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Statement by H.E. Mr. Harun-Ur-Rashid
Ambassador, Permanent Representative

Just three weeks away from the decade of the 1990s, this Session of the CONTRACTING PARTIES is meeting at a very propitious but critical juncture in the history of GATT. Propitious because the international community is witnessing the seventh successive year of expansion in world output and trade, even though the benefits of such expansion have not been shared by many of the contracting parties. Critical because continuation of this trend, to a great extent, would be subject to how the outcome of the Uruguay Round is shaped by the end of 1990 and how the global trade map is redrawn by the major actors during the period beyond the Uruguay Round. I must add, however, that few analysts foresee troughs similar to what followed the period 1976-1981.

With five per cent rate of growth of world output and 8.5 per cent growth rate of world trade, 1988 was a very good year for the world economy. Expansion in world output and trade in 1989, though somewhat slower than that of 1988, is estimated to be respectable at about 3.5 and 7 per cent respectively. Phenomenal increase in trade in manufactures, from about 55 per cent in 1980 to about 73 per cent in 1988, is the driving force behind the rising ratio of world trade to world output. The share of the developing countries in this value-adding and highly rewarding trade in manufactures is merely 14 per cent.

Technological innovations, leading to development and production of new tradeable goods and services, and advances in transport and communications, bringing the countries of the world closer, are widening the scope of trade in goods and services. As a result, in most countries, international trade is increasingly influencing the overall performance of the economies and interdependence amongst nations is growing.

I would like to make a few observations in the light of the experience of the Least Developed Countries (LDCs). Despite the growth in world output and trade, I have to mention, I am afraid, that a group of 42 countries, categorized by the United Nations (UN) as the Least Developed Countries, are being increasingly marginalized in the world trade. In the 1970s, the value of merchandise exports by these countries expanded at an annual average rate of 15 per cent when the world merchandise trade expanded, on an average, at the rate of 20 per cent. In the 1980s, when the world merchandise trade was expanding, on an average, at over three per cent a year, more than half of these LDCs saw their export revenues decline. An explanation of this misery was sought in the virtual collapse of commodity prices during the period 1980-86, as about three-quarters of the LDCs' exports are primary products. Though prices of a number of primary commodities recovered since mid-1987, price increases, however, were not significant in the case of primary commodities of particular export interest to these countries. In contrast, higher prices that these countries have been paying for their import of manufactures, wheat and other items led to steep declines in the real purchasing power of their exports and thus, rendered them poorer.

Despite the fact that the combined share of the 42 LDCs in the world merchandise exports comes to hardly 0.4 per cent, these countries are not spared from protectionist measures. Non-tariff measures imposed against imports of food items from the LDCs affect 15 per cent of their exports. Over 80 per cent of exports of the clothing industry of the LDCs is subject to quantitative restrictions. As the LDCs export few manufactured products and in very limited quantities, they can hardly reap significant benefits from the preferential tariff treatment granted under the GSP schemes. Besides, many of the LDCs could not take advantage of the schemes because of their inability to comply with complex procedural requirements.

The LDCs are grateful and deeply appreciative of the international community's recognition of their particular problems and special situation as well as for the commitments the international community has undertaken at various fora to see them at a path of sustained development. In their decision of 28 November 1979, the CONTRACTING PARTIES, within the framework of differential and more favourable treatment of developing countries, decided to accord special treatment to the Least Developed among the developing countries in the context of any general or specific measures in favour of the developing countries. The 1982 Ministerial Declaration invited the contracting parties to pursue actions towards facilitating trade of the LDCs and reducing tariff and non-tariff obstacles to their exports. These actions, inter alia, included the following:

- further improvement of GSP or m.f.n. treatment for products of particular export interest to the LDCs, with the objective of providing fullest possible duty-free access to such products; and

- elimination or reduction of non-tariff measures affecting products of particular export interest to the LDCs.

In the Punta del Este Declaration launching the Uruguay Round, general principles governing negotiations provide that special attention shall be given to the particular situation and problems of the LDCs and to the need to encourage positive measures to facilitate expansion of their trading opportunities.

It may be mentioned here that an institutional arrangement -- namely the Sub-Committee on Trade of the Least Developed Countries -- has been established to follow-up implementation of the aforementioned decisions/commitments in favour of the LDCs. The Sub-Committee, under the able leadership of its Chairman, Ambassador Martin Huslid of Norway, has done excellent work in identifying problems of the LDCs and in recommending some important measures in favour of them. I would like to put on record here our deepest appreciation for the dedication and commitment with which Ambassador Huslid has been serving this Sub-Committee and thus the causes of the LDCs.

Production and export diversification, in the direction of more processed versions of traditional primary product exports, as well as non-traditional manufactures linked to the domestic resource base, offers one of the most promising ways of stimulating growth, creating productive employment and increasing both the level and stability of foreign exchange earnings of the LDCs. To complement their efforts towards this, the LDCs need active support of the international community. In the absence of substantial external support, the social and political costs of resolving the economic problems in many of these countries could prove insurmountable. The pivotal area of action in favour of these countries is increased financial flows, which means a combination of debt relief and injection of new resources.

Another major important international support for the LDCs is improved market access for their exports by their trading partners. It needs to be pointed out that in the agricultural area, many of these countries find their actual and potential export earnings reduced by import barriers in the markets of the industrial countries and subsidized competition in the third markets. In the case of manufactured goods, the LDCs often find that those labour-intensive products which constitute the natural development route for countries like them are precisely the ones in which the industrial countries have above-average levels of protection. Moreover, the gains that are likely to come from limited preferential access lack the security of market access that comes from bound reductions in trade barriers. What these countries need, therefore, are commitments that their efforts to develop export industries based on comparative advantage will not fail because of structural rigidities and protection in their principle markets.

In the light of their particular problems and priorities as outlined in the foregoing paragraphs, the LDCs submitted number of proposals to the relevant Negotiating Groups established under the Uruguay Round. The central theme of these proposals is market access free of all hindrance for exports of the LDCs. In this connection, I would like to mention, with deep gratitude, the specific action taken by the Director General, Mr. Arthur Dunkel, in his capacity as Chairman of the Trade Negotiations Committee (TNC) at official level, to bring our proposals to the attention of all relevant Negotiating Groups.

The GATT economists have done a commendable job in documenting, in the GATT publication International Trade 1988-1989, plights of the LDCs and highlighting the imperatives on the part of the international community. I could not agree more with them when they point out that "the plight of the Least Developed Countries, and the problems they and the rest of the world will face if they continue to lag behind in their efforts to raise living standards, appears less frequently on lists of pressing economic problems. ...It signifies a belief that reversing economic decline in the Least Developed Countries is a long-term rather than a short-term challenge. In a world in which immediate problems seem to command the most attention from policy makers, it does risk postponing the concrete actions by the trading partners and creditors which are needed to deal with these problems. Assisting the Least Developed Countries in their efforts to develop and to get on a sustainable growth path is a priority if they are to participate in the expansion of the world economy."

Here I would like to invite the attention of the distinguished delegates to the forthcoming Second UN Conference on the Least Developed Countries, scheduled to be held in Paris in September 1990. In order that the Conference is enabled to integrate measures agreed in favour of the LDCs under the Uruguay Round, into its package of outcome, I would urge upon the participants in the Uruguay Round to agree, well in time, upon sufficient measures in favour of the LDCs to guarantee them market access - free of all tariff and non-tariff barriers, to all exports of the LDCs and thus assist them to develop and grow at a sustained pace and become part of the world economy and trade.

We also welcome the new accessions to GATT, namely those of Bolivia and Costa Rica.