

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development  
Forty-First Session  
10-11 July 1980

INFORMATION REQUIREMENTS FOR THE COMMITTEE'S REVIEWS  
OF THE IMPLEMENTATION OF PART IV AND OF THE OPERATION  
OF THE DECISION ON DIFFERENTIAL AND MORE FAVOURABLE  
TREATMENT, RECIPROcity AND FULLER PARTICIPATION OF  
DEVELOPING COUNTRIES

Note by the Secretariat

1. At its March 1980 meeting, the Committee on Trade and Development agreed that the review of the operation of the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (L/4903), also known as the Enabling Clause, should be co-ordinated with the Committee's end-of-year reviews of the implementation of Part IV which are based on notifications by governments (COM.TD/104, paragraph 31). It also agreed that contracting parties might be invited to submit information, which should be as specific and detailed as possible, for these two purposes at the same time, and it was suggested that the secretariat might present to the next meeting of the Committee a detailed list of points on which information would be sought with respect to the implementation of Part IV (COM.TD/104, paragraph 48).
2. Accordingly, the draft airgram attached contains a list of points in relation to which contracting parties might be invited to provide information for the purpose of the reviews of the implementation of Part IV. It takes into account that the Committee will have before it, also related to the implementation of Part IV, reports on meetings of the Sub-Committee on Protective Measures which would contain a factual description of the measures examined, and a summary of the discussions including any views, suggestions, or observations arising in the course of the Sub-Committee's work (COM.TD/104, paragraph 20). The draft airgram continues to reflect the Committee's decisions on its notification and reporting procedures agreed to at its second and sixth sessions (BISD, Thirteenth Supplement, page 79; and COM.TD/24, paragraph 10) which have served as the basis to the present time for invitations to notify actions relating to the implementation of Part IV. Regard has also been had to the discussions in the Committee on notification procedures at its thirty-third, thirty-fourth and thirty-fifth sessions (COM.TD/99, paragraphs 20-22; L/4597, paragraphs 17-24; and

COM.TD/100, paragraphs 27-32). It is expected that, as agreed, action to introduce, modify or withdraw differential and more favourable treatment to developing countries would be notified promptly in accordance with the terms of paragraph 4(a) of the Enabling Clause Decision (COM.TD/104, paragraph 31). It will be seen that the draft airgram also invites contracting parties to submit information supplementary to notifications already made with respect to the provisions of the Enabling Clause.

3. Delegations might note that for reviews of the implementation of Part IV at each of the Committee's meetings, the secretariat has regularly prepared background material supplementing details notified by governments for end-of-year meetings and to serve as background for reviews at other meetings. To provide as broad a basis as possible for reviews of developments relating to points of interest in the context of developing country trade, the secretariat is also expected to provide supplementary information relating to the operation of the Enabling Clause as would be useful for such reviews (COM.TD/104, paragraph 31).

DRAFT AIRGRAM

SUBJECT: REVIEW OF IMPLEMENTATION OF PART IV AND OPERATION OF  
THE DECISION ON THE "ENABLING CLAUSE" (L/4903)

1. ACCORDING TO ITS TERMS OF REFERENCE, ONE OF THE MAIN FUNCTIONS OF THE COMMITTEE ON TRADE AND DEVELOPMENT IS TO KEEP UNDER CONTINUOUS REVIEW THE IMPLEMENTATION OF PART IV OF THE GENERAL AGREEMENT AND AT LEAST ONCE A YEAR TO UNDERTAKE A MAJOR REVIEW ON THE BASIS OF NOTIFICATIONS SUBMITTED BY CONTRACTING PARTIES. IN THE CONTEXT OF ITS POST-TOKYO ROUND WORK PROGRAMME, THE COMMITTEE HAS ALSO BEEN GIVEN PRIMARY RESPONSIBILITY FOR SUPERVISION OF THE IMPLEMENTATION OF THE DECISION ON DIFFERENTIAL AND MORE FAVOURABLE TREATMENT, RECIPROCITY AND FULLER PARTICIPATION OF DEVELOPING COUNTRIES, ALSO KNOWN AS THE "ENABLING CLAUSE".
2. THE COMMITTEE AT ITS MARCH 1980 SESSION NOTED THAT ITS ACTIVITIES WITH RESPECT TO THESE TWO MATTERS SHOULD BE CO-ORDINATED AND THAT INFORMATION, WHICH SHOULD BE AS DETAILED AND AS SPECIFIC AS POSSIBLE, SHOULD BE SUBMITTED AT THE SAME TIME. THE ATTACHMENT THUS CONTAINS A LIST OF POINTS IN RELATION TO WHICH CONTRACTING PARTIES ARE INVITED TO PROVIDE INFORMATION FOR THE COMMITTEE'S REVIEW AT ITS AUTUMN SESSION.
3. IT WOULD BE APPRECIATED IF THE RELEVANT INFORMATION COULD BE MADE AVAILABLE TO THE SECRETARIAT NOT LATER THAN... SEPTEMBER 19

C. LONG

ATTACHMENT

INFORMATION REQUIRED FOR REVIEW OF (A) THE IMPLEMENTATION  
OF PART IV AND (B) THE DECISION ON THE OPERATION  
OF THE ENABLING CLAUSE

(A) IMPLEMENTATION OF PART IV

1. TAKING INTO ACCOUNT THE "GUIDELINES" AGREED BY THE COMMITTEE AT ITS SIXTH SESSION, NOTIFICATIONS SHOULD RELATE BOTH TO MEASURES SPECIFICALLY MENTIONED IN PARAGRAPHS 1 AND 3 OR 4, AS THE CASE MAY BE, OF ARTICLE XXXVII OF THE GENERAL AGREEMENT, WITH THE EXCEPTION OF THOSE RESTRICTIVE MEASURES BEING NOTIFIED FOR EXAMINATION BY THE SUB-COMMITTEE ON PROTECTIVE MEASURES OR ACTIONS NOTIFIED IN CONNEXION WITH THE OPERATION OF THE ENABLING CLAUSE (SECTION B BELOW), AND TO ALL STEPS AND MEASURES WHICH ARE OF INTEREST TO THE CONTRACTING PARTIES IN RELATION TO THE OBJECTIVES AND PROVISIONS OF PART IV.

2. IN THEIR NOTIFICATIONS, DEVELOPED CONTRACTING PARTIES MIGHT WISH TO COVER, INTER ALIA, THE FOLLOWING:

(I) REDUCTION OR ELIMINATION OF CUSTOMS DUTIES ON PRODUCTS OF EXPORT INTEREST TO DEVELOPING COUNTRIES;

(II) REDUCTION OR ELIMINATION OF FISCAL DUTIES OR INTERNAL CHARGES ON SUCH PRODUCTS;

(III) REMOVAL OF IMPORT RESTRICTIONS APPLIED ON SUCH PRODUCTS; WHERE RESTRICTIONS ARE NOT REMOVED, ANY CHANGES IN THEIR ADMINISTRATION, SUCH AS INCREASES IN GLOBAL QUOTAS, CHANGES IN QUOTAS APPLYING TO DIFFERENT SOURCES OF SUPPLY; ESTABLISHMENT OF TARGET DATES FOR LIBERALIZATION;

(IV) REDUCTION OR REMOVAL OF OTHER NON-TARIFF MEASURES OF INTEREST TO DEVELOPING COUNTRIES;

(V) ANY INCREASES IN DUTIES, FISCAL CHARGES, QUANTITATIVE RESTRICTIONS AND OTHER TRADE BARRIERS AFFECTING THE EXPORTS OF DEVELOPING COUNTRIES AND NOT AVAILABLE IN DOCUMENTATION FOR THE SUB-COMMITTEE ON PROTECTIVE MEASURES;

(VI) CHANGES IN "TRADE MARGINS" OF THE KIND REFERRED TO IN PARAGRAPH 3(A) OF ARTICLE XXXVII;

(VII) MEASURES FALLING WITHIN THE PROVISIONS OF PARAGRAPH 3(B) OF ARTICLE XXXVII, INCLUDING:

- (I) STEPS TO PROMOTE STRUCTURAL CHANGES;
- (II) STEPS TO ENCOURAGE CONSUMPTION OF PARTICULAR PRODUCTS;
- (III) STEPS TO INTRODUCE MEASURES OF TRADE PROMOTION.

3. AS AGREED BY THE COMMITTEE, DEVELOPING CONTRACTING PARTIES ARE ALSO INVITED TO SUBMIT NOTIFICATIONS OF ACTIONS RELEVANT TO PART IV, HAVING PARTICULAR REGARD TO THE PROVISIONS OF PARAGRAPH 4 OF ARTICLE XXXVII AND TAKING INTO ACCOUNT ANY NOTIFICATIONS THEY MIGHT MAKE WITH RESPECT TO THE OPERATION OF THE ENABLING CLAUSE DECISION.

(B) DECISION ON THE OPERATION OF THE ENABLING CLAUSE

4. CONTRACTING PARTIES ARE INVITED TO:

(I) NOTIFY ANY ACTION TAKEN IN ACCORDANCE WITH PARAGRAPHS 1, 2(a), (b), (c) and (d) and 3 OF THE ENABLING CLAUSE DECISION (L/4903 ANNEXED) TO INTRODUCE, MODIFY OR WITHDRAW DIFFERENTIAL AND MORE FAVOURABLE TREATMENT NOT ALREADY NOTIFIED; AND

(II) COMMUNICATE ANY OTHER INFORMATION RELEVANT TO THE REVIEW OF THE OPERATION OF THE PROVISIONS OF THE ENABLING CLAUSE.

ANNEX

DIFFERENTIAL AND MORE FAVOURABLE TREATMENT  
RECIPROCITY AND FULLER PARTICIPATION OF DEVELOPING COUNTRIES<sup>1</sup>

Decision of 28 November 1979

Following negotiations within the framework of the Multilateral Trade Negotiations, the CONTRACTING PARTIES decide as follows:

1. Notwithstanding the provisions of Article I of the General Agreement, contracting parties may accord differential and more favourable treatment to developing countries, without according such treatment to other contracting parties.
2. The provisions of paragraph 1 apply to the following:\*\*
  - (a) Preferential tariff treatment accorded by developed contracting parties to products originating in developing countries in accordance with the Generalized System of Preferences\*\*\*;
  - (b) Differential and more favourable treatment with respect to the provisions of the General Agreement concerning non-tariff measures governed by the provisions of instruments multilaterally negotiated under the auspices of the GATT;
  - (c) Regional or global arrangements entered into amongst less-developed contracting parties for the mutual reduction or elimination of tariffs and, in accordance with criteria or conditions which may be prescribed by the CONTRACTING PARTIES, for the mutual reduction or elimination of non-tariff measures, on products imported from one another;

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\* The words "developing countries" as used in this text are to be understood to refer also to developing territories.

\*\* It would remain open for the CONTRACTING PARTIES to consider on an ad hoc basis under the GATT provisions for joint action any proposals for differential and more favourable treatment not falling within the scope of this paragraph.

\*\*\* As described in the Decision of the CONTRACTING PARTIES of 25 June 1971, relating to the establishment of "generalized, non-reciprocal and non-discriminatory preferences beneficial to the developing countries".

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<sup>1</sup> Issued as document L/4903

- (d) Special treatment of the least developed among the developing countries in the context of any general or specific measures in favour of developing countries.

3. Any differential and more favourable treatment provided under this clause:

- (a) shall be designed to facilitate and promote the trade of developing countries and not to raise barriers to or create undue difficulties for the trade of any other contracting parties;
- (b) shall not constitute an impediment to the reduction or elimination of tariffs and other restrictions to trade on a most-favoured-nation basis;
- (c) shall in the case of such treatment accorded by developed contracting parties to developing countries be designed and, if necessary, modified, to respond positively to the development, financial and trade needs of developing countries.

4.\* Any contracting party taking action to introduce an arrangement pursuant to paragraphs 1, 2 and 3 above or subsequently taking action to introduce modification or withdrawal of the differential and more favourable treatment so provided shall:

- (a) notify the CONTRACTING PARTIES and furnish them with all the information they may deem appropriate relating to such action;
- (b) afford adequate opportunity for prompt consultations at the request of any interested contracting party with respect to any difficulty or matter that may arise. The CONTRACTING PARTIES shall, if requested to do so by such contracting party, consult with all contracting parties concerned with respect to the matter with a view to reaching solutions satisfactory to all such contracting parties.

5. The developed countries do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of developing countries, i.e., the developed countries do not expect the developing countries, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs. Developed contracting parties shall therefore

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\* Nothing in these provisions shall affect the rights of contracting parties under the General Agreement.

not seek, neither shall less-developed contracting parties be required to make, concessions that are inconsistent with the latter's development, financial and trade needs.

6. Having regard to the special economic difficulties and the particular development, financial and trade needs of the least developed countries, the developed countries shall exercise the utmost restraint in seeking any concessions or contributions for commitments made by them to reduce or remove tariffs and other barriers to the trade of such countries, and the least developed countries shall not be expected to make concessions or contributions that are inconsistent with the recognition of their particular situation and problems.

7. The concessions and contributions made and the obligations assumed by developed and less-developed contracting parties under the provisions of the General Agreement should promote the basic objectives of the Agreement, including those embodied in the Preamble and in Article XXXVI. Less-developed contracting parties expect that their capacity to make contributions or negotiated concessions or take other mutually agreed action under the provisions and procedures of the General Agreement would improve with the progressive development of their economies and improvement in their trade situation and they would accordingly expect to participate more fully in the framework of rights and obligations under the General Agreement.

8. Particular account shall be taken of the serious difficulty of the least developed countries in making concessions and contributions in view of their special economic situation and their development, financial and trade needs.

9. The contracting parties will collaborate in arrangements for review of the operation of these provisions, bearing in mind the need for individual and joint efforts by contracting parties to meet the development needs of developing countries and the objectives of the General Agreement.