I. OBJECTIVES

A. Recalling that the basic objectives of the General Agreement as set out in Article I (revised) 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 of particular current and/or potential export 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) Because of the characteristic inadequacy of the export proceeds and other foreign exchange earnings of less-developed contracting parties, there are important inter-relationships between trade
problems and financial assistance to development which require close and vigorous collaboration between the CONTRACTING PARTIES and the international lending agencies so that they can contribute to development most effectively and with the least possible burden to the developing country concerned.

(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 contracting parties.

III. COMMITMENTS

1. To give effect to the foregoing objectives,

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

B. less-developed contracting parties, to the extent and in a form compatible with their current economic and financial needs, the nature of 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;

Ad paragraph (a)

This paragraph would apply in the event of negotiations for reduction or elimination of tariffs or other restrictive regulations of commerce under Articles XXVIII, XXVIII bis (XXIX after the amendment 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 shall have become effective), and Article XXXIII.

(b) refrain from raising duties, from imposing new duties and other restrictive regulations of commerce, and from taking action to increase the incidence thereof on products of particular current and/or potential export interest to less-developed contracting parties:

Ad paragraph (b)

This paragraph would apply in the event that consideration were being given to special measures permitted under Article XII, Article XVIII-B, Article XIX, Article XXIV, Article XXVIII, or under any other procedure permitted by this Agreement.
(c) refrain /to the extent possible/ from imposing new fiscal measures and /to the extent possible/ take steps to eliminate the existing fiscal measures which may hamper growth of consumption of products /of particular interest to/ /wholly or mainly produced in/ less-developed contracting parties and which are applied specifically to those products;

(d) make every effort, in so far as governments are empowered to act in this field, to maintain trade margins at equitable levels;

(e) give active consideration to the adoption of other measures designed to provide greater scope for the development of imports from less-developed contracting parties;

Ad paragraph (e)

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;

(f) have special regard to the trade interests of less-developed contracting parties when considering the application of other measures permitted under the General Agreement to meet particular problems /and to exhaust the possibilities of constructive remedies before applying such measures where they would affect essential interests of those contracting parties/;
(g) Not expect less-developed contracting parties to provide full reciprocity in negotiations with developed countries; not expect to receive reciprocity from the less-developed contracting parties.

Ad paragraph (g)

As the less-developed countries accept a measure of discipline in their commercial policies through their participation in the General Agreement, it is to be expected that reciprocity for tariff concessions would be expressed in some measure in the increased capacity to import, generated by such concessions, rather than through reciprocal concessions by the less-developed contracting parties. The effect of this increased capacity to import on the trade of individual developed contracting parties could be balanced through the exchange of concessions among the developed contracting parties concerned.

Ad paragraph (g)

This paragraph would apply in the event of action under Section A of Article XVIII-B, 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 XXIX and XXX of the General Agreement on Tariffs and Trade shall have become effective), Article XXXIII, or any other procedure under this Agreement.

(h) References;

(i) In establishing and administering their agricultural policies, adjust and moderate protective measures and avoid restrictive measures in order to facilitate exports of agricultural products by less-developed contracting parties.
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. Those contracting parties, the economies of which are undergoing a process of industrialization and which are dependent upon a limited range of primary commodities for the major part of their export earnings, but which are not less-developed contracting parties, shall endeavour, with due regard to their own development needs and policies, to apply to the maximum possible extent the obligations which other contracting parties accept under Section III.1.  

4. Those contracting parties, the economies of which are undergoing a process of industrialization to correct an excessive dependence on primary production, but which are not less-developed countries, shall endeavour, with due regard to their own development needs and policies, to apply to the maximum possible extent the obligations which other contracting parties accept under Section III.1.  

4. Article XXIII - Proposal by Brazil  

5. In the implementation of the commitments set forth in paragraph 1 above, contracting parties shall afford to any other contracting party or contracting parties full and prompt opportunity for consultations under the normal procedures of the General Agreement with respect to any matter or difficulty which may arise.  

IV. (Article XVIII)  

(It was suggested that the Committee leave aside for the time being certain proposals, notably those of Australia, concerning possible amendments to present Article XVIII.)
V. 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 this Chapter.

2. In particular, the CONTRACTING PARTIES shall:

   (a) where appropriate, take action, including, when appropriate, action through international arrangements, to improve conditions of access to markets for primary products of particular interest to less-developed contracting parties and to seek to devise measures to ensure stable, equitable and remunerative prices for exports of such products;

   (b) [Preferences];

   (c) collaborate in analyzing the development plans and policies of individual less-developed contracting parties and in examining trade and aid relationships with a view to devising concrete measures to promote the development of export potential and to advising on the products which have the best prospects of finding satisfactory markets and to facilitating access to export markets for the products of the industries thus developed, and seek to estimate the impact of any such measure on the net foreign exchange position of the contracting parties concerned. 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 contracting parties aimed at obtaining a clear analysis of export potential market prospects and any further action that may be required;
Ad paragraph 2(c)

The collaboration under this paragraph may include the reporting of the existence of measures affecting the trade of less-developed contracting parties and the carrying out of adequate consultations in connexion with the adoption or change of such measures. Such collaboration may also include consultations in connexion with action proposed by less-developed contracting parties to promote their development and extend their export markets.

(e) collaborate in evaluating the effects of national and international economic integration of organizations active in 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;

(f) 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;

(g) 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.

VI. DEVELOPMENT OF TRADE OF LESS-DEVELOPED CONTRACTING PARTIES WITH CONTRACTING PARTIES HAVING CENTRALLY-PLANNED ECONOMIES

See Brazil's text, pp. 3-4, L/2123.

(The Committee agreed that this was an important matter which would have to be resolved at a later date.)
(The report of the Committee will contain a proposal (yet to be drafted) for an interpretative note to Article XVII to meet the United Arab Republic's proposal on page 7 of document L/2147.)