

Till seldom asked to
extend concessions
in



**ASSIGN
BUSTER**

Till 1962, the typical pattern of the functioning of GATT was that of product-by-product bilateral negotiations between member countries. During this period, five tariff-cutting conferences were held under the auspices of GATT in which member countries agreed to accord each other unconditional most-favoured-nation treatment with certain exceptions. Progress till this time was, however, limited. The rounds of negotiations were primarily concentrated between major industrial countries and confined to industrial goods. Lesser Constraints on Developing Countries: In the initial years of GATT developing countries were seldom asked to extend concessions in exchange for the ones received by them from the developed countries. This position changed with the conclusion of Kennedy Round (1963-65) when developing countries were also asked to participate in active negotiations and extend concessions to developed countries on a reciprocal basis. However, they were not required to extend concessions equivalent to those given by developed countries to each other.

Some twenty developing countries actively participated in this Round. This principle of unequal tariff concessions plus the proposal for tariff preferences for the manufactured and semi-manufactured exports of developing countries presented at the First UNCTAD (United Nations Conference on Trade and Development) in 1964 became the basis of what is known as the (Generalised System of Preferences, GSP). However, GSP covered only a limited number of items. It should be noted that UNCTAD was a body of the United Nations. Though the developing countries wanted it to be eventually converted into an ITO, this did not happen. In contrast, GATT remained

outside the United Nations, and so is the case with WTO. By 1972, tariffs levied by industrial countries had been reduced to less than 10 per cent.

But there were still many non-tariff barriers, such as in agriculture. Starting with the next Round which was concluded in Tokyo in 1979, attempts were initiated for bringing new issues under GATT and their list kept expanding with the passage of time. A significant contributory reason for this trend was that the developing countries had a weak bargaining power. Under Tokyo Round, negotiated tariff reductions were to take place in eight years. A code of conduct relating to the use of non-tariff barriers (NTBs) was also prescribed and had the following components. i.

An agreement on government procurement. ii. Uniformity in the application of duties in countervailing and anti-dumping cases. iii.

A “ generalised system of preferences ” (GSP) to the manufactured, semi manufactured and selected other exports of developing countries (but with the exception of textiles, footwear, consumer electronics, steel and many other products which were of great importance to developing nations).