

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Prep. Com/W/7  
22 June 1973

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Preparatory Committee for  
the Trade Negotiations

MEETING OF THE COMMITTEE 16-18 MAY 1973

Note by the Secretariat

1. The second meeting of the Preparatory Committee, established by the CONTRACTING PARTIES at their twenty-eighth session, was held during the period 16-18 May 1973 under the chairmanship of the Director-General.
2. The proposal by the Chairman that the agenda consist of the points contained in paragraph 2 of GATT/DIR/1001 was adopted by the Committee. Most of the discussion was concerned with the subjects to be included in the report which the Committee will make to the meeting of ministers scheduled for mid-September as well as the nature and form of the report and the preparation of a draft declaration for the consideration of ministers.

Review of status of preparatory work

3. Statements were made on the present status of the preparatory work proceeding in the three main committees by Mr. P. Nogueira Batista, Chairman of the Committee on Trade and Development; Mr. G. Stuyck, Chairman of the Committee on Trade in Industrial Products; and the Director-General, Chairman of the Agriculture Committee. The texts of the statements are annexed to this note.

Report to the meeting of ministers and draft declaration

4. The Chairman recalled that at the first meeting of the Committee, some delegations had provided preliminary comments on the subjects which might be taken up in the report to the meeting of ministers scheduled for Tokyo in September having regard to the nine points which are listed in paragraph 16 of the note on the initial meeting of the Preparatory Committee (Prep. Com/W/4). As there had since been some time for reflection on this matter in capitals, delegations were invited to present any further suggestions they might wish to make in relation to the report of the Preparatory Committee.
5. Most delegations who spoke on the subject agreed that the Preparatory Committee should put before ministers two documents consisting of a draft declaration supported by a more detailed report on important matters related to the trade negotiations.
6. A number of suggestions concerning the contents of these documents were made by delegations.

7. With regard to the draft declaration for consideration by ministers, some delegations suggested that it should be a short document of a political nature referring to the will to negotiate, the coverage of the negotiations, the general guidelines to be followed by the negotiators and the time-table objective. Some of the language contained in earlier documents, such as the United States/EEC and United States/Japan declarations of February 1972, the GATT Council meeting of March 1972, the summing-up of the twenty-eighth session of the CONTRACTING PARTIES, as well as other important statements, could be taken up in the declaration. Some delegations suggested that it might be known as the Tokyo Declaration. A number of delegations said that the declaration should not contain technical details. One delegation expressed the view that because the decision to negotiate had already been taken and the broad coverage of the negotiations already stated, ministers might be asked to take note of these matters and agree on the areas where negotiations should commence and the rules under which they might proceed.

8. One other delegation, in suggesting that the declaration should be politically inspired, put forward a number of headings which could form the basis of the document and which might, inter alia, include: (i) objectives, picking up the relevant language in such documents as the ITO Charter and in the preamble to the General Agreement; (ii) basic principles such as those relating to developing country participation, coverage of the negotiations, reciprocity and mutual advantage; (iii) approaches or combination of approaches to be followed in achieving the objectives; and (iv) rules of procedure and administrative and juridical questions.

9. Some delegations suggested that, among other things, the draft declaration should also refer to the mandate for the Trade Negotiations Committee and a review of the provisions of the General Agreement.

10. Some other delegations suggested that the draft declaration should be specific with regard to the special conditions and procedures for the participation of developing countries and take account of the proposals already submitted by developing countries on these matters.

11. As to the contents of the report, a draft outline of which might be prepared by the secretariat as a basis for further work by the Committee in July, some delegations suggested that it should contain information on developments in relation to the preparatory work for the negotiations indicating areas where progress had been made as well as areas where there had been a lack of progress because no consensus had been reached. One delegation considered that this latter information could provide a basis for the examination of various alternatives which might be taken up in the negotiations.

12. Some other delegations thought that the report should also reflect the different views expressed in the Preparatory Committee. A number of delegations believed that the report should deal in separate chapters with, among other things,

tariffs, non-tariff barriers, agriculture, the participation of developing countries and the improvement of the GSP. The relationship existing between the trade and monetary fields should also be kept in mind. These delegations expressed the view that any review of the provisions of the General Agreement might take place at the end of the negotiations.

13. Some delegations suggested that the Agriculture Committee might be convened to prepare some general guidelines for incorporation in the report of the Preparatory Committee.

14. A number of delegations referred to specific points which might be included in the report in relation to the participation of developing countries in the negotiations. Some delegations proposed that the report should reflect the various ideas and suggestions put forward by developing countries in GATT, taking account of Resolution 82(III) of the Santiago conference of UNCTAD and Resolution 3040(XXVII) adopted by the General Assembly of the United Nations. The report should also take up the questions of preferential treatment for developing countries, non-discrimination, advance implementation and non-reciprocity. With regard to the scope of the negotiations, some delegations considered that the report should indicate that all products of interest to developing countries, including tropical products, should be covered by the negotiations. Some delegations expressed the view that a complementary objective was required in such fields as finance, shipping and access to technology etc. in order to ensure that developing countries would be in a position to increase their export potential and take advantage of trade concessions.

15. Some delegations referred to the nine points contained in paragraph 16 of Prep.Com/W/4 which, in the view of a number of delegations, could be taken into account in the preparation of the report, subject to any rewording and rearranging as might be considered necessary. A number of delegations suggested that the report should correspond to items 3,4,5,6 and 9 of paragraph 16 and in addition, refer to the work which had been carried out in the main committees of GATT.

16. Certain delegations elaborated on the contents of some of the nine points. It was suggested that under point (1), reference could be made to the need to secure additional benefits for the trade of developing countries. Sub-headings under this point could refer to a new international division of labour, trade liberalization including improved market access for developing country products, an expansion of trade between developed countries and between developed and developing countries and an increased share of world trade for developing countries. Point (3) could include a reference to priority action on products and areas of interest to developing countries and point (7) could identify the provisions of the General Agreement, such as safeguards, which might be subject to review in the negotiations.

17. Some delegations suggested that the chapter headings for the report of the Preparatory Committee might include: (a) Introduction, giving the historical setting; (b) Principles and objectives, including those in resolutions 82(III) and 3040 and such things as sectoral objectives; (c) Scope and coverage of the negotiations; (d) Specific conditions and procedures for the participation of developing countries, including non-reciprocity, non-discrimination and preferential treatment; (e) Techniques for the negotiations; (f) Non-tariff barriers; (g) Review of GATT provisions including safeguards; (h) Mandate for the Trade Negotiations Committee; and (i) Procedural matters.

18. A number of delegations referred to point 9(b) of paragraph 16 concerning the participation of developing countries not contracting parties and hoped that the report would reflect the importance they attached to the equal participation by these countries in all stages of the negotiations.

#### Chairman's summing-up

19. The Chairman in his summing-up of the discussion stated his understanding that there was general agreement that the meeting of the Preparatory Committee, commencing on 2 July, might initiate its work with two days of debate when delegations would outline matters of particular interest to them in the context of the negotiations. To assist the Committee in the work of preparing its report, the secretariat would prepare a draft outline taking into account the nine points listed in Prep. Com/W/4 and comments and suggestions by delegations. The Committee should complete its report and a draft declaration by 27 July for the consideration of ministers at the meeting scheduled for Tokyo in September.

#### Other matters

20. The FAO, OECD and Commonwealth Secretariat were admitted as observers to the Preparatory Committee.

ANNEX

Statement by Chairman of Committee on Trade and  
Development

Since the first meeting of this Committee, the Committee on Trade and Development has reviewed several key issues of interest to developing countries in the trade negotiations. These discussions have been of an exploratory nature and at this stage of the preparatory work do not commit delegations. They have, however, thrown some light on the matters discussed and should pave the way for a better understanding of positions. It is also a matter of satisfaction that a number of non-contracting parties have contributed actively to these discussions.

A summary of the main points raised in the two meetings the Committee on Trade and Development has held in February - March is found in the notes on proceedings, COM.TD/89 and 90. I should, however, like to comment briefly on the stage reached so far on a number of the subjects discussed and indicate what still remains to be done.

In the view of developing countries, the question of non-reciprocity is one of the central issues relating to their participation in the negotiations. It is also evidently a question that would need to be dealt with when the Preparatory Committee seeks to establish conditions for the participation of developing countries in the negotiations. The Committee on Trade and Development has had an exploratory, but in the opinion of members very useful, exchange of views on this matter. The discussion was helpful in stimulating thinking on the place of developing countries in the negotiating process, the modalities for their securing benefits from the negotiations and their own possibilities of making a contribution.

It is, however, clear that this complex issue will require further consideration and elaboration.

Because of the great importance of tropical products to the trade of a large number of developing countries it has been agreed that special attention should be given in the negotiations to these items. In the Committee, many representatives have stressed the need for full liberalization in this field through the removal of remaining barriers to access. Some developing countries have expressed themselves in favour of a sector approach to negotiations on these products.

With a view to examining how problems affecting trade in tropical products might be surmounted, the Committee has asked the secretariat to prepare data covering the situation in regard to import régimes for these products as well as trade in preferential and most-favoured-nation channels and on available projections on future trade, effective degrees of tariff protection and internal taxes. The secretariat study is expected to become available shortly.

The Committee has given preliminary consideration to how the work in various G/TT bodies on quantitative import restrictions could most usefully be geared to the preparatory work for the negotiations. On behalf of developing countries, certain proposals have been made envisaging, inter alia, the establishment of a list of items of interest to developing countries on which priority action could be initiated. A number of suggestions were also made in regard to techniques and modalities for elimination of quantitative restrictions affecting exports of developing countries for further consideration by the Committee. These included an indicative programme of gradual overall liberalization on a preferential and non-reciprocal basis with specific provisions for the handling of exceptions.

In discussing other non-tariff measures, the Committee was in broad agreement about the need to give priority attention to the removal of barriers in which developing countries, and in particular the least developed among them, had a major interest. A number of proposals were put forward by representatives of developing countries with respect to the guidelines that might be followed with a view to ensuring that solutions with respect to non-tariff barriers, including those in the field of valuation, administration of import licensing and standards, bring effective benefits for developing countries. The importance of adequate attention being given to certain areas such as those relating to health and sanitary regulations has been stressed. The need for developing countries being given appropriate technical assistance in order that they can meet existing administrative regulations and requirements has also been emphasised.

The Committee has agreed that the secretariat should be asked to intensify its assistance to developing countries and prepare studies explaining more fully the solutions and arrangements that are being worked out on various non-tariff barriers and their implications for developing countries.

The Committee is scheduled to meet again in mid-June and is expected to review the situation in such areas as approaches to tariff reductions and the implications of such reductions for the GSP, the treatment of agricultural products and the question of safeguards, as these relate to the specific interests of the developing countries. The Committee will also revert to the problem of tropical products in the light of its earlier discussion and additional material requested from the secretariat and would have an opportunity to continue examination of the other points discussed earlier this year.

I should add that the Committee has been very conscious of the need for ensuring that its work, particularly in such fields as import restrictions, is adequately co-ordinated with work proceeding in the various technical sub-Groups, particularly of the Committee on Trade in Industrial Products. It is the intention of the Committee to keep this aspect under close review.

At this stage of the preparatory work, the Committee on Trade and Development is concentrating on the task of working out proposals for the negotiations to be put up for consideration by the Preparatory Committee in July. In this context the Committee would also hope to benefit in due course from any ideas and suggestions that might emerge from the very useful consultations that the Group of Three has been carrying out in recent weeks with delegations of both developed and developing countries.

Statement by Chairman of the Committee on Trade in  
Industrial Products

The Committee on Trade in Industrial Products has met once since I last made a statement before this Committee; the meeting being held on 10 and 11 May.

The Committee is continuing its examination of various techniques and modalities for the forthcoming trade negotiations.

In the tariff field it is concentrating on three types of techniques:

- (a) techniques for achieving duty-free trade in industrial products,
- (b) techniques for linear tariff reductions, and
- (c) techniques for harmonizing tariffs,

bearing in mind the possibility of a combination of these techniques. While the Committee is concentrating on these, it has agreed that no technique should be definitively set aside.

With regard to non-tariff measures, the Committee held a first exchange of views on the preparation of a common list of priorities attached to dealing with various categories of non-tariff measures in the multilateral trade negotiations and agreed to continue discussion of this matter at its next meeting. Work on the up-dating of the detailed Inventory of non-tariff measures is going forward.

The Committee is to examine the sector approach (which calls for all factors affecting trade in specific sectors, including tariffs and non-tariff measures to be dealt with together) in more detail at its next meeting on the basis of a detailed paper to be supplied by the delegation which has taken the lead in discussions of this technique.

At its meeting last week the Committee established a Group on Safeguards with the following terms of reference:

"To examine, in the context of the work of the Committee on Trade in Industrial Products on various techniques and modalities for effective and comprehensive future negotiations, the adequacy of the multilateral safeguard system of the General Agreement;

- (i) in the light of present conditions and efforts to achieve and preserve a further liberalization and expansion of trade, and
- (ii) for ensuring the maintenance of access,

and to report in due course to the Committee on Trade in Industrial Products. In carrying out this task the Group should give due consideration to the adequacy of the multilateral safeguard system of the General Agreement to the special situation, development problems, and needs of developing countries, bearing in mind the objectives of the negotiations agreed at the twenty-eighth session of the CONTRACTING PARTIES.

The date of the Group's first meeting will be set by its Chairman, Mr. A. Dunkel (Switzerland), in consultation with interested delegations.

Developing countries have taken the view that an examination of the implications for them of specific negotiating techniques would be facilitated when a better understanding has been reached regarding the principles and objectives of the negotiations. The secretariat agreed to examine the possibility of a study on the relationship between the generalized system of preference and the future negotiations.

Finally, I would like to mention that the Committee has agreed to draw up a unified note bringing together all the points made in its discussions on techniques and modalities which would be made available to the Preparatory Committee. A meeting of the Committee on Trade in Industrial Products at which the note would, I hope, be finalized has been tentatively set for 3 and 4 July.

Statement by Chairman of Agriculture Committee

1. In reporting on the present state of preparations for the agricultural negotiations, I can be very brief because the Agriculture Committee has not met since you last assembled on 31 January and 1 February.
2. You will remember that at its January session the Agriculture Committee had mainly discussed three points relating to the objectives for the coming negotiations in the agricultural sector, the principles and procedures that should govern those negotiations and lastly the applicability of certain negotiating techniques.
3. The Committee had then invited its members to reflect on those three categories of problems before setting the date for its next meeting.
4. No doubt the governments have been reflecting on these problems in the period since January but in the course of consultations by the secretariat concerning the documents which it had been requested to prepare I have not gained the impression that their reflections had on the whole reached a sufficient degree of maturity to warrant a useful meeting of the Agriculture Committee.
5. It remains nevertheless that the decision or the conclusions that the Ministers will be called upon to adopt at Tokyo will have to include provisions in respect of the agricultural sector as well as the other sectors, since all these elements together form a whole, and likewise include a minimum of arrangements regarding the procedures that should govern the negotiations in that sector. Such a minimum arrangement should be before the Ministers when they meet in September.
6. These questions have remained unanswered so far and I do not know if the Preparatory Committee will wish at this session to make any pronouncement and indicate whether and how it considers it opportune to consider them.