

20 APRIL 1971

SUBJECT: GENERALIZED SYSTEM OF PREFERENCES

THE FOLLOWING COMMUNICATION, DATED 19 APRIL 1971, HAS BEEN RECEIVED FROM THE PERMANENT DELEGATION OF NORWAY:

"AS YOU KNOW, MUTUALLY ACCEPTABLE ARRANGEMENTS HAVE BEEN DRAWN UP IN THE UNCTAD CONCERNING THE ESTABLISHMENT OF GENERALIZED, NON-DISCRIMINATORY, NON-RECIPROCAL PREFERENTIAL TARIFF TREATMENT IN THE MARKETS OF DEVELOPED COUNTRIES FOR PRODUCTS ORIGINATING IN DEVELOPING COUNTRIES. MOREOVER, THE CONTRACTING PARTIES AT THEIR TWENTY-SIXTH SESSION REAFFIRMED THEIR READINESS TO TAKE APPROPRIATE ACTION ON THE SCHEME AND DIRECTED THE COUNCIL TO CONSIDER THE MATTER AT THE APPROPRIATE TIME.

"I HAVE NOW BEEN REQUESTED BY THE DELEGATIONS OF AUSTRIA, CANADA, DENMARK, FINLAND, IRELAND, JAPAN, NEW ZEALAND, NORWAY, SWEDEN, SWITZERLAND, UNITED KINGDOM, UNITED STATES AND THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES TO SUBMIT THIS FORMAL APPLICATION TO THE CONTRACTING PARTIES FOR A WAIVER IN ACCORDANCE WITH ARTICLE XXV:5 FROM THEIR OBLIGATIONS UNDER ARTICLE I OF THE GENERAL AGREEMENT, SO AS TO PERMIT THE IMPLEMENTATION OF A GENERALIZED SYSTEM OF PREFERENCES.

"DURING THE PAST MONTHS EXTENSIVE INFORMAL CONSULTATIONS HAVE BEEN HELD AMONGST PROSPECTIVE PREFERENCE GIVING CONTRACTING PARTIES AND WITH DELEGATIONS OF A NUMBER OF DEVELOPING CONTRACTING PARTIES. AS A RESULT A DRAFT TEXT HAS BEEN DRAWN UP IN ORDER TO FACILITATE CONSIDERATION OF THIS MATTER BY THE CONTRACTING PARTIES. THIS DRAFT IS ATTACHED.

"THE CONTRACTING PARTIES CONCERNED WOULD HOPE THAT THIS MATTER COULD BE REFERRED TO A MEETING OF THE COUNCIL OF REPRESENTATIVES AT YOUR EARLY CONVENIENCE, SO THAT THE CONTRACTING PARTIES MAY TAKE A DECISION SOON ENOUGH TO ENABLE CONTRACTING PARTIES TO IMPLEMENT THEIR PREFERENTIAL ARRANGEMENT AT THE TIME THEY ENVISAGE."

IN COMPLIANCE WITH THE ABOVE REQUEST AND BECAUSE OF THE URGENT NEED TO OBTAIN A SPEEDY DECISION ON THIS MATTER, IT IS PROPOSED THAT THE COUNCIL OF REPRESENTATIVES BE CONVENED IN THE MIDDLE OF MAY. THE PRECISE DATE OF THE MEETING WILL BE COMMUNICATED AS SOON AS POSSIBLE. CONTRACTING PARTIES NOT MEMBERS OF THE COUNCIL WHO WISH TO BE REPRESENTED AT THIS MEETING WILL BE CO-OPTED AS FULL MEMBERS FOR THE CONSIDERATION OF THIS REQUEST. ANY RECOMMENDATION BY THE COUNCIL WILL BE SUBMITTED IMMEDIATELY TO THE CONTRACTING PARTIES FOR A VOTE BY POSTAL BALLOT WHICH WOULD ENABLE CONTRACTING PARTIES NOT REPRESENTED AT THE MEETING TO CAST THEIR VOTES BY THE MIDDLE OF JUNE.

O. LONG

GENERALIZED SYSTEM OF PREFERENCESDRAFT WAIVER

The CONTRACTING PARTIES to the General Agreement on Tariffs and Trade, RECOGNIZING that a principal aim of the CONTRACTING PARTIES is promotion of the trade and export earnings of developing countries for the furtherance of their economic development;

RECOGNIZING further that individual and joint action is essential to further the development of the economies of developing countries;

RECALLING that at the Second UNCTAD, unanimous agreement was reached in favour of the early establishment of a mutually acceptable system of generalized, non-reciprocal and non-discriminatory preferences beneficial to the developing countries in order to increase the export earnings, to promote the industrialization, and to accelerate the rates of economic growth of these countries;

CONSIDERING that mutually acceptable arrangements have been drawn up in the UNCTAD concerning the establishment of generalized, non-discriminatory, non-reciprocal preferential tariff treatment in the markets of developed countries for products originating in developing countries;

NOTING the statement of developed contracting parties that the grant of tariff preferences does not constitute a binding commitment and that they are temporary in nature;

RECOGNIZING fully that the proposed preferential arrangements do not constitute an impediment to the reduction of tariffs on a most-favoured-nation basis,

DECIDE:

(a) that without prejudice to any other Article of the General Agreement, the provisions of Article I shall be waived for a period of ten years to the extent necessary to permit developed contracting parties, subject to the procedures set out hereunder, to accord preferential tariff treatment to products originating in developing countries and territories with a view to extending to such countries and territories generally the preferential tariff treatment referred to in the Preamble to this Decision, without according such treatment to like products of other contracting parties

PROVIDED THAT any such preferential tariff arrangements shall be designed to facilitate trade from developing countries and territories and not to raise barriers to the trade of other contracting parties;

(b) that they will, without duplicating the work of other international organizations, keep under review the operation of this Decision and decide, before its expiry and in the light of the considerations outlined in the Preamble, whether the Decision should be renewed and if so, what its terms should be;

(c) that any contracting party which introduces a preferential tariff arrangement under the terms of the present Decision or later modifies such arrangement, shall notify the CONTRACTING PARTIES and furnish them with all useful information relating to the actions taken pursuant to the present Decision;

(d) that such contracting party shall afford adequate opportunity for consultations at the request of any other contracting party which considers that any benefit accruing to it under the General Agreement may be or is being impaired unduly as a result of the preferential arrangements;

(e) that any contracting party which considers that the arrangement or its later extension is not consistent with the present Decision or that any benefit accruing to it under the General Agreement may be or is being impaired unduly as a result of the arrangement or its subsequent extension and that consultations have proved unsatisfactory, may bring the matter before the CONTRACTING PARTIES which will examine it promptly and will formulate any recommendations that they judge appropriate.