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**WAYS AND MEANS OF ENHANCING THE UTILIZATION OF TRADE PREFERENCES
BY DEVELOPING COUNTRIES, IN PARTICULAR LDCs, AS WELL AS FURTHER
WAYS OF EXPANDING PREFERENCES**

Draft agreed conclusion and recommendations

1. The effects of recent financial and economic turmoil and its several adverse consequences call for further strengthening of international cooperation.
2. The Generalized System of Preferences (GSP) and the Global System of Trade Preferences among Developing Countries (GSTP) and other trade preferences continue to play an important role as tools for development in developing countries, in particular the least developed countries (LDCs). The improvements and extensions of GSP schemes and other unilateral trade preferences that have been implemented or proposed, in particular those in favour of LDCs, are a sign of the continuing relevance of these preference schemes and the importance attached to them by both preference-giving and preference-receiving countries.
3. Concrete action should be taken so that a greater number of beneficiary countries can utilize more effectively the GSP advantages in order to rectify the present imbalances in the distribution of GSP benefits.

Addressed to preference-giving countries

4. There is scope for expanding and improving GSP benefits. In so doing, special attention should be paid to extending product coverage to match to a greater extent the comparative advantage of beneficiary countries,

5. The harmonization and simplification of GSP rules of origin could enhance their transparency, facilitate their application and thereby improve the effectiveness of the GSP. Rules of origin which encourage regional cumulation would serve to encourage trade among beneficiary countries by enabling complementarities in production capabilities to be exploited and greater advantage to be taken of international specialization.

6. The lack of stability, predictability and simplicity of a number of GSP schemes has had an adverse impact on the utilization of the GSP, undermining its effective exploitation in particular by LDCs. Such deficiencies in GSP schemes should be addressed.

7. Preference-giving countries should disseminate to the importers in their countries relevant information on the products covered and the rates and other conditions applied under the various preference schemes they maintain. Moreover, the prompt notification of changes in GSP schemes and the provision of GSP-related trade data by preference-giving countries to the UNCTAD secretariat would contribute to the quality of UNCTAD's analytical work and the success of its technical cooperation activities.

8. The GSP and other trade preferences in favour of LDCs need to be accompanied by efforts to eliminate the deep-seated weakness of supply capabilities in LDCs. Market access under special trade preferences should be further improved for export products from LDCs. In addition, all preference-giving countries should give full consideration to offering duty-free market access for all products from LDCs, on an autonomous basis. The further relaxation of administrative procedures in favour of LDCs would help them to enhance their utilization of GSP benefits.

9. To help to contribute to a better understanding of the problems of LDCs in utilizing the GSP, and find appropriate solutions, it would be useful if practical ways were devised for improving contacts between GSP preference-giving countries and LDC beneficiaries. The involvement of representatives from importing enterprises in preference-giving countries in such contacts might provide further insights into the problems which exist.

10. In the context of South-South cooperation, it is noted with appreciation that a number of developing countries themselves have taken initiatives to accord preferential market access unilaterally and without any conditions to LDCs.

Other developing countries that are capable of doing so are encouraged to take similar initiatives. More detailed information on the stage of implementation of the various proposals and an analysis of the potential impact on the trade and development of LDCs of the new preference schemes would be useful. Clarification of certain legal aspects of preferences in favour of LDCs by other developing countries would be useful.

Addressed to preference-receiving countries

11. Many GSP trading opportunities have yet to be seized by beneficiary countries. Insufficient familiarity of exporters with the various GSP schemes and associated complex procedures and weak export capacities constitute important obstacles to a greater utilization of GSP benefits, in particular by LDCs. Therefore Governments in preference-receiving countries should assist in informing and training the private sector in the area of GSP and other trade laws. However, Governments in preference-receiving countries may require assistance in carrying out their educational role. The extent and type of assistance will vary according to the specific needs and development levels of the preference-receiving countries.

12. Technical cooperation addressed to LDCs in the area of GSP should also be provided by other developing countries in the context of South-South cooperation.

13. More LDCs should endeavour to join the GSTP. Participation by LDCs in the GSTP could provide a major boost to South-South trade.

Addressed to the UNCTAD secretariat

14. UNCTAD should continue to analyse the importance of GSP schemes and other trade preferences, on the basis of quantified and statistically supported evidence. It should identify the real benefits obtained from trade preferences.

15. UNCTAD should continue to provide technical cooperation to preference-receiving countries, particularly LDCs and certain developing countries with structurally weak and vulnerable economies, with a view to increasing the utilization of trade preferences. Such technical cooperation should aim to enable these countries to carry out workshops, information activities and training of their exporters themselves.

16. Owing to their administrative constraints, LDCs require direct technical assistance aimed at enhancing their human resource capacities for the more effective utilization of GSP preferences. This would need to include fortifying the existing GSP focal points or assisting in their establishment, and the provision of training materials.

17. UNCTAD should explore how new information technologies could be used to render technical cooperation in the areas of GSP and other trade preferences more effective. Many GSP information services and, to some extent, advisory services could be provided rapidly and cost-effectively to end-users in developing countries centrally from Geneva through communication channels such as the Internet and e-mail.

18. In conducting its future analysis and technical cooperation related to preferences, the UNCTAD secretariat should continue to ensure its complementarity and added-value with respect to other work in this area.