

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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DRAFT MINISTERIAL DECLARATION

The following communication dated 23 June 1986 has been received from the Permanent Delegation of Brazil with the request that it be circulated to all members of the Preparatory Committee.

Please find enclosed a draft Ministerial Declaration which the countries listed below wish to circulate as a formal document of the Preparatory Committee as of 23 June 1986.

Argentina
Brasil
Cuba
Egypt
India
Nicaragua
Nigeria
Peru
Tanzania
Yugoslavia

DRAFT MINISTERIAL DECLARATION

1. The CONTRACTING PARTIES to the General Agreement on Tariffs and Trade met at Ministerial level on September 1986 in order to review work carried out in the Preparatory Committee established in pursuance of the decision by the 41st Session of the CONTRACTING PARTIES to determine the objectives, subject matter, modalities for and participation in the multilateral trade negotiations, taking into account the elements of the 1982 Ministerial Work Programme and the views expressed in the Group of Senior Officials.

2. Conscious of the urgent need to halt and reverse protectionism and to overcome the increasing threat to the multilateral trading system posed by continued disrespect for GATT disciplines, the Ministers reaffirm their conviction in the lasting validity of the basic principles and objectives of the General Agreement on Tariffs and Trade in a world of increasing economic interdependence, and recognize the preservation of GATT as the first objective in world trade relations and as a prerequisite for subsequent action for the strengthening of the multilateral trading system. The Ministers also reaffirm that contracting parties should abstain from taking restrictive trade measures for reasons of a non-economic character.

3. Mindful of the effects of prolonged financial instability in the world economy and of the linkage between trade, money, finance and development, the Ministers express their concern over the decline in the flow of financial resources to developing countries, the net transfer of financial resources from developing countries to developed countries, the debt situation, the high level of interest rates, the misalignment and volatility of exchange rates and stringency in liquidity which demand parallel efforts and measures aimed at promoting a substantial reform of the international financial and monetary system. In this context particular attention is called to the negative impact of protectionism on the ability of indebted countries to foster their economic development and to fulfill their financial commitments.

4. In order to preserve the rôle of the GATT system in furthering economic well-being and in promoting the expansion of world trade, it is recognized that a firm and credible commitment not to introduce any new restrictive import measures of a tariff and a non-tariff nature in all sectors of trade in goods is immediately required. All contracting parties thus undertake to respect the commitment on standstill contained in Annex I and adopted as an integral part of this Declaration.

5. It is further recognized that the objective of preserving GATT will not be attained unless determined action to eliminate measures inconsistent with the General Agreement on Tariffs and Trade is forthcoming. Developed contracting parties therefore undertake to adopt a rollback commitment in all areas of trade as contained in Annex II, in order to phase-out within a specific timeframe barriers inconsistent with GATT which impinge upon the exports of developing contracting parties. Such an undertaking, while embodying a concrete expression of the willingness of developed contracting

parties to further the objectives and commitments contained in Part IV of the General Agreement, will in turn need to be complemented by the elimination of all measures inconsistent with GATT through negotiations among developed contracting parties in the context of a new round.

6. Given the renewed determination to restore the credibility of GATT through the observance of standstill and rollback commitments and the widespread dissatisfaction with the inadequacies of certain fundamental GATT provisions, particular attention to the revision of disciplines governing the restriction of trade through safeguards is required as a guarantee against additional proliferation of protective measures. The Ministers thus reaffirm their intent to give prompt effect to the 1982 Ministerial Decision concerning a comprehensive understanding on safeguards based on the principles of the General Agreement, in particular the most favoured nations clause, with a view towards clarifying and reinforcing Article XIX on the basis of the elements contained in Annex III.

7. The strengthening of the GATT by further efforts to liberalize trade through the reduction of existing barriers and the elimination of distortions in all areas of trade in goods should be addressed as a subsequent major objective in world trade and in strict observance of GATT jurisdiction.

8. The aims of liberalization and elimination of distortions should be pursued through a round of multilateral trade negotiations in the area of trade in goods. The negotiations shall aim at securing additional benefits for the international trade of developing countries so as to achieve a substantial increase in their foreign exchange earnings, the diversification of their exports, the acceleration of the rate of growth of their trade, taking into account their development needs, an improvement in the possibilities for these countries to participate in the expansion of world trade and a better balance as between developed and developing countries in the sharing of the advantages resulting from this expansion, through, in the largest possible measure, a substantial improvement in the conditions of access for the products of interest to the developing countries and, wherever appropriate, measures designed to attain stable, equitable and remunerative prices for primary products.

9. It is understood that, in order to ensure in any new round the effective application of the principle of differential and more favourable treatment embodied in Part IV of the General Agreement and in the decision of the CONTRACTING PARTIES of 28 November 1979 (L/4903), specific modalities be devised in conformity with the elements provided in Annex IV. Special attention should be given to the particular situation and problems of the least-developed among developing countries, taking into account, among others, the need for immediate implementation of the provisions of the Ministerial Declaration of 1982 in respect of facilitating trade of the least-developed countries.

10. Taking into account the work done by the Preparatory Committee, Ministers approve the Programme of Negotiations on the following areas of trade in goods as elaborated in the corresponding annexes:

- (a) Safeguards
- (b) Agriculture
- (c) Tropical Products
- (d) Quantitative restrictions and other non-tariff barriers
- (e) Commodities
- (f) Natural resource products
- (g) Restrictive business practices
- (n)

11. CONTRACTING PARTIES meeting at Ministerial level thus agree to start multilateral trade negotiations on the areas of trade in goods listed in paragraph 10 above, to be launched as soon as the commitments on standstill and rollback become effective. Participation in such negotiations will be open also to developing countries which are not contracting parties.

12. CONTRACTING PARTIES meeting at Ministerial level take note that further preparatory work in other areas in trade in goods, listed in Annex (...) is required for the completion of the Programme of Negotiations foreseen in the November 1985 decision of the CONTRACTING PARTIES.

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Annex I

Standstill

1. In order to ensure the preservation of the multilateral trading system as embodied in GATT a firm and credible individual commitment to standstill will be required from all contracting parties.
2. The decision to standstill shall constitute a commitment not to introduce any new restrictive import measures, and not to agree with any such measures if proposed by the legislative branch of government, unless the new measures are adopted in strict conformity with the General Agreement on Tariffs and Trade, particularly with:
 - (a) Article VI - Anti-dumping and countervailing duties;
 - (b) Article XIX - Emergency action on imports of particular products;
 - (c) Article XII - Restrictions to safeguard the balance of payments;
 - (d) Article XVIII - Governmental assistance to economic development.
3. The decision to standstill shall apply to all sectors of trade in goods including textiles and clothing. Any new restrictive trade measures will have to conform fully with the provisions of the General Agreement as per paragraph 2 above.
4. Actions consistent with GATT but which may have a limiting or distorting effect on trade will be avoided.
5. Any measures taken in the exercise of GATT rights will not go beyond what is strictly necessary to remedy specific situations provided for in the relevant GATT provisions.
6. The decision to standstill shall be taken at the highest level of the executive branch of government, by executive order or presidential decree or by instrument of equivalent legal status; wherever necessary by constitutional requirement it will have to be supported by appropriate legislative sanction.
7. The individual commitments to standstill shall be notified to GATT before ... and in any case prior to the launching of a new round of Multilateral Trade Negotiations.
8. The GATT Council shall establish the proper machinery for the monitoring and surveillance of the individual standstill commitments notified to GATT.

Annex II

Rollback

1. With a view towards ensuring that the objective of preserving the multi-lateral trading system, as embodied in GATT, is attained a firm credible individual commitment to rollback measures inconsistent with GATT or not based on specific GATT provisions will be required from developed contracting parties in favour of developing contracting parties.
2. The decision to rollback by developed contracting parties shall apply to all sectors of trade in goods, including textiles and clothing, and shall constitute a commitment to "phase out", in accordance with a time-bound scheme not exceeding 3 years, all existing restrictive import measures applied on imports from developing contracting parties, inconsistent with GATT or not based on specific provisions of the General Agreement on Tariffs and Trade.
3. The decision to rollback shall be taken at the highest level of the executive branch of government, by executive order or presidential decree or by instrument of equivalent legal status; wherever necessary by constitutional requirement, it will have to be supported by appropriate legislative sanction.
4. The individual commitment to rollback shall be notified to GATT before the launching of a new round of MTNs.
5. The GATT Council shall establish the proper machinery for the monitoring and surveillance of the individual commitments notified to GATT.

Annex III

Safeguards

1. The question of safeguards is of the highest importance for the strengthening of the multilateral trading system as embodied in the GATT. It should be dealt with independently of the launching of a new round of multilateral trade negotiations or, at the very least, as a first stage of a round of MTNs, on the understanding that as soon as agreement on the issue of safeguards is reached such results should be put into effect independently of results in other areas.
2. The agreement on safeguards must be based on the MFN principle.
3. The agreement on safeguards must be comprehensive as foreseen in the Ministerial Declaration of 1982.
3. The agreement on safeguards must clarify and reinforce the disciplines of Article XIX and be an integral part of the General Agreement.

Annex IV

Treatment of LDCs

1. The contracting parties reaffirm that the principle of differential and more favourable treatment embodied in Part IV of the General Agreement and in the Decision of the CONTRACTING PARTIES of 28 November 1979 (L/4903) is an integral and inalienable part of the GATT and the MTN codes, and should be strictly adhered to in any future round of multilateral trade negotiations.
2. Developed countries do not expect reciprocity and they shall not seek, nor shall LDC's be required to make concessions that are inconsistent with the latter's development, financial and trade needs. In this context developed countries shall give particular consideration to problems of foreign debt, poverty and the critical economic situation of developing countries.
3. Special attention should be given to the particular situation and problems of the least-developed among the developing countries, taking into account, among others, the need for immediate implementation of the provisions of the Ministerial Declaration of 1982 in respect of facilitating trade of the least-developed countries.
4. In order to ensure the full implementation of GATT provisions on differential and more favourable treatment for developing countries in concrete situations, it is agreed that specific modalities be devised to quantify to the extent possible the application of these provisions. Such modalities could include criteria as regards, inter alia, trade coverage, type of concessions, extent of reduction of trade barriers and timing of implementation of concessions exchanged.
5. In order to ensure effective application of differential and more favourable treatment there is need to strengthen the monitoring mechanism.

Annex V

Agriculture

1. It is a matter of vital importance and high priority that all elements which restrict access for or distort international markets of agricultural products should be treated in full from the start of the proposed round of multilateral trade negotiations, and that they be effectively included in the strengthened disciplines of GATT.
2. The priority objective of negotiations on agriculture should be: to substantially improve conditions of access through the liberalization and expansion of trade in all its forms, in such a manner that trade in these goods may develop on a secure and stable basis, unhindered by distortions in trade and the displacement of efficient producers from their traditional markets or by excessively low prices.
3. Further to the commitments to standstill and rollback on measures not in conformity with the GATT (Annexes I and II), it is agreed that participants in the negotiations on agriculture will avoid new measures and dismantle existing ones that, while taken in the exercise of GATT rights or in the absence of GATT obligations limit or distort trade in agriculture.
4. Contracting parties undertake to gradually phase-out export subsidies, according to a programme and time-table to be agreed. Contracting parties also undertake a commitment to the greater liberalization of tariff and non-tariff measures and, as a starting point, to minimum levels of access to markets for all products falling within the agricultural sector.
5. Contracting parties commit their Governments to adjust progressively national policies so as to eliminate all obstacles to full integration of this sector within the GATT rules.
6. Contracting parties agree to take into account the special needs of the developing countries in the light of GATT provisions for differential and more favourable treatment for such countries.
7. It is understood that the technical work carried out in the Committee on Trade in Agriculture and the 1984 recommendations, approved by the Committee and by the CONTRACTING PARTIES, will form the negotiating framework on agriculture.

Annex VI

Tropical Products

Annex VII

Quantitative Restrictions and other Non-tariff Barriers

Annex VIII

Commodities

Annex IX

Natural Resource Products

Annex X

Restrictive Business Practices

Annex ...

Areas in trade in goods where further preparatory work is required for the completion of the Programme of Negotiations foreseen in the November 1985 decision of the CONTRACTING PARTIES.