In the attached tabular sheets the texts of comparable provisions of five proposals for a chapter on trade and development are presented. While retaining the original numbering as submitted, the provisions of each are arranged according to the headings set out below.

Two of the country submissions also contained detailed draft provisions for preferences (one for regional preferences among less-developed countries, the other both for such preferences and for preferences to be accorded to less-developed countries by developed countries) which are referred to in the tabular material but reproduced only at the end of the paper. One submission also contained a chapter on trade with centrally-planned economies which had no counterpart in other papers and another had provisions on customs unions in general, on accession and on definition of less-developed countries, which were unlike material in any other submission. These provisions are not referred to in the tabular comparison but are likewise reproduced at the end.

These proposals have been circulated separately as follows:

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For the convenience of the Committee the submissions which present complete texts of the proposed new chapter are shown in the first three columns.
The text has been presented in the following order:

I. Objectives

II. Principles

1. Growth of less-developed countries trade and less-developed countries shares in trade
2. Primary products
3. Diversification
4. Access
5. Special measures for less-developed countries
6. Other
7. Implementation

III. Commitments

1. Reduction of import barriers - no new barriers
2. Fiscal barriers
3. Other measures to promote less-developed countries trade
4. Avoidance of measures inimical to less-developed countries trade
5. Non-reciprocity
6. Preferences
7. Use of State-trading enterprises

IV. (Present Article XVIII)

V. Joint action

1. Commodity trade
2. Preferences (in favour of developing countries)
3. Regional preferential arrangements among developing countries
4. Development and financial assistance
5. General trade promotion and development.
I. Objectives

Recalling that the basic objectives of the General Agreement are the raising of standards of living and the progressive development of the economies of all contracting parties, and considering that the attainment of these objectives is particularly urgent for the less-developed contracting parties, which are in an early stage of development and whose economies can support only low standards of living, the contracting parties recognize that individual and concerted action by contracting parties to further the development of the economies of these countries is essential, development which should proceed at a rate consistent with a rapid reduction in the differences between standards of living in the industrialized countries and those in the developing countries.

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

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.

II. Principles

Accordingly, the contracting parties agree:

I. Growth of Less-Developed Countries' Trade and Less-Developed Countries' Shares in Trade

(a) that there is need for a rapid and sustained expansion of the export earnings of the less-developed countries;
(b) that every effort should be made to ensure that the less-developed countries share equally in the growth of international trade;
(c) that, given 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;
(d) that having regard to the continued dependence of many contracting parties on the export of a limited range of primary products, there is need to provide more favourable access to markets for such products and to reduce to the fullest possible extent the differences between the prices paid to the under-developed countries for their primary products and semi-manufactures and the prices paid by the consumer in the same products after complete processing.

Accordingly, the CONTRACTING PARTIES agree:

1. Recalling that the basic objectives of the General Agreement include the raising of standards of living and the progressive development of the economies of all contracting parties, and considering that the attainment of these objectives is particularly urgent for those contracting parties which are in the early stages of development and whose economies can only support low standards of living (hereinafter in this chapter sometimes referred to as "less-developed contracting parties"), the contracting parties recognize that they are particularly urgent for those contracting parties which are in an early stage of development and whose economies can only support low standards of living (hereinafter in this chapter sometimes referred to as "less-developed contracting parties").

2. More specifically the contracting parties further recognize that:

(a) There is need for a rapid and sustained expansion of the export earnings of the less-developed contracting parties.

(b) Every effort should be made to enable less-developed contracting parties to share equally in the growth of international trade.

and see note below)

3. Primary Products

(a) that there is need for a rapid and sustained expansion of the export earnings of the less-developed countries;

(b) 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;

(c) given the continued dependence of many contracting parties on the exportation of a limited range of primary products, there is need to provide more favourable access to markets for such products and to devise measures designed to stabilize and improve conditions of world trade, including conditions governing world prices and the expansion of world demand.

Accordingly the contracting parties agree:

Include in the chapter the following additional principles:

1. 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;

2. 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;

(See above)
3. Diversification

(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, therefore, help to create such a situation as to assure less-developed countries access to external markets for semi-processed and processed products under favourable conditions;

4. Access

(6) that there is need for 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 development and to meet special difficulties arising from a shortage of foreign exchange in relation to growing import needs associated with their progressive economic development.

5. Special Measures for Less-Developed Countries

(6) that there is need for 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.

6. Other

(4) The rapid expansion of the economies of the less-developed contracting parties will be facilitated by a diversification of the structure of their economies.
7. Implementation

"(7) that the adoption of measures to give effect to the foregoing principles shall be a matter of conscious and purposeful effort on their part both individually and jointly."  
(See I - Objectives, above)

(g) The adoption of measures to give effect to the foregoing principles shall be a matter of conscious and purposeful effort on the part of the contracting parties both individually and jointly.

Ad Article XVIII

In giving effect to the objectives set forth in Article XVIII, the contracting parties shall endeavour to further the development of the economies of less-developed contracting parties at a rate compatible with a reduction of the gap in standards of living between those contracting parties and other contracting parties.

Paragraph 1

Acceptance of this amended Article XVIII constitutes acceptance of the objectives set forth in amended Article I, set forth in Section A of paragraph 1 of the Protocol of 10 March 1955 Amending Part I and Articles XXIX and XXX of the General Agreement on Tariffs and Trade, even though the amendment provided for in such Section A shall not yet have become effective.

Noting that the adoption of measures to give effect to the foregoing principles shall be a matter of conscious and purposeful effort on the part of contracting parties, both individually and jointly,
### III. Commitments

To give effect to the foregoing principles the contracting parties might undertake commitments on the following lines to enter into agreements comprising the following obligations:

1. **Reduction of Import Barriers - No New Barriers**
   - (a) to accord high priority to the reduction and elimination of barriers to exports of particular interest to less-developed countries;
   - (b) to refrain from imposing new import barriers on export products of particular interest to less-developed countries;
   - (c) to examine sympathetically the adoption of domestic measures designed to provide greater scope for the development of imports from less-developed countries;
   - (d) to accord priority, to the extent possible when reducing or eliminating barriers to imports of products of particular interest to less-developed countries;
   - (e) to refrain from imposing new or non-tariff barriers to imports of products of particular interest to less-developed countries;
   - (f) to 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;
   - (g) to accord priority, to the extent possible when reducing or eliminating tariffs or other restrictive regulations of commerce, to products of particular export interest to less-developed contracting parties, including tariffs and other restrictions which differentiate unduly between such products in their primary and processed forms; and
   - (h) to take immediate steps for the reduction and elimination of barriers to imports of products of particular interest to less-developed countries;

2. **Fiscal Barriers**
   - (a) to accede to the extent possible to the reduction and elimination of fiscal measures which may hamper growth of consumption in their markets in the primary and processed forms of products of particular interest to the less-developed countries;
   - (b) to refrain from imposing new fiscal measures and take steps to eliminate rapidly the existing fiscal measures which hamper the growth of consumption of products of particular interest to the less-developed countries;
   - (c) to examine sympathetically the adoption of other measures designed to provide greater scope for the development of imports from less-developed countries; and
   - (d) to accord priority, to the extent possible, to the adoption of measures which may 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.

3. **Other Measures to Promote Less-Developed Countries' Trade**
   - (a) to accord priority, to the extent possible when reducing or eliminating tariffs or other restrictive regulations of commerce, to products of particular export interest to less-developed contracting parties;
   - (b) to refrain from imposing new or non-tariff barriers to imports of products of particular interest to less-developed countries;
   - (c) to 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) to accord priority, to the extent possible when reducing or eliminating tariffs or other restrictive regulations of commerce, to products of particular export interest to less-developed contracting parties; and
   - (e) to take immediate steps for the reduction and elimination of barriers to imports of products of particular interest to less-developed countries;

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;

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

- 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;
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**Article XVIII-A**

4. **Avoidance of Measures Inimical to Less-Developed Countries' Trade**

- to have special regard to the trade interests of less-developed countries when considering the application of special measures permitted under the General Agreement to meet particular problems, and to refrain from applying such measures if they affect essential interests of those countries.

5. **Non-reciprocity**

- to give priority in trade and tariff negotiations to concessions of interest to less-developed countries and not to expect reciprocity in the form of tariff concessions.

6. **Preferences**

- to accord preferential treatment to imports of products originating in less-developed countries.

- to depart from the most-favoured-nation clause where necessary in order to grant special concessions to the developing countries in the form of the reduction or elimination of obstacles to trade in products which are of special interest to their economies; such concessions, applicable to all the under-developed countries, would be extended to the industrialized countries.

7. **Use of State-Trading Enterprises**

- to acknowledge that less-developed countries are not expected to provide the same type of reciprocity as would be expected in negotiations among developed countries.

**Article VII**

- Contracting parties recognize the fact that developing contracting parties cannot give full reciprocity to concessions granted to them by other contracting parties.

- Article V

- Interpreting the provisions contained in Article XVII of this Agreement, contracting parties shall give sympathetic consideration to the need of developing contracting parties to make use of State-trading enterprises as one means of overcoming their difficulties in their early stage of development.
It is proposed that the following explanatory notes should accompany the provisions outlined in Section III above:

Ad paragraphs (a) to (f)*

The provisions (a) - (f) might be accompanied by an explanatory note which would recognize that much of the action which these provisions would require would be inappropriate for less-developed countries which could more appropriately give primary consideration to measures of commercial policy designed to promote their economic development on rational lines.

Ad paragraph (g)

A note to (g) might indicate that the domestic measures envisaged would include steps to promote structural change (for example, through adjustment assistance), efforts to promote consumption of goods of interest to less-developed countries, and measures of trade assistance.

Ad paragraph (e)

A note to (e) might indicate that the highly developed countries in particular would exhaust the possibilities of constructive remedies before resorting to the use of measures such as anti-dumping and countervailing duties, escape clause action or export assistance measures, which could have adverse effects on the trade interests of the less-developed countries.

Ad paragraph (f)

An explanatory note to (f) might note that 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 expressed in the increased capacity to import, generated by such concessions, rather than through reciprocal tariff concessions by them.

The delegation of Chile considers that the text of this explanatory note is confused and requires clarification, for otherwise the provisions would be liable to divergent interpretations.

A second paragraph in the explanatory note should indicate the way in which the centrally-planned economies will participate in the commercial field in the work of assisting the development of the under-developed countries and in the application of preferential treatment to their products.

Ad Article XVIII-A

The provisions of this Article apply to action by less-developed contracting parties, as well as to action by other contracting parties, except in those cases where such action would prevent such a less-developed country from taking measures that are necessary to its programs of economic development along rational lines and that take into account the trade interests of other less-developed countries.

Paragraphs 1 and 2

This paragraph would apply in the event of action under Section A of Article XTVII-3, Article XXVIII, Article XXVIII bis (Article XXIX after the amendment set forth in Section A of paragraph 1 of the Protocol of 10 March 1955 Amending Part I and Articles XXXX and XXX of the General Agreement on Tariffs and Trade shall have become effective), Article XXXIII, or any other procedure under this Agreement.

Paragraph 3

This paragraph would apply in the event special measures permitted under Article XII, Article XVIII-B, Article XXVIII, Article XXVIII, or under any other procedure permissible by this Agreement.

Paragraph 4

The other measures referred to in this paragraph might include steps to promote domestic structural changes, to promote the consumption of particular products, or measures of trade assistance.
IV. (Present Article XVIII)

(Article XVIII should be amended, in particular, by the inclusion of provisions permitting: (a) the application of temporary import surcharges in the event of balance-of-payments difficulties and (b) a well-defined application of the principle of non-reciprocity.)

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**Article XVIII - Section A-C**

In addition, the contracting parties /might/ 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 /might/ agree:

1. Commodity Trade

(a) to take action to improve conditions of access to markets for primary products and to seek stable and remunerative prices for exports of such products;

(b) 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;

Article XVIII-B

**Duties and Other Restrictive Regulations of Trade of Developing Countries**

(Present Article XVIII)

**Article XVIII-C**

**Import Surcharges to Safeguard the Balance of Payments**

Subject to the criteria and procedures set forth in Section B of Article XVIII-B and in Article I, Article XIV, and Article XV, a less-developed contracting party may impose import surcharges in place of quantitative restrictions.

V. Joint Action

In addition the contracting parties /might/ 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 /might/ agree:

1. Commodity Trade

(a) to take action to improve conditions of access to markets for primary products and to seek stable and remunerative prices for exports of such products;

(b) 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;

1. Joint Action in Relation to Economic Development

1. The contracting parties shall collaborate jointly, within the framework of this Agreement and elsewhere as appropriate, to further the objectives set forth in Article XVIII. The CONTRACTING PARTIES shall 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 shall make such recommendations to contracting parties as may, in the circumstances, be deemed appropriate.

Include in the Chapter the following additional provisions for Joint action:

1. 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;
2. Preferences (In Favour of Developing Countries)

(b) that nothing in the General Agreement shall prevent effect being given to arrangements agreed upon in the furtherance of the commitments outlined in Section III above;

(Work is currently in progress in a working group in an effort to develop criteria and procedures subject to which developed countries would accord preferences to products exported by less-developed countries and also to govern preferential arrangements between less-developed countries in furtherance of their economic development. If such criteria are established the provision in sub-paragraph (b) should be so worded as to cover specifically arrangements complying with the agreed criteria. On the other hand, if there were no agreed criteria and preferential arrangements were left to be negotiated by all interested contracting parties, sub-paragraph (b) would provide a legal basis for giving effect to such negotiated arrangements even if those arrangements included deviations from other provisions of the General Agreement.)

3. Regional Preferential Arrangements Among Developing Countries

(See under 2 above)

4. Development and Financial Assistance

(c) to collaborate in analyzing 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 (collaborate 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;

(d) that they collaborate in analyzing 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.

5. Development and Financial Assistance

(c) that any special arrangement in furtherance of the aims of the provisions contained in Section III above shall substantively be deemed to be an exception to the obligations under the GATT.

2. More specifically, the CONTRACTING PARTIES shall:

(a) collaborate in analyzing the development plans and policies of individual less-developed countries 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.

Article IV

This Article, which has yet to be drafted, might follow the lines of Section V(c) of the secretariat model chapter, but would have added to it matters agreed as a result of the discussions concerning the extension of the activities of GATT to embrace the financial aspect.

(See also 21.6, p.4)
### Article XVIII-B

#### Paragraph 12

- **(d)** the consultations provided for in paragraph 12(a) and (b) of Article XVIII shall be expanded to cover all basic elements in the trade and development problems of individual less-developed countries, including consideration of structural factors which may limit the possibility of expanding the exports and maximizing the earnings of the country in question. Every effort shall be made to devise and suggest remedial measures to overcome the problems identified in the course of such consultations.

- **(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 countries and 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.

- **(g)** 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 make such recommendations to contracting parties as may, in the circumstances, be deemed appropriate.

- **(h)** to collaborate in seeking feasible methods to expand trade for the purpose of economic development, through international harmonization and adjustment of national policies and regulations, through technical and commercial standards affecting production, transportation and marketing, and through export promotion by the establishment of facilities for the increased flow of trade information and the development of market research.

(See also US para. 1, page 9)

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#### Paragraph 13

- **(a)** Expand the consultations provided for in paragraph 12(a) and (b) of Article XVIII-B to cover all basic elements in the trade and development problems of individual less-developed countries, including consideration of structural factors which may limit the possibility of expanding the trade and maximizing the earnings of the country in question. Every effort shall be made to devise and suggest remedial measures to overcome the problems identified in the course of such consultations.

- **(b)** Collaborate in seeking feasible methods to expand 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.

- **(c)** - 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.

- **(d)** - 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;

- **(e)** - 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 of trade and economic development of less-developed countries; and

- **(f)** - 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 connexion with the adoption or change of such measures.

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#### Ad Article XVIII-E

#### Paragraph 12

- **(a)** The collaboration under this paragraph may include consideration of basic economic conditions within which the consulting country's development is taking place, development problems of such country which are relevant to its trading position, and measures which the country has adopted to promote its economic development, of action by which other contracting parties might assist the consulting country's development.
Non-comparable Provisions.

Brazil

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

1 See also the footnote to Chile's submission, page 8 of this document.
Article I

Notwithstanding anything contained in this Agreement and without prejudice to the rights of contracting parties in Article I, paragraphs 2, 3 and 4, contracting parties may, in accordance with the procedures outlined below, accord preferential treatment to semi-manufactured and manufactured products originating in developing countries, with a view to promoting economic development and international trade of less-developed contracting parties. Such preferential treatment granted by any contracting party shall be applied automatically and unconditionally to like products originating in all other less-developed contracting parties.

Article II

Negotiation of preferences to be granted by developed contracting parties to developing contracting parties will be carried out through a preference negotiations committee, composed of representatives of developed and developing contracting parties, which shall seek agreement upon the products to which preferences shall be accorded by developed contracting parties and upon the standard margin of preference to be accorded to those products.

Article III

Negotiation of preferences to be exchanged between developing contracting parties will be carried out through a developing countries preference negotiations committee, composed of representatives of developing contracting parties, which shall seek agreement upon the products to which preferences shall be granted among developing countries on a specified individual item-by-item basis, on the understanding that:

(i) no developing contracting party should have any right to expect that another developing contracting party should grant preferences on items which were against the interests of its domestic industries;

(ii) the margin of preferences to be exchanged between developing contracting parties should not be less than that at present granted on similar products by some developing contracting parties to developed contracting parties;
preferences exchanged between two developing contracting parties should be unconditionally applicable to like goods which are the product of other developing contracting parties, provided, however, that no contracting party shall be obliged to extend to other contracting parties concessions which are in force exclusively between developing contracting parties to a free-trade-area or customs union;

preferences thus exchanged should be applied only to developing contracting parties and should not, by virtue of the provisions of the General Agreement, be applicable to developed contracting parties.

Article VI

The provisions of Article XXIV shall not extend to the following:

(a) With respect to a customs union, a free-trade area, or interim agreement leading to the formulation of a customs union or a free-trade area, the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with developing contracting parties not parties to such union or agreement shall not affect, by being higher or more restrictive, any commodity of special interest to developing contracting parties.

(b) Developing contracting parties can formulate a customs union or a free-trade area progressively without being required to formulate, in advance, the commodities' schedules or to decide upon the period necessary to formulate such customs union or a free-trade area.

Article VIII

Pursuant to Article VII (of the new chapter) a developing country not party to this Agreement may accede to it by a notification to the Executive Secretary, and with a decision of the CONTRACTING PARTIES by a two-thirds majority.

Article IX

A developing contracting party to this Agreement shall be understood to mean a government to which not less than two of the following factors apply:

1. The rate of per capita income is less than a certain level which is to be fixed yearly by the CONTRACTING PARTIES.

2. The export proceeds of raw materials or agricultural products, or both is not less than 50 per cent of its total export income.

3. The balance of trade is characterized by a continuous and chronic deficit owing to many factors rooted in its economic structure.
Article XVIII-D

Regional Agreements for Economic Development

1. The contracting parties recognize that the need for economic development may justify regional agreements between two or more less-developed countries in the interest of the programmes of economic development of one or more of such countries.

2. Any less-developed contracting party or contracting parties contemplating the conclusion of such an agreement shall communicate its or their intention to the CONTRACTING PARTIES, and provide them with the relevant information to enable them to examine the proposed agreement.

3. The CONTRACTING PARTIES shall examine the proposal and, by a vote under paragraph 5 of Article XXV, may grant, subject to such conditions as they may impose, a waiver from the provisions of Article I to permit the contracting party or contracting parties to implement the proposed agreement.

4. The provisions of Article 1 shall not apply to any such agreement, provided the CONTRACTING PARTIES find, in accordance with the provisions of paragraphs 3, 5 and 6, that the proposed agreement between less-developed countries fulfills the following conditions and requirements:

   (a) the territories of the less-developed countries which are parties to the agreement are contiguous one with another, or all parties belong to the same economic region;

   (b) the agreement is necessary to ensure a sound and adequate market for a particular industry, or branch of agriculture, or group thereof, which is being, or is to be, created, substantially developed, or substantially modernized;

   (c) the parties to the agreement undertake to grant free entry for the products of the industry, or branch of agriculture, or group thereof, of other parties to the agreement, or to apply customs duties to such products sufficiently low to ensure that the objectives set forth in sub-paragraph (b) will be achieved;

   (d) the agreement contains provisions permitting, on terms and conditions to be determined by negotiation with the parties to the agreement, the adherence of other less-developed countries, which are able to qualify as parties to the agreement under the provisions of this paragraph, in the interest of their programmes of economic development; and
(e) the agreement contains provisions for its termination within a period considered to be sufficient for the fulfilment of its purposes but, in any case, not later than at the end of ten years; any renewal shall be subject to the approval of the CONTRACTING PARTIES pursuant to the criteria and procedures of this Article, and no renewal shall be for a period longer than five years.

5. When the CONTRACTING PARTIES, upon the application of one or more contracting parties and in accordance with the provisions of paragraph 6, approve or renew an agreement as an exception of Article I in respect of the products covered by the proposed agreement, they may, as a condition of their approval or renewal, require a reduction in the most-favoured-nation rate of duty in respect of any product so covered if, in the light of the representations of any affected contracting party not a party to the Agreement, they consider that rate excessive.

6. (a) If so requested by the applicant contracting party or parties, the CONTRACTING PARTIES shall vote on the decision described in paragraph 3 within sixty days after such request, but not less than ninety days after receipt of the application.

(b) If the CONTRACTING PARTIES find that the proposed agreement, while fulfilling the conditions and requirements set forth in paragraph 4, is likely to cause substantial injury to the external trade of a contracting party not a party to the agreement, they shall inform the applicant contracting party or parties of its findings and suggest that the parties to the agreement enter into negotiations with the contracting party the trade of which is likely to be injured. They may delay their action under paragraph 3 until notified of agreement in such negotiations. If, at the end of two months from the date on which the CONTRACTING PARTIES suggested such negotiations, the negotiations have not been completed and the CONTRACTING PARTIES consider that the contracting party which is likely to be injured is unreasonably preventing the conclusion of the negotiations, they may nevertheless proceed to vote on the decision described in paragraph 3 and at the same time shall fix a fair compensation to be granted by the applicant party or parties to the contracting party likely to be injured or, if this is not possible or reasonable, prescribe such modification of the agreement as will give such contracting party fair treatment.

(c) If the CONTRACTING PARTIES find that the proposed agreement, while fulfilling the conditions and requirements set forth in paragraph 4, is likely to jeopardize the economic position of a contracting party in world trade, it shall not authorize any departure from the provisions of Article I unless the parties to the agreement have reached a mutually satisfactory understanding with that contracting party.

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Ad Article XVIII-D

Paragraph 4(a)

In considering whether the countries party to an agreement belong to the same economic region, the contracting parties shall take into account the prospects of their integrated development under the agreement.

Paragraph 4(d)

1. The contracting parties may, as a condition to their approval of an agreement pursuant to this Article, prescribe procedures under which they would have an opportunity, prior to the adherence by a new country to the Agreement, to consider such proposed adherence in the light of the provisions of this paragraph.

2. The provisions of Article XXII may be invoked by a less-developed contracting party on the ground that it has been unjustifiably excluded, by the parties to the agreement, from participation in such agreement.