

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/LLDC/1
12 January 1981

Limited Distribution

Sub-Committee on Trade of
Least-Developed Countries
18 November 1980

NOTE ON PROCEEDINGS OF FIRST MEETING

Prepared by the Secretariat

Introduction

1. The Sub-Committee on Trade of Least-Developed Countries held its first meeting on 18 November 1980, under the Chairmanship of Mr. A. Dunkel, Director-General of GATT.
2. In his introductory remarks, the Chairman recalled that the problems and issues of concern to the least-developed countries, and the need for urgent consideration of them, had been described by their representatives in different GATT bodies, and well documented by and discussed in various international fora. In this context, the GATT could make a concrete contribution by the Sub-Committee keeping closely to its terms of reference¹, which were to see how best the special interests of the least-developed countries could be pursued in the context of GATT's overall work programme and activities in favour of developing countries. The Chairman suggested, accordingly, that the Sub-Committee should focus on practical modalities for action in the GATT in terms of which the external trade problems of least-developed countries, one dimension of the general problems they faced, could receive special treatment.
3. The Chairman referred to the background documentation prepared by the secretariat, comprising a note (COM.TD/W/LLDC/1) reviewing, inter alia, recent developments concerned with commercial policy of interest to least-developed countries in GATT and in other international organizations and bodies, and an Addendum (COM.TD/W/LLDC/1/Add.1) containing statistical tabulations showing, for certain developed country markets, products for which least-developed countries were among the supplying countries in 1976, together with the post-Tokyo Round m.f.n. and GSP tariff situation applying to those products.

¹The terms of reference of the Sub-Committee have been reproduced in COM.TD/W/LLDC/1.

4. The Chairman observed that a number of possible points which might constitute an initial work programme for the Sub-Committee, taking into accounts its terms of reference, had been outlined in paragraph 26 of COM.TD/W/LLDC/1. He expressed the hope that these points would be helpful to delegations when they made comments or suggestions relating to the Sub-Committee's future work.

General points

5. Delegations from a large number of countries represented at the meeting welcomed the convening of the first meeting of the Sub-Committee under the chairmanship of the Director-General of GATT.

6. By way of general observation, a representative of a least-developed country, supported by delegations of a number of other least-developed countries, noted that document COM.TD/W/LLDC/1 placed the issues relating to the future work of the Sub-Committee in a clear focus; and that the Addendum to this document (COM.TD/W/LLDC/1/Add.1) provided useful data for further detailed work. In stressing the severe difficulties faced by least-developed countries and the vulnerability of their economies to adverse developments in the world economy, these representatives felt that prompt action in the trade field should be initiated towards the development of special measures in favour of the least-developed countries, which should include the granting of duty-free treatment to all imports from least-developed countries into developed country markets. As indicated from the trade figures in COM.TD/W/LLDC/1/Add.1, such treatment was unlikely to cause problems for developed countries or disrupt their markets, since their imports from least-developed countries comprised only a relatively small proportion of their imports from all sources. These representatives expressed appreciation for the various special measures taken by some developed countries in favour of least-developed countries, such as duty-free GSP treatment on all imports from least-developed countries and advance implementation of MTN tariff concessions on imports from least-developed countries, and expressed the hope that other developed countries would take similar action. There were, in their view, no technical problems in providing special import regimes for products from least-developed countries, if the will existed.

7. Representatives of least-developed countries also referred to preparations for the United Nations Conference on the Least-Developed Countries to take place in Paris in September 1981. They expressed the view that while recognizing the importance of that Conference and its objectives, every effort should be made in the interim to improve access for exports of least-developed countries to the markets of developed countries in the light of the urgency of the problems of these countries.

8. Some delegations of developed countries recalled the specific actions taken by their countries in favour of the trade of the least-developed countries. Such actions included preferential treatment for these countries under the GSP or other preferential arrangements. Some of these delegations expressed the view that the provision of special trade measures and differential treatment for least-developed countries was an international responsibility in which all contracting parties should share. Regarding the broad nature of the development problem facing least-developed countries, some delegations of developed countries noted that the trade-specific dimensions,

which were amenable to conventional commercial policy action within a GATT framework, could make only a limited impact on the totality of the problems facing least-developed countries. They acknowledged, none the less, as had some other delegations of developed and developing countries, that every effort should be made to identify problems which did fall within the context of GATT, and to give due attention to them in a concrete and practical manner. In this connexion, it was also suggested that an analysis of the results already achieved within the framework of the Tokyo Round in dealing with the trade problems of the least-developed countries may be less important than focusing on practical means of making further progress.

9. Some delegations of developing countries stated that the setting up of the Sub-Committee was an important reflection of GATT's concern with the trade and development problems of developing countries. In this respect, some of these representatives suggested that GATT's work in relation to the trade problems of least-developed countries should be seen as part of wider efforts toward a new international economic order.

10. Some delegations of developing countries also referred to certain special measures their authorities had taken to assist the trade of least-developed countries, including where such countries were partners in sub-regional or regional economic and preferential trade arrangements. Some delegations of developing countries expressed the view that actions taken within the context of economic co-operation among developing countries, at the sub-regional, regional and inter-regional levels, were likely to be of particular benefit to the least-developed countries. Every effort would be made by these countries to enlarge trade co-operation with least-developed trading partners by these means.

Future work of the Sub-Committee

11. There was broad agreement in the Sub-Committee with the initial work programme suggested in paragraph 26 of document COM.TD/W/LLDC/1.¹ In this connexion, representatives of a number of least-developed countries elaborated on certain points. Among other things, it was suggested that the secretariat be invited to prepare an analytical note, with particular reference to the interests of least-developed countries, along lines similar to the assessments made in the Director-General's Report on the Tokyo Round results relating to developing countries as a whole. An analysis of post-MTN weighted average tariffs of developed countries applying to products of export interest to least-developed countries would, in their view, give some indications regarding trade benefits to these countries and identify areas where further action could be considered. In referring to paragraph 26(iii), these delegations also proposed that, as well as identifying tariffs on products of interest to least-developed countries, data on non-tariff measures should be assembled for examination. One of these representatives suggested that, in reviewing developments in world trade, payments and finance, a special effort should be made to identify and analyze the ways in which the trade and development interests of least-developed countries were being affected. Another of these representatives noted that it would be helpful to keep in

¹Paragraph 26 is reproduced in the Annex.

view some of the differences among least-developed countries which had a bearing on their trade positions, problems and other needs, relating to trade. This representative urged, in this connexion, that further consideration might be given to problems of international structural adjustment as they affected the trade interests of least-developed countries.

12. Some delegations of least-developed countries addressed themselves to paragraph 26(iv) of COM.TD/W/LLDC/1, which they believed was of particular importance. The work programme of the Sub-Committee should, in their view, give special attention to the provision of technical assistance by the secretariat to least-developed countries, including assistance in the training of their trade officials, to help least-developed countries in maximizing the benefits which could result from any special and differential trade treatment or measures accorded by contracting parties to least-developed countries. One of these delegations was of the view that, in appropriate cases, the secretariat might itself take the initiative in providing such technical assistance. Certain representatives of developed and developing countries also emphasized the relevance of technical assistance activities in the context of the Sub-Committee's future activity.

13. Some representatives of least-developed countries suggested that consideration might be given at some stage to possibilities for seeking special finance for assistance to least-developed countries by the secretariat and other organizations which would help the least-developed countries to make effective use of the provisions for special and differential treatment contained in various Tokyo Round agreements.

Chairman's concluding remarks

14. In his summing up of the discussions, the Chairman noted that the Sub-Committee had recognized that there was a need to identify practical, direct and realistic measures to deal with the trade problems facing least-developed countries. It was his impression that there was a will to proceed in this way without losing sight of the fact that trade was only one element in the numerous problems confronting least-developed countries. The Sub-Committee could be a useful focal point for keeping under review GATT activities of interest to least-developed countries undertaken in its various committees, bodies, etc., together with activities in other international organizations and bodies and for addressing the trade problems of the least-developed countries which lent themselves to practical consideration and action in the GATT.

15. The Sub-Committee had identified two broad lines of action relating to the details of its future work, on the basis of paragraph 26 of COM.TD/W/LLDC/1: those deriving from commercial policy action and further possibilities for special trade treatment, including both tariffs and non-tariff measures; and those relating to technical assistance by the secretariat in respect of trade matters of direct interest to the least-developed countries. There was general agreement that the elements in paragraph 26 of document COM.TD/W/LLDC/1 could comprise the basis of the Sub-Committee's future work. Delegations had taken note of a number of comments and observations relating to particular aspects of the work programme so that these could be followed up as appropriate.

Next meeting of the Sub-Committee

16. It was noted that the date of the next meeting of the Sub-Committee would be determined in consultation with interested delegations. At this meeting, the Sub-Committee would address itself in detail to the specific points in the work programme agreed at the present meeting in the light of the comments made.

ANNEX

Future Work of the Sub-Committee on Trade of Least-Developed Countries¹

Taking into account the essential features of the Sub-Committee's terms of reference - special attention to the particular situation and trade problems of the least-developed countries, including work relating to the results of the Tokyo Round, and to keep under review the special treatment which could be accorded these countries in the context of any general or specific measures taken in favour of developing countries - it is for consideration, in the light of the summary information provided in the note, whether the work of the Sub-Committee could consist provisionally of the following items, having regard to the activities of other GATT committees and bodies.

(i) Review of developments in international trade of relevance to the trade of least-developed countries

This might provide an opportunity for the Sub-Committee to review developments in commercial policy, points relating to the implementation of the Tokyo Round, activities in other GATT bodies, as well as in other international organizations etc. of relevance specifically to the trade interests of least-developed countries so as to obtain an overall perspective of the situation for these countries.

(ii) Review of measures taken in favour of least-developed countries

Countries might be invited to report on measures that have been taken or are being envisaged to provide least-developed countries with special treatment as referred to in the Sub-Committee's terms of reference. This activity in the Sub-Committee could form part of the overall review of the operation of the Enabling Clause of the parent body (the Committee on Trade and Development) dealing specifically with the interests of least-developed countries.

(iii) Export interests of the least-developed countries

The consideration of this item could be based on a secretariat background note providing statistical as well as tariff and trade information on selected items exported by individual least-developed countries and showing developed country markets and the commercial policy

¹Initial work programme of the Sub-Committee as proposed in para. 26 of COM.TD/W/LLDC/1.

applied. Least-developed countries could also be invited to notify additional products of export interest. Particular points relating to the application of the non-tariff measure agreements of relevance to the least-developed countries could also be raised. The object would be to identify continuing barriers to the exports of least-developed countries for discussion, comments and suggestions in the Sub-Committee, as a contribution to work in the Sub-Committee itself or in other contexts on the question of possibilities for further trade liberalization.

(iv) Secretariat assistance

The Technical Cooperation Division in particular is available to provide, upon request, technical assistance to developing countries including the least developed among them. Delegations may have comments and suggestions to offer with respect to this work in the light of the particular interests of the least-developed countries.

(v) Other matters

It would, of course, remain open to the Sub-Committee to take up, within its terms of reference, any other matters relevant to GATT's work raised by members of the Sub-Committee, which have a bearing on the trade interests of the least-developed countries.