

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

MTN/INF/32  
12 July 1978

Special Distribution

---

Multilateral Trade Negotiations

Original: English

## PROPOSAL ON DEVELOPING COUNTRIES IN THE TRADING SYSTEM

(The following proposal deals with items 1 and 4 of the work programme of Group "Framework".

It is presented by a number of delegations for the purpose of further discussions. It is put forward without prejudice to its legal status on which will depend the specific wording and the final order of the various paragraphs; it remains to be determined whether it should constitute amendment(s) to Part IV of the General Agreement or be given some other appropriate legal form.)

---

### Enabling clause

1. Notwithstanding the provisions of Article I of the General Agreement, contracting parties may accord differential and more favourable treatment to less-developed contracting parties, without according such treatment to other contracting parties, provided that such treatment be designed to respond to the development needs of the less-developed contracting parties concerned while avoiding discrimination between less-developed contracting parties with comparable financial, trade and development needs.

2. The provisions of paragraph 1 shall apply only to the following:

- (a) Preferential tariff treatment accorded by developed contracting parties to products of less-developed countries in accordance with the Generalized System of Preferences<sup>1</sup>;
- (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 General Agreement;
- (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 to be prescribed by the CONTRACTING PARTIES, for the mutual reduction or elimination of non-tariff measures, on products imported from one another;
- (d) Special treatment of the least developed among the developing countries in the context of any general or specific measures in favour of less-developed contracting parties.

---

<sup>1</sup> Decision of the CONTRACTING PARTIES of 25 June 1971 (BISD, Eighteenth Supplement)

3. (a) Any differential and more favourable treatment provided under this clause shall be designed to facilitate the conduct of the trade of less-developed countries and not to raise barriers to the trade of contracting parties which do not benefit from such treatment;
- (b) Such differential and more favourable treatment shall not constitute an impediment to the reduction or elimination of tariffs and other restrictions to trade on a most-favoured-nation basis.
4. Differential and more favourable treatment applied in accordance with paragraphs 1 and 2 may be accorded only for such time as is justified by the economic, financial and trade situation of the individual less-developed contracting party.
5. Any contracting party wishing to establish or extend arrangements pursuant to paragraphs 1 and 2 shall notify the CONTRACTING PARTIES and furnish them with all the necessary information so as to permit them to examine the proposed action and its conformity with the provisions of this clause and make such recommendations as they may deem appropriate.
6. Any contracting party which considers that any benefit accruing to it under the General Agreement may be or is being impaired as a result of actions taken under paragraphs 1, 2 and 3 shall have adequate opportunity for consultations with other contracting parties. In cases where such consultations prove unsatisfactory the affected party may bring the matter before the CONTRACTING PARTIES, which will examine<sup>1</sup> the matter promptly and make any recommendations that they deem appropriate.

"Reciprocity"

7. The developed countries do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariff 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.
8. The capacity of developing countries to assume progressively greater obligations under the General Agreement and to participate in commitments in the course of trade negotiations or otherwise, will improve with the progressive development of their economies and should thus be appropriately reflected in the concessions or contributions made by these countries with respect to tariff and non-tariff measures.

\* \* \*

9. The above provisions shall be reviewed by the CONTRACTING PARTIES, which may take implementing decisions to facilitate their application, as necessary.

---

<sup>1</sup>Complaints arising from 2(b) in the context of a particular code will be reviewed subject to the provisions of that code.