

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

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DRAFT MINISTERIAL DECLARATION

The following communication, dated 29 July 1986, has been received from the delegation of Argentina with the request that it be circulated to all members of the Preparatory Committee.

This document is presented to the Preparatory Committee as a proposed amendment to PREP.COM(86)W/47/Rev.1.

DRAFT MINISTERIAL DECLARATION

CONTRACTING PARTIES at Ministerial level

- RECOGNIZING the preservation of GATT as the first objective in world trade relations and as a basis for subsequent action aiming at strengthening the multilateral trading system
- TAKING into account the 1982 Ministerial Declaration and its work programme
- MINDFUL of the negative effects of prolonged financial and monetary instability in the world economy, the indebtedness of a large number of less developed contracting parties, and considering the linkage between trade, money, finance and development
- DETERMINED to halt and reverse protectionism and to remove distortions to trade
- DETERMINED also to develop a more open, viable and durable multilateral trading system
- STRESSING the necessity of promoting a substantial reform of the international, financial and monetary system
- CONVINCED that such actions would promote growth and development
- DECIDE to launch a Round of Multilateral Trade Negotiations, in accordance with the provisions of the General Agreement on Tariffs and Trade

OBJECTIVES

Negotiations shall aim to:

- (a) bring about further liberalization and expansion of world trade to the benefit of all countries, especially less developed contracting parties, through the improvement of access to markets by the reduction and elimination of tariffs, quantitative restrictions and other non-tariff measures and the phasing-out of practices, in the commercial field, that distort trade;
- (b) strengthen the rôle of GATT and improve the multilateral trading system based on the principles and rules of the GATT;

- (c) increase the responsiveness of the GATT system to the evolving international economic environment, inter alia through enhancing the relationship of the GATT with the relevant international organisations and taking account of changes in trade patterns and prospects, serious difficulties in commodity markets, the importance of an improved trading environment for the ability of indebted countries to meet their financial obligations, and the need for complementary and effective action in the interrelated areas of money, finance and trade, and to avoid application of coercitive trade measures;
- (d) secure 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, and 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.

GENERAL PRINCIPLES GOVERNING NEGOTIATIONS

- (a) Negotiations should be conducted in accordance with the objectives and commitments agreed and with the principles of the General Agreement in order to ensure mutual advantage and increased benefits to all participants.
- (b) [The negotiations should be considered one undertaking. Furthermore,] agreements reached during the negotiations may be implemented on a provisional basis. The negotiations should aim to achieve early results in as many areas as possible, in particular safeguards, tropical products, agriculture, dispute settlement, and natural resource products.
- (c) The negotiations shall respect the principle of transparency.
- (d) 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.
- (e) Developed countries do not expect reciprocity and they shall not seek, nor shall LDCs 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.

- (f) 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.
- (g) 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 the 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.
- (h) In order to ensure effective application of differential and more favourable treatment there is need to strengthen the monitoring mechanism.

STANDSTILL AND ROLLBACK

Commencing immediately and continuing until the formal completion of the Negotiations, each contracting party and any participant to the negotiations agrees to apply the commitments on standstill and rollback on trade in goods, as specified in the annexed Protocols, which shall be opened for signature by all participants to the negotiations at the closing of this Ministerial Meeting of the CONTRACTING PARTIES.

Surveillance of standstill and rollback

Participants agree that the implementation of these commitments on standstill and rollback shall be subject to multilateral surveillance so as to ensure that these commitments are being met. The Trade Negotiations Committee will decide on the appropriate mechanisms to carry out the surveillance, including periodic reviews and evaluations. Any participant may bring to the attention of the appropriate surveillance mechanism any actions or omissions it believes to be relevant to the fulfilment of these commitments. These notifications should be addressed to the GATT secretariat which may also provide further relevant information.

SUBJECTS FOR NEGOTIATIONS

Safeguards

1. A comprehensive agreement on safeguards is of particular importance to the strengthening of the GATT system and to progress in the MTN's. It has to form part of the first stage of the negotiations 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.
4. The agreement on safeguards must clarify and reinforce the disciplines of Article XIX and be an integral part of the General Agreement.

Agriculture

1. CONTRACTING PARTIES agree that there is an urgent need to bring more discipline and predictability to world agricultural trade, to correct and prevent distortions, so as to decrease the uncertainty, imbalances and instability in world agricultural markets and to ensure an equitable balance of rights and obligations among contracting parties, taking into account differential and more favourable treatment for developing countries.
2. Further to the commitments to standstill and rollback (Annexes ...), negotiations shall aim to achieve greater liberalization of trade in agricultural products and of markets and to bring all measures affecting import access and export competition under strengthened, more operationally effective and common GATT rules and disciplines by:
 - (i) improving market access through, inter alia, the reduction of import barriers;
 - (ii) improving competitive conditions by increasing discipline on the use of all subsidies affecting agricultural trade, including the phasing-out in an agreed timeframe of export subsidies;
 - (iii) recognizing the right to implement national policies, CP's will agree upon an action to redirect them and all their instruments, so as to correct market imbalances and reduce substantially their negative effects on international trade;
 - (iv) handling the problem of sanitary and phytosanitary measures.
3. The 1984 recommendations of the CONTRACTING PARTIES shall form a basis for the negotiations on agriculture, taking into account, inter alia, the approaches elaborated in the work of the Committee on Trade in Agriculture.

Tropical Products

1. CONTRACTING PARTIES recognize the importance of trade in tropical products to a large number of less developed contracting parties and agree that negotiations in this area shall receive special attention, including the timing of the negotiations and the implementation of the results as provided for in point (b) of the General Principles Governing Negotiations.

2. The negotiations should aim at the fullest liberalization of trade in tropical products, including in their processed and semi-processed forms and shall cover both tariff and non-tariff measures including internal taxes and tariff escalation.

Natural Resource Products

Negotiations shall aim to achieve the fullest liberalization of trade in natural resource products, including in their processed and semi-processed forms. The negotiations shall aim to reduce or eliminate tariff and non-tariff measures including tariff escalation.

Tariffs

Negotiations shall aim, by appropriate methods, to reduce or, as appropriate, eliminate tariffs including the substantial reduction or elimination of high tariffs and tariff escalation. Emphasis shall be given to the expansion of the scope of tariff concessions among all participants.

Subsidies and Countervailing Measures

Negotiations on subsidies and countervailing measures shall be based on a review (and/or interpretation) of Articles VI and XVI and the MTN agreement on subsidies and countervailing measures with the objective of improving GATT disciplines relating to all subsidies and countervailing measures that affect international trade, [particularly to the reduction and elimination of export subsidies].

GATT Articles

Participants shall review existing GATT provisions and disciplines as requested by interested contracting parties, and, as appropriate, undertake negotiations if there is an agreement to do so.

MTN Agreements and Arrangements

Negotiations shall aim to fully integrate into the General Agreement, the agreements and arrangements negotiated in the Tokyo Round of Multilateral Negotiations.

Textiles and Clothing

[Negotiations in the area of textiles and clothing shall aim to formulate modalities that would permit the eventual integration of this sector into GATT on the basis of strengthened GATT rules and disciplines, thereby also contributing to the objective of further liberalization of trade].

Non-Tariff Measures

Negotiations shall aim to reduce or eliminate non-tariff measures, including quantitative restrictions, without prejudice to any action to be taken in fulfilment of the rollback commitments.

Dispute Settlement

Negotiations shall aim to improve and strengthen the rules and the procedures of the dispute settlement process, while recognizing the contribution which would be made by more effective and enforceable GATT rules and disciplines. They shall include the development of adequate arrangements for overseeing and monitoring of the procedures that would facilitate compliance with adopted recommendations and ensure prompt and effective resolution of disputes to the benefit of all contracting parties.

[Services

Taking into account the report of the Group on Exchange of Information about Services, the CONTRACTING PARTIES agreed on the attached programme to this Declaration.]

Parallel Efforts in the Monetary and Financial Fields

CONTRACTING PARTIES agreed on the importance of parallel action to review and reform the international financial and monetary system to be conducted in appropriate fora to be agreed upon by all interested countries.

FUNCTIONING OF THE GATT SYSTEM

Negotiations shall aim to develop arrangements:

to improve the overall effectiveness and decision-making of the GATT system, inter alia, through the involvement of Ministers; and

to strengthen the relationship of GATT with international organizations which are responsible for monetary and financial policies in order to avoid negative effects on trade of global economic policies.

PARTICIPATION

- (a) CONTRACTING PARTIES agree that the Negotiations will be open to all contracting parties, countries having acceded provisionally, countries applying the GATT on a de facto basis having expressed an interest to participate in the negotiations not later than [1986], interested countries in the process of acceding finally or provisionally, [and] interested countries whose current status as a contracting party is under consideration and other [developing] countries having expressed an interest to participate in the negotiations not later than [1986].
- (b) Participation in negotiations relating to the amendment or application of GATT provisions or the negotiation of new provisions will, however, be open only to contracting parties.

ORGANIZATION OF THE NEGOTIATIONS

A Trade Negotiations Committee is established to conduct the programme of negotiations contained in the Declaration, inter alia:

- (1) to elect its Chairman and to organize its programme of work;
- (2) to elaborate and put into effect detailed negotiating plans and to establish appropriate negotiating procedures, including those concerning points (d), (e), (f), (g) and (h) of the General Principles Governing Negotiations of this Declaration;
- (3) to supervise the conduct of the negotiations, coordinate the work of the negotiating groups, establishing dates for the start and for the conclusion of the Multilateral Trade Negotiations;
- (4) to designate the appropriate mechanism for surveillance of commitments to standstill and rollback;
- (5) to establish negotiating groups on the following issues:

Negotiating Group 1: (.....)
Negotiating Group 2: (.....)
Negotiating Group 3: (.....)

.....

[Because of the important and complex problems of the agricultural sector] negotiations on [all aspects of] agricultural trade will be conducted [primarily] in a [single] negotiating group under the authority of the TNC, [recognizing that any other negotiating group may take up issues related to agriculture].

The negotiations coming within the sphere of competence of the General Agreement, on natural resource products, will be carried out in a negotiating group.

- (6) [to meet, as appropriate, at Ministerial level]

The Trade Negotiations Committee shall hold its first meeting not later than [31 October] 1986.

In order to ensure effective application of differential and more favourable treatment [the TNC], before the formal completion of the negotiations, shall conduct an evaluation of the results attained therein in terms of the objectives and negotiating principles set out in the Declaration, taking into account all issues of interest to less developed countries.

- (7) to submit to the CONTRACTING PARTIES the results of the Multilateral Trade Negotiations;

- (8) the CONTRACTING PARTIES shall examine the results of the Multilateral Trade Negotiations and shall take appropriate action to incorporate such results into the GATT through the adoption of Protocols as necessary.

CONTRACTING PARTIES agree to meet in the course of the Negotiations to review progress made [and to this end, request the Chairman of the CONTRACTING PARTIES, in consultation with the Chairman of the Trade Negotiations Committee and the Director-General to fix a date], preferably at the end of 1987. The review of the results to date shall be carried out taking account of the objectives and commitments set out in the Declaration.

PROTOCOL ON STANDSTILL

I

Governments contracting parties to the GATT and other participants to the negotiations solemnly undertake, in order to halt protectionism, to observe strictly in their mutual trade relations, the following engagements:

- (a) not to take any trade restrictive or distorting measure inconsistent with, [or not based on] the provisions of the General Agreement;
- (b) not to take any trade restrictive or distorting measure in the legitimate exercise of its GATT rights, which would go beyond that which is necessary to remedy specific situations as provided for in the General Agreement.

Participants agree not to take any measures with a view to improving negotiating positions.

II

The standstill commitments undertaken in this Protocol shall apply to all sectors of trade in goods, including textiles and clothing.

III

1. This Protocol shall enter into force provisionally among those having signed it on the date of its signature by at least two thirds of Governments of contracting parties.
2. Definitive entry into force of this Protocol shall become effective upon deposit of the instruments of acceptance by at least two thirds of GATT membership with the Director-General of GATT.

IV

1. The original of this Protocol of which the English, French and Spanish texts are equally authentic, shall be deposited with the Director-General of the GATT, who shall inform the CONTRACTING PARTIES on the completion of the above mentioned requirements for the entry into force of this Protocol.
2. IN WITNESS WHEREOF the undersigned Plenipotentiaries, being duly authorized thereto by their respective Governments, have signed this Protocol.
3. Done at Punta del Este, Uruguay, this of September 1986.

NOTE: To the end of the engagements expressed in section I of this Protocol, the increase of existing subsidies, of quantitative restrictions and non-tariff barriers is to be considered a distortive measure.

PROTOCOL ON ROLLBACK

I

Governments of contracting parties to the GATT and other participants in the negotiations agree that, in order to reverse protectionism, it is necessary to phase-out all measures inconsistent with the provisions of the General Agreement or with specific obligations under the General Agreement or not based on specific provisions of the General Agreement.

II

The rollback commitments undertaken in this Protocol shall apply to all sectors of trade in goods, [including textiles and clothing].

III

Each participant agrees that all measures inconsistent with the provisions of the General Agreement, shall be phased-out or brought into conformity within an agreed timeframe not exceeding either five years from the start of the negotiations or its closing whatever will be shorter. There shall be progressive implementation of this commitment under a programme agreed in consultations among participants concerned, including all affected participants. There shall be no concessions requested for the elimination of these measures.

In order to put into effect the programme it should be taken into account the timetable indicated in section IV, paragraph 1, of this Protocol.

IV

1. Governments of contracting parties accepting this Protocol shall notify to GATT all phase-out actions adopted for the implementation of the commitments hereby undertaken. Notification shall be sent to GATT not later than three months after the entry into force of this Protocol.
2. Governments of contracting parties accepting this Protocol will be entitled to counter-notify to GATT the non-implementation by other contracting parties of their obligations under this Protocol.

V

1. This Protocol shall enter into force provisionally among those having signed it on the date of its signature by at least two thirds of Governments or contracting parties.
2. Definitive entry into force of this Protocol shall become effective upon deposit of the instruments of acceptance by at least two thirds of GATT members with the Director-General of GATT.

VI

1. The original of this Protocol of which the English, French and Spanish texts are equally authentic, shall be deposited with the Director-General of the GATT, who shall inform the CONTRACTING PARTIES on the completion of the above mentioned requirements for the entry into force of this Protocol.
2. IN WITNESS WHEREOF the undersigned Plenipotentiaries, being duly authorized thereto by their respective Governments, have signed this Protocol.
3. Done at Punta del Este, Uruguay, this of September 1986.

[DECISION ON SERVICES

The CONTRACTING PARTIES,

In pursuance of the Ministerial 1982 Decision on Services,

In accordance with the Agreed Conclusions adopted by the CONTRACTING PARTIES on 30 November 1984,

Taking into account the decision adopted on 28 November 1985 by the CONTRACTING PARTIES,

Taking into account that the Group on Exchange of Information on Services has not been able to arrive at recommendations envisaged in the 1985 Decision,

Decide [to invite contracting parties to continue the exchange of information on services], [to establish a Group on Services], [to establish a Group on Services without prejudice on the competence of the Organization], based on the Work Programme attached to this Decision. The result of this exchange will be reported to the CONTRACTING PARTIES on

If the CONTRACTING PARTIES, when considering the report of this exchange of information, conclude that a multilateral action is desirable and appropriate, options should be studied with the aim of determining to which extent it can be established in the GATT, through appropriate modification under the provision of Article XXX, and or other international organizations a specific set of rules and principles to this sector. Furthermore, to this end, specific proposals for an effective application of preferential and more favourable treatment for developing countries are to be proposed.]

WORK PROGRAMME ON SERVICES

1. Conceptual framework.
 - (a) Agreed definition on services, including a disaggregated classification.
 - (b) Agreed definition on "trade and/or transaction" in services
 - (c) Definition of parameters to distinguish trade and/or transaction in services, from subjects such as direct investments, rights of establishment, etc...
2. Information and statistics.
 - (a) Determination of necessary data to analyze the services sector including trade and/or transaction of them.
 - (b) Agreed level of disaggregated and practical methodology of this statistical base, taking into account the competence of other International Organizations (IMF, etc...)
 - (c) Analysis of the consequences of the practical implementation of the above mentioned disaggregation to the Balance of Payments and national accounting systems.
3. Sectorial analysis.
 - (a) Comparative analysis based on figures of exports and imports, by origin and by destination, for individual countries and services industry by services industries basis.
 - (b) Analysis of trade or transaction in services by group of countries.
 - (c) Determination of services industries covered by other International Organizations and the extent of such coverage (I.A.T.A., Shipping, etc..). Catalogue of rules and principles applied to them.
4. Services and Development.
 - (a) Analysis of the services sector structure in developing countries (national studies, UNCTAD documentation, etc...) ECLAC.
 - (b) Development-services linkage.
5. Multilateral Action.
 - (a) Analysis of the necessary rules and principles for the services sector, taking into account the existing legal frameworks.

- (b) Analysis of the practical consequences of carrying out a multilateral action.
- (c) Proposals for preferential and more favourable treatment for developing countries.

6. Organization.

GATT and UNCTAD secretariats will provide technical support and servicing for the work of the group.]