

ANNEX D

		Page
Annex D-1	Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (the "Enabling Clause")	D-2
Annex D-2	Decision on Generalized System of Preferences (the "1971 Waiver Decision")	D-4
Annex D-3	Resolution of the Second Session of UNCTAD on the Expansion and Diversification of Exports of Manufactures and Semi-Manufactures of developing countries ("Resolution 21 (II)")	D-6
Annex D-4	Agreed Conclusions of the Special Committee on Preferences ("Agreed Conclusions")	D-8

ANNEX D-1

DIFFERENTIAL AND MORE FAVOURABLE TREATMENT RECIPROCITY AND FULLER PARTICIPATION OF DEVELOPING COUNTRIES

*Decision of 28 November 1979
(L/4903)*

Following negotiations within the framework of the Multilateral Trade Negotiations, the CONTRACTING PARTIES *decide* as follows:

1. Notwithstanding the provisions of Article I of the General Agreement, contracting parties may accord differential and more favourable treatment to developing countries¹, without according such treatment to other contracting parties.
2. The provisions of paragraph 1 apply to the following:²
 - (a) Preferential tariff treatment accorded by developed contracting parties to products originating in developing countries in accordance with the Generalized System of Preferences,³
 - (b) Differential and more favourable treatment with respect to the provisions of the General Agreement concerning non-tariff measures governed by the provisions of instruments multilaterally negotiated under the auspices of the GATT;
 - (c) Regional or global arrangements entered into amongst less-developed contracting parties for the mutual reduction or elimination of tariffs and, in accordance with criteria or conditions which may be prescribed by the CONTRACTING PARTIES, for the mutual reduction or elimination of non-tariff measures, on products imported from one another
 - (d) Special treatment of the least developed among the developing countries in the context of any general or specific measures in favour of developing countries.
3. Any differential and more favourable treatment provided under this clause:
 - (a) shall be designed to facilitate and promote the trade of developing countries and not to raise barriers to or create undue difficulties for the trade of any other contracting parties;
 - (b) shall not constitute an impediment to the reduction or elimination of tariffs and other restrictions to trade on a most-favoured-nation basis;

¹ The words "developing countries" as used in this text are to be understood to refer also to developing territories.

² It would remain open for the CONTRACTING PARTIES to consider on an *ad hoc* basis under the GATT provisions for joint action any proposals for differential and more favourable treatment not falling within the scope of this paragraph.

³ As described in the Decision of the CONTRACTING PARTIES of 25 June 1971, relating to the establishment of "generalized, non-reciprocal and non discriminatory preferences beneficial to the developing countries" (BISD 18S/24).

- (c) shall in the case of such treatment accorded by developed contracting parties to developing countries be designed and, if necessary, modified, to respond positively to the development, financial and trade needs of developing countries.

4. Any contracting party taking action to introduce an arrangement pursuant to paragraphs 1, 2 and 3 above or subsequently taking action to introduce modification or withdrawal of the differential and more favourable treatment so provided shall:⁴

- (a) notify the CONTRACTING PARTIES and furnish them with all the information they may deem appropriate relating to such action;
- (b) afford adequate opportunity for prompt consultations at the request of any interested contracting party with respect to any difficulty or matter that may arise. The CONTRACTING PARTIES shall, if requested to do so by such contracting party, consult with all contracting parties concerned with respect to the matter with a view to reaching solutions satisfactory to all such contracting parties.

5. The developed countries do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of developing countries, i.e., the developed countries do not expect the developing countries, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs. Developed contracting parties shall therefore not seek, neither shall less-developed contracting parties be required to make, concessions that are inconsistent with the latter's development, financial and trade needs.

6. Having regard to the special economic difficulties and the particular development, financial and trade needs of the least-developed countries, the developed countries shall exercise the utmost restraint in seeking any concessions or contributions for commitments made by them to reduce or remove tariffs and other barriers to the trade of such countries, and the least-developed countries shall not be expected to make concessions or contributions that are inconsistent with the recognition of their particular situation and problems.

7. The concessions and contributions made and the obligations assumed by developed and less-developed contracting parties under the provisions of the General Agreement should promote the basic objectives of the Agreement, including those embodied in the Preamble and in Article XXXVI. Less-developed contracting parties expect that their capacity to make contributions or negotiated concessions or take other mutually agreed action under the provisions and procedures of the General Agreement would improve with the progressive development of their economies and improvement in their trade situation and they would accordingly expect to participate more fully in the framework of rights and obligations under the General Agreement.

8. Particular account shall be taken of the serious difficulty of the least-developed countries in making concessions and contributions in view of their special economic situation and their development, financial and trade needs.

9. The contracting parties will collaborate in arrangements for review of the operation of these provisions, bearing in mind the need for individual and joint efforts by contracting parties to meet the development needs of developing countries and the objectives of the General Agreement.

⁴ Nothing in these provisions shall affect the rights of contracting parties under the General Agreement.

ANNEX D-2

WAIVERS

GENERALIZED SYSTEM OF PREFERENCES

*Decision of 25 June 1971
(L/3545)*

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 arrangement;

(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.

ANNEX D-3

EXPANSION AND DIVERSIFICATION OF EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURES OF DEVELOPING COUNTRIES

Resolution 21 (II)

Preferential or free entry of exports of manufactures and semi-manufactures of developing countries to the developed countries¹

The United Nations Conference on Trade and Development,

Having examined the problems relating to the application of a generalized non-reciprocal, non-discriminatory system of preferences in favour of the developing countries,

Having taken cognizance of the Charter of Algiers,² the report of the Special Group on Trade with Developing Countries submitted by the Organisation for Economic Co-operation and Development (OECD),³ and document TD/H/C.2/L.5, submitted by the Group of 77,

Recognizing the progress achieved since the first session of the Conference as reflected in the OECD report which involves a major change in commercial policies as between developed market-economy countries and the developing countries,

Recognizing the unanimous agreement in favour of the early establishment of a mutually acceptable system of generalized non-reciprocal and non-discriminatory preferences which would be beneficial to the developing countries,

Considering that it was not possible to achieve sufficient progress in respect to some key questions related to this problem,

Convinced of the need for further intensive work so as to elaborate such a system,

1. *Agrees* that the objectives of the generalized non-reciprocal, non-discriminatory system of preferences in favour of the developing countries, including special measures in favour of the least advanced among the developing countries, should be:

- (a) To increase their export earnings;
- (b) To promote their industrialization;
- (c) To accelerate their rates of economic growth;

2. *Establishes*, to this end, a Special Committee on Preferences, as a subsidiary organ of the Trade and Development Board, to enable all the countries concerned to participate in the necessary consultations. Any member State which is unable to participate in the Special Committee may make its views known to the Secretary-General of UNCTAD who will bring them to the attention of the Special Committee;

¹ The Conference adopted this resolution unanimously.

² TD/38.

³ TD/56.

3. *Decides* that, for the purpose of the action to be taken in accordance with paragraph 2 above, due account should be taken of the agreements and comments contained in the report of the Second Committee,⁴

4. *Requests* that the first meeting of the Special Committee be held in November 1968 to consider the progress made by that time, and further requests that a second meeting be held in the first half of 1969 so that the Committee can draw up its final report to the Trade and Development Board; the aim should be to settle the details of the arrangements in the course of 1969 with a view to seeking legislative authority and the required waiver in the General Agreement on Tariffs and Trade as soon as possible thereafter;

5. *Notes* the hope expressed by many countries that the arrangements should enter into effect in early 1970.

⁴ The report of the Second Committee appears in annex VII.

ANNEX D-4

AGREED CONCLUSIONS OF THE SPECIAL COMMITTEE ON PREFERENCES

I.

The Special Committee on Preferences:

1. Recalls that in its resolution 21 (ii), the United Nations Conference on Trade and Development at its second session recognized the unanimous agreement in favour of the early establishment of a mutually acceptable system of generalized, non-reciprocal, non-discriminatory preferences which would be beneficial to the developing countries.
2. Further recalls the agreement that the objectives of the generalized, non-reciprocal, non-discriminatory system of preferences in favour of the developing countries, including special measures in favour of the least developed among the developing countries, should be: (a) to increase their export earnings; (b) to promote their industrialization; and (c) to accelerate their rates of economic growth.
3. Welcomes with appreciation the revised submissions by the developed market-economy countries (TD/B/AC.5/34 and Add.1-3, Add.4 and 4(A), Add.5 and Rev.1 and Rev.1 Corr.1, Add.6, Add.7 and Corr.2-3 and Add.8, Add.9 and Rev.1 and Add.10) which should be read in conjunction with the preliminary submissions of November 1969 (TD/B/AC.5/24 and Add.1-3, Add.4 and Corr.1, Add.5 and Corr.1, Add.5(A), Add.6, Add.7 and Corr.1 and Add.8-11). These submissions represent an important success in the efforts and endeavours in UNCTAD in order to put a generalized system of preferences into operation and an important element in the fulfilment of the aims and objectives of Conference resolution 21 (II) mentioned above and in the international strategy for development in the 1970s.
4. Welcomes with appreciation the joint declaration of several socialist countries of Eastern Europe, as supplemented and clarified in their individual statements, which constitute a useful and positive contribution in the light of the objectives of Conference resolution 21 (II). (See below part two, chapter I, section C.)
5. Notes the expectations of developing countries regarding the generalized system of preferences as expressed in the relevant parts of the Charter of Algiers.¹
6. Notes the observations, suggestions, and requests made by the developing countries on the submissions of the developed market-economy countries during the consultations which have taken place in the Special Committee, and in particular those contained in the report on its fourth session; and notes also that some of the suggestions and requests have been taken into account in the revised submissions.
7. Notes also the explanations given by the prospective preference-giving countries on their submissions and their statements that they will, as far as possible, take into account the observations, suggestions and requests of the developing countries, including those of the least developed among them.
8. Considers that efforts for further improvements should be pursued in a dynamic context in the light of the objectives of Conference resolution 21 (II).

¹ See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. : E.68.II.D.14), p. 431-441.

9. Recognizes that these preferential arrangements are mutually acceptable and represent a co-operative effort which has resulted from the detailed and intensive consultations between the developed and developing countries which have taken place in UNCTAD. This co-operation will continue to be reflected in the consultations which will take place in the future in connexion with the periodic reviews of the system and its operation.

10. Notes the determination of the prospective preference-giving countries to seek as rapidly as possible the necessary legislative or other sanction with the aim of implementing the preferential arrangements as early as possible in 1971.

11. Recommends that the Trade and Development Board at its fourth special session adopt the report of the Special Committee on its fourth session, take note of these Conclusions, approve the institutional arrangements proposed in section VIII and take a decision on the appropriate UNCTAD body referred to in that section.

II. Reverse preferences and special preferences

1. The Special Committee notes that, consistent with Conference resolution 21 (II), there is agreement with the objective that in principle all developing countries should participate as beneficiaries from the outset and that the attainment of this objective, in relation to the question of reverse preferences, which remains to be resolved, will require further consultations between the parties directly concerned. These consultations should be pursued as a matter of urgency with a view to finding solutions before the implementation of the schemes. The Secretary-General of UNCTAD will assist in these consultations with the agreement of the Governments concerned.

2. Developing countries which will be sharing their existing tariff advantages in some developed countries as the result of the introduction of the generalized system of preferences will expect the new access in other developed countries to provide export opportunities at least to compensate them.

3. As a result of the periodic reviews in UNCTAD and of bilateral or multilateral consultations between the countries concerned, those countries granting tariff advantages will, when reviewing the operation of the generalized system of preferences, give careful consideration to the extent to which the developing countries enjoying tariff advantages have benefited over-all from the system.

III. Safeguard mechanisms

1. All proposed individual schemes of preferences provide for certain safeguard mechanisms (for example, *a priori* limitation or escape-clause type measures) so as to retain some degree of control by preference-giving countries over the trade which might be generated by the new tariff advantages. The preference-giving countries reserve the right to make changes in the detailed application as in the scope of their measures, and in particular, if deemed necessary, to limit or withdraw entirely or partly some of the tariff advantages granted. The preference-giving countries, however, declare that such measures would remain exceptional and would be decided on only after taking due account in so far as their legal provisions permit of the aims of the generalized system of preferences and the general interests of the developing countries, and in particular the interests of the least developed among the developing countries.

2. Preference-giving countries will offer opportunities for appropriate consultations to beneficiary countries, in particular to those having a substantial trade interest in the product concerned, in connexion with the use of safeguard measures; where prior consultations are not possible, preference-giving countries will undertake for the purpose above to inform all beneficiary

countries, through the Secretary-General of UNCTAD, with a minimum of delay, of the action taken. Safeguard measures taken should be reviewed from time to time by the preference-giving country concerned with the aim of relaxing or eliminating them as quickly as possible.

3. Certain preference-giving countries provide for a mechanism including an *a priori* limitation formula under which quantitative ceilings will be placed on preferential imports. Some of these countries might, nevertheless, have recourse also to escape type measures, for those products which are not covered by *a priori* limitation formulae.
4. For those countries which do not envisage *a priori* limitations, escape-type measures are the main safeguards at their disposal.

IV. Beneficiaries

1. The Special Committee noted the individual submissions of the preference-giving countries on this subject and the joint position of the countries members of the Organisation for Economic Co-operation and Development as contained in paragraph 13 of the introduction to the substantive documentation containing the preliminary submissions of the developed countries (TD/B/AC.5/24), namely: "As for beneficiaries, donor countries would in general base themselves on the principle of self-election. With regard to this principle, reference should be made to the relevant paragraphs in document TD/56[e] i.e. section A in Part I.
2. The spokesman on behalf of the developing countries members of the Group of 77 made a statement on the question of beneficiaries (see annex I to these agreed conclusions).
3. Other statements were also made on this subject by the representatives of Romania, China, Bulgaria, Cuba, Turkey, Israel, Greece, Bulgaria on behalf of the socialist countries of Eastern Europe, United Kingdom, Australia, Netherlands, New Zealand, Spain, Malta and Mongolia. (See below part two, chapter I, section D.)
4. The spokesman on behalf of the countries members of Group B made a statement on this subject also (see annex II to these agreed conclusions).
5. The Special Committee took note of these statements.

V. Special measures in favour of the least developed among the developing countries

1. In implementing Conference resolution 21 (II), and as provided therein, the special need for improving the economic situation of the least developed among the developing countries is recognized. It is important that these countries should benefit to the fullest extent possible from the generalized system of preferences. In this context, the provisions of Conference resolution 24 (II) should be borne in mind.
2. The preference-giving countries will consider, as far as possible, on a case-by-case basis, the inclusion in the generalized system of preferences of products of export interest mainly to the least developed among the developing countries, and as appropriate, greater tariff reductions on such products.
3. The preference-giving countries declare that escape clause measures would remain exceptional and would be decided on only after due account has been taken, in so far as their legal provisions permit, of the interests of the least developed among the developing countries.

4. During the annual review of the operation of the generalized system of preferences, special attention should be given by the institutional machinery to the effects of the system on the volume of exports and export earnings of the least developed countries and in regard to other objectives of Conference resolution 21 (II). This machinery should further investigate and consult on the special measures in favour of those countries within the generalized system as provided in Conference resolution 21 (II).

5. The Special Committee recommends to the Trade and Development Board that it suggest to each of its main committees that, taking into account the imminent implementation of a generalized system of preferences, priority attention should be given to measures in the field of competence of these committees that would be related or complementary to the generalized system of preferences, especially measures which would enable the least developed among the developing countries to participate fully in that system.

6. Besides those mentioned above, other additional measures have been suggested with a view to enabling developing countries and specially the least developed among them to derive additional benefits from the generalized system of preferences. The international efforts in this field should give priority to:

(a) The identification of products for which the generalized system of preferences opens up new or improved export possibilities for the least developed countries;

(b) Market studies for such products;

(c) Assistance to the improvement of export and export-promotion services or the establishment of such new services where appropriate.

7. The Special Committee invites the Trade and Development Board to call the attention of other appropriate international organizations to the importance of taking measures related to the generalized system of preferences. Such measures might include, as appropriate, financial and technical assistance for the establishment and development of industries likely to further the exports of products included in the generalized system of preferences, as well as financial assistance for pre-investment studies for such industries.

VI. Duration

The initial duration of the generalized system of preferences will be ten years. A comprehensive review will be held some time before the end of the ten-year period to determine, in the light of the objectives of Conference resolution 21 (II), whether the preferential system should be continued beyond that period.

VII. Rules of origin

1. It is agreed that the rules of origin should facilitate the achievement of the objectives of Conference resolution 21 (II) on the generalized system of preferences, in this connexion, to ensure effectively for the beneficiary countries the advantages of preferential treatment for those exports which will qualify therefor; to help to ensure equivalence in conditions of access to the markets of the preference-giving countries, and to avoid distortion of trade.

2. Satisfactory functioning of the rules of origin will be greatly helped if it is possible to establish close and confident collaboration between the competent authorities of the donor and beneficiary countries, particularly concerning documentation and control. It is agreed that such co-

operation should be assured bilaterally and as appropriate through the institutional arrangements as provided for in the relevant part of these conclusions.

3. It is recognized that it is desirable to have rules of origin as uniform as possible and as simple to administer as practicable. The Working Group on Rules of Origin had, at a technical level, formulated preliminary texts on a number of important aspects of the rules of origin. However, in regard to the basic element, for any rules of origin, namely the criterion for substantial transformation, the Group did not at this stage arrive at common views.

4. In view of the importance which the Special Committee attaches to putting into effect the generalized system of preferences as rapidly as possible, it might be necessary to apply, at the outset, origin rules which are different in certain aspects. This would not preclude further efforts to achieve, as far as possible, more harmonization at a later stage.

5. In view of the substantial progress made in drawing up common solutions on matters such as a standard form of origin certificate and agreed rules and undertakings as to verifications, sanctions, and mutual co-operation, the administrative difficulties from the use of different systems of origin at the initial stage will be minimized.

6. The Group should conclude as soon as possible its examination of all technical aspects of the rules of origin for the generalized system of preferences, with a view to agreeing on as many common elements in the rules of origin as possible at this stage. Such technical aspects include harmonization of the different elements used in the determination of substantial transformation among preference-giving countries applying the same criteria in this respect and the questions of cumulative treatment of beneficiary countries and treatment of developed country content. In this connexion the Working Group should also examine possible solutions to specific problems of the least developed among the developing countries. To avoid any delays and to facilitate the implementation of the generalized system of preferences, the Group's conclusions including agreed texts on rules of origin should be remitted directly both to the prospective preference-giving countries and prospective beneficiaries to facilitate appropriate domestic action. The secretariat of UNCTAD should be invited to compile and distribute to Governments of member States an integrated text on rules of origin that will be applied by the preference-giving countries for the purpose of the generalized system of preferences.

VIII. Institutional arrangements

1. The Special Committee on Preferences agrees that there should be appropriate machinery within UNCTAD to deal with the questions relating to the implementation of Conference resolution 21 (II) and bearing in mind Conference resolution 24 (II). The [appropriate UNCTAD body] should have the following terms of reference:

(a) It will review:

- (i) The effects of the generalized system of preferences on exports and export earnings, industrialization and the rates of economic growth of the beneficiary countries including the least developed among the developing countries and in so doing will consider inter alia questions related to product coverage, exception lists, depths of cut, working of safeguard mechanisms (including ceilings and escape clauses) and rules of origin;
- (ii) The effects of the generalized system of preferences on the process of industrialization as well as on the volume of exports and export earnings of the least developed among the developing countries, and review and study the special

measures in favour of those countries within the generalized system as provided for in Conference resolution 21 (II);

- (iii) Especially the effects on the export earnings of developing countries from the sharing of their existing tariff advantages with the rest of the developing countries as a result of the generalized system of preferences, in particular in order to avoid that these countries might be adversely affected;
- (iv) Complementary efforts made by developing countries to utilize as fully as possible the benefits from the potential trade advantages created by the grant of special tariff treatment;
- (v) Other problems related to the operation of the system;

(b) It will review questions related to measures taken by the socialist countries of Eastern Europe with a view to contributing to the attainment of the objectives of Conference resolution 21 (II);

- (c) The above-mentioned functions would appropriately be carried out by means of:
 - (i) An annual review and analysis of the functioning of the system;
 - (ii) A triennial review to assess the benefits of the system for the beneficiary countries and the possibilities of improvement of the system and of its operation;
 - (iii) A comprehensive review towards the end of the initial period of the system, to determine, in the light of the objectives of Conference resolution 21 (II), whether the preferential system should be continued beyond that period.

2. All these periodic reviews would also provide opportunity for multilateral or bilateral consultations between preference-giving countries and beneficiary countries on the system as initially applied, on the modalities of its application and on subsequent changes. These reviews will provide opportunity for consultations between developed market-economy countries and developing countries with respect to possible improvements in the system and between the socialist countries of Eastern Europe and the developing countries with a view to the early and effective implementation of measures by the former, as set forth in their joint declaration, designed to contribute to the attainment of the objectives of Conference resolution 21 (II).

3. The Special Committee on Preferences considers that there may also be a need for consultations of an *ad hoc* character on specific aspects of the system that require urgent consideration. Such consultations could be arranged in agreement with interested Governments of member States and with the assistance when desired of the Secretary-General of UNCTAD.

IX. Legal status

1. The Special Committee recognizes that no country intends to invoke its rights to most-favoured-nation treatment with a view to obtaining, in whole or in part, the preferential treatment granted to developing countries in accordance with Conference resolution 21 (II) and that the contracting parties to the General Agreement on Tariffs and Trade intend to seek the required waiver or waivers as soon as possible.

2. The Special Committee takes note of the statement made by the preference-giving countries that the legal status of the tariff preferences to be accorded to the beneficiary countries by each preference-giving country individually will be governed by the following considerations:

- (a) The tariff preferences are temporary in nature;
- (b) Their grant does not constitute a binding commitment and, in particular, it does not in any way prevent
 - (i) their subsequent withdrawal in whole or in part; or
 - (ii) the subsequent reduction of tariffs on a most-favoured nation basis, whether unilaterally or following international tariff negotiations;
- (c) Their grant is conditional upon the necessary waiver or waivers in respect of existing international obligations, in particular in the General Agreement on Tariffs and Trade.

Annex I
to the agreed conclusions of the Special Committee on Preferences

STATEMENT ON BEHALF OF THE GROUP OF 77

The members of the Group of 77 in UNCTAD take note of the position of the countries members of the Organisation of Economic Co-operation and Development on this subject. These developing countries consider themselves under Conference resolution 21 (II) to be prospective beneficiaries in the generalized system of preferences and therefore entitled to preferential treatment in the markets of all preference-giving countries. The members of this Group as constituted at present are:

The Kingdom of Afghanistan	The Libyan Arab Republic
The Democratic and Popular Republic of Algeria	The Malagasy Republic
The Argentine Republic	The Republic of Malawi Malaysia
Barbados	The Republic of Maldives
The Republic of Bolivia	The Republic of Mali
The Republic of Botswana	The Islamic Republic of Mauritania
The Federative Republic of Brazil	Mauritius
The Union of Burma	The United Mexican States
The Republic of Burundi	The Kingdom of Morocco
The Khmer Republic	The Kingdom of Nepal
The Federal Republic of Cameroon	The Republic of Nicaragua
The Central African Republic Ceylon	The Republic of the Niger
The Republic of Chad	The Federal Republic of Nigeria
The Republic of Chile	Pakistan
The Republic of Colombia	The Republic of Panama
The Democratic Republic of Congo	The Republic of Paraguay
The Republic of Costa Rica	The People's Republic of the Congo
The Republic of Cyprus	The Republic of Peru
The Republic of Dahomey	The Republic of the Philippines
The Dominican Republic	The Republic of Korea
The Republic of Ecuador	The Republic of Viet-Nam
The Republic of El Salvador	The Rwandese Republic
The Republic of Equatorial Guinea	The Kingdom of Saudi Arabia
The Empire of Ethiopia	The Republic of Senegal
The Gabonese Republic	Sierra Leone
The Republic. of Gambia	The Republic of Singapore
The Republic of Ghana	The Somali Democratic Republic
The Republic of Guatemala	The People's Republic of Southern Yemen
The Republic of Guinea	The Democratic Republic of the Sudan
The Republic of Guyana	The Kingdom of Swaziland
The Republic of Haiti	The Syrian Arab Republic
The Republic of Honduras	The Kingdom of Thailand
The Republic of India	The Togolese Republic
The Republic of Indonesia	Trinidad and Tobago
The Empire of Iran	The Republic of Tunisia
The Republic of Iraq	The Republic of Uganda
The Republic of the Ivory Coast	The United Arab Republic
Jamaica	The United Republic of Tanzania
The Hashemite Kingdom of Jordan	The Republic of the Upper Volta
The Republic of Kenya	The Eastern Republic of Uruguay
The State of Kuwait	The Republic of Venezuela
The Kingdom of Laos	The Yemen Arab Republic
The Lebanese Republic	The Socialist Federal Republic of Yugoslavia
The Kingdom of Lesotho	The Republic of Zambia
The Republic of Liberia	

Further, they hold the view that no developing country member of this Group should be excluded from the generalized system of preferences at the outset or during the period of the system.

Annex II

to the agreed conclusions of the Special Committee on Preferences

STATEMENT BY THE SPOKESMAN ON BEHALF OF GROUP B ON BENEFICIARIES

With regard to the question of beneficiaries, our common introduction to the individual revised or additional submissions (TD/B/AC:5/34) indicates that the views expressed by the prospective preference-giving countries in 1969 (TD/B/AC.5/24) remain unchanged. Furthermore I would like to refer to the position of the preference-giving countries as stated in section IX on legal status, as well as in their individual submissions.

In this connexion I should recall an observation made by the Secretary-General of the Organisation for Economic Co-operation and Development in his letter addressed to the Secretary-General of UNCTAD before the second session of the United Nations Conference on Trade and Development,² – i.e. that the membership of that organization includes some developing countries which, like other potential beneficiaries, have an interest in the subject of special tariff treatment. The delegation of Malta, member of Group B, has a similar interest.

² See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. III, *Problems and Policies of trade in manufactures and semi-manufactures* (United Nations publication, Sales No.: E.68.II.D.16), document TD/56, p. 78.