PREFERENTIAL TARIFF TREATMENT FOR DEVELOPING COUNTRIES

Draft Declaration

The CONTRACTING PARTIES to the General Agreement on Tariffs and Trade:

RECALLING that the contracting parties have recognized, in Article XXXVI of the General Agreement, that individual and joint action is essential to further the development of the economies of developing countries and that international trade as a means of achieving economic and social advancement should be governed by rules and procedures that are consistent with this objective;

DESIRING to assist developing countries to achieve an expansion and diversification of their economies, and thus to avoid an excessive dependence on the export of primary products, and to this end to assure them of increased access to markets for processed and manufactured products;

CONSIDERING that preferential tariff treatment granted by developed countries for goods exported by developing countries could facilitate their efforts to diversify their economies, strengthen their export capacity and increase their earnings from overseas sales; that a number of developed contracting parties have agreed to introduce a generalized, non-reciprocal system of preferences which could be made applicable to all developing countries;

HEREBY DECLARE:

(a) that, notwithstanding the provisions of Article I of the General Agreement, contracting parties shall be free, subject to the conditions and procedures set out hereunder, to grant temporary preferential tariff treatment for imports into their territories of goods originating in developing countries PROVIDED THAT any such preferential tariff arrangement:

(i) shall be designed to facilitate trade from developing countries and not to raise barriers to the trade of other contracting parties;
(ii) Application of the principle of non-discrimination to be discussed, and
(iii) shall not preclude any contracting party which considers that its trade interests are adversely affected from having recourse to Article XXIII of the General Agreement;
(iv) shall not constitute an obstacle to future efforts of the CONTRACTING PARTIES in the field of trade liberalization.

(b) that in 1975 and every third year thereafter they will review the operation of this Declaration with a view to deciding whether it should be continued, modified or terminated, having regard to the contribution of such preferential tariff treatment to the trade and economic needs of developing countries and the impact on international trade generally.

PROCEDURES

1. Any contracting party proposing to grant preferential tariff treatment in terms of this Declaration shall so notify the CONTRACTING PARTIES and shall make available to them all the information they may consider necessary for a determination whether the proposed preferential treatment meets the conditions laid down in this Declaration.

2. Within one month following the receipt of any such notification the CONTRACTING PARTIES shall, upon request by any contracting party, arrange a consultation between the notifying contracting party and the contracting parties which consider that any benefit accruing to them under the General Agreement may be impaired as a result of the proposed arrangement. In the light of the results of any such consultation, the CONTRACTING PARTIES shall satisfy themselves that the legitimate interests of all contracting parties have been adequately safeguarded.

3. Within one month following the conclusion of any consultation under paragraph 2 above, and in any case within sixty days after receipt of the notification, the CONTRACTING PARTIES shall determine whether the proposed preferential arrangement meets the conditions laid down in this Declaration. If there is disagreement whether these conditions have been met, the matter shall be put to a vote within sixty days after receipt of the notification; and the proposed arrangement shall be approved if it is supported by a two-thirds majority of the votes cast, provided that such majority shall comprise more than half of the contracting parties.

4. A contracting party wishing to vary the list of goods, the rates of duties or any ceilings specified in the original notification shall notify the CONTRACTING PARTIES of the action which it intends to take and shall consult with any contracting party which considers that any benefit accruing to it under the Agreement may be impaired as a result of the proposed action. Such contracting party shall be free to take such action if, within thirty days of the date of such notification, no request for consultation is received or if the consultations result in agreement, failing which the procedures under paragraphs 2 and 3 will apply.

5. The CONTRACTING PARTIES hereby formally authorize the Council of Representatives to take on their behalf all necessary action under these Procedures.