



المنظمة العالمية للتجارة العالمية

**THE GLOBAL SYSEM OF TRADE PREFERENCES AMONG DEVELOPING COUNTRIES**

**Final report on the GSTP activities  
related to the implementation  
of Project INT/94/K02**

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For the support of the Global System of Trade Preferences among Developing Countries (GSTP), a project document was signed in April 1995 by the Chairman of the Group of 77 in New York and the Director of the Special Unit for TCDC on behalf of UNDP reflecting a PGTF input of US\$ 72,365. The project INT/94/K02/A/95/99 is entitled: "Technical assistance to members of the Group of 77 participating in the Second Round of Negotiations within the GSTP and seeking membership in the GSTP, as well as related technical secretariat and other support to the GSTP"

The present report covers the GSTP activities relating to the implementation of project INT/94/K02/A/95/99 and provided its final account.

I. Background

The GSTP is established as a framework for the exchange of trade preferences among the members of the Group of 77 in order to promote trade among these countries. Since its entry into force on 19 April 1989, the Agreement on GSTP has been operating smoothly and trade flows under the Agreement have been considerable. Forty countries have ratified the Agreement and have become participatns. Six of these participatns are least developed countries. A list of the GSTP participatns is attached.

The GSTP members considered that further efforts were still needed to expand the membership and product coverage of the GSTP. The Second Round of GSTP Negotiations was launched in Tehran in November 1991 with the aim of facilitating the process of accession to the GSTP and carrying forward the exchange of trade concessions. The Negotiating Committee for the Second Round, set up under the Tehran Declaration, established four negotiating groups covering the areas of facilitation of accession, product-by-product negotiations, across-the-board tariff negotiations, direct trade measures and non-tariff and sectoral agreements. Upon completion of the Second Round, the Negotiating Committee should meet at the ministerial level. In this connection, the offer made by the Government of Cuba to host such a meeting has been welcomed.

The project INT/94/K02/A/95/99 addressed the requirements for the provision of technical assistance to members of the Group of 77 participating in the Second Round of GSTP Negotiations and seeking membership in the GSTP as well as related technical, secretariat and other support to the GSTP. The activities undertaken to attain the objectives of the project covered aspects related to the accession to the Agreement and effective utilization of the GSTP, and aspects related to the participation in the Second Round of GSTP Negotiations.

II. Activities related to the accession to the Agreement by members of the Group of 77 and effective utilization of the GSTP

In connection with the activities related to the accession to the Agreement, the GSTP Project, i.e. the secretariat of the GSTP, continued to disseminate information on the GSTP to

the participants and other members of the Group of 77. Assistance was extended to delegations in Geneva regarding technical issues relevant to their participation in the GSTP. Information was provided to delegations and officials from capitals attending trade meetings in Geneva. In view of the financial limitations, no country missions were undertaken by the very limited Project staff. However, arrangements were made by the Project to provide information on the GSTP to the members of the Group of 77 through the Interregional Advisers and other staff of the UNCTAD who were visiting certain countries on matters not directly related to the GSTP. Participants and other members of the Group of 77 received clarifications and technical support as required. Letters were addressed to the G-77 members non-participants to the GSTP inviting them to consider accession to the Agreement. Supporting documents were sent to them including printed material related to the GSTP membership and the rights and obligations involved.

In response to the invitations to join the GSTP, eight members of the Group of 77 have applied for accession, namely Colombia, Equatorial Guinea, Kenya, Morocco, Myanmar, Uruguay, Venezuela and Zambia. Arrangements were made by the GSTP secretariat to facilitate the process of accession through simplified consultations and negotiations. On the basis of offers submitted by Colombia, Morocco, Myanmar and Venezuela, preparations were made for consultations and negotiations among delegations. Intensive activities were provided by the Project in connection with the conduct of negotiations and consultations. The Committee of Participants decided at its eighth session, May-June 1996, to accept the accession of these four applicants on the terms set out in four protocols prepared by the secretariat and adopted by the Committee. The protocols have been open for acceptance by the acceding countries. When the Permanent Representatives of Morocco and Myanmar obtained the authorizations from their capitals to sign their relevant protocols, arrangements were made to this effect. On 14 February 1997, Morocco signed its protocol for accession which entered into force on 16 March 1997. Myanmar signed its protocol for accession on 22 May 1997, which enters into force on 21 June 1997.

Colombia and Venezuela have not yet accepted their relevant protocols for accession. As the final dates for acceptance of these protocols were approaching, the GSTP Project prepared a note on the need to extend the time-limit for acceptance. At its tenth session, on 30 May 1997, the Committee of Participants agreed to the Project's proposal and decided to extend the time-limit for acceptance of the protocols to 31 December 1997.

Applications for accession to the GSTP from least developed countries received special attention. The GSTP Project provided assistance to the least developed countries applicants, namely Myanmar, Equatorial Guinea and Zambia. Support regarding technical issues was extended to these countries. The GSTP Agreement calls for such assistance and provided that least developed countries are not required to make concessions on a reciprocal basis.

Support activities were undertaken by the GSTP Project in connection with the application for accession to the GSTP by MERCOSUR, the Southern Cone Common market. The Government of Brazil, on behalf of Argentina, Paraguay and Uruguay communicated to the Committee of Participants the intention to accede to the GSTP Agreement as a subregional grouping of developing countries members of the Group of 77. This information was conveyed to the GSTP participants. MERCOSUR presented its offer list of concessions and the GSTP secretariat undertook the necessary arrangements for disseminating this offer to the participants.

with a view to conducting the necessary negotiations in conformity with Article 28 of the GSP Agreement. When MERCOSUR provided a revised list of concessions, containing the results of the negotiations for the accession, the revised offer list was circulated to the GSTP members. As requested by the Committee of Participants at its tenth session, the GSTP Project circulated the revised list of concessions and started the preparation of a draft protocol for accession of MERCOSUR.

The Project undertook the necessary preparations and serviced the formal and informal meetings of the Committee of Participants and its Sub-Committee. The Project prepared and circulated background notes required by the Committee and the Sub-Committee for the consideration of matters within their competence.

The application of the GSTP Rules of Origin required intensive activities on the part of the Project. The secretariat collated the notifications by participants on the authorities entitled to issue the certification of origin, as well as the relevant impressions of their stamps. Extensive notifications and frequent amendments were received and were transmitted to all GSTP participants. The Project continued to tabulate and circulate consolidated lists on the authorities entitled to issue the certification of origin and the authorities dealing with enquiries. At the request of the Committee of Participants the Project monitored the trade flows moving under the GSTP Agreement. The information supplied by the GSTP members were collated and disseminated to all participants.

In general, the Project assisted countries and groups of countries regarding the technical issues relevant to their participation in the GSTP and to the effective utilization of the GSTP preferential trade concessions.

### III. Activities related to the participation in the Second Round of GSTP Negotiations

Intensive activities were undertaken by the GSTP participants and other members of the Group of 77 in connection with their participation in the Second Round of GSTP Negotiations. Technical and secretarial support was provided by the GSTP Project for the negotiating partners and groups. Preparations for and servicing of meetings of the negotiating bodies were undertaken by the Project. Notes were prepared and circulated to delegations in order to assist them in their deliberations. To a large extent, the meetings of the negotiating groups were conducted informally and the formal aspects took place in limited occasions.

In the area of product-by-product negotiations, arrangements were made for bilateral consultations between pairs of countries requesting concessions and receiving requests for concessions. After three sessions of bilateral consultations, participating countries moved forward to the negotiation phase and held five sessions of bilateral negotiations. Negotiations were based on the request lists submitted by 34 participating countries and addressed to 45 countries. Most of the countries involved, that is those requesting or receiving requests, participated in the bilateral negotiations. The participation of experts from capitals in the negotiations enhanced the negotiation process. Trade concessions were exchanged and participating countries made progress in their bilateral negotiations.

In the course of the exchange of trade concessions, delegations used a standardized form prepared by the GSTP secretariat indicating the country granting concession, its negotiating partner, the description of the product involved together with the relevant tariff number and the concession granted. Another form was also designed to contain the consolidated concessions granted by each participating country to all negotiating partners. These forms facilitated the negotiation process. The consolidated form, when completed by each participating country and presented to the secretariat, serves as the basis of each country's schedule of concessions. Collectively, these consolidated lists would establish the schedules of concessions of the Second Round of GSTP Negotiations. The lists would be annexed to a protocol on the conclusion of the Second Round. The GSTP Project prepared a draft protocol on the conclusion of product-by-product negotiations for the consideration of the participating countries.

Participating countries agreed to consider their bilateral negotiations as an ongoing process and delegations were invited to proceed with their negotiations through Permanent Missions in Geneva, as well as in capitals. It was agreed that participating countries could submit their consolidated lists of concessions to the GSTP Project until the end of February 1997. With a view to providing flexibility to the process, participating countries agreed that consolidated lists could be submitted up to the end of June 1997. The Project provided the technical support and services required in connection with undertaking these negotiating activities.

To date, fifteen submissions of consolidated lists have been made. Some countries indicated to the GSTP Project that their submissions were not complete and reserved their rights to make revisions, modifications and additions.

Activities proceeded in the area of across-the-board tariff negotiations. Participating countries considered several issues including the precise determination of the preference margin, the allowance of exceptions and the linear tariff margin for and among least developed participants. Notes and studies were provided by the GSTP Project to assist deliberations in this area. At its meeting on 25 November 1996, Negotiating Group 3 requested the GSTP Project to prepare a note containing a proposal on the determination of a preference margin and its negotiated exceptions. The note was circulated on 11 December 1996. According to this proposal, participating countries were invited to consider the adoption of a linear tariff reduction through a preference margin of 10 per cent. Each country may exempt a limited number of products from this margin subject to negotiations. Arrangements would be made for consultations and negotiations among participating countries in this regard.

The Negotiating Group discussed the proposal at three informal meetings. The Project provided the necessary notes and services. A number of countries responded favourably to the adoption of the linear approach and its entry into operation. Interest was shown in the suggestion to facilitate the negotiation process through a margin of 10 per cent without any negative lists. Participation of capital-based experts in the Group's work in Geneva, for few days, was favoured. Delegations were invited to provide their reactions during the forthcoming meetings of the group.

Activities proceeded on direct trade measures, sectoral and non-tariff agreements. Attention was paid to the negotiations of long-and medium-terms contracts. Interested participating countries were invited by the Project to indicate the commodities or products to which they may be prepared to undertake supply commitments and the likely quantities involved.

Interested importing countries were invited to indicate the commodities or products for which they could envisage undertaking import commitments and the relevant quantities. Despite repeated invitations, no meaningful response was received and negotiation in this area progressed only slightly.

Supportive activities were undertaken by the GSTP Project during 1995, 1996 and through 1997. Technical cooperation activities covered a wide range of aspects including preparation of notes, servicing meetings of the negotiating groups, and collating and reproducing material related to the GSTP negotiations. Supportive activities also covered the preparation of reports relating to the Second Round and studies on the various negotiating modalities provided by the Agreement on GSTP.

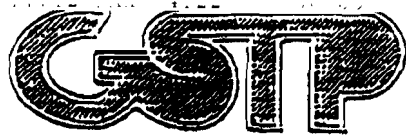
#### IV. Conclusion

The activities outlined above were undertaken with the assistance of the project INT/94/KO2/A95/99 and were consistent with the broad objectives of this project. Some financial contributions provided by the participants to the GSTP were helpful to maintain the ongoing GSTP activities. At various occasions developing countries commended the support activities extended by the GST Project in the context of the Second Round and development of the GSTP.

At the close of their Twentieth Annual Meeting, the Chairmen/Coordinators of the group of 77 adopted a Communiqué which, inter-alia, contained strong support to the GSTP. The Communiqué recognized that the successful outcome of the Second Round of GSTP Negotiations would serve as a catalyst for a growing preferential market among developing countries. All efforts should be made to support the GSTP and to ensure its expansion in terms of membership and scope of trade concessions. The application for accession made by the MERCOSUR countries constituted the first case of this type and was welcomed. According to the Communiqué, the GSTP has become one of the most powerful instruments to promote trade among developing countries and a unique example of South-South cooperation. The requests made by the Tehran Ministerial Declaration to provide financial and other support to the GSTP were endorsed.

The Costa Rica Ministerial Meeting of the Group of 77 on 13-15 January 1997 adopted San José Plan of Action which contained strong support to the GSTP. The Action Plan recognized that the GSTP is a vital mechanism for the realisation of increased trade among developing countries. Renewed efforts are necessary on the part of GSTP member countries to finalize the Second Round of Negotiations with the best possible results.

The smooth operation of the Agreement on GSTP and the conduct of the Second Round of GSTP Negotiations constitute developments of important economic significance. The members of the Group of 77 now have their own autonomous framework for preferential trade relations among GSTP members. Efforts need to be made to support the GSTP and to ensure its expansion in terms of membership and scope of trade concessions



التجارة العالمية للتفضيلات التجارية

THE GLOBAL SYSTEM OF TRADE PREFERENCES AMONG DEVELOPING COUNTRIES

Entry into force of the Agreement on GSTP

GSTP Participants	Date of entry into force
Algeria	13 September 1990
Argentina	2 March 1990
Bangladesh	19 April 1989
Benin	13 October 1991
Bolivia	16 August 1989
Brazil	25 May 1991
Cameroon	16 May 1992
Chile	28 October 1989
Cuba	19 April 1989
Democratic People's Republic of Korea	19 April 1989
Ecuador	17 May 1990
Egypt	16 July 1989
Ghana	19 April 1989
Guinea	19 January 1990
Guyana	4 May 1989
India	19 April 1989
Indonesia	22 October 1989
Iran (Islamic Republic of)	17 May 1992
Iraq	19 April 1989
Libyan Arab Jamahiriya	2 July 1989
Malaysia	31 August 1989
Mexico	13 May 1989
Morocco	16 March 1997
Mozambique	5 July 1990
Nicaragua	3 May 1989
Nigeria	19 April 1989
Pakistan	8 July 1989
Peru	19 April 1989
Philippines	25 March 1992
Republic of Korea	11 June 1989
Romania	19 April 1989
Singapore	19 April 1989
Sri Lanka	19 April 1989
Sudan	27 April 1991
Thailand	7 March 1990
Trinidad and Tobago	8 December 1989
Tunisia	25 August 1989
United Republic of Tanzania	19 April 1989
Viet Nam	19 April 1989
Yugoslavia	19 April 1989
Zimbabwe	19 April 1989
Myanmar	21 June 1997

**List of documents related to the final report on the GSTP activities  
in connection with the implementation of project INT/94/K02/A/95/99**

- Agreement on the Global System of Trade Preferences among Developing Countries (GSTP)
- List of countries participants to the GSTP
- Tehran Declaration on the Launching of the Second Round of Negotiations within the GSTP (GSTP/Tehran/2)
- Reports of the seventh, eighth and ninth sessions of the GSTP Committee of Participants (GSTP/C.P./R. 7, 8 and 9).
- Signed Protocols for accession of Morocco and Myanmar
- Protocols for accession of Colombia and Venezuela (pending acceptance).
- Tables 1 and 2 on participating countries submitting and receiving request lists
- Forms concerning concessions granted to partner countries, and consolidated concessions granted
- Scheduled fourth and fifth bilateral negotiations
- MERCOSUR application and offer for accession