1. The Committee of Participating Countries provided for in the Protocol Relating to Trade Negotiations Among Developing Countries held its sixty-first meeting on 10 October 1991, under the Chairmanship of Mr. J.P. Buda (Uruguay).

2. The draft agenda circulated in document CPC/W/153 was adopted.

Schedules of concessions

3. The Chairman said that following the completion of necessary procedures, the certification of rectifications to the schedules of concessions of Israel, Turkey and Yugoslavia had recently been circulated to participating countries and that the revised schedule of the Republic of Korea had been circulated three years before. With reference to document CPC/W/150, he noted that several other participating countries which had adopted the Harmonized System (HS) Nomenclature for their tariff schedules had not yet transposed their schedules of concessions under the Protocol into HS-based schedules. He invited members to inform the Committee on the progress of their work to transpose their schedules of concessions into the Harmonized System.

4. Some members of the Committee stated that their countries would revise their schedules of concessions under the protocol according to their new HS-based tariffs and would notify them in due course. One of these members said that her country would be able to do so before 30 December 1991. One member stated that his country would shortly adopt a new tariff schedule based on the Harmonized System and would notify its revised schedule of concessions under the Protocol in due course.

5. The Committee agreed to invite those participating countries having adopted the Harmonized System but which have not yet submitted their revised schedules of concessions under the Protocol, to do so as soon as possible.
6. The Chairman said that an examination of the schedules of concessions under the Protocol showed that while some preferential concessions were related to the level of m.f.n. duties, other preferential concessions were unrelated to the level of m.f.n. duties. In the latter case, most preferential concessions, which were the result of the negotiations conducted about 20 years before, no longer provided any preferential margins due to the reduction of m.f.n. duties carried out since that time in the context of multilateral trade negotiations or on an autonomous basis. Further, the Uruguay Round would reduce a large number of m.f.n. duties. So far two countries had taken remedial actions on a unilateral basis by either reducing the rates of their preferential concessions to levels below the m.f.n. rates in effect or by adding new products to their schedules of concessions and granting them duty-free treatment.

7. A number of members of the Committee expressed concern that fixed-rate preferential concessions had lost their value due to changes in the tariff situation over time and stated that there was need for exploring possible solutions to the problem.

8. One of these members said that the Committee should consider adopting a decision or recommendation with a view to

   i) restoring the value of fixed-rate preferential concessions and

   ii) protecting on a permanent basis such concessions from being eroded by any further m.f.n tariff reductions, including those which would result from a successful conclusion of the Uruguay Round.

   He added that the secretariat might be requested to draw up a draft decision or recommendation for consideration by the Committee at its next meeting.

9. In response to a question raised, a representative of the secretariat stated that in the first round of negotiations among developing countries which had been conducted after the Kennedy Round, participating countries had been free to select any type of preferential concessions. Irrespective of the type of preferential concessions selected a balance of concessions had been struck on the basis of the tariff situation prevailing at the time of these negotiations. The absence of negotiations and changes in the tariff situation since that time had given rise to conspicuous discrepancies in the value of different types of concessions.

10. A number of members suggested that the Committee might recommend those participating countries whose preferential concessions had been eroded to examine their preferential concessions and to revise them unilaterally in order to restore their value. One way to do so would be to replace fixed-rate preferential concessions by concessions of preferential margins. It was suggested that the question deserved re-examination at the end of the Uruguay Round because m.f.n. tariff reductions resulting from the Round would further erode preferential concessions under the Protocol.
11. The Chairman stated that the question was how to re-establish the balance of concessions under the Protocol, which had been affected by trade policy developments over a long period of time. This question deserved thorough discussion in the light of concern expressed by members of the Committee and developments in the Uruguay Round. In the meantime any participating countries would be free to engage in bilateral consultations or negotiations to address the matter. Remedial actions could include the reduction of preferential rates for items in the schedules of concessions to levels below the m.f.n. rates in effect or the modification of preferential concessions so as to relate them to the level of the m.f.n. rates in effect.

12. The Committee took note of the suggestions and comments made and requested the secretariat to prepare a note, including if appropriate a draft decision or recommendation, for its consideration at the next meeting.

13. The Committee agreed to invite those participating countries whose preferential concessions had been eroded by m.f.n. tariff reductions to take remedial actions if they had not yet done so. These actions might be taken on autonomous and provisional bases pending any new negotiations which might be agreed upon in the future.

14. The Committee had an initial discussion of the suggestion that as a post-Uruguay Round activity of the GATT for developing countries, new negotiations under the Protocol be launched having regard to the new tariff situation resulting from the Uruguay Round or other changes in national tariffs, and agreed to revert to this suggestion at its next meeting in the light of developments in the Uruguay Round.

**Expansion of trade among developing countries**

15. The Chairman said that at the previous meeting the Committee agreed to revert at its next meeting to the question of the expansion of trade among developing countries and to consider further the proposal concerning the advanced implementation of Uruguay Round concessions among participating countries.

16. On the suggestion of some members, the Committee requested the secretariat to prepare a note which would help the Committee to have a clearer idea of the implications of the proposal. The note could include if appropriate, a draft recommendation or decision.

17. A member from a least-developed country stated that preferential margins were being eroded by general tariff reductions and that special treatment for least-developed countries could be extended to internal measures. He also referred to the desirability of establishing institutional arrangements for financing trade among developing countries.
Certification of origin

18. The Committee took note of the information concerning certification of origin provided by Peru which had been circulated as documents CPC/10/Add.43, 44 and 45.

Annual Report

19. The Chairman stated that the draft Eighteenth Annual Report of the Committee of Participating Countries to the CONTRACTING PARTIES and the Committee on Trade and Development had been circulated as document CPC/W/152 and Add.1. Only three participating countries had provided the necessary statistical data and it would be desirable that other participating countries submit their data as soon as possible. A number of members stated that the statistical information required for the Annual Report would be submitted for circulation as soon as possible.

20. Following the consideration of the text of the draft report, the Committee adopted the report with some additions to the draft under the item "schedules of concessions". The Committee agreed to invite those participating countries that have not yet submitted the statistical data and information required for the Annual Report to do so as soon as possible.

Derestriction of Documents

21. The Chairman referred to document CPC/W/151 which, on the basis of the guidelines adopted by the Committee, listed CPC/- and CPC/W/- documents which would appear to be eligible for derestriction. The Committee agreed to derestrict the CPC/- and CPC/W/- documents referred to in document CPC/W/151.

Rotation of officers

22. The Chairman stated that in accordance with the Rules of Procedure of the Committee adopted on 6 December 1989 and circulated as CPC/107, the Chairmanship for the forthcoming period would be assumed by the representative of Yugoslavia and the Vice-Chairmanship by the representative of Bangladesh. The Chairman thanked members for their co-operation and assistance in carrying out the activities of the Committee. The representative of Yugoslavia thanked Mr. Buda for his work and stated that she would do her best in performing her duty in the forthcoming period.

Next meeting

23. The Chairman indicated that the date for the next meeting of the Committee would be fixed in consultation with delegations and the secretariat in accordance with usual practice.