

## SECTION 3

### TRADE LIBERALIZATION AND ACCESS TO MARKETS

#### **The Multilateral Trade Negotiations and national actions**

63. The Tokyo Declaration, adopted by the participants in the current Multilateral Trade Negotiations (MTN), set out objectives for securing additional benefits for developing countries. These included a substantial increase in foreign exchange earnings, diversification of exports, acceleration of the rate of growth of trade, participation and a better balance in the sharing of the advantages in the expansion of world trade, substantial improvement in the conditions of access to markets, and stable, equitable and remunerative prices for primary products.

64. We believe that these objectives must be urgently translated into practical measures by all governments concerned, at as early a stage as possible during the MTN. We urge that the developing countries themselves should intensify their participation in the negotiations and bring their concerns vigorously to the attention of the wealthy countries, who in turn should not allow benefits to developing countries to be simply a by-product of deals among the major trading blocs. We recommend that special consideration be given to aspects affecting the ability of the developing countries to realize the full benefits of trade liberalization. As they seek, for example, to encourage the processing or semi-processing of primary products, in order to achieve greater returns to their economies or greater employment for their peoples, tariff barriers for such exports tend to escalate in the importing countries. Moreover, the costs of industrialization are high in many developing countries, particularly the least developed, where the necessary infrastructure is non-existent or rudimentary. Special concessions are required for the least-developed, the landlocked and island developing countries if they are to build up successfully an industrial base and increase their exports of primary products or manufactures.

65. Rules of origin applied by importing countries to the exports of developing countries are frequently too restrictive. The initial establishment of industry in the developing countries, particularly the poorest ones, might well mean that the value added they could achieve is less than the developing countries themselves desire or the developed countries would ordinarily find acceptable. However, both parties have to work on the basis of what is possible, and rules of origin should be modified to reflect this reality. They should also be flexible enough to permit the establishment and growth of regional and inter-regional industrial projects where more than one developing country can have an input into the final product to be exported. Beyond the removal of such restrictive features, we consider it equally important to achieve rapid progress in the harmonization of origin rules among the major developed countries, and the standardization of administrative procedures if the growth of export-oriented industries in developing countries is not to be frustrated by the complexities of export documentation. Finally, we consider that careful consideration should be given in the MTN to removal of such adverse effects to the exports of developing countries as could arise from application of systems of valuation for duty other than those on a c.i.f. basis.

66. It is our firm view that the wealthier countries should not wait until the conclusion of the MTN to introduce trading concessions for the benefit of developing countries. There could and should be advance implementation of tariff cuts of particular interest to developing countries. Such tariff cuts are frequently in the interest of the consumers in wealthy countries as well as of general benefit to their economies. In particular, we urge that tariffs and other restraints on the consumption of non-competing tropical products should be immediately removed.

67. The OECD countries have within their own national control the possibility of widening, making deeper tariff cuts in, and generally improving their GSP Schemes. We urge that such improvements be undertaken promptly. Similarly the wealthy importing countries can exercise considerable discretionary power in the imposition of non-tariff barriers. These should be the subject of intensive examination in the MTN where, in our view, more rigorous and more objective criteria should be adopted so that only clear cases of injury would permit the application of quantitative restrictions, countervailing duties, anti-dumping regulations or other safeguards. Even in these cases, barriers should be raised against developing countries only in exceptional circumstances, and should not be imposed upon the developing countries if they were not the source of the injury.

### **Adjustment measures**

68. It is in the interest of all countries, both developed and developing, that the competitive advantages of developing countries in certain products, arising from lower labour costs or other reasons, should not be obstructed by restrictions on their exports. Not only should the exports of such products be encouraged; increased measures of adjustment within the importing countries should be undertaken so that planned and orderly phasing out of non-competitive industry within their own economies could take place. Although a few developed countries have attempted some adjustment measures, experience suggests that, where these are undertaken for domestic economic or other reasons and not related to the encouragement of imports from the developing countries, they may actually work against the latter objective.

69. We recommend that developed countries should undertake adjustment measures linked specifically to the promotion of imports from developing countries. If such measures become an important element of national policy in the developed countries, they could help to reduce the opposition of producers and organised labour to the liberalization of trade with developing countries, and thus enable consumers in the developed countries to enjoy the benefits of cheaper imports.

70. Measures facilitating full access for manufactured goods of developing countries to the markets of the developed countries need to be introduced urgently, if there is to be even a reasonable chance of reducing to manageable proportions the shortfalls in the export earnings of the developing countries as projected by certain international sources for 1980 and beyond.

## **The time frame**

71. The time frames suggested in the above recommendations show that no single date can serve as a target for implementation of the various measures proposed. Rather, certain action is possible immediately, while other steps could be taken in advance of general implementation. In respect of the other items, we would hope that the international community itself would fix specific timetables for introducing measures. In this as in other similar instances, the guiding principle for action should be the compelling needs for immediate steps to accelerate industrial expansion in the developing world.