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TRADE AND DEVELOPMENT BOARD  
Ad Hoc Working Group on Trading Opportunities  
in the New International Trading Context  
First session  
Geneva, 9 October 1995  
Agenda item 7

**DRAFT REPORT OF THE AD HOC WORKING GROUP ON TRADING OPPORTUNITIES  
IN THE NEW INTERNATIONAL TRADING CONTEXT  
ON ITS FIRST SESSION**

Rapporteur: Mr. M. Nishioka (Japan)

ADDENDUM

**ITEMS 3 and 4 (continued)**

Speakers: Ethiopia  
Cuba  
China  
New Zealand  
Australia  
Bangladesh (paras. 11 and 16-17)  
Hungary  
Egypt  
United Republic of Tanzania

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated **by Friday, 20 October 1995 at the latest** to:

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Chapter I

IDENTIFICATION OF NEW TRADING OPPORTUNITIES ARISING FROM  
THE IMPLEMENTATION OF THE URUGUAY ROUND AGREEMENTS IN  
SELECTED SECTORS AND MARKETS

(Agenda item 3)

and

ANALYSIS OF THE MODALITIES TO GIVE EFFECT TO THE DECISION  
ON SPECIAL PROVISIONS FOR THE LEAST DEVELOPED COUNTRIES  
AS CONTAINED IN THE FINAL ACT OF THE URUGUAY ROUND

(Agenda item 4)

(continued)

1. Uruguay (To be inserted here. See TD/B/WG.8/L.1/Add.2).
2. The representative of Ethiopia said that the LDCs were being increasingly marginalized due to the erosion of the GSP and African, Caribbean and Pacific (ACP) schemes, and, at the same time, they were unequipped administratively and technically to benefit fully from the provisions of the Uruguay Round Agreements. He expressed concern about the problem of unequal income distribution at the national level which could result from the implementation of the Agreements. The LDCs lacked resources to provide assistance to workers in vulnerable sectors. There was widespread agreement that the LDCs were particularly exposed to the negative effects of the Uruguay Round and deserved special attention, including a "safety net" of measures designed to mitigate these effects. In this respect, he fully endorsed the "safety net" programme envisaged in the secretariat document, and further suggested that the outcome of the New York "Mid-term Review of the Programme of Action for the LDCs" be incorporated into the final document of the Working Group's current session.
3. The representative of Cuba stressed the importance of analyses of trading opportunities resulting from the implementation of the Uruguay Round Agreements for developing countries which, like his own country, were highly dependent on external trade. He said that while the observance of the letter and spirit of the provisions of the Agreement on Agriculture should contribute to the expansion of trading opportunities, some negative effects of the tariffication process had already been noticed. With regard to non-tariff measures, he expressed concern

about the increase in the application in recent years, of quantitative restrictions, "grey area" measures and anti-dumping or countervailing duty measures, which had considerably limited access to the industrialized country markets of products of special interest to developing countries. He considered that tariff escalation affecting tropical industrial products and other products at the final stage of processing was another negative tendency that should be reversed.

4. He expressed the view that improved access conditions and new trading opportunities may result from the improvement of the present GSP schemes, through the extension of their coverage to agricultural and textile products and the widening of preferential margins for products already covered by them. A similar result might be obtained if the reduction or elimination of non-tariff measures, in the context of the special and more favourable treatment for developing countries, were contemplated in the preferential schemes. The extension of such possibilities to products of the medical and pharmaceutical industry should be considered.

5. Recalling the active contribution of developing countries to the Uruguay Round negotiations, he said that in spite of the interest of these countries to take advantage of the new trading environment, opportunities leading to concrete benefits were scarce and that this situation needed to be reversed. In the case of Cuba, trading opportunities were limited by the economic, commercial and financial embargo unilaterally imposed by the United States. This situation may be exacerbated by new measures that would hinder Cuban trade with third countries, such as those contained in the Helms-Burton Bill, whose extraterritorial character was challenged by many countries. He said that Cuba would, none the less, continue to exert its utmost efforts so that the principles and undertakings of the multilateral trading system would be fully observed.

6. The representative of China said that given the weakness of the LDCs' economy and the small volume of their trade, which was mainly concentrated on the export of low value-added products, the erosion of the GSP preferential tariff margins as a result of the Uruguay Round tariff reductions could have a serious negative effect on these countries. In this regard, he said that the special provisions for the LDCs in the Uruguay Round Agreements should facilitate their economic and trade development, as well as their integration into the international trading system. As to the key problem of how to translate the relevant commitments into concrete actions, he said that while the LDCs should achieve their economic development and prosperity through their own efforts, the differential and more preferential treatment should be granted to them in implementing the Uruguay Round Agreements. At the same time, financial and

technical assistance to the LDCs was also necessary. Regular examination and evaluation in the light of the particular needs of the LDCs should also be carried out at the international level, as such extensive and comprehensive analysis would contribute to the finalization of concrete actions with a view to helping the LDCs to strengthen their competitiveness, as well as to enable them to seize new trade opportunities, and thus prevent them from being further marginalized. He expected that UNCTAD's work on LDCs would continue in the new international trade context in accordance with the recommendations adopted recently at the New York High Level Ministerial Meeting on LDCs.

7. The representative of New Zealand expressed a positive view of the Uruguay Round results, in particular the successful incorporation of agriculture into the multilateral trading system. That would yield benefits to both developed and developing countries, as was noted in secretariat document TD/B/WG.8/2. That document also pointed out the importance of implementation issues in delivering the actual benefits of some of the provisions secured during the Uruguay Round. Her country was very much aware of the need to pay close attention to the manner in which countries were implementing their commitments to ensure that newly created opportunities were not diminished. An important aspect that had not been incorporated into some assessments of the Uruguay Round was its dynamic effects.

8. Regarding agenda item 4, she said that the lack of concrete information at this early stage did not allow accurate assessments to be made of the implementation of the Uruguay Round's agriculture commitments. More analysis would be needed of the actual documented outcomes of the Round. This analysis should focus on identifying trade opportunities arising from these results, particularly for developing countries. The need to distinguish between Round outcomes and normal market fluctuations should be kept in mind.

9. The ongoing work to give effect to the special provisions for developing and least developed countries should be continued on the basis of solid information on actual documented outcomes, and practical and pragmatic ways had to be found to utilize the full range of existing programmes available in international organizations. Technical assistance was one area that needed to be examined, along with the elimination of tariff escalation. The importance of moving further towards open markets and increased liberalization should be kept in mind.

10. The representative of Australia expressed his country's strong support for this Ad Hoc Working Group in that it represented a central activity of UNCTAD and was particularly important in building the links between trade and development. The most valuable and enduring outcome of the Uruguay Round had

been the increased competitive environment globally, and it was this environment that presented opportunities. At the same time, the need for assistance to developing countries, particularly LDCs, could not be denied. Trade could only take place once opportunities were identified, markets and reputations developed, and an exporting community created to take advantage of these opportunities. The latter was a national priority. UNCTAD could help with the identification of opportunities, and the secretariat's work was most useful in this regard. UNCTAD could also provide technical cooperation for export marketing and promotion. But without an exporting community no trade would occur. For this, government policies were crucial. He called on the Working Group to give more attention to this task.

11. The representative of Bangladesh, referring to the suggestion made by an earlier speaker that the discussion should be limited only to trading opportunities, said that other related issues, difficulties and problems should not be ignored in order to have a balanced approach leading to logical conclusions. Constructive debate, taking into account all relevant aspects of the agenda items, should be encouraged for the benefit of all concerned.

12. Mexico (To be inserted here. See TD/B/WG.8/L.1/Add.2)

13. The representative of Hungary said that the mandate of the Working Group was a negotiated text that was reasonably specific in defining the common requirements of the member States of UNCTAD. He was therefore surprised that the secretariat had not focused on the identification of new trading opportunities arising from the implementation of the Uruguay Round Agreements in document TD/B/W.8/2. It was a source of concern that the secretariat assessed the Agreements, derived general conclusions, proposed further work for UNCTAD and made policy statements on the results of the Round. Besides, it had proposed that UNCTAD should get involved in the supervision of the implementation and interpretation of these Agreements. He said that these tasks fell outside the mandate of the Working Group, bearing in mind the previous deliberations of the Board and the preparatory work for UNCTAD IX, and that most of them were excluded even from the mandate of UNCTAD.

14. Finally, quoting from paragraph 90 of the report which stated that "... developing countries and countries in transition, especially the least developed among them, may lack the institutional and administrative capacity to identify the specific opportunities at the country level and assess the impact of actions taken within the framework for the Agreements", he said that the secretariat seemed to be introducing new terminology with its reference to "economies in transition, especially the least developed among them". The country

coverage of the report had been well defined in the terms of reference. He also firmly objected to the fact that the report seemed to question the institutional and administrative capacity of countries such as his to identify the specific opportunities arising from the Uruguay Round and to assess the impact of actions taken within the framework for the Agreements.

15. The representative of Egypt\* stated that he did not share the view expressed by the representative of the European Union that the terms of reference limited the scope of the Working Group's work to the "Decision on measures in favour of LDCs" referred to in the terms of reference as the "Decision on special provisions". This form of language may be vague or inaccurate, but even if the intended reference was to this specific decision, he believed that it was difficult to address it without dealing with the various agreements of the Uruguay Round, since this decision refers in various places to the special provisions accorded to LDCs. He also did not share the view of the EU that the Group should focus its discussion on the positive effects of the Round. He added that the Uruguay Round Agreements were in force and since they were quite complex, the Working Group should focus on how to implement these Agreements, how to make the most out of them and how the developing countries could best deal with the transitional periods.

16. The representative of Bangladesh pointed out that the Uruguay Round Agreements in the long run will have an impact on the entire global economy, though some countries will face more hardship than others. Unfortunately, because of their structural inadequacies, the LDCs are least equipped to overcome such difficulties. In his view, the secretariat document TD/B/WG.8/3 had accurately portrayed the situation, although more substance could be added to further analysis without reaching significantly different conclusions. He emphasized that the LDCs had made a big step in joining the international trading system and they will, without doubt, derive benefits from the post-Uruguay Round system; but, in order to face the global competition, they needed the support of the international community to overcome infrastructural deficiencies. This included the development of human resources and export capabilities in service sectors.

17. The successful emergence of LDCs from the poverty trap would be equally beneficial for both developing and developed countries because it would create new attractive export markets. The secretariat's efforts should make the LDCs

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\* The first intervention made by Egypt will be reported in TD/B/WG.8/L.1/Add.2.

better equipped to improve their trading performance. He added that the suggestions made in paragraphs 65 and 67 of the secretariat document should be fully implemented, including the "safety net".

18. The representative of the United Republic of Tanzania, referring to item 4, stated that the situation faced by LDCs called for special attention and positive measures to facilitate the expansion of their trading opportunities. He pointed out that some Uruguay Round Agreements allowed LDCs a longer period of time within which to comply. However, this was relatively short compared to the time required to build up adequate production and export infrastructures. This was particularly true of the institutional and human resource capacities which would have to be created before LDCs could take advantage of the relevant provisions of the Agreements. He added that the implementation of the Decision on measures in favour of LDCs would depend considerably on political will and constant monitoring, as well as on the provision of relevant technical assistance to LDCs.

19. The Working Group should take into account all areas identified by the UNCTAD secretariat in view of the complexities of the international trading system. Particular attention should be given to the development of human resources in LDCs to enable them to cope with the competitive trading environment, new technologies and other emerging challenges. With regard to appropriate follow-up actions, he mentioned the need to complement the global assessment of the impact of the Uruguay Round results with individual country assessments so that the international community could adopt targeted measures, and to monitor constantly the actual impact of the Uruguay Round Agreements on the LDCs. He also hoped that UNCTAD IX would contribute towards translating the decision of the Marrakesh Ministerial Meeting regarding LDCs into concrete action.