

GENERAL AGREEMENT ON

RESTRICTED

Spec(91)82
21 October 1991

TARIFFS AND TRADE

Sub-Committee on Trade of
Least-Developed Countries
11 October 1991

DRAFT NOTE ON PROCEEDINGS OF THE THIRTEENTH MEETING

Prepared by the Secretariat

1. The Thirteenth Meeting of the Sub-Committee on Trade of Least-Developed Countries was held on 11 October 1991 under the Chairmanship of H.E. Ambassador E.C. Selmer (Norway). The Sub-Committee adopted the agenda contained in GATT/AIR/3234. In the discussion, the Sub-Committee took up items I and II together. No matters were proposed under "Other Business".

Items I and II: Review of recent developments in the external trade and payments situation of least-developed countries and of recent trade policy measures relating to them; and Review of developments in the Uruguay Round in relation to the least-developed countries.

2. Introducing Agenda item I, the Chairman drew attention to the background note (COM.TD/LLDC/W/48) prepared by the Secretariat which contained, in Section I, a summary of recent information relating to the evolution of external trade, foreign exchange earnings and movements in commodity prices, and, in Section II, a compilation of recent measures taken in favour of least-developed countries outside the framework of the Uruguay Round, other measures affecting these countries, and unilateral trade liberalization measures undertaken by least-developed countries since the commencement of the Uruguay Round and which had been notified to the GATT Secretariat.

3. With reference to Agenda item II, the Chairman said this item was of utmost importance in view of the second revision of document MTN.TNC/W/35 which was expected to be on the table by November 1991 and which would be an approximation of the results to be achieved in the Uruguay Round negotiations. This underlined the need for the Sub-Committee and the Committee on Trade and Development to see how the concerns and proposals of the least-developed countries were brought to the attention of the negotiating bodies. In this respect, he called upon delegations to support him in impressing upon the Chairman of the TNC at official level, and upon the Chairmen of the various negotiating groups, the views presented in the Sub-Committee. Although the Sub-Committee was not a negotiating body, its duty was to sensitize the negotiating machinery to the particular situation and problems of the least-developed countries and to the views and proposals put forward by them for consideration in negotiating groups. He also recalled that at the Uruguay Round Ministerial meeting in Brussels, the delegation of Bangladesh, on behalf of least-developed countries, had presented a Draft Decision (MTN.TNC/W/34) which was also of relevance to the discussions at the present meeting and to the current negotiations in the Round.

4. The representative of Bangladesh, speaking also on behalf of other least-developed countries, expressed appreciation to the Chairman of the TNC at official level and to the Chairmen of the Negotiating Groups for their understanding and recognition of the special difficulties and needs of the least-developed countries. While signs of positive political developments were emerging in the Uruguay Round negotiations, it was urgent to focus on how the concerns and special needs of the least-developed countries would be reflected in the final package of agreements. Unless the major trading partners recognize these special needs, the socio-economic stability of least-developed countries would continue to be threatened. There should be a balanced mix of aid and trade, involving economic and technological inputs, if the least-developed countries were to overcome the tremendous problems that they were faced with.

5. Despite the significant expansion in global trade during the 1980s, the least-developed countries' share of world exports had declined from 1.4 per cent in the 1960s to less than 0.3 per cent in 1988, and the situation in 1991 was not significantly different. According to the 1990 Report of UNCTAD on the Least-Developing Countries, these countries could have achieved greater success in diversifying non-traditional exports but the proliferation of trade barriers had hampered the access of both traditional and non-traditional least-developed countries' products to their principal markets. During 1990, the non-fuel commodity prices had still sharply declined in real terms. Thus, the persistent decline of the prices of their commodity-exports and the rise in price of their imports had further deepened the balance-of-payments deficits and had hampered the development process. Their development problems, caused also by structural and institutional constraints, had been further aggravated by international financial instability and the debt burden. It was, therefore, imperative that practical measures be taken to ensure that trade-generated positive resource flows to the least-developed countries.

6. Although somewhat disappointed by what had so far been done in the Uruguay Round negotiations for the least-developed countries, the representative of Bangladesh hoped that the proposals tabled by his delegation on behalf of the least-developed countries would duly be taken into consideration in the various negotiating groups. Access to the markets of the major trading partners was the priority concern of the least-developed countries; all their products -- including textiles and clothing, commodities and agriculture products of interest to them -- should have free access to those markets. In the areas of rule-making and TRIMS, institutions and services, the special interests and concerns of the least-developed countries should be adequately reflected in the final outcome of these negotiations. Since the reform under consideration in the negotiations on agriculture could have a negative impact on the net food importers among the least-developed countries, these countries would need special compensatory financial support to overcome the relative erosion of their purchasing power. Moreover, due to their special situation, the least-developed countries should be accorded a special right to protect, support and assist their agricultural sector. This dispensation should also include export development measures. Special food aid such as grants, additional financial and technical assistance would also be essential to help in this sector.

7. The representative expressed the hope that the Sub-Committee would identify the most appropriate means of pursuing the least-developed countries' proposals in the negotiating groups. He suggested that the Committee on Trade and Development endorse document MTN.TNC/W/34 and recommend to the Chairman of the TNC at official level to incorporate it in the second revision of document MTN.TNC/W/35. He further suggested that the Chairman of the Sub-Committee address a letter to the Chairman of the TNC along the same lines. Finally, he expressed appreciation to GATT and UNCTAD for the technical assistance provided to the least-developed countries in relation to the Uruguay Round.

8. One representative expressed appreciation and recognition for the active participation taken by Bangladesh in the Uruguay Round negotiations. With respect to the least-developed countries' proposals, she suggested that the least-developed countries decide on their key priorities, and make an effort to be present and participate in each negotiating group of priority interest to them. Moreover, they should submit specific proposals to the Chairmen of the various negotiating groups and maintain close contact with key delegations. Her delegation was willing to consider all reasonable proposals. Recalling the view that all contracting parties should be bound to the implementation of the Final Act or the single undertaking, the representative observed that her authorities were prepared to examine the granting of a transitional period for least-developed countries although this might be difficult in some areas, such as market access and textiles. However, her delegation was still continuing to examine the ways this could be achieved and was willing to keep the least-developed countries informed of the process. She also suggested that Bangladesh contact the Director-General on this issue. Furthermore, a meeting to conduct the evaluation of the implementation of special and differential treatment in the Uruguay Round negotiations as foreseen in the Punta del Este Declaration could be scheduled around the time the Director-General planned to produce the various individual texts. Finally, she recalled her delegations' view that special and differential treatment should only be applicable during a transitional period.

9. With respect to proposals contained in the Draft Decision and presented by Bangladesh in November 1990, she believed that the least-developed countries could be assisted by contracting parties to participate more effectively in multilateral agreements and arrangements. As to the staging of m.f.n. concessions on tariffs and non-tariff measures, this should be subject to the request and offer process. Turning to the negotiations on services, the representative observed that there were already special provisions in the text permitting fewer sectors to be scheduled and fewer commitments to be made, as well as a longer phase-in period. As to the proposals concerning the General System of Preferences, and other regional or global preferential schemes and subregional arrangements, neither the Sub-Committee nor any of the Uruguay Round negotiating groups had a direct responsibility since those schemes and arrangements were handled by individual countries. Finally, she agreed that regular reviews of the Enabling Clause should continue to be made.

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

11. In concluding the meeting, the Chairman suggested that at the forthcoming Session of the Committee on Trade and Development later this month, he make an oral report, under his own responsibility, on the proceedings of the present meeting of the Sub-Committee and on the views expressed by delegations. As suggested by Bangladesh, he would address a letter to the Chairman of the TNC at official level to draw his attention to the discussions held at the Sub-Committee, as well as to the Draft Decision presented by Bangladesh on behalf of least-developed countries. He would also try to contact the Chairmen of the various negotiating groups and sensitize them to the least-developed countries' concerns and concrete requests during the final stage of the negotiations which was now approaching. Finally, in his capacity as Chairman, he would try to help the least-developed countries' delegations in the process of presenting their concrete proposals to the various negotiating groups.

12. The Sub-Committee agreed with these suggestions.