

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/W.2

1 March 1965

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Committee on Trade and Development

Original: English

## PROPOSALS CONCERNING THE GRANTING OF PREFERENCES

### Proposal Submitted by the United Arab Republic

In GATT/AIR/454 contracting parties were invited to submit concrete proposals concerning the granting of preferences on selected products of export interest to less-developed countries. The invitation was reiterated in GATT/AIR/499, in accordance with the recommendation made by the Committee on Trade and Development at its meeting on 9 and 10 February (COM.TD/4).

In response to this invitation, the communication reproduced below, dated 16 February, has been received from the delegation of the United Arab Republic.

"...Following the decision of the CONTRACTING PARTIES at the Special Session, I have the honour to enclose herewith our proposal concerning the exchange of preferences between less-developed countries.

"We have limited our proposal to the exchange of preferences between less-developed countries, because contracting parties have already accepted this issue in principal, and it remains to consider the scope and the rules which will govern this concept. I shall be very grateful to you, if you will be kind enough to circulate our proposal to all members of the Committee on Trade and Development.

"I would like to draw the attention of the members of this Committee to the fact that, according to what has been decided in the Committee on Preferences, our deliberations and proposals do not commit our governments, and also that the United Arab Republic delegation is always ready to discuss any difficulty which may arise from our proposal and also any similar proposals which tend to limit the scope of the preferences...."

### Text of the proposal submitted by the United Arab Republic

"1. Notwithstanding this agreement, and without prejudice to the rights of contracting parties in Article I, CONTRACTING PARTIES agree, with a view to promote trade between less-developed countries, that the latter could exchange preferential treatment by concluding agreements between themselves. Less-developed countries which are parties to such an agreement shall communicate such agreements to the CONTRACTING PARTIES, and provide them with the relevant information.

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"2. The CONTRACTING PARTIES shall examine the proposal as being in the interest of the programmes of economic development of less-developed countries members of such an agreement.

"3. The parties to such agreements shall take into consideration, when concluding such agreements, the following:

(i) no developing contracting party shall expect that another developing contracting party shall grant preferences on items which are against the interests of its domestic industries;

(ii) the preferential treatments to be exchanged between developing contracting parties shall not be less than that at present granted on similar products by some developing contracting parties to developed contracting parties;

(iii) the agreements contain provisions permitting, on terms and conditions to be determined by negotiation with the parties to the agreement, the adherence of other less-developed countries, which are able to qualify as parties to the agreement and to undertake the same commitments in the interest of their programmes of economic development;

(iv) that the preferences exchanged between less-developed countries, parties to such agreements shall not be extended, according to those agreements, to any developed country;

(v) the agreement contains provisions for its termination within a period considered to be sufficient for the fulfilment of its purposes but, in any case, not less than at the end of ten years, and not later than fifteen years; any renewal shall be subject to the approval of the CONTRACTING PARTIES.

"4. The CONTRACTING PARTIES shall approve such agreements by a two thirds majority of the votes, after being assured that the preferential treatment accorded will lead to the expansion of products to which preferences shall be granted. For the adherence of other less-developed countries, which are able to qualify as parties to such agreements, or for the introduction of a new item to be granted special treatment between less-developed countries, the CONTRACTING PARTIES can approve such modifications by a majority of the votes."