

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

MTN/INF/21
24 May 1978

Special Distribution

Multilateral Trade Negotiations

NOTE BY THE SECRETARIAT

It is the understanding of the secretariat that the attached text reflects the present state of thinking of certain delegations on proposed additions to Part IV.

It is circulated in order to facilitate further discussions and negotiations.

PROPOSED ADDITIONS TO PART IV

- XXXVI (g) - recognizing that a fuller participation by the less-developed countries in an improved framework of rights and obligations under the General Agreement would be to the advantage of both developed and less-developed contracting parties;
- XXXVI 8 bis - As their economic, financial and trade situation improves, less-developed contracting parties will assume progressively greater obligations under the General Agreement in the field of tariff and non-tariff measures. The CONTRACTING PARTIES will periodically review the operation of this provision in the light of the developing countries' overall trade and development situation.
- XXXVI bis - 1. The present agreement shall not prevent, subject to the following provisions, the establishment of measures or procedures designed to provide differential and more favourable treatment to developing countries with respect to the provisions of the General Agreement concerning tariff¹ and non-tariff measures, provided that in each case such treatment is in order to respond to the particular circumstances and the development needs of developing countries and to the extent that individual development needs continue to justify such treatment.
- 1 bis. Differential and more favourable treatment with respect to the provisions of the General Agreement concerning non-tariff measures shall be governed by the provisions of arrangements multi-laterally negotiated under the auspices of the General Agreement.

¹This provision shall not permit binding in the GATT of preferential tariff rates and margins.

XXXVI bis - 2. The CONTRACTING PARTIES recognize that such differential
(cont'd) treatment:

- (a) shall not prevent reduction of customs duties and elimination of other restrictions to trade on the basis of the most-favoured nation clause;
- (b) shall be designed to facilitate the trade of beneficiary countries and not to set up obstacles to the trade of other contracting parties.

3. Without prejudice to other relevant provisions of the General Agreement, any contracting party wishing to take action pursuant to paragraph 1 above or wishing to modify such action and any contracting party benefiting from such action shall promptly inform the CONTRACTING PARTIES and provide them with all information required so as to permit them, if necessary, to make any recommendations that they may judge appropriate with respect to the provisions of the General Agreement.

4. Each contracting party granting differential and more favourable treatment or benefiting from it shall afford adequate opportunity for consultations at the request of any other contracting party which considers that any benefit accruing to it under the General Agreement may be or is being impaired unduly as a result of the arrangements introduced by virtue of this clause.

5. Any contracting party which considers that the arrangements introduced by virtue of this clause or their later extension are being applied inconsistently with this clause or that any benefit accruing to it under the General Agreement may be or is being impaired unduly as a result of the arrangements or their subsequent extension and that consultations have proved unsatisfactory, may bring the matter before the CONTRACTING PARTIES which will examine it promptly and will formulate any recommendations that they judge appropriate.