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CONSIDERATION OF THE DRAFT ARTICLES ON  
MOST-FAVOURLED-NATION CLAUSES

Report of the Secretary-General

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COMMENTS FROM INTERGOVERNMENTAL ORGANIZATIONS

LEAGUE OF ARAB STATES

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1. In general, this draft Convention comprises a definition of the meaning and scope of the most-favoured-nation clause and of an international legal obligation binding on all States of the world, regardless of their economic circumstances. However, the Tokyo Declaration of 14 March 1978 and the Conferences of UNCTAD called for the granting of preferential treatment to the developing countries by the developed countries, with observance of the principle of "non-reciprocity", i.e., the developed countries are not to expect reciprocity for the undertakings which they have made in the negotiations, so that customs, tariffs and other barriers affecting the trade of the developing countries will be reduced or eliminated. In its resolution 33/199 the General Assembly also called upon the developed countries to abide by agreements relating to the principle of non-reciprocity. We therefore consider that article 24 of the draft Convention on the Most-favoured-Nation Clause should be amended to form two paragraphs:

(a) Consisting of the text of the article as it now stands in the draft Convention.

(b) Reading as follows:

"The most-favoured-nation clause does not give a beneficiary developed country the right to the most-favoured-nation treatment granted by a developing country to a third developing country in accordance with the relevant rules and procedures in force in a special international organization of which the granting State and the third State are members."

2. We consider that the addition of new texts to this draft Convention will protect the interests of developing countries, where they are beneficiary States, from being bound to accord compensation and reciprocal treatment.

3. We believe that there should be a statement of the principle of compensation upon the suppression of preferential treatment accorded by developed countries to developing countries in agreements concluded between them within the framework of the multilateral trade negotiations.

4. We consider that the generalized system of preferences is merely a courtesy obligation on the developed countries, and, on the occasion of its inclusion in a legally binding convention in article 23 of this draft Convention, we believe that this system should be expanded and placed in a legal framework giving it a legally binding character.