

# GENERAL AGREEMENT ON

RESTRICTED

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## TARIFFS AND TRADE

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Committee on Trade and Development  
Sixty-Eighth Session  
27 June 1990

### DRAFT NOTE ON PROCEEDINGS OF THE SIXTY-EIGHTH SESSION

#### Prepared by the Secretariat

1. The Sixty-Eighth Session of the Committee on Trade and Development was held on 27 June 1990 under the Chairmanship of H.E. Ambassador El Ghali Benhima (Morocco). The Committee adopted the following agenda: review of developments in international trade and in the Uruguay Round; review of the implementation of provisions of Part IV and of the operation of the Enabling Clause; technical assistance to developing countries in the context of the Uruguay Round; and work of the Sub-Committee on the Trade of Least-Developed countries. In the discussion, the Committee took up the first and the second items together.

Items (i) and (ii): Review of developments in international trade and in the Uruguay Round; Review of the implementation of provisions of Part IV and of the operation of the Enabling Clause

2. For the purpose of the review of the implementation of provisions of Part IV and the operation of the Enabling Clause at this meeting the Committee had before it a number of notifications made by Austria, Japan, New Zealand, Switzerland and the United States since the Sixty-Seventh Session in November 1989. The Chairman recalled that the notification submitted by Yugoslavia on the Global System of Trade Preferences Among Developing Countries in L/6564 which had subsequently been supplemented by document L/6564/Add.1 was still under consideration in the Committee.

3. Referring to the Global system of Trade Preferences Among Developing Countries (GSTP) the representative of Yugoslavia, which is the repository country of the Agreement, informed the Committee that so far the GSTP Agreement had been ratified by thirty-four countries out of which

twenty-five were contracting parties to the GATT. Information on the Agreement and the schedules of concessions of those twenty-five participants had been circulated to the members of the Committee in L/6564 and Add.1. The legal basis for the Agreement was the Enabling Clause which covered a number of cases where granting of differential and more favourable treatment was allowed for as departures from the m.f.n. principle. Thus, paragraph 2(c) of the Clause referred to "regional and global arrangements" concluded by developing countries for the mutual reduction or elimination of tariffs and in accordance with criteria and conditions which might be prescribed by the CONTRACTING PARTIES, for the mutual reduction or elimination of non-tariff measures, on products imported from one another. The representative observed that such criteria or conditions had not been prescribed so far by the CONTRACTING PARTIES. He further recalled that footnote 2 to paragraph 2 recognized the possibility of extending differential and more favourable treatment to areas of trading relations other than those covered by the provisions of the Enabling Clause.

4. The representative further commented upon a number of remarks made by other members of the Committee during the discussion on the GSTP at the November 1989 Session. In regard to the hope expressed by one member that participants in the Agreement would bind on an m.f.n. basis in the Uruguay Round the liberalization measures undertaken in the GSTP the representative believed that such an action would not be in line with the provisions of paragraph 3 of the Enabling Clause read in its entirety. Paragraph 3(a) specified that any differential and more favourable treatment should be designed to facilitate and promote the trade of developing countries and not to raise barriers to or create undue difficulties for the trade of any other contracting party. While paragraph 3(b) further specified that differential and more favourable treatment should not constitute an impediment to the reduction or elimination of tariffs and other restrictions to trade on an m.f.n. basis it did not require the extension of differential treatment on such basis. This would contradict the very purpose of establishing such treatment. Therefore the GSTP participants

were not prepared to bind the preferential margins on an m.f.n. basis. However, it should be noted that the GSTP was in full conformity with paragraph 3(b) since it did not prevent participants from reducing the m.f.n. tariff rates applicable to the products included in the schedules of concessions. As stated in the preamble of the Agreement its establishment should be accorded high priority as a major instrument of South-South cooperation as well as for strengthening of world trade as a whole. The Belgrade Declaration also confirmed that while the GSTP would promote greater co-ordination among its members it would also contribute to the growth and expansion of the world trade and economy.

5. Another point raised at the November 1989 Session of the Committee concerned the membership of the Agreement. In this connection it was noted that countries like China, Hong Kong, Israel and Turkey were not participants to the Agreements. The view was expressed that the Agreement did not appear to have either a "global" or "regional" character in order to meet the requirements of paragraph 2(c) of the Enabling Clause. In this regard the representative of Yugoslavia observed that both terms had not been defined in a precise manner. In the case of "regional arrangements" it was conceivable that not all countries belonging to an area which was geographically contiguous join such an arrangement or be eligible to join it. This was the case with most regional arrangements. The same was true for global arrangements. The absence of the four countries mentioned above did not affect the global nature of the agreement. Furthermore, the fact that the GSTP Agreement was reserved for the exclusive participation of a defined group of developing countries such as the Group of 77 which was formally recognized on an equal footing with other groups in UNCTAD, was not inconsistent with GATT. In GATT, at several occasions the Group of 77 presence had been recognized and reflected in various documents. For instance, in the same context of trade expansion among developing countries, an attempt was made in 1979 to initiate a round of trade negotiations in the framework of the Protocol for Trade Negotiations Among Developing Countries. The meeting which was held for that purpose on 25-26 October 1979 was described as "Ad hoc consultations among countries members

of the Group of 77 and others". It should also be noted that a GATT waiver was granted to the Trade Expansion and Economic Cooperation Agreement concluded on 23 December 1967 between Egypt, India and Yugoslavia. This Agreement, known as the Tripartite Agreement, explicitly stated in its Article IX that "the Agreement shall be open for accession by any developing country member of the Group of 77". The Agreement was granted a usual GATT waiver under Article XXV and subsequently it was legally covered by the Enabling Clause. The same was the case with the Protocol Relating to Trade Negotiations Among Developing Countries concluded in 1971 with the participation of sixteen countries from different geographic regions. Both these global arrangements had not been considered inconsistent with the GATT. The global nature of the an agreement did not imply universality of its membership.

6. In concluding his presentation the representative of Yugoslavia restated that the GSTP Agreement was designed to establish a framework for the exchange of trade concessions among a large group of developing countries. It constituted an instrument for the promotion of trade among these countries. The exchange of tariff concessions which took place during the First Round of GSTP Negotiations covered a modest number of tariff lines and participants agreed to multilateralize these concessions among themselves. Exclusive tariff preferences in favour of the least-developed participants were provided pursuant to the provisions of the GSTP Agreement regarding special and differential treatment for these countries. Certain technical problems regarding certification of origin were still to be solved and more signatories of the Agreement were expected to ratify it. This would improve the functioning of the Agreement and also increase the contribution it was hoped to make to the expansion and diversification of overall world trade. This objective was explicitly stated in the preamble of the Agreement. The GSTP was a "global arrangement" in form and substance in the real sense of paragraph 2(c) of the GATT Enabling Clause. It had been notified to the Committee on Trade and Development pursuant to the relevant provisions of this Clause. The GSTP was designed to facilitate and promote the trade of its participants

and not to raise barriers to or create undue difficulties for the trade of any other GATT contracting parties. The Agreement in no way impeded the reduction or elimination of tariffs and other restrictions to trade on an m.f.n. basis. Therefore, there was no legal incompatibility between the preferential arrangements embodied in the GSTP Agreement and the provisions of the Enabling Clause.

7. Some representative expressed appreciation for the explanations provided by the representative of Yugoslavia on the GSTP Agreement. One representative sought further clarification in regard to eligibility for participation in the Agreement which in his view was an important point in the evaluation to be made by the Committee. While it was evident that participation in the Agreement was limited to developing countries it was not quite clear whether other factors might have been taken into account in determining the eligibility for participation.

8. The representative of the United States recalled that her delegation had raised at the November 1985 Session a number of questions which were reflected in document L/6605. She appreciated the efforts made by the delegation of Yugoslavia to respond to those questions. However, her delegation was still concerned with the eligibility for membership in the GSTP and the compatibility with paragraph 2(c) of the Enabling Clause. The GSTP Agreement did exclude a number of countries. It appeared that a grouping of countries had been taken from another organization which excluded Israel, China, Hong Kong and Turkey for example, while in GATT the concept of a "developing country" was a self-defining one. Her delegation still had concerns about accepting that grouping within the GATT. She expected that the signatories to the GSTP would report regularly to the Committee to meet the transparency requirements so as to ensure consistency with obligations under GATT. Finally, her delegation reserved the right under paragraph 4(b) of the Enabling Clause to comment further on the GSTP Agreement at a future meeting.

9. Several developing-country representatives supported the statement made by Yugoslavia. In particular they emphasized that the Enabling Clause

did not require global or regional arrangements to comprise all the developing countries in a global or regional sense. The GSTP Agreement contained clear and transparent criteria for membership and was fully consistent with the provisions of paragraph 2(c) of the Clause. It was also pointed out by one representative that countries wishing to participate in the GSTP should express their desire to this effect bearing of course in mind that this was an agreement among developing countries. Another representative recalled that countries which might feel that their interests were adversely affected by arrangements concluded under the Enabling Clause could request consultations in accordance with the relevant provisions of the Clause.

10. In response to comments made on the question of eligibility the representative of Yugoslavia reaffirmed that in accordance with paragraph 1 of the Agreement any member of the Group of 77 could become a member of the GSTP. The Group of 77 was fully recognized internationally. He also reiterated that the provisions of the Enabling Clause did not specify universality as a criterion for global arrangements concluded in accordance with its paragraph 2(c). The representative further expressed readiness of GSTP participants to notify the Committee any changes in the Agreement and revert to the Consideration of the Agreement in accordance with paragraph 4(b) of the Enabling Clause.

11. The Committee took note of the recent notifications made by governments under Part IV. The Committee also took note of the notification on the GSTP Agreement (L/6564 and Add.1) and of the comments and statements made by members of the Committee on this matter.

**Item (iii): Technical assistance to developing countries in the context of the Uruguay Round**

12. The Chairman recalled that the Committee had reviewed periodically technical assistance provided in GATT in the context of the Uruguay Round. The last review of the technical cooperation programme of the GATT

secretariat was undertaken by the Committee at its Sixty-Seventh Session in November 1989. For that purpose, a report by the secretariat on the technical assistance of the GATT was circulated in document COM.TD/W/477. For this meeting a brief note by the secretariat on recent technical assistance activities was being circulated (COM.TD/W/481). A more comprehensive report would be submitted to the Committee at its end-of-year meeting. It was also recalled that as agreed by the Committee at its Sixty-Third Session in April 1988, governments and international organizations which provide technical assistance to developing countries in relation to work in the Uruguay Round were invited to keep the Committee periodically informed on activities which they had carried out as well as of facilities which were available under their programmes.

13. A representative of the GATT secretariat informed the Committee of the technical assistance activities carried out in the first half of 1990 (document COM.TD/W/481). Several types of technical assistance had been provided by the secretariat during that period. First, the secretariat had responded to requests from delegations of developing countries for data and information in relation to negotiations on tariffs, non-tariff measures, tropical products and natural resource-based products. Data on tariff and non-tariff measures had also been provided, upon request, to assist delegations in their evaluation of negotiating proposals. In response to requests from some delegations additional background information was provided in order to help them in the preparation of bilateral consultations following the submission of proposals and requests. Second, the secretariat had continued to prepare and provide factual background notes on specific issues in the negotiations. Third, briefing sessions had been organized at the level of individual officials of delegations and at the national level. The secretariat had organized or made available the services of its officials, for participation in fourteen national seminars during the first half of 1990. In addition four regional or sub-regional seminars and workshops had been organized: ASEAN workshop in Jakarta, regional seminar for Latin American countries in Buenos Aires, ESCAP Workshop in Bangkok and regional seminar for African countries in Rabat.

These were financed from voluntary contributions by the Netherlands, Canada, Federal Republic of Germany and the EEC respectively. Finally, the representative invited members of the Committee to make any suggestions that they might have on the additional types of technical assistance that developing countries might require in the remaining months of the Round.

14. Many developing-country representatives expressed appreciation for the technical assistance provided by the GATT secretariat and the level of technical expertise of staff members involved in such activities. The voluntary financial contributions provided by developed trading partners were also greatly appreciated. It was hoped that the technical assistance activities would be strengthened and intensified including through continued voluntary contributions by individual governments bearing in mind the importance of such activities for the participation of developing countries at this crucial stage of the Uruguay Round negotiations. In this connection one representative expressed the interest of his country in receiving assistance for the preparation of a national study on services. Another representative emphasized the usefulness of GATT involvement in activities organized in cooperation with other international organizations and expressed hope that the GATT would have sufficient funds to continue its participation in such activities as well.

15. The representative of Switzerland announced that a seminar on the final stage of the Uruguay Round would be organized next week for developing-country participants. Her country was pleased to be able to participate in this activity.

16. The representative of the European Communities restated the importance attached by the Communities and its member states to technical assistance for developing countries in the context of the Round and in GATT negotiations generally. Thus, three of the four regional seminars organized in 1990 had been funded by the Community and its member States. The representative reaffirmed the Community's preparedness to further contribute to technical assistance activities.

17. The representative of Australia recalled that his country had funded some developing countries' participation in seminars in Geneva and in Canberra and had also provided in Canberra courses on quantitative techniques relevant to the Uruguay Round negotiations. He expressed his country's willingness to continue cooperating in technical assistance activities in relation to the Uruguay Round and in particular to negotiations on Agriculture.

18. The representative of UNCTAD recalled that the technical assistance provided by his organization to developing countries in relation to work in the Uruguay Round had been outlined at the Sixty-Fourth Session of the Committee in July 1988 and at the Forty-Fifth Session of the CONTRACTING PARTIES in December 1989. Technical assistance by UNCTAD has covered a wide range of activities involving the preparation of studies on various issues of the Round, advisory missions to capitals of developing countries and the convening of national, sub-regional and inter-regional seminars and round-tables. In 1990 thirty-five such activities had been organized. Inter alia, these activities helped many developing countries which did not have permanent missions in Geneva particularly African countries to participate effectively in the April 1990 meeting of the Trade Negotiations Committee. UNCTAD remained committed to providing technical assistance to developing countries. The representative also made available to delegations additional copies of a document describing UNCTAD's programme of technical assistance to developing countries for Multilateral Trade Negotiations which had previously been circulated at the Forty-Fifth Session of the CONTRACTING PARTIES.

19. Several developing-country delegations expressed appreciation for the technical assistance provided by UNCTAD as well as other international organizations such as FAO. It was hoped that such activities would be pursued and strengthened.

20. The Committee took note of the statements and comments made under this item of the Agenda.

**Item (iv): Work of the Sub-Committee on the Trade  
of Least-Developed Countries**

21. The Chairman recalled that the Committee should appoint the Chairman of the Sub-Committee on the Trade of Least-Developed Countries. Ambassador Erik Selmer (Norway) was appointed as Chairman of the Sub-Committee for 1990. In the course of the session the Committee also held an informal discussions on certain matters of relevance to interests of least-developed countries in the Uruguay Round.

**Next meeting of the Committee**

22. The Chairman proposed that the next meeting of the Committee be tentatively scheduled for 12 and 16 October 1990 and that the final date be determined by the Chairman in consultation with delegations and the secretariat.