THE CONTRACTING PARTIES TO GATT AUTHORIZE THE IMPLEMENTATION OF CONCESSIONS EXCHANGED IN THE FIRST TRADE NEGOTIATIONS AMONG DEVELOPING COUNTRIES

The first effort by developing countries to develop their trade exchanges within a global framework has been approved by the Contracting Parties to the General Agreement. Meeting at Geneva on 26 November 1971, the Contracting Parties have waived the most-favoured-nation clause to allow the countries which participated in the first trade negotiations among developing countries to implement the concessions exchanged during those negotiations. The United States was unable to support the decision.

The negotiations, based on the principle of mutual benefit, were also open to countries not contracting parties to the General Agreement; sixteen countries took part. The tariff concessions, which the participating countries exchanged for their own benefit alone, amount to approximately US$550 million of exports. Other developing countries wishing to join them can do so by reaching agreement with the sixteen countries already parties to the arrangement and thus benefit from the concessions already exchanged.

In establishing a framework for implementing the arrangements concluded under the Protocol, the developing countries concerned have stated their resolve to build on their first efforts and their determination to keep under review the possibility of expanding the lists of concessions. They have also expressed their firm intention to facilitate the entry of other developing countries into these arrangements, on terms consistent with the individual financial, trade and development needs of those countries. As stated in the preamble to the Protocol implementing the concessions, "trade expansion, economic co-operation and economic..."
integration among developing countries have been accepted as important elements of an international development strategy and as making an essential contribution to the economic development of developing countries."

After presenting to the Contracting Parties the results achieved by the developing countries, the Director-General of GATT, Mr. Olivier Long, Chairman of the Committee within which the negotiations took place, concluded:

"For many years now trade between developing countries has tended to be a declining proportion of their total trade. While progress has been made in organizing trade exchanges between developing countries on a regional or sub-regional basis, the work done in the Trade Negotiations Committee constitutes the first systematic effort by developing countries to expand their trade exchanges within a global framework. The results that have been achieved represent an important development in the GATT and one which, I hope, will become more and more important with the progressively increasing participation of other developing countries in these arrangements."

Four years of effort

Since the implementation of Part IV of the General Agreement, on trade and development, the contracting parties had on many occasions underlined the importance of expanding trade exchanges among developing countries. Within the framework of the Kennedy Round, those countries had some informal exchanges of views which led to the establishment in 1967 of a Trade Negotiations Committee of Developing Countries, with the Director-General of GATT as its Chairman. At the twenty-sixth session, the Contracting Parties had reiterated "their intention to look at the results of these negotiations in a constructive and forward-looking spirit".

In the initial phase of its work, the Committee was concerned with defining the interest of its members in certain products and with assembling information about their mutual trade. Next it considered matters relating to rules and procedures for negotiations and the submission of lists of requests and offers.

The negotiations moved into their final phase in October 1970 with the effective participation of sixteen countries. The latter declared their resolve to take appropriate action to exchange tariff and trade concessions designed to expand their reciprocal trade.

Some 300 consultations thus took place within the framework of GATT, leading to the conclusion of more than fifty bilateral agreements. These agreements, which are multilateral among the sixteen participating countries, will not be extended to the developed countries. The tariff reductions obtained concern more than 300 headings in the Brussels Nomenclature and amount to US$550 million of exports.
A framework for consultations and negotiations

In order to give effect to the rules for implementation of the concessions, the sixteen have provided for the establishment of a Committee of participating countries. This will serve on the one hand as a forum for consultations in the event that any problems arise in the implementation of concessions, and on the other hand as a forum for negotiations for developing countries, whether or not contracting parties to GATT, wishing to join the sixteen.

The implementing Protocol for the concessions, which was adopted ad referendum on 15 October, contains certain provisions on additions or enlargements to the schedules of concessions, renegotiation for the withdrawal or modification of concessions, consultations on action altering the value of concessions, temporary suspension of rights and obligations deriving from the implementing Protocol, etc. Provision is also made, on the one hand, for accession procedures for developing countries wishing to join the sixteen and, on the other hand, for principles governing the application of rules of origin to ensure that the results obtained are not deflected towards developed countries.

The implementing Protocol for the concessions will enter into force thirty days after one half of the participating countries have accepted it.
TEXT OF THE DECISION

The Contracting Parties to the General Agreement have adopted the following Decision:

The Contracting Parties to the General Agreement on Tariffs and Trade,

RECOGNIZING that individual and joint action is essential to further the development of the economies of developing countries and to bring about a rapid advance in the standards of living in those countries;

NOTING that the Contracting Parties may enable developing contracting parties to use special measures to promote their trade and development;

CONSIDERING that trade negotiations among developing countries have as their objective expanding access on more favourable terms for developing countries in one another's markets through an exchange of tariff and trade concessions directed towards the expansion of their mutual trade;

RECALLING that, at the twenty-third session, the Contracting Parties recognized that the establishment of preferences among developing countries, appropriately administered and subject to the necessary safeguards, could make an important contribution to the expansion of trade among developing countries and to the attainment of the objectives of the General Agreement;

NOTING that the countries which have participated in these negotiations have drawn up the "Protocol relating to Trade Negotiations among Developing Countries" (hereinafter referred to as the Protocol) with rules to govern the arrangements as well as a first list of concessions, and that these countries intend to keep under review the possibility of promoting negotiations for additions or enlargements to the schedules of concessions;

NOTING ALSO that while concessions exchanged in the Negotiations will apply among parties to the arrangements set out in the Protocol, the countries participating in these negotiations have undertaken to facilitate the accession of all developing countries on terms consistent with the latters' individual development, financial and trade needs;
NOTING FURTHER that the Contracting Parties express the hope that all developing countries which have not participated in the arrangements will consider acceding to the Protocol; and

RECOGNIZING that these arrangements should not impede the reduction of tariffs on a most-favoured-nation basis;

DECIDE:

(a) that without prejudice to any other Article of the General Agreement and subject to the provisions of paragraphs (b)-(e) of this Decision, the provisions of paragraph 1 of Article I of the General Agreement shall be waived to the extent necessary to permit each contracting party participating in the arrangements set out in the Protocol (hereinafter referred to as a participating contracting party) to accord preferential treatment as provided in the Protocol with respect to products originating in other parties to the Protocol, without being required to extend the same treatment to like goods when imported from other contracting parties;

PROVIDED THAT any such preferential treatment shall be designed to facilitate trade between participants and not to raise barriers to the trade of other contracting parties;

(b) that any participating contracting party which, pursuant to the arrangements set out in the Protocol, introduces or modifies any preferential concessions shall so notify the Contracting Parties and shall furnish them with all useful information relating to the actions taken;

(c) that each participating contracting party shall afford adequate opportunity for consultations at the request of any other contracting party which considers that any benefit accruing to it under the General Agreement may be or is being impaired unduly as a result of the arrangements set out in the Protocol;

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(d) that any contracting party which considers that the arrangements under the Protocol are being applied inconsistently with this Decision or that any benefit accruing to it under the General Agreement may be or is being impaired unduly as a result of the arrangements and that consultations have proved unsatisfactory, may bring the matter before the Contracting Parties, which will examine it promptly and will formulate any recommendations that they judge appropriate; and

(e) that the Contracting Parties will review annually, on the basis of a report to be furnished by the participating countries, the operation of this Decision in the light of the aforementioned objectives and considerations and after five years of its operation carry out a major review in order to evaluate its effects. Before the end of the tenth year the Contracting Parties will undertake another major review of its operation with a view to deciding whether this Decision should be continued or modified. In connexion with such annual reviews and major reviews, the participating contracting parties shall make available to the Contracting Parties relevant information regarding action taken under this Decision.

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