

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

Text Proposed by India

Considering that the rapid development of the economies of those contracting parties which are in an early stage of development and can support only low standards of living is essential to the attainment of the basic objectives of the General Agreement.

The CONTRACTING PARTIES agree that individual and concerted action is necessary to further the development of the economies of these countries.

II

Accordingly, the CONTRACTING PARTIES agree:

- (1) that there is need to promote rapid and sustained expansion of the export earnings of the less-developed countries;
- (2) that positive efforts should be made to ensure that the less-developed countries secure a share in the growth of international trade commensurate with the needs of their economic development;
- (3) that having regard to the continuing dependence of many contracting parties on the export of a limited range of primary products, there is need to provide free and full access to markets for such products, to stimulate their consumption and to devise measures to ensure stable and remunerative prices for such exports;
- (4) that the rapid expansion of the economies of the less-developed countries will be facilitated by a diversification of the structure of their economies, thus avoiding an excessive dependence on the export of primary products;
- (5) that the CONTRACTING PARTIES should, therefore, create conditions to assure to less-developed countries increasing access, under specially favourable conditions, to external markets, for the export of their semi-manufactures and manufactured products;

- (6) that there is need for the less-developed countries to have the necessary flexibility in the application of the provisions of the Agreement so as to be free to use special measures to promote their trade and development and to meet special difficulties arising from a shortage of foreign exchange in relation to growing import needs associated with their economic development.

III

To give effect to the provisions of Part I and II, the CONTRACTING PARTIES agree that the developed countries shall:

- (a) take immediate steps for the reduction and elimination of barriers to imports of products of particular interest to less-developed countries;
- (b) refrain from imposing new tariff or non-tariff barriers to imports of products of particular interest to less-developed countries;
- (c) eliminate disparities in the tariff treatment of products of particular interest to the less-developed countries as between the raw materials and products processed therefrom;
- (d) accord preferential treatment to imports of products originating in less-developed countries;
- (e) give priority in trade and tariff negotiations to concessions of interest to less-developed countries without reciprocity in the form of tariff concessions;
- (f) adopt domestic measures designed to provide greater scope for the development of imports from less-developed countries and to this end promote appropriate international action; and
- (g) refrain from imposing new fiscal measures and take steps to eliminate rapidly the existing fiscal measures which hamper growth of consumption in their markets of products of particular interest to the less-developed countries.

It is proposed that the following explanatory notes should accompany the provisions outlined in Section III above.

Ad paragraph (e)

An explanatory note to (e) might note that as the less-developed countries accept a measure of discipline in their commercial policies through their participation in the General Agreement, reciprocity for tariff concessions would be assured by their increased capacity to import, generated by such concessions, rather than through reciprocal tariff concessions by them.

Ad paragraph (f)

The note to (f) might indicate that the developed countries should make use of the consultation procedure laid down in the GATT in respect of any problem arising on account of imports from less-developed countries.

IV

Article XVIII - Section A-C

V

In addition, the CONTRACTING PARTIES agree to collaborate jointly, within the framework of the General Agreement, and elsewhere to further the objectives outlined in Section I above. In particular they agree;

- (a) that appropriate international arrangements are made to improve conditions of access to markets of primary products and to ensure stable and remunerative prices for exports of such products;
- (b) that nothing in the General Agreement shall prevent the establishment of new tariff preferences on products of particular interest to the less-developed countries, provided such preferences are extended immediately and unconditionally to the trade of other less-developed countries;
- (c) that any special arrangement in furtherance of the aims of the provisions contained in Section III above shall automatically be deemed to be an exception to the obligations under the GATT.
- (d) that they collaborate in analysing the development plans and policies of individual less-developed countries and in examining trade and aid relationships with a view to devising concrete measures to promote the development of export potential and to facilitate access to export markets for the products of the industries thus developed. In this connexion they shall seek appropriate collaboration with governments and international organizations, and in particular with organizations having competence in relation to financial assistance for economic development in systematic studies of trade and aid relationships in individual less-developed countries aimed at obtaining a clear analysis of export potential market prospects and any further action that may be required;

- (e) that they keep under continuous review the development of world trade with special reference to the rate of growth of the trade of less-developed contracting parties and to make such recommendations to contracting parties as may, in the circumstances, be deemed appropriate.

- (f) that they 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.