I. OBJECTIVES

A. Recalling that the basic objectives of the General Agreement as set out in the Preamble 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 less-developed contracting parties;

Considering that export earnings of the less-developed contracting parties can play a vital part in their economic development and that the extent of this contribution depends both on the volume of their exports and the prices received for these exports in relation to prices paid by the less-developed contracting parties for essential imports;

Noting that there is a wide gap between standards of living of less-developed and other contracting parties;

Noting that there exists not only a wide and varied gap between the standards of living of less-developed contracting parties and other contracting parties but also between the less-developed contracting parties themselves;

The Drafting Group proposed that the important question of the definition of the term "less-developed country" should be covered in the report of the Committee.
The contracting parties recognize that individual and joint action is essential to further the development of the economies of less-developed contracting parties, in order to bring about a rapid advance in the standards of living of these countries so as to reduce the gap between their standards of living and those of the more-developed contracting parties.

B. The contracting parties recognize that international trade is a national right and that as a means of achieving economic and social advancement in general should be governed by such rules and procedures as are consistent with the objectives above and should not be restricted by measures incompatible with them.

Ad Section I

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.

II. PRINCIPLES

Accordingly, the contracting parties agree that:

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

(b) There is need for positive efforts designed to ensure that less-developed contracting parties secure an increasing share in international trade commensurate with achieve increasing levels of trade taking into account 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 increased access in the largest possible measure to markets for these products, and to seek to devise measures designed to stabilize and improve conditions of world markets in these products, including the attainment of stable, equitable and remunerative prices, which permit an expansion of world demand and which enable the less-developed contracting parties to increase imports particularly of capital goods needed for their economic development.

(d) The rapid expansion of the economies of the less-developed contracting parties will be facilitated by a diversification of the structure of their economies and the avoidance of an excessive dependence on the export of primary products; there is, therefore, need for increased access in the largest possible measure to markets under favourable conditions for processed and manufactured products at present exported by, and/or of potential interest to, less-developed contracting parties.

Ad paragraph (d)

A diversification programme would generally include the intensification of activities for the processing of primary products and the development of manufacturing industries, taking into account the situation of the particular country and the world outlook for production and consumption of different commodities.

(e) Trade and aid

(f) There is need for the less-developed contracting parties to have the necessary flexibility in the application of the provisions of this Agreement so as to be free to use special measures in conformity with its provisions to promote their trade and development and taking into account the low level of their economic development, and to promote their trade in order to meet difficulties arising from a shortage of foreign exchange in relation to growing import needs associated with their economic development.
(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 who, for this purpose, should take into account the urgency of development needs of the individual less-developed countries.

III. COMMITMENTS

1. To give effect to the foregoing objectives,

A. developed contracting parties, except where prevented by overriding considerations of national policy or special and compelling circumstances make non-compliance unavoidable, and

B. less-developed contracting parties, to the extent and in a form compatible with their economic and financial structures and their programmes for future development, and having regard to the need for these contracting parties to take special account of the trade interests of other less-developed contracting parties in considering the action they can take under this section,

shall:

(a) accord high priority to the reduction and elimination of barriers to products at present exported by, and/or of potential interest to, less-developed contracting parties, including tariffs and other restrictions which differentiate unreasonably between such products in their primary and in their processed forms;

(Sub-paragraphs (b) - (k) not yet considered by Drafting Group)

2. The provisions of paragraph 1 of this section shall apply also to action by less-developed contracting parties, to the extent compatible with the level of development attained and their programmes for further development along rational lines. The less-developed contracting parties shall also have special regard to the trade interests of other less-developed contracting parties in considering the action they can take under paragraph 1 of this section.

3. Present paragraph III.2 of Spec(64)44.

(Provision to replace paragraph 7 of Australian proposal in L/2165)