

SPECIAL AND DIFFERENTIAL TREATMENT FOR DEVELOPING COUNTRIES

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ABSTRACT

The generalized system of preference came in the year 1971 which established nondiscriminatory non-reciprocal preferential tariff treatment in the market of developed countries for products originating in developing countries. This enable a waiver of MFN that is ART 1 of the GATT to extend that it facilitated the developed countries to provide preferential tariff treatment to the product that originated from the developing countries.

Keywords: Special and Differential Treatment, Developing V. Least Developed.

INTRODUCTION

Ideally GSP wants to stay in effect for 10 year before expiry, enabling clause was adopted which made the GSP permanent. GSP becomes permanent part of GATT 1995. Much of the world lives in poverty. About one billion people in the world live on less than 1\$/day. These poor people aren't divided amongst the member state equally and hence we have poor countries too. The terms "developing" and developed" are often applied to countries in WTO agreements. Though the definition is not provided by WTO, World Bank classifies economies on Gross National Income per capita. WTO promotes trade liberalization as welfare enhancing policy goal, but liberalization may be difficult for developing countries. Developing Countries industries may be less competitive. Developing Countries may not have the resources/capacity to implement WTO agreements.[1]

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Aims of S&D provisions is to promote an active participation of Developing Countries in international trade and alleviate the difficulties Developing Countries might encounter in joining

and/or implementing WTO trade agreements In one form or another, special and differential treatment (S&D) has been a defining feature of the multilateral trading system for most of the post-war period. The WTO is an international agreement subscribed to by over twelve dozen governments with widely differing priorities, presiding over economies with widely divergent characteristics. States may claim the status of developing countries; the other states may contest those claims. Under GATT/WTO some countries are confirmed as developed but the principle of self declaration applies to decide whether the countries is developing or developed which is an unwritten principle.[2]

For example, china developed or developing – China can invoke the principle of self-selection and declared itself as developing to reap the benefits of WTO. US may argue that given its growth and further role in international trade china should be declared as developed. There are no precise definitions of developing countries by WTO. Member states can themselves declared as developing or developed. The poorer countries have less influence over the events at WTO and less inputs into negotiations.

DEVELOPING V. LEAST DEVELOPED

The categorization of countries as least developed is not a contentious issue such being because of two reasons first that there exists objective criteria's as to which countries would be classified as least developed such being they are designated by the UN. The UN identifies the least developed countries every three year which is accepted by the WTO.[3]

- i. Per capita gross national income
- ii. Human Assets (nutrition, health, education and adult literacy rate).
- iii. Economic vulnerability to external shock. (global depression – fixed source of income – daily hand to mouth earning)
- iv. The population must not exceed 75 million.

Secondly of the approximate 50 least developing countries in world 30 of them are signatory to the WTO, the share of these countries in global trade is miniscule accounting for less than 2%.The problem lies self-designation regarding developing country also further much has change since the inception of WTO specially concerning countries like Brazil China India they have developed quite a lot but still they designated themselves as developing countries. In order to invoke benefits of S&DT provision it is necessary for a country to be tagged as developing.

The benefits that a country can derive by the S&DT provisions can be broadly listed as:

- Providing increase Market access preferences
- Flexibility of commitments
- Transitional time periods
- Provision of technical assistance
- Members' duty to safeguard the interests of developing countries.[4]

CONCLUSION

At last I would like to conclude that Yes, there should be the provision for S&DT. The preamble of WTO aims to develop developing countries and LDC's. There is no level playing field. And equal treat to unequal's give rise to inequality. The criteria of Self declaration should be abolished.

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