

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/FR/W/1

21 February 1977

Special Distribution

Multilateral Trade Negotiations

Original: English

Group "Framework"

STATEMENT BY THE REPRESENTATIVE OF BRAZIL:

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ON 21 FEBRUARY 1977

Since the outset of these negotiations, Brazil has believed that one of its most important aspects, as provided for in the Tokyo Declaration, was the improvement of the international framework for the conduct of world trade. It thus seemed only natural to us that a concerted effort should be made to overhaul and bring up to date certain provisions of the GATT. This is of particular importance to developing countries, if it is to be expected that GATT provide in the future an effective legal framework for the conduct of their international trade.

From the point of view of developing countries, GATT has been essentially a passive forum, in which their special difficulties are discussed, sometimes even recognized, but seldom resolved. It is therefore necessary to give GATT a more active rôle in promoting the expansion of trade between developed and developing countries, and allowing the latter a greater participation in the trading system.

For this purpose, I wish to present proposals on some specific issues. They are all inspired by the same basic principles and objectives, just as the issues themselves are closely interrelated. The philosophy of change behind these proposals is driven by a very simple need: to provide additional benefits to the trade of developing countries so that they may be more effectively integrated into a dynamic framework of world trade; and in order to achieve this, to provide differential and more favourable treatment in favour of developing countries. This, as we see it, is one of the pillars on which the Tokyo Declaration stands. Thus, if we are to fulfil the objectives of these negotiations, we must build upon this as a major part of the structure of international trade for years to come.

At this stage of our work, I do not intend to submit specific amendments to GATT provisions. I will only outline how we conceive changes, which taken together, as well as with work on GATT provisions under other negotiating Groups of the MTN, would add up to an important package for GATT reform, representing a major breakthrough for improvement of the trade relations between developed and developing countries.

Allow me, therefore, to present the basic ideas of the Brazilian Government on some issues which are of direct interest to developing countries. These concepts are outlined in papers which I have requested the GATT secretariat to circulate for consideration by this Group. The issues I will refer to come within the tasks outlined by the Chairman of the TMC as a basis for the work of this Group. May I repeat that, as the issues themselves, our proposals are closely inter-related, and should be seen as a whole, and not as separate unrelated parts.

The legal framework for differential and more favourable treatment and the MFN clause

Let me come first to the MFN clause. And let me state immediately that it is not our intention to propose to scrap the MFN clause, or to distort it beyond all recognition. However, if developing countries are to gain additional benefits in trade, particularly through the diversification of their non-traditional exports, they must be offered a competitive edge in markets. An important, if not an essential, means of achieving this is to establish certain exceptions to the MFN clause. The adoption of the GSP by developed countries is an implicit recognition of this latter point.

It is now time to make this recognition explicit. Consequently, Brazil proposes that GATT should provide a standing legal basis for GSP, and together with this, a greater degree of security which will make the non-discriminatory, non-reciprocal generalized system of preferences more effective as an instrument to encourage the expansion of production facilities in developing countries and diversification of their exports.

Furthermore, we propose to take another step in this direction. That is, to provide a legal basis for the negotiation of preferential bindings in GATT between developed and developing countries. Such concessions would be included in an appropriate Annex to the schedules of concessions of contracting parties, and would benefit all developing countries in a non-discriminatory fashion. Again, as in the case of GSP, this is not a radical departure from the MFN clause. Since these bindings would be the object of negotiation, they would necessarily be few. No country would be obliged to engage in such a negotiation, or to make specific concessions, no more than it is today, on an MFN basis. On the other hand, the existence of a legal basis for such concessions would by itself encourage developing countries to participate more fully in GATT negotiations, in the light of additional benefits that might accrue to them.

Another issue to which we must address ourselves is the establishment of a broad legal basis for differential and more favourable treatment. This should be done by the introduction in the GATT of a general clause, that is, an enabling clause, not a mandatory clause, to render differentiation legally feasible in all aspects of trade relations. It should reflect the basic objective of securing additional benefits for developing countries in their trade, and it would serve as a sort of "grandfather clause" for specific measures adopted within the overall framework of the General Agreement. This would create the necessary conditions for the regular application of this principle in international trade. After all, Ministers in Tokyo did not intend the principle of differential treatment to be merely transitory and ephemeral.

Safeguard action for balance-of-payments purposes

It is obvious that the balance-of-payments difficulties faced by developing countries are not only of a conjunctural nature, but mostly of a structural nature. Current GATT norms do not reflect this fact; neither do current procedures under these norms help to provide any sort of international co-operation and assistance to relieve developing countries from some of these difficulties. Furthermore, GATT is powerless to prevent, or at least discourage, a developed country from taking certain balance-of-payments measures that might gravely affect the economic situation of a developing country. These are the basic problems we are confronted with in this matter.

In the case of balance-of-payments action taken by a developing country, GATT provisions should recognize the structural factors involved, as well as the impact of external factors on the fragile economy of the developing country. Subsequent procedures for consultation and examination of safeguard action should duly take this into account, and should be directed not merely to ascertaining if the measures taken are consistent with GATT, but also, and more importantly, to seeking means of helping the developing country to overcome its difficulties. This would give greater meaning to balance-of-payments consultations, making them less like a trial and more like a serious attempt of the international trading community to render assistance to the developing countries.

In the case of balance-of-payments action taken by developed countries, developing countries should be exempted from such measures. Carefully defined exceptions to this rule could be worked out, to take account of unusual or grave circumstances.

On this basis, consultation procedures with the developed country taking such action should carefully examine the possible impact of measures on developing country economies, and be in a position to make adequate recommendations for action by the CONTRACTING PARTIES. Consequential surveillance procedures should also be defined.

Safeguard action for economic development purposes

This issue tends to overlap with the previous one, but for the sake of clarity it is best kept apart. Here we would like to deal with action under Article XVIII of GATT, with the exception of its Section B, which deals precisely with balance-of-payments questions.

Aside from Section B, very little use has been made of Article XVIII in the history of GATT. The reasons for this seem to be various, and a thorough enquiry would be time-consuming. It does seem to us, however, that Article XVIII is, to a large extent, out-moded. It deals basically with import substitution, which is only one facet of the development process of a poorer economy, and consequently provides a very narrow legal basis for action under its heading.

The first step would therefore be to provide a wider, more flexible legal basis for action under this Article, including factors relating to structural economic adjustment, adjustments to changing patterns of trade, and others.

A second step would be to grant greater flexibility to developing countries in the kind of safeguard action they must take, and to define more equitable criteria, and circumstances, under which an affected developed contracting party might choose to take retaliatory action, after exhausting proper consultation procedures.

Greater flexibility should be allowed to developing countries, under Section A of Article XVIII, for example, to recompose periodically their schedules of concessions, in the light of structural changes in their economies and of other aspects of their development process. Allowance should be made for the phased compensation of modifications or withdrawals.

Under Section C, for example, a developing country should be enabled to take safeguard action in relation to its exports, and not just imports.

With respect to retaliatory action by developed countries, certain criteria should be introduced to ensure that, if and when such action is taken, it does not reach beyond a certain limited scope and seriously damage the very economy of a developing country. This is a necessary counterweight to the imbalance of economic power between developed and developing trade partners, and I shall revert to this point under the items to follow.

Changes of the kind I have sketched out above would give Article XVIII greater meaning. It is worth stressing that, by giving developing countries greater flexibility in taking safeguard action to defend legitimate economic development needs, it would give GATT itself greater meaning for developing countries.

Consultation, dispute settlement and surveillance procedures

The central issue of our concern here is again to seek means to counter-balance the inequality of economic weight between developed and developing contracting parties in the exercise of their rights and obligations. Developing countries are usually powerless to retaliate against measures taken unfairly against their interest. As a single entity, they are also usually powerless to obtain just redress through a bilateral consultation or at a negotiating table in GATT. This is a simple fact of international economic life.

It is therefore essential to improve current procedures for consultation, dispute settlement and surveillance, to enable developing countries to defend effectively their legitimate rights under the GATT.

To this end, current procedures should be modified along the following general lines: (a) greater initiative to the Director-General of GATT to render assistance to developing countries in situations affecting the interests of a developing country; (b) prior notifications of decisions which affect the interest of a developing country; (c) improved consultation and dispute settlement procedures in addition to those adopted under the Decision of 5 April 1966 on procedures under Article XXIII; and (d) tighter surveillance procedures in favour of developing countries, as well as additional criteria for the assessment of damage incurred by a developing country as a result of action taken by a developed country.

Reciprocity

Article XXXVI:8 of the GATT does not adequately reflect what we consider to be the right of a developing country to negotiate on a non-reciprocal basis. It rather deals with the expectations of developed countries in that respect. This is a crucial provision of GATT for developing countries, and calls for improvement.

Even before the MTN started, Brazil had stated that the principle of non-reciprocal negotiations between developed and developing countries should be linked to the concepts of differentiation and additionality of benefits. That is to say, a developing country will judge the contribution it should make in a given trade negotiation on the basis of the differentiation of treatment offered in its favour, and of the additionality of benefits accruing to it therefrom.

Consequently, we believe that Article XXXVI:8 should stipulate that developed countries shall not seek, neither shall developing countries be required to make, equivalent concessions in trade negotiations. This, however, is not enough. Additional provisions should be introduced, containing norms and criteria guiding the implementation of this principle. While speaking on safeguard action for economic development purposes, I touched on some relevant aspects of this when referring, for example, to the periodical recomposition of schedules of concessions of developing countries. Such additional provisions should be both of a general nature, setting guidelines for any trade negotiation between developed and developing countries, and of a specific nature, covering the peculiarities of negotiations for modification and withdrawal of concessions.

I will not attempt to list here the provisions we have in mind, but I may highlight some points.

With regard to general provisions, it seems important to us that the classic concept of trade coverage for the evaluation of concessions be reviewed. Concessions to and from a developing country should be evaluated as a direct function of the relative impact of such a concession on the national economy, and particularly on the external trade of the countries concerned. This is necessary to take into account the relationship of sheer economic power and potential of two unequal trading partners. A given concession may be relatively insignificant to the overall economy of one trading partner, and highly significant to that of another. Trade coverage alone will not reveal this. We are aware that in the past efforts have been made to move away from trade coverage criteria without success, and trading partners were left to work out their agreements under the so-called spirit of GATT pragmatism. It so happens that pragmatism in GATT can apply more favourably to some than to others. This is the opportunity to change that.

Another important point is to allow for the deferral in time, and staging of implementation, of new concessions by developing countries. If a developing country can defer the implementation of a given concession, it will afford that country better conditions to make a concession. Ultimately, there will be a fuller and broader exchange of concessions than under a strict rule of simultaneous implementation.

As for the special case of withdrawal and modification of concessions, I have already referred to phased compensation of a concession by a developing country. It also seems important that both developed and developing countries should periodically review their lists of mutual concessions, in order to preserve the balance of concessions in the light of changing trade patterns. Developing countries are much more vulnerable to changes in world trade patterns; not only that, but their own trade patterns, to the extent that they succeed in expanding and diversifying their exports, will change rapidly, both on the import and export side.

A periodical review of concessions would make it easier to make adjustments, and avoid, in many cases, the withdrawal of concessions. This review should not be confused with the "Open season" of GATT. The latter refers to unilateral modifications in schedules of concessions. The former refers to a joint exercise, in an effort to maintain an agreed balance of concessions.

May I stress that when I used the expression "balance of concessions" here, I am taking into account the net additional benefits that should be favouring the developing country partner in the composition of such a "balance of concessions".

At Tokyo, all participants agreed that they were launching a very ambitious undertaking. The concepts I have outlined above are undoubtedly ambitious. They are also realistic, and I think they represent a minimum that developing countries could expect to obtain. The issues I have dealt with are complex, and we will be happy to explain our ideas in much greater detail to interested delegations. The concept papers we are circulating will serve, we hope, as a basis for further, in-depth examination.

May I add a final thought - to the ideas I have expressed. We have heard developed countries repeatedly stress the need for a more active, and fuller participation of developing countries in GATT. This will be possible to achieve, to the extent that GATT rules and provisions take fully into account the special needs of developing countries. Therefore, what we have in view is to enhance the role of GATT in international trade.

Annex I

THE LEGAL FRAMEWORK FOR DIFFERENTIAL AND MORE FAVOURABLE
TREATMENT FOR DEVELOPING COUNTRIES IN RELATION TO GATT
PROVISIONS, IN PARTICULAR THE MFN CLAUSE

I. THE MOST-FAVOURLED NATION CLAUSE

1. Although the MFN clause will remain the basic principle for trade relations under GATT, it is necessary to provide for certain exceptions to the MFN clause for the conduct of trade between developed and developing countries. Such exceptions should cover, inter alia, two points:

- the Generalized System of Preferences; and
- preferential bindings.

The Generalized System of Preferences

2. The GATT should provide a standing legal basis for the GSP. Such a new clause should contain essentially the following elements:

- (a) definition of the non-reciprocal and non-discriminatory character of the GSP;
- (b) maintenance of the GSP as a continuing element in the international trading system;
- (c) security for the GSP, including consultation procedures and adjustments aimed at providing equivalent benefits in cases of modifications or withdrawals.

3. It is also necessary to provide for continuing improvements in the GSP.

Preferential bindings

4. Aside from the GSP proper, the GATT should provide a standing legal basis to enable developing countries to negotiate preferential concessions with developed countries. The main elements here should include:

- (a) a legal basis for the negotiation of a preferential concession from a developed country, including binding of a preferential tariff rate or margin;

- (b) establishment of a Part III in the schedules of concessions for such concessions;
- (c) application of such concessions on a non-discriminatory basis to all developing countries;
- (d) legal status equivalent to MFN bindings.

II. DIFFERENTIAL AND MORE FAVOURABLE TREATMENT FOR DEVELOPING COUNTRIES

5. It is equally important to provide a more general legal basis for differential and more favourable treatment to be adopted in trade between developed and developing countries, aside from the specific exceptions to the MFN clause indicated above.
6. A general clause should therefore be inserted in the GATT which would provide a standing legal basis for the adoption of differential and more favourable treatment in all aspects of trade between developed and developing countries, with a view to securing additional benefits for developing countries in such trade. Such a clause should cover:
- (a) the conduct of trade relations under GATT provisions and codes of conduct;
 - (b) barriers affecting access to markets for exports of developing countries;
 - (c) procedures for trade negotiations between developed and developing countries.

Annex II

SAFEGUARD ACTION FOR BALANCE-OF-PAYMENTS PURPOSES: ISSUES
DIRECTLY CONCERNING DEVELOPING COUNTRIES

I. SAFEGUARD ACTION FOR BALANCE-OF-PAYMENTS PURPOSES TAKEN BY DEVELOPING COUNTRIES

1. Articles XII and XVIII of GATT do not adequately reflect the special characteristics of balance-of-payments difficulties faced by developing countries. A review of these articles and related provisions is therefore necessary, in order to introduce both substantive and procedural modifications. The basic elements for such modifications are outlined below.

I.1 Modifications of substance

2. The GATT should explicitly recognize that developing countries suffer a structural imbalance in their balance of payments, as a result of the growth process of their economies, and the constant need to increase imports of goods, services and capital resources.

3. GATT provisions, while maintaining the general principle that trade measures for balance-of-payments purposes are undesirable, should reflect this situation by indicating that, in the case of developing countries, such measures are likely to be necessary. Such measures may even be necessary as preventive action against further deterioration of, or to help redress, significant bilateral trade deficits with a developed country, in order to avoid serious aggravation of the overall balance-of-payments situation. The GATT should furthermore recognize that the balance-of-payments situation of a developing country can often be jeopardized by external factors, relating to restrictive actions by other nations that affect essential exports of the developing country.

4. As a consequence of these amendments of principle, additional provisions should be introduced allowing:

(a) examination of actions taken by developing countries, with the basic objective of seeking means of redressing the balance-of-payments situation, through, inter alia, international co-operation;

(b) greater flexibility in the choice of safeguard measures by developing countries;

(c) exceptions to the basic rule of non-discrimination under circumstances in which contracting parties consider such exceptions instrumental in helping a developing country overcome its difficulties.

I.2 Modifications of procedure

5. As consequential procedural modifications, provisions should be introduced allowing for:

(a) adoption of present simplified procedures for BOP consultations with developing countries as a rule, not as an exception, unless otherwise requested by the consulting country;

(b) preparation by the GATT secretariat of objective trade-policy-oriented studies, including (i) an evaluation of trade restrictive measures taken by other countries that might have adversely influenced the balance-of-payments situation of the developing country, and (ii) possible external corrective measures to improve the balance-of-payments situation of the developing country;

(c) in-depth analysis by the CONTRACTING PARTIES of the overall trade situation of the developing country and of measures imposed by other countries that might have precipitated the specific action in question;

(d) special consideration by the CONTRACTING PARTIES of the development, financial and trade needs of the developing countries when formulating their conclusions on the consultation;

(e) recommendation by the CONTRACTING PARTIES to other countries or groups of countries, with a view to individual or collective action to help redress the balance-of-payments situation of the developing country;

(f) surveillance by the CONTRACTING PARTIES, to follow up action taken under its recommendations.

6. If action pursuant to recommendations under (e) above is not taken, the matter will be urgently examined by the CONTRACTING PARTIES, which may determine that adequate adjustments be made in favour of the affected contracting party, or take any other joint action to remedy the situation.

7. It is understood that items (a) to (d) above would come under the purview of the Balance-of-Payments Committee.

II. SAFEGUARD ACTION FOR BALANCE-OF-PAYMENTS PURPOSES TAKEN BY DEVELOPED COUNTRIES

8. The impact of safeguard action for balance-of-payments purposes taken by a developed country on the trade interests of a developing country is normally very large, given the less diversified nature of the latter's exports and its dependence on a few major markets.

9. Consequently, a clause should be inserted in the GATT to exempt developing countries from safeguard measures taken by a developed country. Exceptions to this rule would only be justified when:

(a) products imported exclusively from developing countries and subject to the safeguard action are found to be a direct or major cause of the balance-of-payments difficulties;

(b) restraints on imports of certain products from developed countries are found to be insufficient to contain the major inflow of such imports, provided imports of such products are a direct or major cause of the balance-of-payments difficulties;

(c) the safeguard action is not likely to cause a direct and substantial damage to the economy of the exporting developing country.

10. Action taken under this exception clause shall be promptly notified to the CONTRACTING PARTIES by the contracting party taking such action, or may be notified by any other interested contracting party. If, after an in-depth examination, such action is not found to be justifiable, the CONTRACTING PARTIES shall recommend immediate withdrawal of the measure. If the measure is not withdrawn, the CONTRACTING PARTIES may determine that adequate compensation be offered to the affected contracting parties, or take any other joint action to remedy the situation.

Annex III

SAFEGUARD ACTION FOR ECONOMIC DEVELOPMENT PURPOSES

1. Provisions of GATT Article XVIII allowing for safeguard action by developing countries for economic development purposes should be updated and revised to take account of the following elements.

I. RECOURSE TO ARTICLE XVIII ACTION

2. The existing basis for Article XVIII action is the need to promote the establishment of particular industries. This basis has become too narrow and should be extended to cover all relevant circumstances arising from the implementation of programmes and policies of economic development.

3. Therefore, the basis for Article XVIII action for economic development purposes should cover the need for:

- (a) economic structural adjustment;
- (b) industrial and agricultural development;
- (c) adjustment to changing trade patterns;
- (d) promotion and diversification of exports.

4. GATT should recognize that, although measures taken under Article XVIII should in principle remain temporary, developing countries are frequently led to adopt more lasting measures to remedy their structural economic imbalances.

II. ARTICLE XVIII PROVISIONS

5. If agreement is not reached under the consultation procedures of Article XVIII, a developed country may modify or withdraw a concession to a developing country with the prior authorization of the CONTRACTING PARTIES. In arriving at such a decision, the CONTRACTING PARTIES shall take into account the following:

- (a) the measure adopted by the developing country is serious enough, in the light of the national economic interests of the developed country, to justify such action;

(b) the modification or withdrawal of a concession by the developed country does not impair the implementation of the programmes and policies of economic development of the developing country;

(c) the developed country requesting authorization to modify or withdraw a concession is the principal supplier of the product affected by the measure taken by the developing country.

Section A

6. The following provisions should be introduced allowing for:

(a) periodical recomposition of the schedules of concessions of developing countries, as necessary, to take into account economic development needs;

(b) phased compensation of a concession by developing countries, through the granting of a three-year grace period to recompose their schedules of concessions, as well as by staging of implementation;

(c) other modifications, as appropriate, in the light of proposals in the Brazilian document on reciprocity.

Section B

7. See Brazilian document on safeguard action for balance-of-payments purposes.

Section C

8. The following modifications should be introduced:

(a) allowance for measures by developing countries affecting their exports;

(b) abolition of the time-limits as well as any other prior requirements, for the introduction of measures under this section;

(c) allowance for prior or ex-post facto notification.

Annex IV

CONSULTATION, DISPUTE SETTLEMENT AND SURVEILLANCE PROCEDURES
UNDER ARTICLES XXII AND XXIII OF THE GATT: QUESTIONS OF
DIRECT INTEREST TO DEVELOPING COUNTRIES

1. Articles XXII and XXIII should be reviewed. The elements of the Decision of 5 April 1966 on procedures under Article XXIII, together with the following additional elements, should be incorporated in GATT provisions relating to complaints by developing countries against developed countries.

I. NOTIFICATION AND CONSULTATION

2. Provisions allowing for:

(a) except in critical circumstances to be defined, prior notification to the CONTRACTING PARTIES of all government decisions which might adversely affect the trade interests of developing countries;

(b) prompt consultation upon any complaint presented by a developing country;

(c) notification of results of consultations to the Director-General of GATT for information to other contracting parties;

(d) good offices of the Director-General, the Chairman of the CONTRACTING PARTIES (or the Chairman of the Council), at the request of the interested developing country.

II. DISPUTE SETTLEMENT

3. In the absence of a mutually satisfactory solution under procedures laid out in paragraph 2 above, provisions allowing for:

(a) prompt appointment of panels of experts by the CONTRACTING PARTIES (or the Council), upon receipt of report on the good offices, or upon request by the developing country;

(b) prompt recommendation or ruling by the CONTRACTING PARTIES (or the Council), upon receipt of the report from the panel, in a specially convened session if necessary;

(c) recommendation or ruling by the CONTRACTING PARTIES (or the Council), in the case of a finding favourable to the complainant, covering (i) withdrawal of the measure that led to the complaint; or (ii) authorization to the developing country to withdraw concessions or suspend its obligations under the GATT, in regard to the contracting party causing the damage; or (iii) adequate compensation to the affected developing country.

III. SURVEILLANCE

4. Provisions allowing for:

(a) continued surveillance of the situation at the request of the developing country;

(b) in the case of non-compliance of the recommendation or ruling of the CONTRACTING PARTIES (or the Council), as provided for under paragraphs 8 and 9 of the Decision of 5 April 1966, determination of measures by the CONTRACTING PARTIES (or the Council), covering (i) withdrawal of concessions or suspensions of obligations as in paragraph 3(c)(ii) above; or (ii) other joint action by the CONTRACTING PARTIES, such as suspension of rights under the GATT of the developed country causing the damage.

5. In determining the extent of the concessions to be withdrawn by the developing country or of the latter's obligations under the GATT that might be suspended in regard to the developed contracting party causing the damage, the CONTRACTING PARTIES (or the Council) shall evaluate the damage not only in terms of trade coverage but also in terms of its impact on the trade flows of the developing country.

IV. TECHNICAL ASSISTANCE

6. In pertinent matters mentioned above, the Director-General of GATT should be enabled to provide, including under his own initiative, technical assistance to developing countries.

Annex V

RECIPROCITY

1. The principle of reciprocity is not applicable to trade negotiations between developed and developing countries. Provisions of Article XXXVI:8 and its interpretative note should be modified for purposes of future trade negotiations between developed and developing countries.

I. ARTICLE XXXVI:8

2. Article XXXVI:8 states that developed contracting parties do not expect reciprocity from developing contracting parties for commitments made in trade negotiations. This provision should stipulate that developed contracting parties shall not seek, neither shall developing contracting parties be required to make, equivalent concessions in trade negotiations.

3. In connexion with the implementation of the principle stated above, additional provisions should be introduced, containing the following elements.

II. GENERAL PROVISIONS

4. The following provisions should apply to any trade negotiations involving developed and developing countries:

(a) contribution by developing countries directly linked to the additionality of benefits accruing to them from the negotiations;

(b) evaluation of a concession as a direct function of the relative impact of such a concession on the national economy and particularly on the external trade of the countries concerned, rather than only as trade coverage;

(c) negotiations with a group of developing countries taken as a single negotiating entity;

(d) granting of a single concession by a developing country to several developed countries in exchange for several different concessions;

(e) concessions by developing countries with deferral and staging of implementation.

III. PROVISIONS FOR WITHDRAWAL OR MODIFICATIONS OF CONCESSIONS

5. Greater flexibility in existing GATT provisions for withdrawal or modification of concessions, as well as new provisions, are required, and should contain the following elements:

- (a) compensation for withdrawal or modification of a concession by a developing country only to the contracting party with which the concession was initially negotiated; or, if the concession was negotiated with more than one contracting party, only to that contracting party which is also the principal supplier; or, if the initial negotiator cannot be determined, only to the principal supplier;
- (b) phased compensation of a concession by developing countries, through the granting of a three-year grace period to recompose their schedules of concessions, as well as by staging of implementation;
- (c) extension to a developing country or group of developing countries with substantial supplier interests of initial negotiating rights for withdrawal or modification of a concession by developed countries;
- (d) recognition of the relative importance of a product for the trade of a developing country in the definition of its substantial supplier interests;
- (e) periodical adjustment of concessions granted by developed to developing countries, and of concessions granted by developing to developed countries, in order to compensate the developing countries for emerging imbalances in the value of reciprocal concessions as a result of new patterns of trade.