

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/5744

23 November 1984

Limited Distribution

CONTRACTING PARTIES
Fortieth Session

IMPROVEMENT OF WORLD TRADE RELATIONS THROUGH THE IMPLEMENTATION OF THE WORK PROGRAMME OF GATT

The following communication, dated 23 November 1984, has been received from the delegation of India on behalf of developing countries contracting parties to the GATT with the request that it be circulated to all contracting parties, for discussion at the Fortieth Session of the CONTRACTING PARTIES meeting on 26-29 November 1984.

1. Noting with concern the further deterioration of the multilateral trading system and desiring to reiterate their commitment to preserving and strengthening the same, the less developed contracting parties to the GATT recall their proposal on improvement of World Trade Relations through the implementation of the GATT Work Programme (L/5647 of 4 May 1984). They note that whilst renewed efforts have been made by the CONTRACTING PARTIES to expedite the implementation of the GATT Work Programme, these efforts have resulted neither in achieving any breakthrough in the more important areas of the GATT Work Programme such as Safeguards, Quantitative Restrictions and Other Non-Tariff Measures, Agriculture, Tropical Products and Textiles, nor in ameliorating the adverse situation which characterizes their situation - severe balance-of-payments disequilibrium, together with stagnating social and economic development. They recall their perception that unless and until the Work Programme is fully implemented in the manner indicated in L/5647, any initiative such as a new round of negotiations in GATT would be lacking in credibility and devoid of relevance, particularly for developing countries. The explanation for the lack of improvement in the position of the developing countries lies in the absence of efforts by the major trading countries to observe even the modest provisions of paragraph 7(i) of the GATT Ministerial Decision which calls upon CONTRACTING PARTIES, individually and jointly, "to make determined efforts to ensure that trade policies and measures are consistent with GATT principles and rules and to resist protectionist pressures in the formulation and implementation of national trade policy and in proposing legislation; and also to refrain from taking or maintaining any measures inconsistent with GATT and to make determined efforts to avoid measures which would limit or distort international trade".

2. Less developed contracting parties believe that discussions on implementation of the existing Work Programme mandated by the Ministers would remain an academic and proforma exercise unless at the current Fortieth Session, the developed contracting parties ensure a standstill on all protectionist measures along with an appropriate and meaningful roll-back, starting with action in favour of the less developed contracting parties. In other words, less developed contracting parties believe that the best endeavour clause incorporated in the words "to make determined efforts" should be replaced by a genuine resolve to meaningfully address

the problems of all contracting parties and, in particular, those of the less developed contracting parties and find urgent solutions for the same.

3. Although discussion on such important and contentious areas as Safeguards, Agriculture, Quantitative Restrictions and Other Non-Tariff Measures, Dispute Settlement Procedures, Textiles and Clothing, and Problems of Trade in Certain Natural Resource Products have intensified, they have reached a point at which only certain procedural solutions could be presented to the CONTRACTING PARTIES. There has been virtually no move on the request lists submitted by the developing countries on tropical products which were identified pursuant to consultations held under the auspices of the Committee on Trade and Development. The Committee on Trade in Agriculture has been able to agree only on a modest recommendation on the establishment of a framework for further analysis of the objective of liberalization of trade. The Group on Quantitative Restrictions and Other Non-Tariff Measures has had to content itself with a recommendation to merely extend its mandate in order to continue its work. The situation in the field of Textiles and Clothing has deteriorated further. And yet, while adherence to the principles of free trade under the m.f.n. clause and rejection of protectionism are continually proclaimed as generally shared objectives, the international trading environment continues to worsen on the ground due to the outright protectionist actions of a general and specific nature undertaken by major trading partners and their failure to comply with GATT provisions. In addition, their attention in GATT seems to be focussing disproportionately on new themes, all of which are of doubtful importance and relevance to the GATT system and some even alien to the jurisdictional competence of the GATT. Progress in implementation of the Work Programme mandated by Ministers has unfortunately not been up to expectations. However, the fact that there has not been progress at the same pace on all elements of the Work Programme, on account of their differing nature, should not be used to block progress on the overall programme.

4. Less developed contracting parties and smaller developed trading nations have continued to reiterate their commitment to and their high stake in the preservation and strengthening of the multilateral trading system. By definition, a system based on multilaterally agreed rules provides for them an insurance against arbitrary and unilateral action. The areas of interest to the developing countries are well known. To cite just one example, developing countries were assured by Ministers that, in the work of the Group on Quantitative Restrictions and Other Non-Tariff Measures, attention would be given to the need for action on Quantitative Restrictions and Other Non-Tariff Measures affecting products of particular export interest to developing countries. Although a comprehensive list of products of export interest to developing countries has been identified (NTM/W/4/Rev.3 of 14 August 1984), no action has been forthcoming.

5. Developing countries remain committed to achieving genuine trade liberalization within the framework of the multilateral trading system which is essential for the welfare and prosperity of all. They cannot, however, accept that the onus for bringing about trade liberalization be shifted onto them. They believe that preservation of the multilateral trading system is the first necessary step before it can be strengthened. This must be based on certain essential elements which will build

confidence and credibility and restore normalcy and symmetry in trade relations between developed and developing countries. For this purpose, they call upon the developed contracting parties

- (a) individually to promptly implement their undertaking to lift any measures inconsistent with GATT, or not based on specific GATT disciplines, which restrict or have the effect of restricting exports of developing countries to their markets, and refrain from introducing new ones; and
- (b) in the field of multilateral actions, to agree to engage in serious efforts, on a priority basis, to implement all other aspects of the current GATT Work Programme of particular interest to the trade of developing countries as called for, inter alia, in L/5647 and, in particular, in paragraphs 3 and 4 thereof.

6. If the developed contracting parties comply with their undertaking to accomplish the tasks outlined in sub-paragraphs (a) and (b) above, which include pending commitments agreed to by developed contracting parties, the less developed contracting parties would be in a position to consider, insofar as they are concerned, taking the initiative of proposing specific trade negotiations in GATT, the basic objective of which would be significant enlargement of access for developing countries' exports to the markets of developed countries. This would enable the former to substantially expand their capacity to absorb a higher level of imports from the latter as required by their development needs, which would be beneficial to world trade in general. Such specific trade negotiations must be confined to trade in goods only, and should cover manufactured and semi-processed goods as well as agriculture and natural resource products and encompass the totality of tariff and non-tariff barriers. Techniques and modalities for such negotiations should be established to concretely quantify, to the extent possible, the application of the GATT provisions on special and more favourable treatment for developing countries.