

RESTRICTED

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on the Legal and Institutional  
Framework of GATT in Relation to  
Less-Developed Countries

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## MODEL CHAPTER ON TRADE AND DEVELOPMENT

(Spec(63)316/Rev. 1)

Amendments Proposed by Brazil<sup>1</sup>

The following additions and amendments to the Model Chapter on Trade and Development are presented without prejudice to any Brazilian initiatives and revindications in the United Nations Conference on Trade and Development and should not be interpreted as a limitation to the broad and comprehensive review of legal and institutional arrangements outlined in Spec(63)277, including the amplification of the objectives and extensive review of the principles and rules of the General Agreement.

### Part I

(a) Recognition that the attainment of the basic objectives of the General Agreement is particularly urgent for less-developed countries and that individual and concerted actions to further the development of the economies of less-developed countries should be at a rate compatible with the reduction of the gap in standards of living between the more advanced and the less-developed countries;

(b) recognition that international trade is a national right and, as a means to achieve economic and social advancement in general, should be guided by such rules and procedures as are consistent with the objectives above and should not be restricted by measures incompatible with them.

### Part II

(i) - (amending the text of (3)) - agreement that there is urgent need to provide increased access in the largest possible measure in the markets of developed countries to the primary products of less-developed countries;

(ii) - access may be conditioned by the need to minimize any adverse effects of liberalization on the economy of developing countries and to facilitate adjustments in the economy of developed importing countries;

(iii) - agreement that such access is to be granted to all less-developed countries, on a universal basis, without any discrimination leading to trade diversion;

<sup>1</sup>These proposals were distributed to the Committee in December in document INT(63)549.

(iv) - agreement that special provisions providing for sheltered or preferential access considered indispensable to the maintenance of export earnings of some less-developed countries may be retained on a temporary basis and be progressively reduced and substituted by full compensation through measures not affecting other less developed countries, particularly through financial assistance to economic development;

(v) - agreement that joint measures, including commodity agreements, should be adopted to ensure the progressive increase of exports of primary products at stable, equitable and economically remunerative prices, account being taken of the trends of prices of manufactures, particularly capital goods, necessary for economic development;

(vi) - agreement that the diversification of the economies of less-developed countries should include the progressive increase of the degree of their processing of primary products and the development of manufacturing industry.

Note:

The principles proposed by Brazil affecting the interpretation of the most favored nation clause and the granting of preferences to less-developed countries as a whole are contained in the statement made at the Working Party on Preferences, doc. Spec(63)270, page 3.

Part III

(i) - in establishing their agricultural policies for the maintenance of agricultural income, to avoid restrictive measures that limit imports of raw or processed products of particular interest to less-developed countries and inhibit their consumption;

(ii) - to adjust and moderate agricultural protective measures, in order to facilitate exports of agricultural products by less developed countries;

(iii) - to accord high priority to the reduction of barriers that differentiate unduly between products in their raw or processed form, with a view to encouraging the development of processing industries in less-developed countries;

(iv) - in framing their fiscal and trade policies, to take full account of the need to reduce the gap between prices paid to less-developed countries for raw and semi processed products of particular interest to their trade and the prices charged to consumers for the same products in fully processed form; to strive to maintain trade margins at equitable levels.

Part V

- (i) - (concerning section a) to agree that in the negotiation of international commodity arrangements, the commitments undertaken by exporters, particularly less-developed countries, to discipline and improve production, should have as a counterpart commitments by developed importing countries to stabilize prices at remunerative levels conducive to the expansion of export earnings of less-developed countries and to increase consumption;
- (ii) - to collaborate in the expansion of trade for the purpose of economic development, through international harmonization and adjustment of national policies and regulations, as well as technical and commercial standards affecting production, transportation and marketing;
- (iii) - to collaborate in evaluating the effects of economic integration of production, transportation and marketing, according to the different flows of trade, on the expansion of trade and economic development of developing countries, and consider the nature and extent of possible adjustments, for long term concerted action;
- (iv) - to collaborate in the field of export promotion through the establishment of facilities for the increased flow of trade information and the development of market research, with a view to the expansion of trade of less-developed countries;
- (v) - to collaborate in the reporting of the existence of measures affecting the trade of less-developed countries and the carrying out of adequate consultations in connection with the adoption or change of such measures.

Part VI

Contracting parties, with centrally planned economies, in the formulation and carrying out of their future development plans, should agree:

- (i) - to provide for a progressively increasing share of their imports of, and expansion of their markets to products originating in less-developed countries, and to give increased priority to their consumption;
- (ii) - that such increased imports should include commodities, in raw or processed form, manufactures and semi-manufactures, without exclusion from the plans of any categories of goods, with a view to an increase in the number and value of products, and of the share of those products passing through the processing or manufacturing process in less-developed countries;

(iii) - in the framework of such bilateral trading and payments systems as they may adopt, to take concerted action with a view to make it possible to balance trade with less-developed countries at increasing levels, minimizing individual deficits and maximizing the use of individual surpluses for purposes of economic development;

(iv) - to provide for their increased output of products, particularly capital goods, necessary for the economic development of less-developed countries;

(v) - to provide adequate opportunity for consultation on their production and trade policies with a view to the expansion of trade and the economic development of less-developed countries.

Note

The above amendments to the Model Chapter concern the limited aspect of trade between less-developed countries and industrialized countries with centrally planned economies and does not prejudice the urgent formulation of general rules of a more ample character, to discipline trade between countries with different social and economic systems.