

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/5818  
7 June 1985

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Original: English

## IMPROVEMENT OF WORLD TRADE RELATIONS

The following statement was made by the representative of India, on behalf of that delegation and of the following delegations of less developed contracting parties: Argentina, Bangladesh, Brazil, Burma, Cameroon, Colombia, Cuba, Cyprus, Egypt, Ghana, Ivory Coast, Jamaica, Nicaragua, Nigeria, Pakistan, Peru, Romania, Sri Lanka, Tanzania, Uruguay, Yugoslavia and Zaïre.

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1. Less developed contracting parties to the GATT recall their statements to the Council of Representatives (L/5647 of 4 May, 1984) and to the Fortieth Session of the CONTRACTING PARTIES (L/5744 of 28 November, 1984) and maintain that the suggestions contained therein constitute the most appropriate way of preserving the multilateral trading system based on the General Agreement, restoring normalcy and symmetry in trade relations between developed and developing countries and bringing about genuine trade liberalisation within the framework of the multilateral trading system, which is essential for the welfare and prosperity of all contracting parties.

2. Less developed contracting parties have in these statements emphasised the urgent need for confidence-building measures to restore credibility to the multilateral trading system based on the General Agreement, firmly believing that the preservation of the system is a pre-requisite for its strengthening. For this purpose, they have been calling for tangible progress through implementation of previous commitments undertaken by the developed contracting parties. Less developed contracting parties note that very limited concrete action has been forthcoming on the measures proposed for implementation of the Work Programme of GATT which has further exacerbated the international trading environment particularly to the detriment of the developing countries.

3. Less developed contracting parties to the GATT have also noted that while the basic task of preserving the multilateral trading system continues to be neglected, the attention of major trading partners is being increasingly focussed on planning events which by themselves cannot lead to solutions. New themes alien to the jurisdictional competence of GATT are being systematically promoted at the expense of the central area of responsibility of the General Agreement. As a result, the implementation of the Work Programme of 1982 has come to a virtual halt particularly in areas of interest to developing countries. While the pace of work is sought to be accelerated in programmes relating to new themes, the possibility of even modest progress on such long outstanding issues in the areas of tropical products, textiles, quantitative restrictions, agriculture and safeguards is being denied on the questionable ground that further progress in these areas could be possible only in the context of wider trade negotiations.

4. Less developed contracting parties would like to recall that they had indicated in their statement to the Fortieth Session of the CONTRACTING PARTIES that if developed contracting parties were to comply with their undertakings, particularly those of the GATT Ministerial Declaration and Work Programme of 1982, less developed contracting parties would be in a position to consider taking the initiative of proposing specific trade negotiations in GATT, the basic objective of which, from their standpoint, would be the significant enlargement of access for developing countries' exports to the markets of developed countries, which, in turn, would enable developing countries to expand their capacity to absorb higher levels of imports from the developed countries and thus lead to mutually beneficial expansion of world trade.

5. Less developed contracting parties maintain that their approach is informed by the fundamental objective of removing the asymmetry in trade relations between developed and developing countries which has resulted from the non-observance of the General Agreement as a whole. This approach implies a proper sequence of actions which is essential for restoring the credibility of the multilateral trading system based on the General Agreement.

6. Less developed contracting parties note that developed contracting parties have recently, in different fora, called for or supported the idea of a new round of multilateral trade negotiations. The objectives and agenda for such a round seem far from clear. There is little evidence to show that this would reduce or eliminate the basic asymmetry in trade relations between developed and developing countries. There are, however, indications that these negotiations would go far beyond the charter of GATT and divert attention to new themes alien to the jurisdictional competence of the General Agreement. Furthermore, the move is characterised by an undue emphasis on event planning and is devoid of concrete and demonstrable action towards fulfilment of the previous commitments which alone can restore the credibility of the multilateral trading system.

7. Less developed contracting parties who have a high stake in the preservation of the multilateral trading system can ill-afford to ignore the proper perspective for trade negotiations, nor can they overlook the crucial importance of the sequence of actions to restore the credibility of the system. They would, therefore, be prepared to make a proposal for specific multilateral trade negotiations confined to trade in goods only, to be conducted under the terms of the relevant provisions of the General Agreement. These negotiations should cover manufactured and semi-processed goods, natural resource products and agriculture, with particular emphasis on the substantial liberalisation of the latter. The negotiations should encompass the totality of tariff and non-tariff barriers. In addition to securing significant enlargement of access for developing countries' exports to the markets of developed countries, these negotiations must ensure effective protection and enforcement of the rights of developing countries. Techniques and modalities for such negotiations should, therefore, be established, inter alia, to concretely quantify, to the extent possible, the application of the GATT provisions on special and more favourable treatment for developing countries.

8. Liberalisation of trade can and should be pursued, as a first priority, through individual and autonomous actions. Considering the absence of action in areas long demanding urgent solutions, and in order to ensure that these specific multilateral trade negotiations are carried out in

the correct perspective and follow a proper sequence of actions, less developed contracting parties seek agreement on the following actions to be undertaken before the specific negotiations envisaged by them could be launched:

A. Individual measures to stop and reverse protectionism: Stand-still and Roll-back

A firm and credible commitment supported by appropriate legislative sanction where necessary:

- (i) not to introduce any new restrictive trade measures inconsistent with GATT or not based on the General Agreement, it being understood that measures based on specific GATT provisions must conform fully with the provisions invoked;
- (ii) to roll-back measures inconsistent with the General Agreement either by elimination forthwith or, at least, through a phase-out in accordance with a time-bound programme to be submitted to GATT.

The GATT Council shall monitor the observance of the stand-still commitments and the implementation of the roll-back undertakings.

B. Other areas of special interest to less developed contracting parties, where multilateral action is urgently needed:

Recalling that successive rounds of trade negotiations failed to ensure adequate benefits for developing countries and noting the accentuation of their adverse trade situation on account of further intensification of restrictive measures against their exports to developed countries in disregard of the Ministerial Declaration of November 1982, less developed contracting parties maintain that there must be prior commitments from developed contracting parties in regard to the following issues:

- (i) Recognising the unsuitability of the Multi-Fibre Arrangement as an instrument for the regulation of international trade in textiles and clothing, a categorical and unconditional commitment by the importing countries to the full application of the rules and principles of the GATT as constituting the first step for meaningful negotiations in the area of textiles and clothing trade. In this context, actions must be directed to a significant and substantial liberalisation. Moreover, the protectionist measures introduced since the Ministerial meeting of 1982 should be rolled back forthwith.
- (ii) A short and special timetable should be established for liberalisation in the areas of tropical products, and quantitative restrictions and other non-tariff measures which affect the exports of developing countries in the markets of developed countries, as well as for reduction of tariff escalation. Action in these areas and products must be concluded prior to, and independently of the results of negotiations on other products.
- (iii) GATT disciplines on subsidies must be strictly observed. Subsidies when used should not adversely affect the interests of developing countries. Utmost restraint under suitable GATT surveillance should be exercised in the use of export subsidies which compete with the exports of developing countries to third country markets.
- (iv) Utmost restraint under suitable GATT surveillance should be exercised in taking recourse to countervailing and anti-dumping procedures against imports from developing countries, and in initiating new procedures. Such procedures should, under no circumstances, be instituted against imports subject to quantitative restrictions.

- (v) A comprehensive agreement on safeguards based on the provisions of the General Agreement must be concluded within an agreed time-frame, such an agreement being fundamental to the preservation of the multilateral trading system and for securing the results of any further liberalisation efforts.
- (vi) Dispute settlement and enforcement mechanism should be improved with a view to introducing greater equity and thereby to protect the rights of less developed contracting parties.

C. Special rules for the implementation of provisions on differential and more favourable treatment for developing countries:

The principle of differential and more favourable treatment for developing countries is an integral and inalienable part of the General Agreement and, of the MTN Codes and, as such, must be strictly adhered to. Recalling that developed countries have agreed not to expect reciprocity and that they shall, therefore, not seek, neither shall less developed contracting parties be required to make, concessions that are inconsistent with the latter's development, financial and trade needs, it is necessary to ensure that techniques and modalities for such negotiations be devised to quantify, to the extent possible, the application of GATT provisions on special and differential treatment for developing countries in concrete situations where concessions are exchanged between developed and developing contracting parties. Special attention shall be given to the particular situation and problems of the least-developed among the developing countries.

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Linkage between development, trade, money and finance.

9. The linkage between development, trade, money and finance is widely recognised. Less developed contracting parties express grave concern over the decline in the flow of financial resources to developing countries, the debt situation, the high level of interest rates, the misalignment and volatility of exchange rates and stringency in liquidity, on account of which the economic and financial situation in developing countries remains severely

constrained. They share the view that solutions to imbalances whose origin lies in the monetary and financial areas cannot be found in trade negotiations and that determined and concerted action is, therefore, required in the monetary and financial fields. Less developed contracting parties also seek agreement on the following commitments before specific multilateral trade negotiations can be launched:

- (a) to start a parallel process to review and reform the international financial and monetary system to be conducted in appropriate fora to be agreed upon by all interested countries;
- (b) to examine in depth in GATT all the effects of exchange rate fluctuations on international trade.