

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.TNC/W/37
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Trade Negotiations Committee

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SUBSIDIES AND COUNTERVAILING MEASURES
Communication from the Permanent Mission of Pakistan

The following letter has been received by the Director-General from the Permanent Mission of Pakistan.

I have been advised by my authorities to express our concern in relation to Note 2 to Annex VIII to the draft text on Subsidies and Countervailing Measures (Document MTN.GNG/NG10/W/38/Rev.3).

It is a matter of deep concern that the draft text seeks to establish a threshold, say of 4%, of exports in different product sectors above which a developing country could not use policy instruments to assist exports and, by implication, its development efforts.

The economies of developing countries are generally not diversified and their exports are concentrated in a few product sectors. Circumscribing their possibilities to use export assistance measures simply because their share in world exports for those product sectors may have reached a certain arbitrary threshold irrespective of their stage of overall economic development would amount to freezing their export possibilities in precisely the sectors which should serve as the engine for generation of additional resources to back up their economic development.

In addition, in a dynamic trading environment where trade shares can, and do, fluctuate, sometimes widely, in response to a multiplicity of factors, a government cannot be expected to vary the export assistance measures in tandem with changes in its export share.

I have, therefore, been advised to request you in your capacity as Chairman of the GNG, and TNC at official level, that this matter may be included in the list of issues that you propose to refer for consideration at the Brussels ministerial meeting.