and more favourable treatment as enshrined in the Uruguay Round texts. This overall balance could be assessed within the LLDC Unit that had just been established. Individual LLDCs would need technical and financial assistance for implementing of the substantive provisions contained in the Agreements of the Final Act, and for neutralizing any

adverse effects deriving from the Uruguay Round results. LLDCs would also require assistance to undertake reforms and diversify their production into non-traditional products, thereby improving their competitiveness to benefit from the emerging multilateral trading system.

14. The representative of Chile commended the GATT Secretariat's for its action with respect to developing countries' concerns' throughout 1994. He also emphasized that close cooperation between the future WTO, and World Bank, IMF and UNCTAD in technical cooperation fields should have the assistance to LLDCs as a priority objective. He also said that LLDCs should strengthen their efforts, particularly in their capitals, to better assimilate the work of GATT and adapt their trading systems. Assistance in this area would enable them to better integrate into the world trade.

15. The representative of Morocco underlined that one of the consequences of the success of Uruguay Round in favour of the LLDCs was the granting to them of free-of-charge premises. Another result was the strengthening of technical assistance to enable them to better enjoy the benefits of the Uruguay Round results.

16. The representative of Bangladesh informed the Sub-Committee that Bangladesh had recently ratified the Final Act of the Uruguay Round and the Agreement Establishing the WTO.

17. The representative of Nepal, speaking as an observer, informed the Sub-Committee that his government had initiated the process of accession to the GATT. He expressed great appreciation for the valuable technical assistance provided by the Technical Cooperation and Training Division.

18. The representative of the European Communities urged LLDCs to ratify as soon as possible the Uruguay Round results, since this would constitute the starting point of the implementation process.

19. Several representatives expressed appreciation for the documents prepared by the Secretariat. The representative of Madagascar requested that document COM.TD/LLDC/W/54 be available in French. The representative of the European Communities regretted that these documents arrived with some delay and believed that these should be received the day of issuance.

20. The Sub-Committee took note of the statements.

Item II: Progress in LLDCs' compliance with requirements for WTO Original Members

21. The Deputy-Director General recalled that least-developed contracting parties to GATT 1947 had been given until 15 April 1995 to annex their Schedules to GATT 1994 and GATS. Before the Schedules of Concessions and Commitments were annexed, they would have to be submitted to a multilateral verification process. This was a time-consuming exercise, not to mention the preparation of the proposed schedules in the first instance in the respective LLDCs' capitals, which was also time-consuming. To date, out of the 26 LLDCs participating in the Uruguay Round, only seven had verified and annexed their schedules. Another four LLDCs were near to completing them. But 15 countries were still at an early stage of the preparation process, and this situation was very worrisome. The Secretariat was actively pursuing this matter with the countries concerned, including the provision of technical cooperation where needed. He conveyed to the LLDCs a message of urgency since little more than five months was left to complete the whole process.

22. He expressed the Secretariat's satisfaction at the increased participation of LLDCs in the GATT activities, particularly since the closing months of the Uruguay Round negotiations. He stressed that it was in the interest of the LLDCs and in the interest of the system that their presence in it be maintained and expanded.

23. The Chairman concluded that the Secretariat note on the meeting would be made available for the meeting of the Committee on Trade and Development of 21 November. He announced that this was his last meeting as Chairman of the Sub-Committee since he was leaving Geneva. He expressed satisfaction at the evolution of developing countries situation within the GATT system. When he arrived in Geneva in 1964, the GATT was still considered a "richmen's club". Then, Part IV was added to the General Agreement in 1965 and the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation was adopted in 1979. At the present time, the discussions were focusing on the substance of the special and differential treatment in favour of LLDCs. Finally, he thanked delegations for their cooperation and particularly for their very constructive contributions.