

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/W/37

22 November 1978

Special Distribution

Multilateral Trade Negotiations
Trade Negotiations Committee

Original: English

COMMUNICATION FROM A NUMBER OF LEAST-DEVELOPED COUNTRIES

1. A number of least-developed countries have submitted the following draft proposals, comprising:

- (i) a draft protocol for the trade of the least-developed countries;
and
- (ii) draft additions and amendments to the codes being negotiated in the MTN.

2. The countries concerned have notified the secretariat that, having regard to the advanced stage of the MTN, they would appreciate it if these proposals were considered by the appropriate negotiating bodies as soon as possible. It would appear to them that the proposed draft protocol could in the first instance be tabled for discussion in Group "Framework"; the other proposals could be taken up in the respective Groups and Sub-Groups.

I. Draft Protocol relating to the Trade of the Least Developed Countries^{1/}

The participants in the Multilateral Trade Negotiations

Recognizing that the least developed countries face special problems, including infrastructural, institutional and financial problems, arising from the extremely early stage of development of their economies;

Considering that Ministers in the Tokyo Declaration recognized that the particular situation and problems of the least developed among the developing countries shall be given special attention, and stressed the need to ensure that these countries receive special treatment in the context of any general or specific measures taken in favour of the developing countries during the negotiations; and

Hereby agree as follows:

1. Each developed country shall accord to the commerce of all the least developed countries treatment no less favourable than that accorded to any other country, including its partners in a customs union, free trade area, regional grouping, association or preferential arrangement.
2. All products originating in and exported from any least developed country shall, upon their importation into the territories of each developed country, be exempted from ordinary customs duties, all other duties or charges imposed on or in connexion with importation and the trade barrier effect of any remaining non-tariff trade measures.
3. To the extent that any developed country, in exceptional circumstances, is not in a position immediately to grant such treatment to any particular product or products, it shall notify such temporary deviation to the CONTRACTING PARTIES and to the least developed countries concerned, indicating the justification therefor, and the maximum period in which such deviation may be maintained.
4. The provisions of paragraphs 1 to 3 above shall be deemed to have been, mutatis mutandis, included in, and to constitute an integral part of, each of the codes and agreements adopted during the Tokyo Round of Multilateral Trade Negotiations in addition to any specific provisions concerning least developed countries that may be included in such codes and agreements. It shall likewise be deemed to have been incorporated in any similar multilateral codes or agreements that may be adopted in future.
5. Developed countries do not expect from the least developed countries any reciprocity whatsoever for the commitments undertaken in paragraphs 1 to 4 above.
6. A Standing Committee on Least Developed Countries is hereby established. The Committee shall meet as necessary but at least once each year to review the notifications mentioned in paragraph 3 above, to formulate recommendations thereon and generally to supervise the implementation of the above provisions. The Committee shall formulate its own guidelines on the manner in which it shall carry out its functions.

^{1/} By least developed countries is meant all those countries which have been so categorized by the General Assembly.

II. Proposed Additions and Amendments to the Codes
being negotiated in the MTN

It is proposed that the following additions and amendments be made to the Codes being negotiated to provide for special treatment for the least developed countries.

A. Draft Integrated Text on Government Procurement
- MTN/NTM/W/174

1. Add a new paragraph at the end of Part II to read:

"Notwithstanding the provisions of paragraph 1, developed signatory countries shall, with a view to providing special and more favourable treatment to the products and suppliers in developing countries, inter alia, exclude customs duties and any other charges imposed or leviable in connexion with importation, in evaluating bids received from suppliers in developing signatory countries and accord 15 per cent price preference to the bids received from suppliers in the least developed countries."

2. Add a new paragraph 10 bis to document MTN/NTM/W/178 to read:

"Developed countries shall provide promptly and on priority basis technical advice and assistance to the least developed countries with the aim of improving the capability of their procurement agencies to import at the most advantageous terms and the efficiency of their suppliers to submit tenders in time and at competitive terms."

3. Substitute the word "may" by the word "shall" wherever it occurs in paragraph 15 of document MTN/NTM/W/178.

4. Add at the end of paragraph 2(b) of Part V a new sentence to read:

"While prescribing such conditions, due account shall be taken of the particular situation of suppliers in the least developed countries".

5. Add a new paragraph 3(b) to Part V to read:

"The Committee shall draw up a list of products which the least developed countries are capable of supplying or have potential to do so. Whenever the entities in the developed countries intend to purchase products included in such a list they shall, simultaneously with the publication of the notice, forward a copy thereof to the governments of the least developed countries and to the Committee. The Committee shall periodically review such lists and keep them up-to-date."

6. Add a new paragraph 14(i) to Part V to read:

"Notwithstanding the provisions of sub-paragraph 14(h) above, developing countries and the least developed countries may give preference to foreign suppliers whose supplies have a larger domestic content or whose offers facilitate transfer of technology."

7. Add the following words to the first sentence of paragraph 8 of Part VII:

"including those specialised in the problems of the least developed countries."

**B. Draft Code of Conduct for Preventing Technical
Barriers to Trade - MTN/NTM/W/192.**

1. Add at the end of paragraph 9(c) the following words:

"and free of cost to the least developed countries."
2. Add a new paragraph 10(h) to read:

"In cases where adherents determine that imports originating in the least developed countries do not conform to their standards or technical regulations (including those of local government bodies or other regulating bodies other than central government bodies), they shall provide the exporting least developed country concerned with the necessary technical assistance to enable its exports to meet the relevant standard or technical regulations."
3. Add a new paragraph 10(i) to read:

"In providing advice and technical assistance to other adherents in terms of sub-paragraphs (a) to (g) above, adherents shall give priority to the needs of the least developed countries."
4. Delete last sentence of paragraph 11(h) and add a new paragraph 11(i) to read:

"It is recognized that the least developed countries do face special problems, including financial, institutional and infrastructural problems, arising from the extremely early stage of development of their economies and as such they shall not, for the foreseeable future, be able to discharge fully their obligations under the Code. It is therefore agreed that non-fulfilment of any such obligations should not in any way detract from the rights and benefits of the least-developed countries under the Code."
5. Add a new paragraph 13(bis) to read:

"The Committee for Preventing Technical Barriers to Trade shall undertake a study with a view to identifying, with the help of the Inventory on Non-Tariff Measures and any other source, the existing technical regulations, standards, testing methods, administrative procedures and certification systems in operation in the countries of other adherents which were proving unnecessary barriers to the trade of the least developed countries. The Committee shall take appropriate action to getting such barriers eliminated on urgent basis."
6. Add at the end of paragraph 16(1) the following words:

"except for the provisions concerning the least developed countries which shall not be amended without the approval of all the least-developed adherents to the Code."

C. Outline of an Arrangement on Subsidies/Countervailing Measures - MTN/NTM/W/168

1. Add a new paragraph to Section VI (Developing countries) to read:

"Developed countries recognize the right of the least developed countries to assist the development of their domestic and export industries through the granting of incentives including any form of subsidies which they deem appropriate. Developed countries therefore renounce their right to the use of countervailing duties or any other counter action against such exports from the least developed countries."

D. Draft Integrated Text on Safeguards - MTN/SG/W/39

1. Add a new paragraph to Chapter 8 (Developing countries) to read:

"Developed countries shall exempt from any safeguard action all imports from the least developed countries. Any problems that might arise as a result of increased imports from the least developed countries shall be dealt with through the provision of adjustment assistance and phasing out of non-competitive industries. Where, in the exceptional and compelling circumstances safeguard action cannot be avoided, which shall be authorized by a multilateral body, the affected least developed countries shall be granted by the concerned developed country equivalent compensation for the loss incurred by the least developed countries as a result of such safeguard action."

E. Draft Customs Valuation Code - MTN/NTM/W/175/Rev.1

1. Add a paragraph at appropriate place in the Code to read:

"Developed countries shall grant more favourable and priority treatment to all the least-developed countries in the context of any general or specific measures in favour of the developing countries signatories to this Code."

F. Draft Texts on Import Licensing Procedures - MTN/NTM/W/127

1. Add a paragraph at appropriate place in the Draft Texts to read:

"Developed countries shall immediately eliminate the automatic licensing system for import of goods from the least-developed countries."

2. Add another paragraph at appropriate place in the Draft Texts to read:

"Developed countries shall grant more favourable and priority treatment to all the least-developed countries in the context of any general or specific measures in favour of the developing countries signatories to the Code(s) on Import Licensing Procedures."