

Appendix 1

Part IV of GATT

Trade and Development

Article XXXVI

Principles and Objectives

1. The contracting parties,
 - (a) recalling that the basic objectives of this Agreement include the raising of standards of living and the progressive development of the economies of all contracting parties, and considering that the attainment of these objectives is particularly urgent for less-developed contracting parties;
 - (b) 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 on the prices paid by the less-developed contracting parties for essential imports, the volume of their exports, and the prices received for these exports;
 - (c) noting, that there is a wide gap between standards of living in less-developed countries and in other countries;
 - (d) recognizing that individual and joint action is essential to further the development of the economies of less-developed contracting parties and to bring about a rapid advance in the standards of living in these countries;
 - (e) recognizing that international trade as a means of achieving economic and social advancement should be governed by such rules and procedures — and measures in conformity with such rules and procedures — as are consistent with the objectives set forth in this Article;
 - (f) noting that the CONTRACTING PARTIES may enable less-developed contracting parties to use special measures to promote their trade and development;

agree as follows.

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

3. There is need for positive efforts designed to ensure that less-developed contracting parties secure a share in the growth in international trade commensurate with the needs of their economic development.
4. Given the continued dependence of many less-developed contracting parties on the exportation of a limited range of primary products, there is need to provide in the largest possible measure more favourable and acceptable conditions of access to world markets for these products, and wherever appropriate to devise measures designed to stabilize and improve conditions of world markets in these products, including in particular measures designed to attain stable, equitable and remunerative prices, thus permitting an expansion of world trade and demand and a dynamic and steady growth of the real export earnings of these countries so as to provide them with expanding resources for their economic development.
5. 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 currently or potentially of particular export interest to less-developed contracting parties.
6. Because of the chronic deficiency in the export proceeds and other foreign exchange earnings of less-developed contracting parties, there are important inter-relationships between trade and financial assistance to development. There is, therefore, need for close and continuing collaboration between the CONTRACTING PARTIES and the international lending agencies so that they can contribute most effectively to alleviating the burdens these less-developed contracting parties assume in the interest of their economic development.
7. There is need for appropriate collaboration between the CONTRACTING PARTIES, other intergovernmental bodies and the organs and agencies of the United Nations system, whose activities relate to the trade and economic development of less-developed countries.
8. 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.
9. The adoption of measures to give effect to these principles and objectives shall be a matter of conscious and purposeful effort on the part of the contracting parties both individually and jointly.

Article XXXVII

Commitments

1. 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:

- (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.

2. (a) Whenever it is considered that effect is not being given to any of the provisions of sub-paragraph (a), (b) or (c) of paragraph 1, the matter shall be reported to the CONTRACTING PARTIES either by the contracting party not so giving effect to the relevant provisions or by any other interested contracting party.

(b) (i) The CONTRACTING PARTIES shall, if requested so to do by any interested contracting party, and without prejudice to any bilateral consultations that may be undertaken, consult with the contracting party concerned and all interested contracting parties with respect to the matter with a view to reaching solutions satisfactory to all contracting parties concerned in order to further the objectives set forth in Article XXXVI. In the course of these consultations, the reasons given in cases where effect was not being given to the provisions of sub-paragraph (a), (b) or (c) of paragraph 1 shall be examined.

(ii) As the implementation of the provisions of sub-paragraph (a), (b) or (c) of paragraph 1 by individual contracting parties may in some cases be more readily achieved where action is taken jointly with other developed contracting parties, such consultation might, where appropriate, be directed towards this end.

(iii) The consultations by the CONTRACTING PARTIES might also, in appropriate cases, be directed towards agreement on joint action designed to further the objectives of this Agreement as envisaged in paragraph 1 of Article XXV.

3. The developed contracting parties shall:

- (a) make every effort, in cases where a government directly or indirectly determines the resale price of products wholly or mainly produced in the territories of less-developed contracting parties, to maintain trade margins at equitable levels;
- (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;
- (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.

4. 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.

5. In the implementation of the commitments set forth in paragraphs 1 to 4 each contracting party shall afford to any other interested contracting party or contracting parties full and prompt opportunity for consultations under the normal procedures of this Agreement with respect to any matter or difficulty which may arise.

Article XXXVIII

Joint Action

1. The contracting parties shall collaborate jointly, within the framework of this Agreement and elsewhere, as appropriate, to further the objectives set forth in Article XXXVI.

2. In particular, the CONTRACTING PARTIES shall:

- (a) where appropriate, take action, including action through international arrangements, to provide improved and acceptable condi-

tions of access to world markets for primary products of particular interest to less-developed contracting parties and to devise measures designed to stabilize and improve conditions of world markets in these products including measures designed to attain stable, equitable and remunerative prices for exports of such products;

- (b) seek appropriate collaboration in matters of trade and development policy with the United Nations and its organs and agencies, including any institutions that may be created on the basis of recommendations by the United Nations Conference on Trade and Development;
- (c) collaborate in analysing 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 facilitate access to export markets for the products of the industries thus developed and, in this connexion, 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;
- (d) keep under continuous review the development of world trade with special reference to the rate of growth of the trade of less-developed contracting parties and make such recommendations to contracting parties as may, in the circumstances, be deemed appropriate;
- (e) 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; and
- (f) establish such institutional arrangements as may be necessary to further the objectives set forth in Article XXXVI and to give effect to the provisions of this Part.

Source: GATT, *Basic Instruments and Selected Documents*, Vol. IV, March 1969.

Appendix 2

GATT Safeguards

Article XIX

Emergency Action on Imports of Particular Products

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) If any product, which is the subject of a concession with respect to a preference, is being imported into the territory of a contracting party in the circumstances set forth in sub-paragraph (a) of this paragraph, so as to cause or threaten serious injury to domestic producers of like or directly competitive products in the territory of a contracting party which receives or received such preference, the importing contracting party shall be free, if that other contracting party so requests, to suspend the relevant obligation in whole or in part or to withdraw or modify the concession in respect of the product, to the extent and for such time as may be necessary to prevent or remedy such injury.

2. Before any contracting party shall take action pursuant to the provisions of paragraph 1 of this Article, it shall give notice in writing to the CONTRACTING PARTIES as far in advance as may be practicable and shall afford the CONTRACTING PARTIES and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action. When such notice is given in relation to a concession with respect to a preference, the notice shall name the contracting party which has requested the action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 of this Article may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which written notice of such suspension is received by the CONTRACTING PARTIES, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph 1 (b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the CONTRACTING PARTIES do not disapprove.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, where action is taken under paragraph 2 of this Article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such concessions or other obligations as may be necessary to prevent or remedy the injury.

Source: GATT, *Basic Instruments and Selected Documents*, Vol. IV, March 1969.

Appendix 3

A Note on Country Groupings

Many of the country groupings used in this Report represent usage by different international agencies. Where a grouping has a precise definition it is provided below:

1. *OPEC*: Organization of Petroleum Exporting Countries. The members of OPEC are: Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

IMF and IBRD Definitions

2. *Oil-Exporting Countries*: Those countries from each of which average oil exports (net of any crude oil imports) in 1978-80 amounted to at least two-thirds of the value of total exports, and were at least 100 million barrels a year. These are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

3. *Non-Oil Developing Countries*: All developing countries other than those listed at 2 above.

4. *Net Oil Exporters*: Those developing countries that export more oil than they import but which are outside the group defined at 2 above. They are Bahrain, Bolivia, Congo, Ecuador, Egypt, Gabon, Malaysia, Mexico, Peru, Syria, Trinidad & Tobago and Tunisia.

5. *Net Oil Importers*: All developing countries except those listed in 2 and 4 above.

6. *Major Exporters of Manufactures*: All middle-income (see 10 below) net oil importers having relatively large exports of manufactures. The group includes Argentina, Brazil, Greece, Hong Kong, Israel, Rep. of Korea, Portugal, Singapore, South Africa and Yugoslavia. This group overlaps to a large extent with the "newly industrialising countries" (17 below).

7. *Other Net Oil Importers* (sometimes also referred to as *Middle-Income Primary Producing Countries*): All middle-income countries (as defined at 10 below) that export mainly primary commodities. Included in this group are all countries defined at 3 that are not included in 4, 6 or 9.

8. *Low-Income Developing Countries*: All countries whose 1979 per capita income was no more than \$370. Comprises Burma, China, Guinea-Bissau, India, Indonesia, Kampuchea, Kenya, Madagascar, Mauritania, Pakistan, Sri Lanka, Vietnam, Zaire and all least developed countries (see 15 below) except Botswana, Djibouti, Equatorial Guinea, Sao Tome & Principe, Western Samoa, Yemen and Yemen Democratic Republic.

9. *Low-Income Oil Importers*: All low-income developing countries, except Indonesia.

10. *Middle-Income Developing Countries*: Those developing countries with 1979 per capita income above \$370. Includes Spain which the IMF does not consider to be a developing country.

UN and UNCTAD Definitions

11. *Major Oil Exporting Countries*: Those developing countries for which petroleum and petroleum products accounted for more than half of their total exports in 1974. These are the countries named in 2 above, together with Angola, Bahrain, Brunei, Congo, Ecuador, Gabon, and Trinidad & Tobago. This is a larger category than group 2 above.

12. *Non-Oil Exporting Developing Countries*: All developing countries other than the major oil exporting developing countries as defined at 11 above. This is a smaller category than that defined at 3 above. Excludes Greece, Israel, Portugal, South Africa, Spain, Turkey, Romania and China which are not considered as developing countries by UNCTAD.

13. *Oil-Importing Developing Countries*: Non-oil exporting developing countries as defined at 12 above, other than Bolivia, Egypt, Malaysia, Mexico, Peru, Syria, Tunisia and Zaire.

14. *Fast-Growing Exporters of Manufactures*: Those developing countries with a per capita income greater than \$1,000 in 1977 having exports of manufactures averaging more than 20 per cent of total exports in 1970-77 and growing in volume at an average annual rate of more than 8 per cent. The countries included in this group are Argentina, Brazil, Rep. of Korea, Singapore, Uruguay and Yugoslavia, and certain territories such as Hong Kong. This grouping overlaps to a considerable extent with 6 above and 17 below.

15. *Least Developed Countries*: Three basic criteria for this category were adopted in the mid-1960s: per capita GDP of \$100 or less, a share of manufacturing of 10 per cent or less of GDP, and a population with 20 per cent or less of literate persons aged 15 years or more. The following 36 countries are at present recognised as such: Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Haiti, Laos, Lesotho, Malawi, Maldives, Mali, Nepal, Niger, Rwanda, Sao Tome & Principe, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda, Upper Volta, Western Samoa, Yemen and Yemen Democratic Republic.

GATT Definition

16. *Industrial Countries*: These are defined to include the United States, Canada, Japan, the member countries of the EEC and EFTA, Gibraltar, Malta, Spain, Turkey and Yugoslavia. Excluded from this listing are Australia, New Zealand, South Africa, the countries of the Eastern Trading Area (viz. Albania, Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, USSR, China, Mongolia, North Korea and Vietnam) as well as all developing countries.

OECD Definition

17. *Newly Industrialising Countries*: The so-called NICs are not usually referred to with a highly specific connotation, but by way of example the following countries were included for statistical purposes in the OECD study on "The Impact of the Newly Industrialising Countries" (1979) — Brazil, Greece, Hong Kong, Rep. of Korea, Mexico, Portugal, Singapore, Spain, Taiwan and Yugoslavia.

Appendix 4

Members of the Group of Experts

Sir Alec Cairncross (Chairman)	Chancellor, University of Glasgow; formerly Head of the U.K. Government Economic Service.
Prof. Mohamed Ariff	Professor of Analytical Economics and Dean, Faculty of Economics and Administration, University of Malaya.
Prof. Gerald K. Helleiner	Professor of Economics, University of Toronto; Vice-Chairman, North-South Institute, Ottawa.
Mr. Satya Nandan, CBE	Secretary for Foreign Affairs, Fiji; formerly Ambassador to Belgium and the European Communities.
Mr. Philip Ndegwa	Chairman, Kenya Commercial Bank Ltd.; formerly Economic Adviser to the President of Kenya.
Dr. Eric M. Ojala	Director, Centre for Agricultural Policy Studies, Massey University, New Zealand; formerly Assistant Director-General, FAO.
Mr. Frank B. Rampersad	President, National Institute for Higher Education, Research, Science and Technology, Trinidad & Tobago; Chairman, Trinidad & Tobago (BWIA International) Airways Corporation; formerly Director, Economic Affairs Division, Commonwealth Secretariat.
H.E. Mr. E. Olu Sanu	High Commissioner of Nigeria to Australia; formerly Ambassador to Belgium and the European Communities.
Dr. Manmohan Singh	Member Secretary, Planning Commission, Government of India; formerly Secretary to the Government of India in the Ministry of Finance.

Prof. Richard H. Snape

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