I have received the following communication dated 15 June 1976 from the Chairman of the Committee on Trade and Development. In accordance with the wish of the Committee that the two documents - the secretariat note on the application of Part IV of the General Agreement and the record of the discussion on this subject at the thirty-first session of the Committee on Trade and Development - be brought to the attention of the Trade Negotiations Committee, the texts of COM.TD/W/239 and COM.TD/98 are reproduced in the following pages.

At its meeting on 12-13 April 1976, the Committee on Trade and Development authorized me to transmit to you, as Chairman of the Trade Negotiations Committee, a secretariat background note on the application of Part IV in the light of the objectives it is intended to serve (COM.TD/W/239) and the record of discussion on this matter in the Committee on Trade and Development itself (COM.TD/98). These documents are attached hereto. As indicated in paragraph 24 of COM.TD/98, it is the wish of the Committee that they be brought to the attention of the Trade Negotiations Committee.
NOTE ON THE APPLICATION OF PART IV
OF THE GENERAL AGREEMENT

Prepared by the Secretariat

1. The Committee on Trade and Development, in addition to reviewing the implementation of Part IV during its thirtieth session in November 1975, also commented on the question of the application of Part IV in the light of the objectives it is intended to serve (L/4252, paragraphs 5-13). In this context, it was felt that having regard to the consideration that is to be given to improvements in the international framework for the conduct of world trade as provided for in paragraph 9 of the Tokyo Declaration, it would be appropriate for the Committee to start giving thought to possible ways and means by which Part IV and other parts of the General Agreement could be improved so as to make them more responsive to the needs of developing countries. To facilitate further consideration of this matter, the Committee agreed to request the secretariat to prepare a background note which would bring together information on the experience of contracting parties with respect to the application of Part IV as well as a summary of the specific observations and suggestions which had been made in the Committee on Trade and Development since its inception and in other GATT bodies with respect to a review and possible amendment of the provisions of Part IV.

2. The Committee recognized that this initiative touched on a number of questions which were already under consideration or which might be taken up in the Trade Negotiations Committee, its Groups and their Sub-Groups. However, it was noted that as most countries represented in the Committee on Trade and Development were participants in the multilateral trade negotiations, the discussions in the Committee on a review of the provisions of Part IV would be expected to reflect themselves in the deliberations of these bodies. It was further noted that the Committee could give only preliminary consideration to the subject without commitment on the part of delegations in advance of the more substantive discussions that were expected to take place in the multilateral trade negotiations.

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Part IV was added to the General Agreement in February 1965.
3. The following paragraphs summarize a number of issues relevant to a review of Part IV which have been discussed in various contexts since 1963 and which, in some instances, have had relevance to certain other provisions of the General Agreement. They may not be exhaustive of all the matters raised in this connexion, nor may they fully reflect the emphases and nuances placed by delegations on particular aspects of their proposals. Furthermore, in the light of recent developments in international trade relations, they may not adequately cover the current objectives of governments in seeking improvements in the international framework for the conduct of world trade.

4. For the sake of convenience the note is divided into four sections. Section I summarizes the main points made by delegations during the 1968-69 review of the application of Part IV by the Committee on Trade and Development. In Section II an attempt has been made to bring together some of the specific proposals for improvements in the text of the provisions in Part IV which have been made by delegations in past discussions on the subject. These include proposals for: (i) making commitments under Article XXXVII:1 legally more binding; (ii) writing into the text of the General Agreement provisions to cover preferences in favour of developing countries and among developing countries; (iii) making the concept of non-reciprocity more precise and (iv) permitting the use of import surcharges for balance-of-payments reasons. Section III lists some of the specific points related to the provisions of the General Agreement, including those in Part IV, which have been made by delegations in the multilateral trade negotiations including differential treatment in favour of developing countries in the fields of quantitative restrictions, safeguards and subsidies and countervailing duties. This section would show that a number of issues relating to the application of Part IV in specific trade policy situations are now under consideration in negotiations in various areas of the MTN. Section IV comprises a number of proposals made at the time of the drafting of Part IV which were not included in the final text. Some of these proposals were later touched upon or pursued in other contexts and have been included as of interest for this reason. Some others were not pursued and have been included for the sake of completeness, even though it is not possible to say whether any delegation still attaches importance to them.

Section I. Examination of the application of Part IV, 1968/69

5. In its report to the twenty-fifth session of the CONTRACTING PARTIES in November 1968, the Committee on Trade and Development suggested that there was a need for an examination of the application of Part IV in order to explore how the objectives set out in Article XXXVI could be implemented in a more systematic and effective manner (L/3102). This examination was carried out in 1969 during the
thirteenth, fourteenth and fifteenth sessions of the Committee. Members were invited to submit statements of any difficulties they had experienced in connexion with the implementation of Part IV and to make suggestions for improvement; statements from eighteen countries or groups of countries were circulated. Many of the points made by developing countries related to what they considered to be the inadequate implementation by developed countries of commitments and of the provisions for joint action. Developed countries generally felt that it was too early to judge the adequacy or inadequacy of the provisions of Part IV and some of them thought that the introduction of a scheme of tariff preferences in favour of developing countries would go far in easing the trade problems of the latter.

6. At the fifteenth session of the Committee, it was generally concluded that there was no need to modify the text of Part IV or to establish new machinery at that time (L/3335). During the course of the examination, several developing countries had indicated difficulties with the use of the consultation provisions under Article XXVII:2. Since it was felt that this procedure was important for encouraging the fulfilment of the commitments specified in Part IV and for allowing the examination of specific problems, it was agreed that procedures for using Article XXVII:2 should be determined. Such procedures were adopted at the sixteenth session of the Committee and reproduced in document COH.TD/74. However, up to the present time these procedures have not been utilized by any contracting party.

Section II. Specific proposals for improvements to Part IV

Nature of the commitments in Part IV

7. The developed contracting parties have in Article XXVII assumed certain "commitments" which they are required to take into account in their trade relations with the developing countries, in particular under paragraph 1 of that article:

"The developed contracting parties shall to the fullest extent possible - that is, except when compelling reasons, which may include legal reasons, make it impossible - give effect to the following provisions:

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1 COH.TD/64, COH.TD/65, COH.TD/69 and Addenda, L/3335
2 COH.TD/4/97/Add.1-18; summary of the main points made is contained in COH.TD/W/103/Rev.1.
(a) accord high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties, including customs duties and other restrictions which differentiate unreasonably between such products in their primary and in their processed forms;

(b) refrain from introducing, or increasing the incidence of, customs duties or non-tariff import barriers on products currently or potentially of particular export interest to less-developed contracting parties; and

(c) (i) refrain from imposing new fiscal measures, and
(ii) in any adjustments of fiscal policy accord high priority to the reduction and elimination of fiscal measures, which would hamper, or which hamper, significantly the growth of consumption of primary products, in raw or processed form, wholly or mainly produced in the territories of less-developed contracting parties, and which are applied specifically to those products.

8. A number of developing countries have maintained that these commitments, particularly that relating to "standstill" on the introduction of new tariff and non-tariff measures including quantitative restrictions on products currently or potentially of export interest to developing countries, have not always been adhered to by developed importing countries. In their view, the words "except when compelling reasons, which may include legal reasons, make it impossible" provide an escape clause to the commitments in the paragraph; and they have suggested that the possibility of amending the wording of the paragraph to enforce more binding commitments needed to be explored. Moreover, they have stated that the commitment to reduce and eliminate barriers in sub-paragraph 1(a) of the Article was further qualified by the fact that the developed countries were only required to give it "high priority". The developed countries, however, have maintained that, while they had always endeavoured to abide by the commitments relating to standstill and priority treatment in the elimination of barriers to trade, they required some freedom and flexibility in cases where their vital interests were involved.

9. In this connexion, it is relevant to note that the draft modal chapter on trade and development prepared initially by the secretariat on the basis of proposals from delegations for incorporation as Part IV in the General Agreement,
did not contain any qualifying clause. The words, "to the fullest extent possible", appear to have been inserted in the draft later as most of the developed countries considered that they would not be in a position to accept commitments in this area unless there were provisions for exceptions in appropriate cases. The developing countries, on the other hand, were concerned that the phrase "to the fullest extent possible" might be used by developed contracting parties "in a way that would considerably detract from the effectiveness of the paragraph". As a compromise, it was agreed that the term "to the fullest extent possible" should be explained further by stating that it means "except when compelling reasons, which may include legal reasons, make it impossible". It was also agreed to provide in paragraph 2 of Article XXXVII for a procedure for consultations in cases of non-compliance so as to ensure as far as possible that the commitments were honoured and implemented by the contracting parties concerned (paragraph 6 above).

10. As regards the experience of contracting parties in this area, it may be noted that the terms of reference of the Committee on Trade and Development provided, inter alia, for a review at each of its meetings of the implementation of the provisions of Part IV. In this connexion, the Committee agreed to undertake, at least once a year, a full review of developments on the basis of notifications submitted by governments. With respect to the language qualifying the commitments in Article XXVII:1, it is not possible to say how it has weighed with governments in meeting their commitments including the undertaking to refrain from introducing new, or increasing the incidence of existing, barriers to the trade of developing countries (Article XXVII:1(b)). However, in the course of the reviews undertaken by the Committee, representatives of developed contracting parties have been able to indicate the reasons underlying any specific measures which may have been introduced, including new barriers to trade or the intensification of existing restrictions.

11. With respect to the standstill, one view which has been expressed in the Committee by representatives of some developed countries has been the need to take measures which do not distinguish between different sources of supply. While developing countries have sought the exemption of their exports from the scope of any new measures raising trade barriers in developed country markets, developed countries have generally stated that such a distinction was not appropriate because of the legal provisions of GATT (e.g. Articles I and XIII) or because any such exemption would weaken the effect of the measures in question and mean their maintenance for a longer period of time than would otherwise be necessary. On the other hand, it has been stated that while developing country exports could not be exempted as a general rule from across-the-board actions, careful consideration had been given to the exclusion from such actions of products or product areas of interest to developing countries, taking into account
the need not to impair the essential purpose or objectives which the measures have been intended to serve.¹

12. In so far as according "high priority" to the removal of trade barriers on products of export interest to developing countries is concerned, it has been suggested that any such action needed to be considered in the context of the existing legal or other authority available to the contracting party concerned for initiating such action and the extent to which such action may have to be considered in the light of measures affecting trade relations with other developed contracting parties.

13. It is also relevant to note that with a view to making a special effort to stimulate urgent and positive action on developing country trade problems including, inter alia, the fuller implementation of the provisions of Part IV, the Committee on Trade and Development established the "Group of Three" in 1971. The Group was requested to present proposals for concrete action that might be taken to deal with trade problems of developing countries, having regard to the provisions of GATT, the relevant conclusions of the CONTRACTING PARTIES and past discussions in GATT committees and bodies. The Group presented three reports² containing assessments of the main trade problems of developing countries and proposals for concrete action taking into account the informal consultations it had held with contracting parties. In its second and third reports the Group was able to note a number of positive actions that had been taken by developed countries in response to its recommendations. With the recognition that the multilateral trade negotiations were expected to deal, inter alia, with the trade problems of developing countries in accordance with the provisions of the Tokyo Declaration, the Committee on Trade and Development agreed at its meeting in October 1973, that the work of the Group could be suspended for the time being.

Preferences

14. In the discussions in the Committee on Trade and Development and other GATT bodies some developing countries have stated that it was somewhat anomalous that the Generalized System of Preferences, to which they attached considerable importance, and preferences among developing countries, were treated as exceptions to the rules of the General Agreement and had been implemented by waivers. These countries have stated that any reform of the rules governing international trade relations should aim at correcting this anomalous situation.

¹See also paragraph 36.
²Issued as L/3610, L/3710 and L/3071
by incorporating suitable provisions in the General Agreement to cover the Generalized System of Preferences and preferences among developing countries.

15. Since the introduction of the Generalized System of Preferences, developing countries have expressed certain views about its non-contractual and temporary nature. In the work of the MTN Group "Tariffs", the importance of ensuring increased security of the Generalized System of Preferences has been stressed by delegations from developing countries. It has also been suggested, inter alia, that preferential duties for products of special export interest to developing countries should be bound in special schedules of concessions.

16. To provide a basis for further discussion on this issue, the following paragraphs summarize the main points made by the delegations at the time of the drafting of Part IV and later when preference schemes were being implemented.

17. At the time of the drafting of Part IV, preference schemes in favour of developing countries and between developing countries were under discussion. In this respect, some consideration was given to whether provision should be made for these matters on a legal and formal basis. In the Committee on the Legal and Institutional Framework of GATT in Relation to Less-Developed Countries, it was suggested in 1963 that in Article I of the General Agreement, the most-favoured-nation provision should be amended to provide for new preferential arrangements in favour of less-developed countries (Spec(63)276). Subsequently, the "Model Chapter" which was drawn up by the secretariat on the basis of proposals made by contracting parties included the following sub-paragraph in the section dealing with joint action in relation to economic development:

"(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".

This was accompanied by the comment that the sub-paragraph would provide a legal basis for giving effect to preferences accorded by developed countries to imports from developing countries and to preferences accorded by developing countries to each other even if they deviated from other provisions of the General Agreement. It would appear that it was found impossible to agree on any such enabling clause and, rather than delay the implementation of Part IV, it was decided that, while excluding such a reference from the final provisions, work should continue on the question of preferences.

1 It should be noted that any amendment to Articles I and II of the General Agreement requires unanimous acceptance by contracting parties.

2 Spec(63)316/Rev.1 - Section III of the Model Chapter contained the commitment provisions which were finally reflected in Article XXXVII, paragraphs 1-5.
18. Some developing countries suggested, at the time of the discussion in GATT on the provision of a legal basis for the Generalized System of Preferences, that Article XXXVII:3(b) provided such a basis for preferences in favour of developing countries. This sub-paragraph reads as follows:

"3. The developed contracting parties shall:

(b) give active consideration to the adoption of other measures designed to provide greater scope for the development of imports from less-developed contracting parties and collaborate in appropriate international action to this end."

and is accompanied by the following explanatory note:

"The other measures referred to in this paragraph might include steps to promote domestic structural changes, to encourage the consumption of particular products, or to introduce measures of trade promotion."

Developed countries could not agree that this provision provided authority for action which in their view was inconsistent with objectives under other provisions of the General Agreement and it was eventually decided that a legal basis for the Generalized System of Preferences should be provided by means of a waiver from the provisions of Article I (L/3437). A similar waiver was provided to cover preferences between developing countries under "The Protocol Relating to Trade Negotiations Among Developing Countries", although some countries considered that Article XXXVII:4\(^1\) provided an adequate legal basis.

\(^1\)Article XXXVII:4 reads as follows:

"Less-developed contracting parties agree to take appropriate action in implementation of the provisions of Part IV for the benefit of the trade of other less-developed contracting parties, in so far as such action is consistent with their individual present and future development, financial and trade needs taking into account past trade developments as well as the trade interests of less-developed contracting parties as a whole."
Non-reciprocity

19. The provisions of the General Agreement relating to non-reciprocity are contained in paragraph 8 of Article XXXVI. The paragraph reads as follows:

"The developed contracting parties do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of less-developed contracting parties."

An interpretative note to the Article states:

"it is understood that the phrase 'do not expect reciprocity' means, in accordance with the objectives set forth in this Article, that the less-developed contracting parties should not be expected, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs, taking into consideration past trade developments.

"This paragraph would apply in the event of action under Section A of Article XVIII, Article XXVIII, Article XXVIII bis, Article XXXIII, or any other procedure under this Agreement."

20. In discussions on the subject, some developing countries have referred to practical difficulties which they had encountered because of the lack of precision in the concept of non-reciprocity. In particular, it has been stated that in expecting contributions from developing countries, some of the developed countries had not in the Kennedy Round of Trade Negotiations strictly adhered to the concept of non-reciprocity.

21. These developing countries therefore considered that it was necessary to work out more precise criteria to ensure that requests by developed countries for contributions from developing countries in trade negotiations were truly in line with the principles laid down in paragraph 8 of Article XXXVI. In more recent discussions, some of these countries have stated that the concept that the least developed among developing countries should not be required to make any contribution needed to be fully recognized and accepted.

22. Developed countries, however, while affirming their intentions to apply the principle of non-reciprocity in trade negotiations, have felt that it was not possible to work out a priori rules for the application of this principle, since situations with respect to individual developing countries and products varied greatly; the problem was more one of practical application than of legal form.
23. It is relevant to note in this context that the Committee on Trade and Development at its twenty-third session in March 1973 discussed the type and nature of the contributions which developing countries could make to the objectives of the multilateral trade negotiations, taking into account the provisions of paragraph 8 of Article XXXVI. A summary of the main points made by delegations both from developed and developing countries is contained in document COM.TD/89.

24. It has also been suggested by a developing country that the provisions of Part IV should be amended so as to remove any ambiguities and possible difficulties relating to the applicability of the principle of non-reciprocity to the renegotiation by developing countries of schedules of concessions under Article XXVIII. Some developing countries have claimed that in practice, in such negotiations, developed countries had not always accepted that the principle of non-reciprocity should apply. Some developed countries have stated in discussions on this question that they did not consider that Article XXXVI:8 relieved developing countries of their obligations under Article XXVIII to maintain a general level of concessions during renegotiations.

Import surcharges

25. At the time of the drafting of Part IV, it was agreed that it would be desirable in principle to insert a paragraph in Section B of Article XVIII to permit developing countries to impose import surcharges as an alternative to quantitative restrictions for balance-of-payments reasons (L/2281). It had been thought anomalous that, whereas under the General Agreement, tariffs were recognized as a legitimate form of protection and quantitative restrictions for the most part were not, developing countries could apply quantitative restrictions in cases of balance-of-payments difficulties but not import surcharges.

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1 COM.TD/W/97/Add.13
2 In this connexion, it may be noted that the application of Article XXXVI:8 was recently discussed in the GATT Council in connexion with the request for a waiver to cover increases in bound duties. The considerations stated by the contracting parties who participated in the discussion are summarized in the Council Minutes C/4/110. In the light of the discussion (i) the preamble of the draft waiver was amended to provide a recognition of the desirability of maintaining a general level of mutually advantageous concessions that would favour high and expanding levels of trade; (ii) the reference in the draft decision to Part IV of the General Agreement including Article XXXVI:8 as being applicable to the negotiations was maintained.
Some delegations suggested that import surcharges had an advantage over quantitative restrictions because they minimized distortions in trade flows. A provision authorizing import surcharges under Article XVIII was not, however, included in the final text of Part IV because the Legal Drafting Group set up to examine the draft of Part IV found that there were problems of interpretation and implementation of the proposed text on this point which went beyond the competence of that Group to resolve (L/2297).

26. At its second session in March 1965, the Committee on Trade and Development established an "Ad Hoc Group on Legal Amendments to the General Agreement" to examine what amendments to Articles XVIII and XXIII were necessary or desirable to meet the development and trading needs of developing countries (L/2410). Although there continued to be no disagreement on the desirability of a provision allowing import surcharges, the drafting of a suitable amendment caused the Group some difficulties; in addition to drafting problems of how to make the amendment fit into the General Agreement, there was disagreement about whether import surcharges should only be permissible as a replacement for quantitative restrictions or permissible also in conjunction with them. The Committee on Trade and Development reported to the CONTRACTING PARTIES in March 1966 that the Group would only meet again if concrete proposals were received for consideration (L/2614). No such proposals were subsequently made.

Section III. Proposals made in the context of the MTN

27. In this Section, it is intended to refer briefly to some of the proposals relevant to a review and possible amendment of the General Agreement which have been elaborated in the MTN or in the preparatory work for the MTN. The object of the Section is to mention certain points which may be of interest to delegations and not to provide a complete summary of the discussions that have taken place in the TNC and its Groups and their Sub-Groups. It needs also to be borne in mind that in the discussions some delegations have emphasized that, although in some cases formal amendment to existing provisions may be required, it may be possible in certain areas to make improvements in existing rules through the adoption by the CONTRACTING PARTIES of new procedures for consultations or codes of conduct and similar binding instruments.

Differential treatment in favour of developing countries

28. Many of the suggestions which have been put forward by developing countries involving possible amendments to the General Agreement have been based on the concept of differential treatment in favour of developing countries. They have
suggested that in both the tariff and non-tariff fields where such treatment was applied it should be done through revision or adaptation of the rules of the General Agreement and not as an exception to them. They have stated that, even though the Ministers in the Tokyo Declaration recognized the importance of the application of differential measures to developing countries in ways which would provide special and more favourable treatment for them in areas where this was feasible or appropriate, the General Agreement including Part IV was still generally interpreted by developed countries on the basis of most-favoured-nation treatment and non-discrimination with respect to developed and developing countries alike.

**Differential treatment in the field of quantitative restrictions**

29. Article XIII of the General Agreement lays down the principle of non-discrimination in the administration and the removal of quantitative restrictions. In particular, it states that "no prohibition or restriction shall be applied by any contracting party on the importation of any product ... unless the importation of the like product of all third countries ... is similarly prohibited or restricted".

30. In the discussions in the Committee on Trade and Development, as well as in the MTN Sub-Group "Quantitative Restrictions" and the preparatory work of Group 3(b), developing countries have put forward proposals for the dismantling of quantitative restrictions on a differential basis, particularly where the removal of such restrictions on an m.f.n. basis was not considered possible. In particular it has been suggested that, since in the past there have been important departures from the principle of non-discrimination with respect to quantitative restrictions, notably under the OEEC Code of Trade Liberalization, the removal of QR's on a differential basis in favour of developing countries could be feasible. ¹

**Subsidies and countervailing duties**

31. The GATT provisions relating to the use of subsidies for exports of "non-primary products" are contained in paragraph 4 of Article XVI. The paragraph visualizes that contracting parties should cease to grant, either directly or indirectly, any form of export subsidy which results in the sale of such products for export at a price lower than the comparable price charged for the like products to buyers in the domestic market. The paragraph, however, did not contain any firm date for the implementation of the provisions, and in order to

¹Document MTN/38/20 examines the technical feasibility of implementing proposals for differential treatment in favour of developing countries in the field of quantitative restrictions.
provide for a definite target date, the CONTRACTING PARTIES in 1960 adopted a
Declaration on the Prohibition of Export Subsidies on products other than
primary products. This Declaration has become effective in respect of sixteen
developed countries which have so far accepted it. The developing countries
have not accepted the Declaration under paragraph 4 of Article XVI and are thus
not at present bound by commitments, not to grant subsidies on their exports of
manufactured products.1

32. As regards countervailing duties, Article VI of the General Agreement permits
the levying by an importing country of a countervailing duty on subsidized
products, if imports of such subsidized products cause or threaten to cause
material injury to its domestic industry. The drafting history of Part IV shows
that "escape clause action and countervailing and anti-dumping duties" were
among the "other measures" intended as being subject to the provisions of
Article XXXVII:3(c), which reads as follows:

"3. The developed countries shall:

(c) have special regard to the trade interests of less-developed contracting
parties when considering the application of other measures permitted
under this Agreement to meet particular problems and explore all
possibilities of constructive remedies before applying such measures
where they would affect essential interests of those contracting
parties."

33. In the discussions in the Sub-Group "Subsidies and Countervailing Duties",
delegations from developing countries have stated that in their view subsidies
and countervailing duties were one area where, in elaborating solutions, it was
both technically feasible and economically justifiable to extend special and
more favourable treatment to developing countries through the application of
differential measures. They have suggested that it should be recognized that
developing countries might need to adopt suitable incentive schemes for the
promotion and development of exports of their manufactures. Some of these
representatives have stated that, as in their view exports under such incentive
schemes were not in breach of GATT rules, measures in the form of countervailing

1However, they are bound by other provisions in Article XVI, including the
obligation to notify to the GATT secretariat particulars of export subsidies
and other similar measures maintained by them which operate "directly or
indirectly to increase exports or to reduce imports" and to discuss on request
with any other contracting party or parties or with the CONTRACTING PARTIES,
the possibility of limiting the subsidization.
action should be taken against their exports only in exceptional situations after appropriate procedures regarding prior consultations and international surveillance had been fulfilled. They have stated that one of the solutions to the problems in this area would be to make the language of paragraph 3(c) of Article XXXVII more explicit so as more fully to reflect what appears to them to be its underlying intent.

34. In this connexion, it may be mentioned that during the discussions relating to the drafting of Part IV, one developing country had suggested that paragraph 3(c) of Article XXXVII should be strengthened by providing that developed contracting parties should "refrain from applying" measures such as countervailing and anti-dumping duties if they affected the essential interests of developing countries. From the records of discussions it would appear that this and other similar proposals to make the provisions of paragraph 3(c) of Article XXXVII more specific were not acceptable to developed countries which considered that the indiscriminate use of subsidies for the promotion of exports of manufactured products would not be in the interests of developing countries themselves. In recent discussions on the subject, particularly in the Sub-Group "Subsidies and Countervailing Duties", developed countries have maintained that the relevant GATT provisions did not give developing countries "carte blanche" in the field of subsidies, and that, where such subsidized imports caused or threatened to cause material injury to a domestic industry in importing countries, they would wish to have recourse to the possibility of countervailing action in accordance with the provisions of the General Agreement. It was, however, noted in the Sub-Group that there was a consensus that possibilities existed for the application of differential treatment for developing countries in this field.

Safeguards

35. The drafting history of Part IV shows that "escape clause" action was one of the measures envisaged as being subject to the provisions of Article XXXVII:3(c). It has already been mentioned that proposals made by developing countries during the drafting of Part IV to strengthen the language of this paragraph, by providing that developed countries should refrain from applying such measures if they affected the essential interests of developing countries, were not acceptable to developed countries.

(a) Measures to safeguard balance of payments

36. During the review of the application of Part IV in the Committee on Trade and Development in 1968/69, some developing countries have mentioned that import surcharges and import deposit schemes when introduced or maintained by developed countries should not be applied to imports from developing countries in the light of the provisions of Part IV. Developed countries which had resorted to such
measures for balance-of-payments reasons stated that they had endeavoured to abide by the obligations assumed by them under Part IV and had given special consideration to the interests of developing countries. For example, some developed countries had exempted from import deposit or surcharge schemes raw materials and certain semi-finished products which constituted a substantial share in the exports of developing countries to their markets. It was, however, not possible for them to consider complete exemption from such schemes of imports from developing countries as this would weaken the effectiveness of the measures taken and might thus necessitate emergency measures being continued for a longer period.

(b) Safeguard action under Article XIX

37. At the eighteenth session of the Committee on Trade and Development in July 1971, a proposal for differential treatment in favour of developing countries was made in relation to Article XIX, having regard to Part IV and in particular Article XXXVII (COM.TD/32). Further discussion on this issue has taken place at subsequent meetings of the Committee on Trade and Development and in the MTN Group "Safeguards". Developing countries have suggested that the general rule should be that safeguard measures should not be applied by developed countries to imports from developing countries. Exceptions should be made to this rule only in specific and clearly delineated circumstances, subject to objective criteria and appropriate justification procedures, and only after prior consultations had taken place with the affected developing countries and after the safeguard measures had been authorized by an appropriate multilateral body. They have also expressed the view that safeguard action should only be taken in cases of proven actual material injury and not in cases of potential injury. Such action should take into account, inter alia, actual material injury to the export industries of developing countries. More emphasis should be put on adjustment assistance measures in developing countries to make sure as far as possible that future safeguard actions were not necessary.

38. Developing countries have also called for special provisions to be elaborated in order to facilitate the application by developing countries of safeguard measures, in accordance with their particular needs and interests.

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1 It may be mentioned that one country exempted from its import surcharge, imports entering under its Generalized System of Preferences.

2 COM.TD/84, L/3760, L/3873.
39. It might be noted that in discussions in the Committee on Trade and Development, developed countries, although agreeing that careful consideration should be given to the interests of developing countries when safeguard action was contemplated, generally considered that it would be inappropriate to revise Article XIX along the lines proposed by developing countries. They maintained that such differential treatment, by reducing the "safety-valve" value of Article XIX, would make contracting parties reluctant to make tariff concessions which they would be otherwise prepared to make and might encourage the taking of action by importing countries inconsistent with the GATT. Some developed countries stated that they could not accept that Part IV allowed a departure from the principle of non-discrimination with regard to Article XIX, which ought to be applied across the board on a most-favoured-nation basis. In the MTN Group "Safeguards", the proposals of developing countries are under consideration and it has been agreed that the possibility of the application of differential treatment in favour of developing countries should be given careful attention.

Section IV. Proposals made during the drafting of Part IV but not incorporated in its text

Article XXIII

40. The problem of how to increase the bargaining power of developing countries in cases where benefits have been nullified or impaired by the maintenance of residual restrictions or other action inconsistent with GATT was considered at the time of the drafting of Part IV and was subsequently examined by the Committee on Trade and Development. Developing countries have said that they faced special difficulties in using the procedures available under Article XXIII, because of what they have described as the inequality of their bargaining position vis-à-vis developed countries and their consequent difficulty in making effective use of the authority for retaliatory action contained in paragraph 2 of Article XXIII.

41. In 1964, a proposal was put forward by certain developing countries in the Committee on the Legal and Institutional Framework of GATT for amendment to the provisions relating to Article XXIII. The proposal contained four main elements:

(i) the arrangement for action under paragraph 2 of Article XXIII should be elaborated in a way that would give developing countries invoking the article the option of employing certain additional measures;

(ii) where it had been established that measures complained of had adversely affected the trade and economic prospects of developing countries and it had not been possible to eliminate the measure or obtain adequate commercial remedy, compensation in the form of an indemnity of a financial character would be in order;

\[^{1}\] L/2195/Rev.1 Annex IV
(iii) in cases where the import capacity of a developing country had been impaired by the maintenance of measures by a developed country contrary to the provisions of the General Agreement, the developing country concerned would be automatically released from its obligations under the General Agreement towards the developed country complained of, pending examination of the matter in GATT; and

(iv) in the event that a recommendation by the CONTRACTING PARTIES to a developed country was not carried out within a given time-limit, the CONTRACTING PARTIES would consider what collective action they should take to obtain compliance with their recommendation.

42. Developing countries generally supported the proposal; but developed countries thought there were several practical difficulties which made it unacceptable. Some developed countries could not envisage their national legislatures agreeing to provide funds for compensatory payments and thought there would be insuperable problems of enforcement of payments. They also felt

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1 In this connexion, it is worth noting that in response to a suggestion by the Chairman of the Action Committee in his report to the Second Special Session of the CONTRACTING PARTIES in November 1964, that the CONTRACTING PARTIES consider the case for granting compensation to developing countries for loss of trading opportunities resulting from the application of quota restrictions inconsistently with GATT, the CONTRACTING PARTIES agreed that the secretariat should carry out a study of the question. The secretariat study (COM.TD/5) noted that, if following consultations, it was still not possible for a quantitative restriction to be removed, a possible solution could be the accelerated reduction of tariffs or other charges on items of interest to developing countries by the contracting party maintaining the restriction. The study also noted that under Article XXIII as it stood, it was open to a contracting party whose benefits were being nullified or impaired to make representations and proposals to the other contracting party concerned, and that those representations could include suggestions for compensatory measures. Also, the CONTRACTING PARTIES could make, under Article XXIII, recommendations concerning such compensatory measures. The study noted that under Article XXIII any recommendations could only be implemented to the extent that they proved acceptable to the contracting party to whom they were addressed and who would have the right to determine the nature of the compensatory concessions and the items on which to offer them. At the first meeting in April 1965 of the Ad Hoc Group on Legal Amendments to the General Agreement, it was agreed that the secretariat study should be given further consideration. However, in subsequent meetings this matter was not pursued.
that the provision for automatic release of the country suffering impairment or nullification from its obligations to the country complained of would endanger the whole work of GATT.

43. At the twenty-third session of the CONTRACTING PARTIES in March and April 1966, a Decision\(^1\) was adopted generally encompassing the points contained in sub-paragraphs (i) and (iv) of the points mentioned in paragraph 41 above. The aim of the Decision was to provide procedures for more speedy and efficient use of the provisions of Article XXIII by developing countries. Although developing countries welcomed the procedures adopted in the Decision, they felt that their fundamental concerns had not been met. While it was agreed by the CONTRACTING PARTIES that work could continue on points (ii) and (iii), no further action was taken in this respect.

Other proposals related to Article XVIII

44. In addition to the proposal relating to the use of import surcharges referred to in paragraphs 25 and 26, other proposals for amendment to Article XVIII were made by developing countries during the work on the drafting of Part IV. These included one for simplified procedures for developing countries applying measures under this Article. It was suggested that the existing consultation procedures required before measures could be applied should be eliminated and that developing countries should have the right to apply protective measures permitted under Article XVIII provided that they were notified to GATT. It may be noted that in December 1972, the Council approved simplified procedures for periodic consultations on balance of payments with developing countries under Article XVIII:12(b).

45. A proposal was made in relation to Article XVIII, Section C, which aimed to extend the circumstances in which developing countries might deviate from the normal rules and procedures of the GATT. Action inconsistent with the other provisions of the GATT would be permissible, subject to the requirements of the Article, where it was necessary not only for the establishment of a new industry but also for the development or reorganization of an existing industry when such development or reorganization was essential for the implementation of an economic development programme. A proposal by a developed country for a complete revision of Article XVIII which aimed to extend certain of its provisions to "contracting parties in the process of development" who were not developing countries also contained provisions for a revised Section C allowing action by developing countries inconsistent with the normal rules and procedures of the GATT where it was necessary for the development of an existing industry.

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\(^1\)BISD, Fourteenth Supplement, pages 13-20.
46. Discussion on these points during the work on the drafting of Part IV was not extensive and it was agreed to leave consideration of a revision of Article XVIII until later. In the Ad Hoc Group on Legal Amendments to the General Agreement, consideration of Article XVIII concentrated on the question of import surcharges. It appears that it was felt by some delegations that a full revision of Article XVIII was no longer necessary since certain of the changes that had been suggested had already been taken into account in the new Part IV.

Regional economic arrangements

47. Certain proposals relating to the formation of regional economic arrangements which were not eventually embodied in Part IV were put forward in the work of the Committee on the Legal and Institutional Framework of GATT on the drafting of Part IV. One developed country proposed that Article XVIII should be amended in such a way as to enable developing contracting parties belonging to the same region to justify entering into arrangements which provided for the reduction or elimination of tariffs between them in certain sectors of industry or agriculture so that markets of an adequate size for the establishment, development or modernization of those sectors would be obtained. This proposal was subsequently considered by the Group on Expansion of Trade Among Developing Countries in which there was a large measure of support for the establishment of preferences among developing countries on a more general basis.

48. It was also proposed by a developing country in the Committee on the Legal and Institutional Framework of GATT that, in order to facilitate the evolution of regional arrangements between developing countries on a step-by-step basis, Article XXIV:5 should be amended so as not to require developing countries entering into regional arrangements to formulate a plan and schedule for the completion of a customs union or a free-trade area at the outset. This developing country also proposed that in any revision of Article XXIV:5, provisions should be added protecting the interests of developing countries who were dependent on a limited number of commodities for their export earnings when duties or other regulations affecting commerce in these products were increased or made more severe as a result of the formation of a customs union or free-trade area. Discussion of these proposals during the work on the drafting of Part IV does not appear to have been extensive and subsequently, in the Committee on Trade and Development, attention focussed on the consideration of preferences between developing countries.

Centrally-planned economies

49. In the Committee on the Legal and Institutional Framework of GATT in Relation to Less-Developed Countries, some developing countries suggested that the new Part IV should provide for the development of trade between developing countries
and contracting parties having centrally-planned economies. One developing country suggested the following text.¹

"Contracting parties, with centrally-planned economies, in the formulation and carrying out of their future developments 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 making 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.²

The Committee agreed that this was an important subject and that it would have to be resolved at a later date.

50. During the examination of the application of Part IV in 1968/69, the question of trading relations between developing countries and developed countries with centrally-planned economies was raised again. One developing country

²This was accompanied by a note saying that these proposed amendments dealt with trade between developing countries and industrialized countries with centrally-planned economies and they did not prejudice the need for the formation of general rules of a more ample character to discipline trade between countries with different social and economic systems.
suggested that contracting parties with centrally-planned economies should undertake to allocate specific proportions of their imports to suppliers in developing countries.

**Agriculture**

51. In the Committee on the Legal and Institutional Framework of GATT in Relation to Less-Developed Countries, which was responsible for the drafting of Part IV, one developing country proposed the inclusion of the following commitments by contracting parties.

"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."

52. However, it was agreed that instead of including specific provisions in Part IV, a statement on this subject by the Chairman should be included in the record of the second special session of the CONTRACTING PARTIES at which agreement was finally reached on the text of Part IV. This statement, after having noted that the importance of trade in agricultural products had been stressed in the Committee and a specific proposal had been discussed, observed that the CONTRACTING PARTIES had agreed to seek solutions to problems of agricultural trade in the course of the Kennedy Round and had agreed that in these trade negotiations every effort would be made to lower barriers to exports from developing countries. It concluded with the following paragraph:

"Although a specific paragraph to cover all the specific concerns expressed by those less-developed contracting parties particularly interested in agricultural trade problems has not been included in Part IV, agricultural products are covered by the general provisions of Part IV. However, it is understood that at a later stage and in the light of the forthcoming trade negotiations, interested contracting parties will be entitled to revert to this matter in the Committee on Trade and Development."
Introduction

1. The Committee on Trade and Development held its thirty-first session on 12-13 April 1976, under the Chairmanship of Mr. I.S. Chadha (India).

2. In his introductory remarks, the Chairman said that while the major thrust of work in GATT was presently concerned with the multilateral trade negotiations, it was nonetheless important that the Committee should continue fulfilling the mandate given to it, in accordance with the provisions of Part IV, more so when the interests of developing countries in the field of commercial policy were receiving far-reaching consideration in GATT as well as in other international fora. Since the time available for the meeting was limited, the focus of discussion could be expected to relate to the question of the application of Part IV, although the Committee would, no doubt, address itself to other items on its agenda.

3. The agenda (GATT/L/M/1266) which was adopted by the Committee, contained three items, namely, review of the implementation of Part IV, review of developments in the multilateral trade negotiations and consideration of the question of the application of Part IV in the light of the objectives it is intended to serve.

Review of the implementation of Part IV

4. For consideration of this item, the Committee had before it document COM.TD/W/241, which contained information available to the secretariat on actions taken by governments since the last session with respect to commercial policy measures of interest in relation to Part IV as well as a summary of certain developments in other international organizations considered to be of relevance to Part IV. In this connexion, a number of delegations provided details of recent measures adopted by their governments.
5. The representative of Japan informed the Committee that his Government had reduced n.m.n. tariff rates for ten items including scoured flax (54.01-1) and scoured ramie (54.02-1) for the fiscal year 1976. The representative of the United States said that his Government had announced the suspension of duties on imports of natural graphite until 30 June 1978. The representative of the United States also provided information on the background and objectives of the Generalised System of Preferences introduced by his Government on 1 January 1976, details of which had been circulated to contracting parties in document L/4299 and Add.1.

6. A number of delegations from developing countries, while appreciative of measures adopted by developed countries in relation to Part IV, nonetheless expressed serious concern over the continued maintenance of restrictions and the imposition of new restrictive measures by some developed countries affecting products of export interest to developing countries, and urged that the commitments provisions of Part IV be fully observed. One of these delegations expressed the hope that the discriminatory element affecting his country in the GSP schemes of certain donor countries would be eliminated at the earliest possible date.

Review of developments in the multilateral trade negotiations

7. The Committee took note of developments in the multilateral trade negotiations on the basis of a secretariat background note COM.TD/W/240 and Add.1, which contained a summary of developments in the negotiations covering the period following the last meeting of the Trade Negotiations Committee in December 1975.

Application of Part IV

8. In introducing this item, the Chairman recalled that at the last session of the Committee, some preliminary comments were offered on the question of the application of Part IV in the light of the objectives it is intended to serve. Some delegations had felt that, having regard to the consideration that was to be given to improvements in the international framework for the conduct of world trade as provided for in paragraph 9 of the Tokyo Declaration, it would be appropriate for the Committee to start giving thought to possible ways by which Part IV and other parts of the General Agreement could be improved so as to make them more responsive to the needs of developing countries. The exchange of views which took place at that meeting is recorded at paragraphs 9-12 of the Committee's report (L/4252).

9. To facilitate consideration of this question, the secretariat had been asked by the Committee to prepare a background note containing information on the experience of contracting parties with respect to the application of Part IV as well as a
summary of the specific observations and suggestions which had been made with respect to a review and possible amendment of the provisions of Part IV. The note was issued as document COM.TD/W/239.

10. The Chairman suggested that, in giving preliminary consideration to this agenda item, without commitment on the part of any delegation, members of the Committee might take stock of past experience with respect to the application of Part IV to see how its provisions had been operating in relation to the concerns and preoccupations of developing countries; take note of suggestions that had been made for improvements or amendments, including proposals for the inclusion of provisions in Part IV that were made when the text was drafted but which at that point in time had failed to secure general acceptance; and examine what might be said in regard to the purposes served by Part IV, the role played by it and its effectiveness as an instrument for meeting the trade problems of developing countries within the framework of GATT, as well as the feasibility and scope for further improvement. Such an exchange of views would, in his view, provide a useful background for the discussion of any proposals for improvements in the framework for the conduct of international trade, in so far as problems of more particular interest to developing countries were concerned, when such proposals were eventually taken up in the framework of the multilateral trade negotiations.

Experience with the application of Part IV

11. In relation to the experience of contracting parties with the application of Part IV, delegations from developing countries expressed the view that Part IV had not been implemented in the manner they had envisaged. In this connexion they referred, inter alia, to the continued maintenance of import restrictions by developed countries on many products of interest to developing countries and to the imposition of new restrictions, which they considered to be contrary to Part IV, particularly the "standstill" provision. Some of these delegations said that, although the exemption in certain instances of products of interest to developing countries from emergency action taken for balance-of-payments reasons showed that such a course was feasible, developed countries generally had not exempted developing countries from the scope of new barriers to trade, despite the provisions of Article XXVII:3(c). Furthermore, little had been done to make the General Agreement more responsive to the changing needs of developing countries since the addition of Part IV.

12. Delegations from some developed countries expressed the view that GATT had been able to evolve substantially in a pragmatic way to meet the changing conditions and needs of contracting parties including the developing countries. In particular, they pointed to the implementation of the Generalized System of Preferences and the preferential arrangements among developing countries, which had been major advances towards meeting the needs and aspirations of developing
countries. Some delegations from developed countries recognized the possibility that on occasion the provisions of Part IV might have been interpreted in a rather too restrictive manner. They felt that some of the concerns of developing countries could not be met by a more flexible implementation of the existing provisions. Reference was also made by some of these delegations to the work of the GATT/UNCTAD International Trade Centre and to the important contribution of GATT in helping to maintain, during the recent period of recession, an open trading system, which was crucial to the trade of both developed and developing countries.

Discussion on proposals made for improvements

13. In the discussion on the ways in which Part IV and other parts of the General Agreement could be improved, delegations from developing countries highlighted a number of areas which, in their view, deserved priority attention. They also stated that in general all the proposals which had been made earlier and summarized in document COM.TD/W/239, including those in Section IV of the paper dealing with proposals made at the time of the drafting of Part IV but not incorporated into its text, should still be considered as alive and subjects for positive consideration. These delegations stated that in their view the reform of Part IV and other relevant parts of the General Agreement was important in establishing more equitable trade relations between developed and developing countries and in fulfilling the commitments contained in the Tokyo Declaration as well as those made in other international fora, including the Seventh Special Session of the United Nations General Assembly. They also considered that reform was desirable in view of changes in international economic relations which had occurred since Part IV was added to the General Agreement. These delegations said that they were not seeking a complete overhaul of the GATT, but review of and improvements in certain specific areas.

14. Some delegations of developed countries, in providing preliminary comments, stated that in certain areas of concern to developing countries, actual practice in GATT had advanced more rapidly than had the legal framework and it might be that in some of these areas, it could be demonstrated that attention could be usefully given to the framework itself.

15. Among the specific points highlighted by delegations of developing countries was the question of the commitment provisions embodied in Article XXXVII. While recognizing that developed countries might require some flexibility in areas where their vital interests were affected, these delegations were of the view that the existing qualifying language in Article XXXVII had been shown by experience to negate much of the value of the provisions concerned and that ways and means of ensuring that the obligations assumed under Part IV were made more binding and precise, needed to be explored. In order to further facilitate the fulfilment
of the provisions of Part IV, it was suggested that the reasons for the non-utilization of the consultation provisions under Article XXXVII:2 might be examined with a view to determining whether and to what extent the procedures for use of such provisions adopted at the sixteenth session of the Committee, needed to be modified and/or improved. In connexion with these consultation provisions the representative of one developed country stated that, in his view, effective surveillance of the implementation of Article XXXVII could only be undertaken on the basis of notifications of problems and issues by developing countries.

16. Delegations from some developing countries proposed that the GSP and preferences among developing countries should be legally recognized in the General Agreement and should not require the granting of waivers for their implementation. They noted that certain departures from the most-favoured-nation provisions of Article I were already recognized in the General Agreement, as for instance under Article XXIV. Moreover, attention should be given to the related aspect of ensuring increased security of preferential access for developing countries. In this connexion, delegations from some developed countries stated that any suggestions for modifications to Article I, which was the cornerstone of the General Agreement, could only be approached on the basis of the most careful and serious consideration of all the relevant issues involved. Some of these delegations considered that, in this respect, attention should be given to an examination of the practical advantages that would result from the legal formalization of preferential schemes already in operation and benefiting developing countries. One such delegation was of the view that attempts to amend Article I to take account of the proposals made could raise new problems and issues, such as the possible need to define precisely which contracting parties could be entitled to the benefits resulting from such an amendment. Some delegations of developed countries stated that, although they intended to extend the duration of their preference schemes beyond the initial ten-year period, preferences should not be considered a permanent feature of the trading system and that, in this connexion, the dynamic element in the concept of development needed to be recognized. They also stated that while they appreciated the concern of developing countries about increased security of preferential access, attempts to provide a permanent legal basis for preferences could make donor countries reluctant to make further improvements to their schemes.

17. Some delegations from developing countries suggested that attention should be given to improving and making more precise the language of Part IV in respect of the concept of non-reciprocity, as in their view, the existing formulation had been shown to be subject to varying interpretations, some of which tended to negate the concept itself. It was suggested by some of these delegations that a more positive and fruitful approach to the question than that currently embodied in Part IV might be to ask developed countries to make concessions without requiring developing countries to make reciprocal contributions, while also
calling on developing countries to make contributions which were not inconsistent with their trade and development needs. Reference was also made by one of these delegations to the need to give attention to the application of the principle of non-reciprocity in cases of renegotiation of concessions. Some delegations of developed countries stated that, in their opinion, experience had shown that the application of the principle of non-reciprocity needed to be considered on an individual country basis since situations with respect to individual developing countries and products varied greatly; it was difficult to envisage any legal formulation which would give developing countries greater benefit than the present one, despite its possible lack of precision.

18. Some delegations of developing countries suggested that the concept of differentiated, special and more favourable treatment for developing countries should be incorporated into the General Agreement as a guiding factor in trade relations between developed and developing countries, especially as this basic principle had been accepted by Ministers in the Tokyo Declaration. In addition to the question of preferences, reference was made, in this connexion, to differentiated treatment in relation to quantitative restrictions, the erection of new barriers to trade by developed countries, safeguard actions, subsidies and countervailing duties, the elaboration of codes, such as the one on standards and the code on anti-dumping duties, government procurement and measures for balance-of-payments reasons, and to special and priority treatment in the field of tropical products.

19. Among other specific areas of possible reform referred to by delegations from developing countries, were those relating to provisions for the use, in cases of balance-of-payments difficulties, of import surcharges, import deposits or other devices which, in their view, were more neutral in their effect than the measures currently permissible under the General Agreement. It was also suggested that the existing provisions in the General Agreement relating to commodities might be suitably amended to provide scope for action leading to the revalorization of the prices of commodities exported by developing countries.

20. In connexion with the proposal for differentiated treatment for developing countries when a developed country takes measures to safeguard its balance-of-payments, the representative of one developed country said that if a country could afford to discriminate when taking such measures, it would be difficult to understand how it could justify taking such measures in the first place.

Procedural matters

21. On the question of procedures to be followed for considering the reform of Part IV and other parts of the General Agreement, delegations from some developing countries recalled the proposal that had been made at the last meeting of the Trade Negotiations Committee for the setting up of a group to consider improvements in the international framework for the conduct of world trade, particularly with respect to trade between developed and developing countries and differentiated and more favourable treatment to be adopted in such trade. These delegations urged that such a group should be established at the next session of the Trade Negotiations Committee.
22. Some delegations of developing countries stressed that it was not possible to consider changes to certain parts of the General Agreement in isolation from other parts. It was noted that since some of the issues that had been raised in the discussions were already under consideration in certain MTN Groups or their Sub-Groups, to avoid unnecessary duplication, the proposed group might initially focus on co-ordinating relevant work and taking up those aspects which were not already under consideration. In this connexion, mention was made of the questions of "standstill", the degree of commitment in the provisions of Part IV, preferences including security of preferential access, non-reciprocity, and the general issue of differentiated and more favourable treatment for developing countries as some of the matters that might be taken up in the proposed group. The representative of one developing country suggested that the Committee on Trade and Development might explore the possibility of reactivating the Group of Three which might be requested to examine and recommend possibilities for improvements to the legal framework for the conduct of international trade, taking into account the interests of developing countries.

23. Some delegations from developed countries expressed doubts about the timing and appropriateness of establishing a "framework" group at the next session of the TNC. In their view, reform of the existing trading framework should arise out of the need to implement agreed solutions to practical problems and not out of the application of abstract principles. In this connexion, they believed that it might be desirable to wait for further progress in the work of the various MTN Groups and their Sub-Groups which were negotiating on matters related to the reform of the trading framework, before considering the establishment of such a group. It was suggested that the introduction of a large new area into the MTN could lead to a dispersion of effort which could have an inhibitive effect on overall progress in the multilateral trade negotiations. Some other delegations from developed countries said they would prefer to leave the question of the setting up of the proposed group to the Trade Negotiations Committee which was the appropriate body for taking a decision on the matter.

24. The Committee agreed to authorize its Chairman to transmit to the Chairman of the Trade Negotiations Committee the secretariat note on the application of Part IV (WT/8/239) and the note on proceedings of the present session of the Committee, with the suggestion that these documents be brought to the attention of the TNC. As a number of delegations had indicated that they would wish to come back to certain of the points discussed, and to provide an opportunity for further reflection on the various issues summarized in WT/8/239 as well as the preliminary comments and suggestions made by delegations, it was agreed that the Committee might revert to this subject at a later meeting.

Next meeting of the Committee

25. In addition to reverting to the question of the application of Part IV, the Committee, at its next meeting, might be expected, inter alia, to conduct its regular review of Part IV and take up developments in the multilateral trade negotiations and related matters of interest to the Committee. The date of the next meeting would be determined by the Chairman in consultation with delegations and the secretariat.