Committee III - Expansion of Trade

DRAFT ANNEX A

FACILITIES AVAILABLE TO LESS-DEVELOPED COUNTRIES
FOR PARTICIPATING IN THE FORTHCOMING GENERAL MEETING OF
TARIFF NEGOTIATIONS

Explanatory Note by the Executive Secretary

The question of the capacity of less-developed countries to participate fruitfully in GATT tariff negotiations was discussed by the CONTRACTING PARTIES at the fourteenth session. The question was referred to Committee I.

As set out in the reports of Committee I to the CONTRACTING PARTIES (BISD., 8th Supplement, pages 101 et seq.) there are a number of ways in which less-developed countries may participate in tariff negotiations with a view to securing advantageous concessions. For example, a country which is not a large supplier of a commodity would not be excluded from making a request for concessions on that commodity on the grounds that it is not the principal supplier. In such cases it could join forces with other suppliers so as to achieve a total of trade which will enable the group so formed to enter into joint negotiations in which they will, collectively, negotiate as principal suppliers. It should also be borne in mind that the "principal supplier rule" is usually applied by most importing countries with some elasticity. Secondary suppliers have joined in tariff negotiations either in cases where the principal supplier has not made a request or where the principal supplier's offers were not sufficient to secure the concession.

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Moreover, the Tariff Negotiations Committee, in 1956, was instructed to place itself at the disposal of any country or group of countries to arrange for negotiations on a triangular or a multilateral basis. It would thus be possible for secondary suppliers to improve the scope of concessions. This technique has given valuable results and the CONTRACTING PARTIES have, in the terms of reference of the present Tariff Negotiations Committee, again expressly recognized this possibility. Less-developed countries might use this technique in cases where they have export interests similar to the main suppliers and join forces with the latter to negotiate multilaterally.

The principle underlying GATT tariff negotiations is the exchange of reciprocal and mutually advantageous concessions. This does not mean, however, that less-developed countries would always be held to strict reciprocity. In fact, according to the provisions of Article XXVIII bis:3(b), negotiations shall be conducted so as to enable account to be taken of "the needs of less-developed countries for a more flexible use of tariff protection to assist their economic development and the special needs of these countries to maintain tariffs for revenue purposes". It is appropriate here to refer to the remarks of the representative of the European Economic Community at the last meeting of the Tariff Negotiations Committee (TN.60/SR.8, page 14) to the effect that the Community is not considering requesting complete reciprocity from less-developed countries during the forthcoming general meeting of tariff negotiations. The request for reciprocity in exchange for the Community's offer of a linear reduction of 20 per cent is more particularly directed towards industrialized countries.

Less-developed countries should also bear in mind that concessions granted under the GATT are firm only for short periods and that, furthermore, the provisions of Article XVIII A give a degree of elasticity to tariff commitments by less-developed countries. In addition, concessions do not
necessarily imply reductions or bindings of duties at their existing levels; ceiling bindings fixed at a level which would provide sufficient elasticity have been granted in previous Tariff Conferences.

In order to overcome the fiscal difficulties which stand in the way of tariff reductions by certain less-developed countries (paragraph 4 of the report refers), there would be advantage in separating the revenue from the protective element of their customs tariffs. This would enable them to negotiate and grant concessions on the protective element. There are no major technical difficulties involved and a number of less-developed countries have already segregated these two elements.

The Rules and Regulations for the Tariff Conference (Section II:b (ii)) explicitly provide for the negotiability of a number of non-tariff measures. While certain industrialized countries have made reservations with respect to the negotiation of such concessions, nonetheless less-developed countries should bear in mind the general interest manifested in Committee III to facilitate the exports of less-developed countries and should take the opportunity of a tariff conference to present requests for concessions on non-tariff measures, the removal of which would facilitate access for their export products.