

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED
CPC/W/34
22 March 1976
Special Distribution

Preferential Arrangements
Among Developing Countries
Negotiated in GATT

COMMITTEE OF PARTICIPATING COUNTRIES

Accession of Bangladesh

BANGKOK AGREEMENT

Note by the Secretariat

1. With regard to the application by Bangladesh for accession to the Protocol without carrying out negotiations, document CPC/W/27 dated October 1975 contains a summary of certain features of the foreign trade régime of Bangladesh at that time together with an indication of imports and exports by that country on the basis of available statistics. In noting that Bangladesh was a signatory to the Bangkok Agreement, the Committee of Participating Countries, at its last meeting, asked the secretariat to summarize the main elements of the Bangkok Agreement¹, taking into account those points which may be relevant to the application for accession to the Protocol by Bangladesh. It was felt that this additional information would help members to address themselves more adequately to a consideration of the possible terms and conditions of accession by Bangladesh having regard to the Draft Decision and Draft Protocol for the Accession of Bangladesh to the Protocol circulated in document CPC/W/31. The following paragraphs, while not exhaustive, summarize a number of points which may be of interest in the light of the matter under consideration in the Committee of Participating Countries.

¹It may be noted that although the GATT Council has been informed of the Bangkok Agreement, the text has not so far been communicated to the Council. The description of the Agreement in this note and any discussions of it which may take place in the CPC are therefore without prejudice to any discussions or actions which may take place in other GATT contexts.

2. The First Agreement on Trade Negotiations Among Developing Member Countries of the Economic and Social Commission for Asia and Pacific (ESCAP) - Bangkok Agreement - was signed on 31 July 1975 by Bangladesh, India, Laos, Philippines, Korea, Sri Lanka and Thailand. The Agreement will enter into force thirty days after the first three original signatory States deposit instruments of ratification. It is understood that as of the end of February 1976, Bangladesh was the only signatory to have ratified the Agreement which is open for accession by any developing country member of the ESCAP Trade Negotiations Group.

3. The economic provisions are generally contained in chapters II-IV of the Agreement, chapter II concerning trade liberalization, chapter III, trade expansion and chapter IV, emergency measures and consultations.

4. A feature of the Bangkok Agreement is the exchange of tariff preferences¹ among member countries as provided for in chapter II. These are included in national lists of concessions annexed to the Agreement, covering in total some 150 items at the tariff line level. The national list of Bangladesh relates to twenty-three positions of which five fall within BTN chapters 1-24 and eighteen within chapters 25-99. Chapter II also provides that participants shall take measures to relax non-tariff restrictions to trade in concessional items consistent with their development needs and objectives. Concessions shall not be abrogated or reduced through the application of any new measure restricting commerce, although internal taxes, anti-dumping or countervailing duties and fees for services rendered may be applied. Compensatory action shall be taken by any country which abrogates or reduces the value of a concession as a result of a tariff revision. This chapter, in addition, provides for a departure from the m.f.n. principles of the Bangkok Agreement in that special concessions may be granted to a State which the United Nations considers to be a least-developed country and be applied only to that country. In the schedules there are separate lists of concessions granted by members to Laos as a least-developed participant.² Laos is also entitled to the concessions contained in the national lists of other members. The schedule of concessions granted by Laos is applicable to the other parties to the Agreement without distinction.

¹In this respect, the GATT Protocol Relating to Trade Negotiations Among Developing Countries contains a Declaration concerning members of the Protocol which participate in customs unions or free-trade areas. The Declaration states, inter alia, that "It is the intention of parties to this Protocol which participate in customs unions or free-trade areas to use their best endeavours to ensure that such agreements shall not, by virtue of their provisions governing treatment applicable in respect of third countries, prevent the implementation of the provisions of this Protocol and the attainment of its objectives".

²The list of special concessions by Bangladesh to Laos contains five tariff positions.

5. Chapter III sets out, in Article 9, measures which members should take to ensure the continued expansion and further diversification of their mutual trade. Sub-paragraph (a) provides that in relation to imports from other members, participants shall grant to one another treatment no less favourable than that prevailing prior to entry into force of the Agreement. The same principle is contained in sub-paragraph (b) with respect to taxes, rates and other internal duties and charges. Sub-paragraph (c) contains a standstill provision on products of current or potential export interest to other participating States. For this purpose, participating States shall make submissions and the Standing Committee of the Agreement¹ shall decide on such lists of products within one year of entry into force of the Agreement. Sub-paragraph (d) provides for co-operation in customs administration and the simplification and standardization of trade procedures and formalities. Sub-paragraph (e) relates to drawbacks. It states that within one year of the entry into force of the Agreement, the Standing Committee shall consider whether drawbacks on goods imported from third countries shall be permitted in relation to products used in the manufacture of finished products for which concessions have been exchanged by the participating States.

6. Sub-paragraph (f) of Article 9 provides for the establishment of appropriate regulations to offset or prevent dumping and other unfair trade practices to ensure that the provisions of the Agreement are harmoniously applied. Sub-paragraph (g) concerns the adoption of a common tariff nomenclature to serve as a basis for further negotiations and to facilitate the collection and presentation of trade information. Sub-paragraph (h) states that within one year of entry into force of the Agreement, a programme of action to enlarge the Agreement shall be adopted.

7. Article 10 of chapter III, which contains the m.f.n. provisions of the Bangkok Agreement, states that in matters of trade any advantage, benefit, franchise, immunity or privilege applied by a member to a product originating in, or intended for consignment to, any other member or any other country shall be immediately and unconditionally extended to the like product originating in, or intended for consignment to, the territories of other members. Article 11 contains the following exceptions to this provision with respect to preferences granted by members of the Agreement: (a) bilateral trade agreements; (b) preferences to other developing countries prior to the entry into force of the Agreement; (c) preferences to the less advanced members of the Agreement without full reciprocity; (d) preferences to any other member or other ESCAP developing countries with which the member engages in the formation of an economic integration grouping and (e) preferences in the context of industrial co-operation agreements and joint ventures in other productive sectors with any other member or other developing countries.

¹The Standing Committee is responsible for administering the application of the Agreement.

8. Article 11 also states that notwithstanding the exceptions mentioned, members shall reconcile, to the extent possible, arrangements with third countries with the provisions of the Bangkok Agreement. Article 12 in relation to Article 11(e) refers to the extension of special preferences in other productive sectors among member countries and other ESCAP developing countries participating in industrial co-operation agreements and joint ventures which will apply exclusively in favour of the countries participating in such agreements or ventures and which shall enter into force, for the members concerned, after the Standing Committee has declared their compatibility with the Agreement.

9. Chapter IV of the Agreement concerns emergency measures and consultations while other chapters contain administrative provisions, review and modification procedures and concern such issues as accession and withdrawal, non-application, security, health and other exceptions, entry into force, original signatory States, etc.

At its recent meetings, the Committee of Participating Countries provided for in the GATT Protocol Relating to Trade Negotiations Among Developing Countries has given preliminary consideration to the possibilities for enlargement of the Protocol through a new round of tariff and trade negotiations involving all interested developing countries. In this connexion, a background note (CPC/W/35) was prepared by the secretariat bringing together, in summary form, information on the experience of participants in the initial round of trade negotiations among developing countries, drawing attention to some of the main issues which became apparent in the course of the negotiations.

In view of the attention which is presently being given to the subject of economic co-operation among developing countries, the Committee of Participating Countries decided that the above-mentioned document should be given wider circulation by making it available to all developing countries.