

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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UNCTAD RESOLUTIONS ON THE GENERALIZED
SYSTEM OF PREFERENCES

As requested at the meeting of the Group on 13 May 1975, there are circulated herewith two Resolutions on the Generalized System of Preferences adopted by the UNCTAD Special Committee on Preferences at its Sixth Session on 31 May 1974.

RESOLUTIONS ADOPTED BY THE SPECIAL COMMITTEE ON PREFERENCES AT ITS
SIXTH SESSION

2 (VI) Improvements in the generalized system of preferences

The Special Committee on Preferences,

Recalling Conference resolution 21 (II),

Recalling Conference resolution 62 (III) and section V, paragraph 2 of the agreed conclusions of the Special Committee on Preferences,^{a/} adopted at the second part of the fourth session of the Committee;

Recalling further its resolution 1 (V),

Bearing in mind the Programme of Action on the Establishment of a New International Economic Order, as adopted by the General Assembly at its sixth special session,

Having reviewed the schemes of generalized preferences in operation,

Having heard the statements of the preference-giving and preference-receiving countries,

1. Notes with appreciation the improvements already effected in the schemes of generalized preferences;
2. Reiterates its invitation to the preference-giving countries to give continuing consideration to the requests of developing countries for improvements of their existing schemes of generalized preferences contained in section III of its resolution 1 (V);
3. Invites the preference-giving countries to seek further improvements in their schemes of generalized preferences, taking into account the requests of the developing countries and paying special attention to the problems of the least developed among developing countries and the land-locked developing countries, in particular along the following lines:
 - (a) Expansion of product coverage, in particular for products included in the Brussels Tariff Nomenclature (BTN) chapters 1-24 and for other products of particular export interest to developing countries included in BTN chapters 25-99;
 - (b) Duty-free treatment and substantial increases in quotas for hand-made and handicraft products to the maximum extent possible;

^{a/} Decision 75(S-IV) of the Trade and Development Board, annex.

- (c) ~~Deeper tariff cuts on products for which preferential tariffs cannot be reduced to zero;~~
 - (d) Substantial increases in ceilings and tariff quotas;
 - (e) Extension of zero preferential tariffs for products which remain subject to ceilings under the generalized system of preferences (GSP);
 - (f) Reduction to the minimum of products subject to special management provisions;
 - (g) Calculation of ceilings on the basis of the most recent reference years for which trade data are available;
 - (h) More flexible and liberal administration of ceilings and tariff quotas;
 - (i) Full implementation of section III of the agreed conclusions of the special Committee on Preferences, regarding safeguard mechanisms;
 - (j) Further harmonisation, simplification and improvement of the rules of origin.
4. Requests the preference-giving countries, bearing in mind assistance already provided by them to Governments and exporters of developing countries and through the UNCTAD/UNDP project on training and advisory services on the GSP, to adopt supplementary measures for assisting Governments and exporters of developing countries, particularly those of the least developed among the developing countries, in order to enable them to make greater use of the GSP;
 5. Invites the preference-giving countries to take into consideration the request of developing countries contained in section II.B of resolution 77 (III) that preference-giving countries should not adopt any domestic policy measures which would minimize the benefits of the GSP;
 6. Reiterates that developing countries which will be sharing their existing tariff advantages in some developed countries as a result of the introduction of the generalized system of preferences will expect the new access in other developed countries to provide export opportunities at least to compensate them;
 7. Requests the socialist preference-giving countries to continue to apply on the basis of Special Committee resolution 1 (V), section II, and of Conference resolutions 15 (II) and 53 (III), in the context of their procurement policies and in accordance with the modalities of their foreign trade systems, appropriate measures to improve the importation and marketing of products of export interest to developing countries.

3 (VI) The generalized system of preferences and the multilateral trade negotiations

The Special Committee on Preferences,

Recalling Conference resolution 21 (II) and the agreed conclusions of the Special Committee on Preferences, as adopted at the second part of the Committee's fourth session,^{b/}

Recalling Conference resolution 82 (III), as adopted, and in particular the principles put forward by the developing countries in that resolution on the multilateral trade negotiations, namely that:

"1.(a) The developing countries, collectively or individually, shall not suffer, directly or indirectly, adverse or prejudicial effects as a result of these negotiations, on the contrary, the negotiations shall provide the developing countries with additional benefits that represent a substantial and meaningful improvement of their position in international trade so that they secure an increasing share in the growth in international trade commensurate with the needs of their economic development on the basis of non-reciprocity, non-discrimination and preferential treatment;

(b) If the preferential advantages enjoyed by developing countries are adversely affected by the results of these negotiations, the developed countries shall take additional measures to compensate the developing countries so affected",

Recalling further the Ministerial Declaration adopted at Tokyo on 14 September 1973 which states, inter alia, that the Ministers "... recognize the importance of maintaining and improving the Generalized System of Preferences",

Noting further the Programme of Action on the Establishment of a New International Economic Order, as adopted by the General Assembly at its sixth special session,

Noting further the study by the UNCTAD secretariat (TD/B/C.5/26) on the generalized system of preferences and the multilateral trade negotiations,

Considering the benefits that could be derived by all countries from an over-all reduction in barriers to international trade,

^{b/} Decision 75(S-IV) of the Trade and Development Board, annex.

Considering that a reduction of tariffs on a most-favoured-nation (MFN) basis on both the industrial and the agricultural products included in the generalized system of preferences (GSP) may reduce the preferential margins under the GSP;

1. Notes the request of the developing countries that the preference-giving countries participating in the multilateral trade negotiations should take special measures in the form of progressive preferential liberalization in favour of developing countries with a view to maintaining and improving tariff advantages enjoyed by the developing countries under the generalized system of preferences and securing additional benefits for these countries in the multilateral trade negotiations and to this effect should take in particular the following measures:
 - (a) To provide net additional benefits for the trade of developing countries, through improvements in GSP, as well as through trade concessions in the multilateral trade negotiations taking into account the adverse effects for their trade owing to the erosion of the benefits under the GSP;
 - (b) To bind preferential margins of tariffs for products of export interest mainly to developing countries included in the GSP and to exclude such products from MFN tariff reductions;
 - (c) When MFN reductions are made on products of substantial export interest to the developing countries, to reduce to zero the GSP rate of duty and to phase the MFN reductions over longer periods;
 - (d) To take into account the export interest of the least developed and the land-locked countries among the developing countries in the context of the multilateral trade negotiations;
 - (e) To provide deeper tariff cuts on products of export interest to the developing countries which preference-giving countries have not included or are not likely to include in the GSP and to implement in advance these tariff cuts in favour of the developing countries;
 - (f) To eliminate on a preferential basis the non-tariff barriers applied to products of particular interest to the developing countries included in the GSP;
2. Decides to keep under continuous review developments in the multilateral trade negotiations relating to tariffs in view of their implications for the generalized system of preferences;

3. Requests the Secretary-General of UNCTAD to transmit to Governments and to the Director-General of GATT for use by GATT bodies as they consider appropriate the report of the Special Committee on Preferences on its sixth session and document TD/B/C.5/26 entitled: "The generalized system of preferences and the multilateral trade negotiations";
4. Requests that section D of Conference resolution 82(III) should be fully implemented in the light of the agreement reached by the Ministers at Tokyo that the Trade Negotiations Committee could decide to invite the Secretary-General of UNCTAD to attend its meetings as appropriate and requests the Secretary-General of UNCTAD to report to the Trade and Development Board at its fourteenth session on all relevant matters in accordance with paragraph 9 of the Conference resolution 82(III).