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REVIEW OF ARTICLE III: SPECIAL AND DIFFERENTIAL TREATMENT
FOR DEVELOPING COUNTRIES

Singapore Statement

The following statement by the delegation of Singapore
was made at the Committee's meeting on
6 October 1989

This item calls for a review of the operation and effectiveness of Article III in the last three years relating to special and differential treatment for developing countries. My delegation would like to address this issue by examining firstly the current status of developing country participation in the Government Procurement Code. Since the Code was concluded in the Tokyo Round, the number of developing country signatories to the Code has remained at only three (i.e. Hong Kong, Israel and Singapore). This limited participation of developing countries in the Code is a very unsatisfactory situation and this review provides the Committee with the opportunity to examine why the Code has not been able to attract more developing countries to accede.

2. In our view, a major objective of the ongoing Article IX.6(b) negotiations and of the Uruguay Round negotiations is to achieve a broader participation of more CPs, especially developing countries in the Code. In spite of Article III, it has not been possible for more developing countries to join the Code. The Committee should examine why this has been so, identify the obstacles and suggest possible solutions to the problem.

3. Article III of the Code recognises that developing countries may not be able to accept the full Code obligations on accession or to immediately do away with the practice of giving price and other preferences to their domestic producers.

4. The Code therefore lays down that certain factors as well as the development, trade and financial needs of developing countries should be taken into account in their negotiations for accession to the Code and in determining the "List of Entities" that should be covered (Article III:1 and Article III:3).

5. The Code thus lays down that negotiations for accession by developing countries should be conducted on the basis of the concept of "relative reciprocity" (Article III:3). It further provides that a developing country which has acceded to the Code, could at a later stage request for exclusion from the rules of national treatment of certain entities or products that are included in its list of entities (Article III:5).

6. Apart from the provisions mentioned above which recognise that developing countries may not be able to accept immediately obligations in this area to the same extent as developed countries, the Code calls upon the developed countries to facilitate increased imports from the developing countries, by including in their lists, entities purchasing products of export interest to developing countries (Article III:2 and Article III.3).

7. Some developing countries in the past have encountered difficulties in acceding to the Code because of the Code requirement that accession should be on the basis of bilateral negotiations on the list of purchasing entities which would accept the obligations. Although Article III of the Code provides that the principle of relative reciprocity should apply in the negotiations for the accession of developing countries, this principle had not been respected by some developed countries. It is therefore the reluctance of developed countries to abide by the letter and intent of the Article III provisions that has led to the problems of developing country accession.

8. Certain proposals by India and Korea have been tabled in the Uruguay Round, which have highlighted the problems of accession for developing countries and contained suggestions for examining the adequacy of the provision relating to special and differential treatment for developing countries in the Government Procurement Code.

9. To facilitate accession by developing countries, it is important that Parties, in responding to entity offers of developing countries wishing to accede to the Code, should pay greater attention to the development, financial and trade needs of these countries in accordance with the principles set out in Article III.

10. How do we operationalize this in more concrete terms in order to overcome the obstacles to developing country accession? The EC paper on "Transitional Membership" provides some preliminary thoughts on how a greater membership to the Code could be encouraged. The EC paper merits further consideration, but would also require further elaboration, particularly with respect to issues relating to developing country accession.

11. In examining the various possible approaches to encourage developing country accession, the following elements could be envisaged:

(a) A lower entrance fee in the form of some minimum initial commitments such as full transparency or minimum entity offers;

(b) progressive liberalisation through further offers of entities over an extended time-frame.

12. These issues relating to greater participation of developing countries in the Code warrants a detailed examination by the Committee. We would like to continue discussion of this agenda item at the next meeting of the Government Procurement Committee.