

GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Trade and Development
Sixtieth Session
11, 12 and 14 November 1986

RECENT DEVELOPMENTS RELATING TO TRADE INTERESTS OF LEAST-DEVELOPED COUNTRIES

1. This note reviews recent developments relating to the trade interests of least-developed countries. Section I contains a summary of recent information on the trade and payments position of least-developed countries, relating in particular to the evolution of external trade, foreign exchange earnings, and movements in export prices. In Section II are outlined a number of relevant developments in commercial policy. This is followed in Section III by a short outline of technical assistance activities in the secretariat in favour of least-developed countries.

2. Further information on GATT activities relevant to trade interests of developing countries, including the least-developed, is available in documents prepared by the secretariat relating to the implementation of Part IV of the General Agreement and of the provisions of the Enabling Clause. In particular, documents prepared for Part IV consultations and consultations on tropical products, documents of the Sub-Committee on Protective Measures, the GATT Council and other GATT committees and bodies may be consulted.

3. Delegations might wish to provide relevant additional information, particularly on commercial policy measures taken recently by their authorities or which are being prepared or contemplated.

SECTION I: FOREIGN TRADE AND PAYMENTS

The group of least-developed countries registered record deficits on the merchandise trade account in 1980 and, especially, in 1981 (Chart I). The imbalance was reduced by one-fifth in the three following years, mainly as a result of lower imports in 1982-1983 and of relatively strong export growth in 1984.

In 1985 import demand increased while receipts from merchandise exports were smaller and, according to preliminary estimates, the combined trade deficit of the group widened again.

Since in most least-developed countries merchandise exports remain concentrated on a few primary products, the evolution of international commodity prices is one key determinant of export levels.¹ Trends in the prices of a number of products weighing heavily in those countries' aggregate export basket are shown in Chart II. Price developments played a prominent rôle in the 1984 export revival, which can be traced back to sharp price increases for a few items (e.g., tea, jute, cocoa). Also, a general drop in several commodity prices since early-1985 confirms reports on lately declining export earnings.

¹Exports of food and agricultural raw materials account for about one-half of those countries' aggregate exports.

On the import side, the decrease in world fuel prices after 1981, also pictured in Chart II, undoubtedly helped the least-developed group to lower their import bills without sacrificing import quantities too much.¹ But fuel imports, though essential, often are not large items in the imports of these non-energy-intensive economies. Developments in import prices of food (in particular, cereals) and manufactures, which together make up over three-quarters of total merchandise imports in most of these countries, have a much larger impact on the trade balance. Food import prices fell substantially in the early-1980s but have remained roughly unchanged since then. Developed countries' export unit values of manufactures have registered marked movements; while in the first quarter of 1985 they were 20 per cent lower than in 1980, in dollar terms, by the first quarter of 1986 they had recovered all the ground lost (see Chart II).

Of course, the trade performance of a group of countries is rarely equally shared by all individual members, the more so when the group is large and consists of economies of different size and with heterogeneous trade structures. Table 1 offers a view of the variety of individual trade responses in the last five years, as well as estimates of the value of each least-developed country's imports and exports in 1985.

In 1985, the enlarged merchandise trade deficit brought about increased needs for external financing in practically all least-developed countries, as in most² of them merchandise trade remains the major item in the current account.

SECTION II: Developments in commercial policy

Recent measures in favour of the least-developed countries

Effective 1 January 1986 Vanuata has been added to the Austrian list of least-developed countries. Finland has notified that carpets with a surface of jute and/or other textile based fibres and/or manila hemp, or of sisal and/or other fibres of the agave family (ex 58.02) have been included in the GSP scheme exclusively in favour of the least-developed countries. Exports of such products from least-developed countries into Finland are henceforth duty- and quota-free. Other products which have been added in favour of the least-developed countries are: 41.03 - sheep and lambskin leather; 41.04 - goat and kidskin leather; ex 42.02 - shopping bags of jute; ex 62.02 - hanging flower pots made with macramé-technique.

It has been notified that with effect from 1 January 1986 the quantitative restrictions maintained by France on sacks and bags, of a kind used for the packing of goods (of jute) - CCCN 62.03 A II, have been superseded by a régime without quantitative limitations. Sacks and bags of jute are products of major export interest to Bangladesh and some other least-developed countries.

¹ It should be stressed, however, that some countries in the group export petroleum products and have been adversely affected by lower export prices.

² In a few least-developed countries, unfavourable results on the merchandise trade front were compounded by lower emigrants' remittances due to recession in the Gulf oil-producing economies.

Japan has notified the extension of its GSP scheme to cover a number of new tropical and agricultural products. It implies that on these products least-developed countries now enjoy a duty- and quota-free access. They include: blood ark shell (ex 03.03) - GSP 8 per cent; jellyfish (ex 04.07) - GSP 8 per cent; papaya (ex 08.09) - GSP 3 per cent.

Other commercial policy measures of interest to least-developed countries

Quantitative restrictions applied by Japan on imports of leather and leather footwear have been eliminated as from 1 April 1986, and a global tariff quota system based on quantity has been established (L/5978).

In recent months the Government of New Zealand has notified a number of measures to liberalize and rationalize its imports control system and among the products concerned are many of export interest to least-developed countries. Between 1 July 1985 and March 1986 about 150 items were exempted from import licensing (NTM/W/16/Add.1). Among these items are the following which are of export interest to least-developed countries: cocoa paste (in bulk or in block) whether or not defatted (CCCN 18.03); fruit and vegetable juices (13 items under CCCN 20.07); leather other than deerskin leather (41.05.000:69K); furskin, other than sheep and lamb and rabbit (43.02.001); narrow woven fabrics, etc., wholly of cotton, etc. as may be approved by the Minister, etc. (58.05.011); twine, etc., as may be approved by the Minister (59.04.101). In May 1986 the Government of New Zealand further notified its plan to transfer 340 product categories currently subject to import licensing to license on demand status effective 1 July 1986. The products affected include coffee, cocoa, preserved fruits and vegetables, fruit and vegetable juices and plywood which are of export interest to some least-developed countries (L/5640/Add.18/Suppl.1).

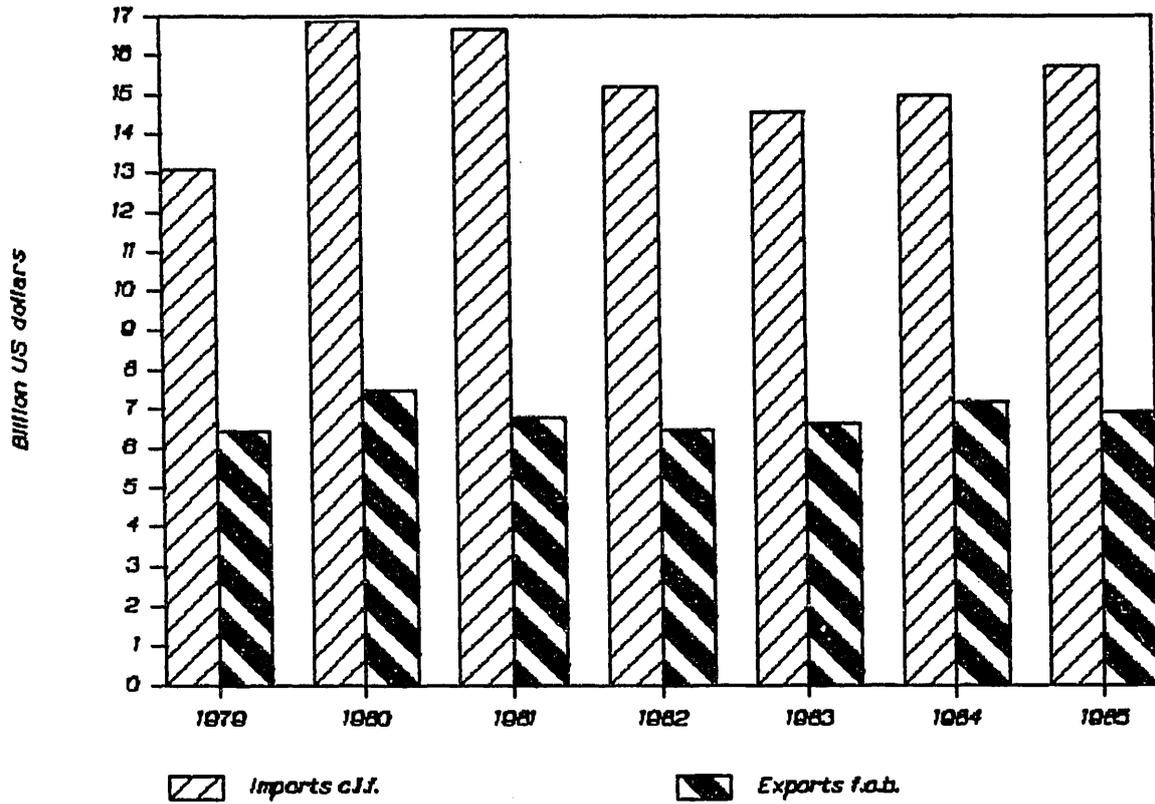
As of 1 January 1986 Norway has liberalized a number of products which were previously subject to import licensing requirements. Among these products are the following which are of export interest to least-developed countries: ex 42.02 - satchels, rucksacks; ex 62.04 - tents; ex 61.03 - men's and boys' undergarments; 61.07 - ties, bow ties and cravats.

SECTION III: Technical assistance to least-developed countries

The least-developed countries have continued to benefit from the technical assistance facilities and programmes of the GATT secretariat and special attention has been given to their needs. The assistance has largely taken the form of meeting ad hoc requests from least-developed countries for data and information on trade flows, tariffs and non-tariff measures. At the request of the Government of Bangladesh a GATT seminar was held in Dakar for officials of various ministries and governmental bodies. In the course of the year officials from Equatorial Guinea, Malawi and Tanzania attended the GATT commercial policy course held in Geneva.

CHART I

TRADE OF THE LEAST-DEVELOPED COUNTRIES



Sources: See Table 1.

CHART II

INTERNATIONAL PRICES OF MAIN PRODUCTS TRADED BY THE LEAST-DEVELOPED COUNTRIES
(1981-1985, and quarterly 1984-1986)

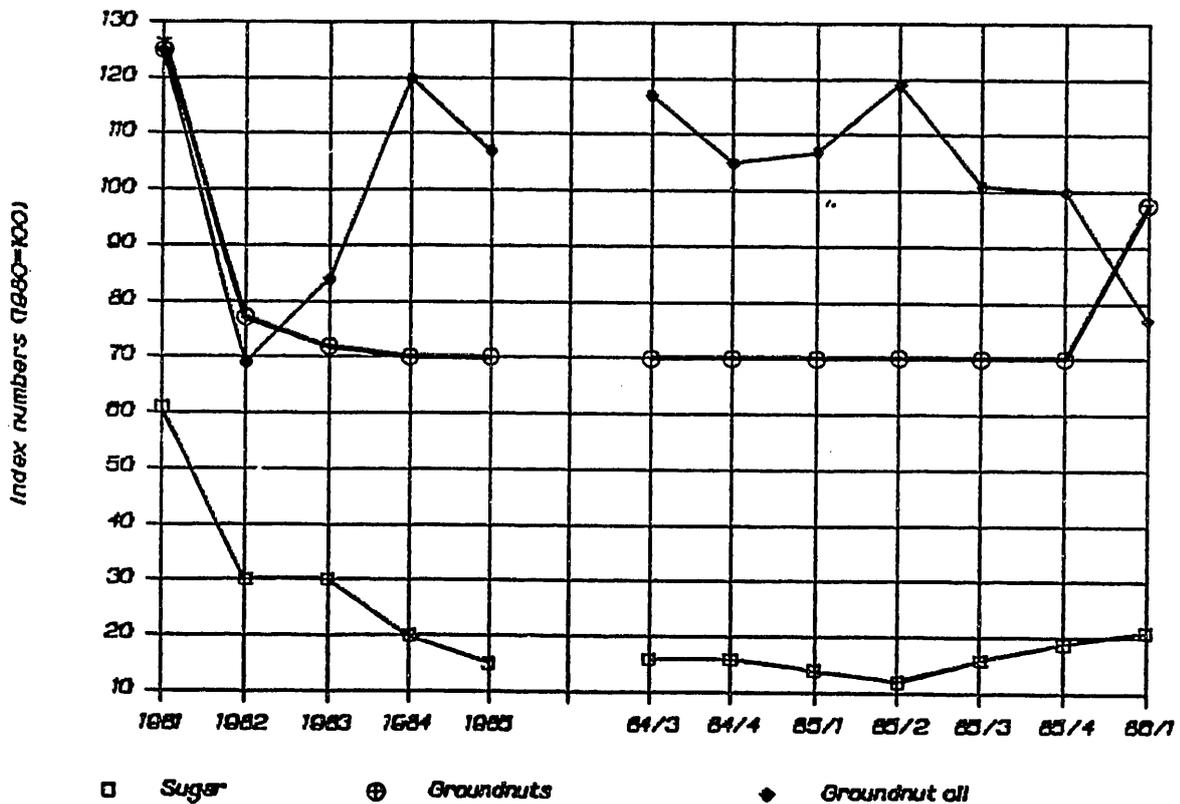
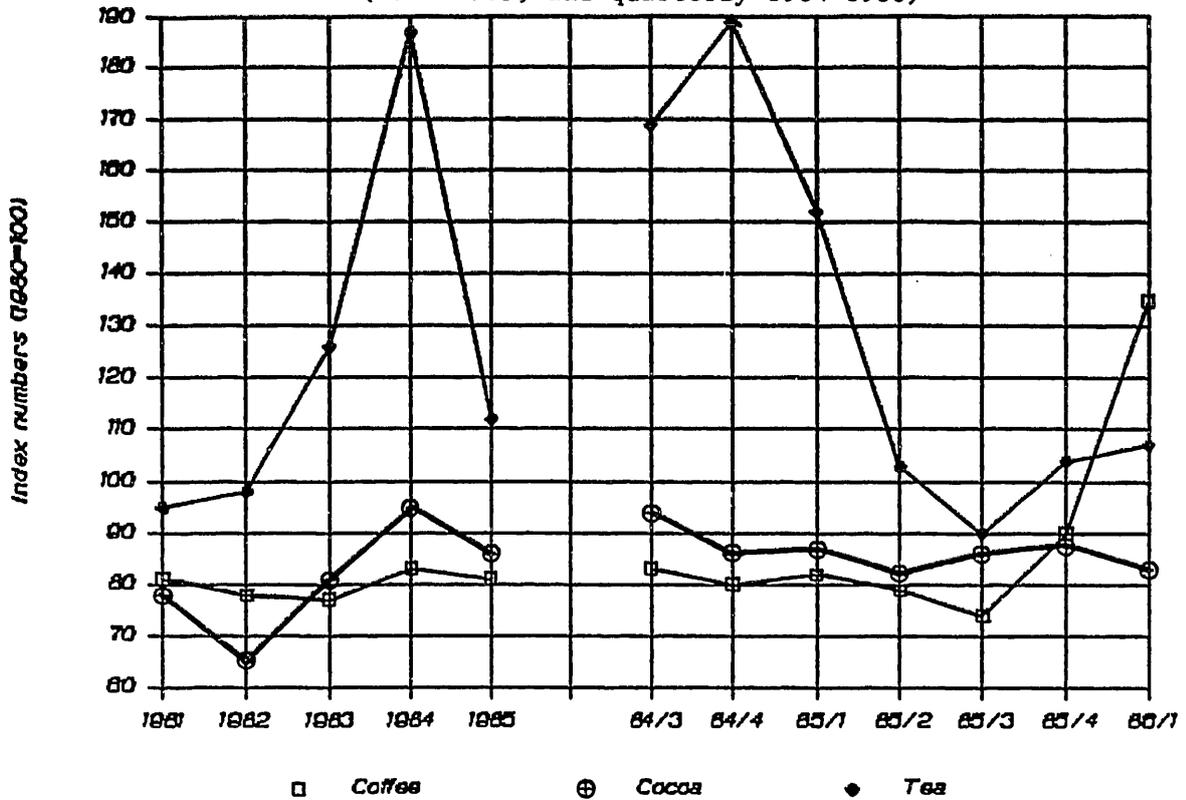
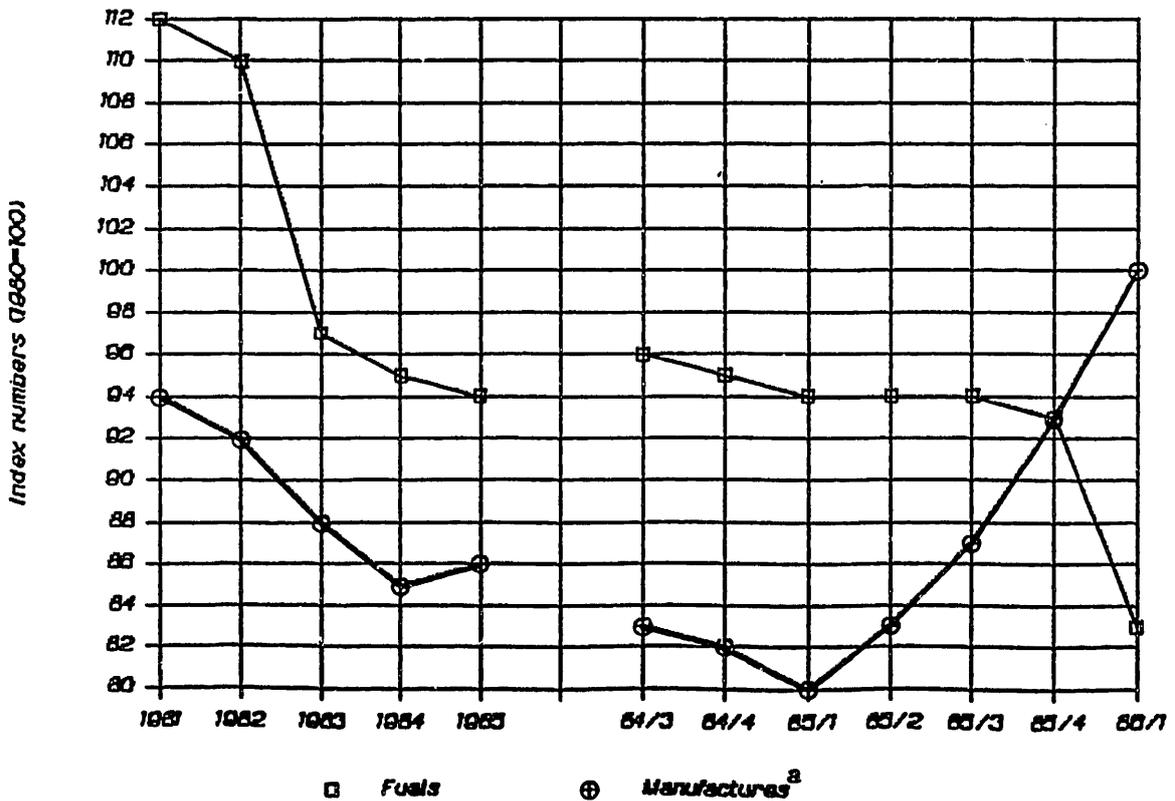
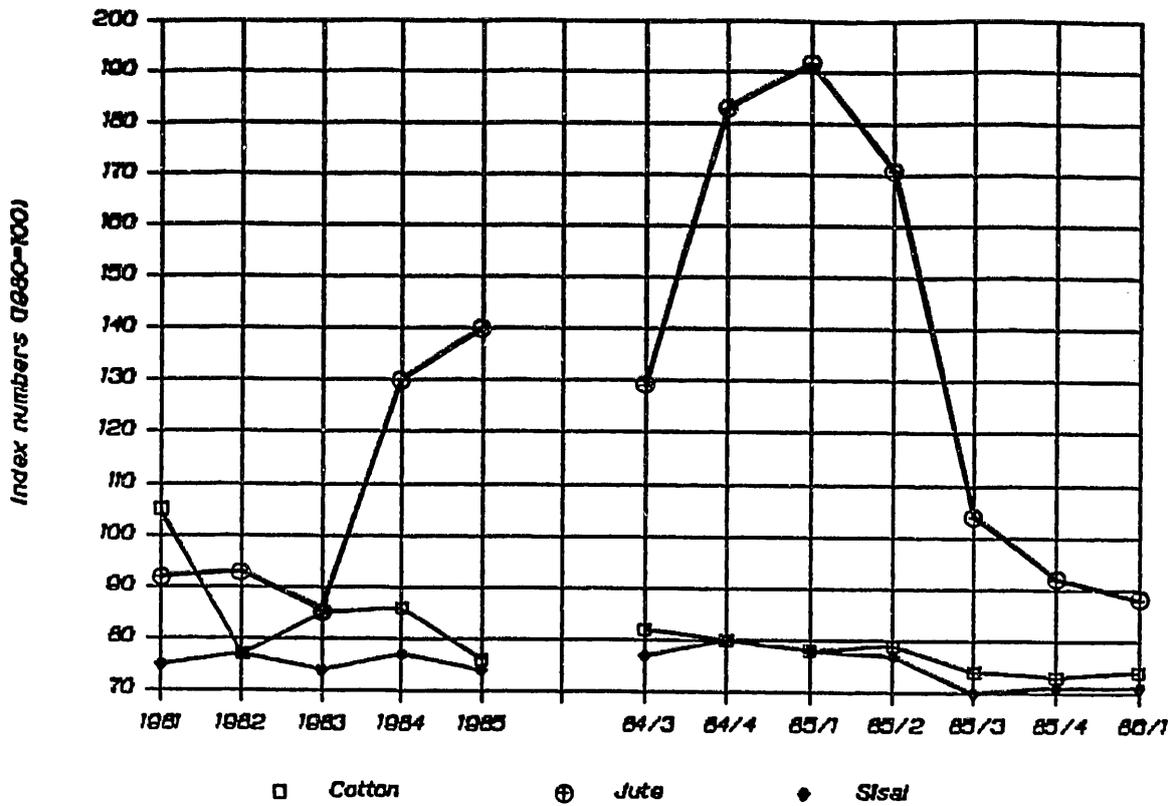


CHART II

INTERNATIONAL PRICES OF MAIN PRODUCTS TRADED BY THE LEAST-DEVELOPED COUNTRIES (cont'd)

(1981-1985, and quarterly 1984-1986)



^a Export unit values of developed countries.

Source: UN, Monthly Bulletin of Statistics.

TABLE 1.- FOREIGN MERCHANDISE TRADE OF THE LEAST-DEVELOPED COUNTRIES, 1980-1985^a

	Imports c.i.f.							Exports f.o.b.						
	1985 Million dollars	Average annual percentage change						1985 Million dollars	Average annual percentage change					
		1980	1981	1982	1983	1984	1985		1980	1981	1982	1983	1984	1985
ALL LEAST-DEVELOPED COUNTRIES (15731)	29	-1	-9	-4	3	5	(6921)	16	-9	-5	2	9	-4	
Afghanistan	(700)	-20	13	12	1	0	0	(710)	43	-2	2	2	0	-1
Bangladesh	2170	29	-8	-4	-9	29	6	927	15	-10	1	3	35	-1
Benin	(490)	3	64	-14	3	-18	24	(152)	37	-46	-29	246	36	35
Bhutan	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Botswana	(700)	33	16	-14	7	-5	0	(600)	15	-25	21	39	-6	0
Burkina Faso	(270)	19	-6	2	-17	-13	8	(65)	17	-17	-25	2	39	-18
Burundi	186	11	-4	33	-14	2	0	110	-38	9	24	-9	23	12
Cape Verde	(110)	21	4	0	27	-6	29	(4)	100	-25	33	0	0	0
Central African Republic	120	16	17	34	-59	67	38	115	46	-31	38	-31	15	34
Chad	(170)	-13	46	1	19	15	13	(80)	-19	17	-30	159	-27	-27
Comoros	(30)	18	3	-6	0	-6	0	(20)	18	-20	25	0	0	0
Djibouti	(270)	7	8	22	4	0	4	(20)	73	11	0	-5	0	0
Equatorial Guinea	(20)	37	19	35	-29	0	-33	(20)	-52	14	6	18	0	0
Ethiopia	(1250)	27	2	6	11	8	33	(355)	2	-8	4	0	4	-15
Gambia	(110)	16	-25	-20	19	-13	10	(35)	-47	-13	63	9	2	-29
Guinea	(370)	67	3	-18	-13	21	16	(465)	30	4	-6	-1	16	1
Guinea Bissau	(50)	-10	-9	0	10	-27	25	(10)	-21	27	-14	-25	11	0
Haiti	(400)	33	6	6	9	3	-11	(180)	53	-32	7	15	-4	1
Lao People's Dem. Rep.	(70)	39	-5	4	0	-54	17	(35)	-11	6	6	0	0	0
Lesotho	(600)	29	14	0	11	2	0	(20)	29	-14	-30	-46	5	0
Malawi	284	11	-20	-11	0	-14	6	252	28	-5	-9	-7	37	-19
Maldives	(55)	38	7	39	-2	36	-4	(20)	60	13	11	30	38	11
Mali	363	23	-13	-14	4	7	-1	172	39	-25	-5	13	16	-10
Nepal	458	35	8	7	17	-10	10	160	-27	75	-37	7	36	25
Niger	(330)	29	-14	-13	-28	-9	14	(225)	26	-20	-27	-13	-21	-2
Rwanda	(235)	27	5	8	-3	10	-20	(116)	-33	16	6	-15	5	40
Samoa	51	-14	6	-25	12	-11	2	15	-6	-35	18	46	0	-21
Sao Tome and Principe	(7)	-5	-11	-12	-53	0	0	(3)	-37	-47	-33	-33	25	-40
Sierra Leone	(150)	39	-25	-23	-31	0	-10	(180)	-1	-25	-42	3	61	22
Somalia	(100)	41	47	-36	-45	-39	-9	(50)	19	14	31	-50	-55	11
Sudan	(1570)	42	0	-19	5	6	10	(510)	1	21	-24	25	12	-27
Togo	264	6	-21	-10	-27	-5	-3	(190)	54	-37	-17	-8	18	-1
Uganda	(390)	49	32	10	0	-9	0	(400)	-21	-30	43	7	7	0
United Rep. of Tanzania	1028	14	-1	-7	-27	3	21	284	-1	21	-26	-20	3	-25
Yemen Arab Republic	(1600)	24	-5	-13	5	4	-3	(105)	64	104	-17	-31	141	62
Yemen Democratic Rep.	762	139	-19	-31	-4	3	-17	316	119	-30	14	-22	-5	4

^a Data for most recent periods are based primarily on partners' returns.

Sources: IMF, Direction of Trade and International Financial Statistics; UN, Monthly Bulletin of Statistics; and UNCTAD, Handbook of International Trade and Development Statistics.