

**PRELIMINARY ANSWERS TO THE COMMUNICATION FROM HUNGARY**

Communication from Paraguay

Addendum

The following communication dated 10 July 2002 has been received from the above delegation in response to the queries raised by Hungary in document TN/CTD/W/10.

1. The delegation of Paraguay wishes to submit preliminary answers of written questions submitted by the delegation of Hungary concerning the proposal circulated as document TN/CTD/W/5 which was discussed in the Fourth and Fifth last Special Sessions of the Committee on Trade and Development.
2. Question 1. In order to prevent discrimination among developing countries by excluding any of them from the beneficiaries of national GSP regimes, does Paraguay foresee the establishment of a standard list of developing countries, having the right to receive GSP benefits?
3. Answer 1. No, Paraguay does not foresee the establishment of any standard list of developing countries, except the LDCs sub-category already recognized.
4. Question 2. Would the present practice of self-selection of the status of developing country be retained or would there be a multilaterally agreed List of GSP Beneficiaries?
5. Answer 2. Paraguay considers that the present practice of self-selection should be retained.
6. Question 3. How would those cases be treated when some countries on a standard list of GSP beneficiaries have a higher level of development than that of the country providing the GSP benefits? With criteria related to development indices and graduation to be prohibited, would the latter countries be under obligation, enforceable through the WTO dispute settlement system, to provide trade preferences to richer, more developed countries than themselves?
7. Answer 3. Under the Enabling Clause (L/4903) there is no such obligation, because it provides preferences given by developed countries to developing countries, and Hungary is not in that position. Regarding the second part of the question the answer is no.
8. Question 4. If the answer to question 3 is affirmative, how could such an obligation be justified from an economic and political aspect?
9. Answer 4. No.

10. Question 5. Does it follow from the proposal that if a GSP providing country wishes to avoid granting such preferences to richer countries, the only way is to abolish its scheme altogether, or does Paraguay see any legal way to limit the availability of preferences to those WTO Members with a lower level of economic development?

11. Answer 5. No, within the scope of the Enabling Clause Paraguay does not see any legal way to limit the availability of preferences to those WTO Members with a lower level of economic development, avoiding at the same time granting preferences to richer countries.

12. Question 6. Is it a correct understanding that Paraguay proposes to prohibit even the submission of a request for a waiver aimed at differentiation among developing countries? If so, is a specific change to this effect of the WTO rules governing the requests for a waiver foreseen?

13. Answer 6. No, what Paraguay proposes is that the conditions and criteria, among them non-reciprocity and non-discriminatory treatment, shall be respected and if a country considers itself negatively affected by the proposed scheme, there should be either an opposition or compensation.

14. The delegation of Paraguay remains available to provide any further clarification and answers to any other question in this regard.

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