

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Trade Negotiations Committee

PROCEEDINGS OF THE SESSION

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17 and 18 July 1974

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UNCTAD representation

1. The Chairman recalled that at the Tokyo Ministerial Meeting it had been agreed that the Trade Negotiations Committee could decide to invite the Secretary General of UNCTAD to attend its meetings, as appropriate (MIN(73)SR). The Committee invited the Secretary General of UNCTAD to attend this session of the Committee. The statement made by Mr. Gamani Corea is reproduced in MIN/7. Some delegations from developing countries suggested that the Secretary General of UNCTAD should be invited to attend all sessions of the Committee and all meetings of its subsidiary bodies and that he should receive all the documents of the multilateral trade negotiations. Some delegations said that this would modify the understanding reached by ministers in Tokyo and would require ministerial approval. Some delegations from developing countries said that they saw the proposal as a means of implementing the Tokyo understanding and not as modifying it. The Committee agreed that delegations should reflect on the matter and that it would revert to it.

Statement by United States

2. The representative of the United States said that he thought that it might be useful for delegations to have some judgment of the state of their preparations, in particular in connexion with the Trade Bill before Congress. The United States Administration had reason to believe that the Trade Bill would be in hand by the end of September. As a consequence of that assessment, it might very well be visualized that the Trade Negotiations Committee would find itself in a good position to make more far-reaching decisions by mid October, and that the preparatory phase of its work should be developed in an expeditious manner in the period between the end of the August recess and mid October.

Reports of the Groups

3. The Chairman recalled that at its last meeting the Committee had adopted a Programme of Work and had allocated the tasks in that programme to four Groups (MTN/2, MTN/P/2). The reports on the work were contained in the following documents: Group 3(a), MTN/4; Group 3(b), MTN/3; Group 3(e), MTN/5; Group 3(f), MTN/6. The Chairman said that his main conclusion was that the Groups had taken work on most of the tasks assigned to them as far as they could in advance of the opening of effective negotiations. Nevertheless the reports made it clear that more work remained to be done on a number of specific points. He suggested that, on the understanding that such points would be taken up under the agenda item relating to future work, the reports should be adopted. The Committee adopted the reports.

Illustrative list

4. The Chairman said it appeared to him essential, especially in the light of the statement by the United States, that work should be undertaken in capitals to the end that, when governments had the necessary authority, substantive negotiations could be rapidly engaged. If such preparatory work were not undertaken at the present time on the main questions which negotiators had to face when substantive negotiations started a great deal of valuable time would be lost. It also appeared to him important that governments in their respective capitals had a common starting point for such work. It was for this reason that he had circulated the illustrative list (paragraphs 3 to 17 of GATT/AIR/1104) of substantive points which would confront delegations when effective negotiations began. He was not suggesting that the Committee adopt the list but that it should have an exchange of views on the different points contained in it.

5. Many delegations noted that the list was illustrative of the problems that would face negotiators, that it was not exhaustive and could be added to. They said that they could accept it on this basis. Many delegations welcomed the circulation of the illustrative list which would greatly facilitate preparations for the negotiations in capitals of industrial participating countries. Many delegations welcomed the statement of the delegation of the United States which would have a helpful effect on their own preparations. Some delegations expressed the hope that the optimistic tone of the statement would be matched by the facts.
6. Several delegations noted that nothing in the illustrative list modified the Tokyo Declaration which remained the sole basis for the negotiations. Some delegations said that developments in international economic relations since the start of the negotiations required that, in addition to the Tokyo Declaration, due regard should be had for the programme of action adopted at the special session of the United Nations General Assembly.
7. Several delegations said that since the Committee was not being asked to adopt the list they would not comment on it, even though they might not agree with every detail in it. Other delegations made a number of comments on points in the list. The main comments are summarized in the following paragraphs.
8. Some delegations said that in each area of the negotiations governments should be guided by the Ministerial Declaration as it related to developing countries and that, in drawing up negotiating plans and appropriate negotiating procedures, continuous attention should be given in each area to special procedures that might be needed for the negotiations between developed and developing countries. With regard to approaches to and the objectives of the negotiations, delegations from developing countries stressed the need to ensure that differential treatment remained central to the negotiations. It would be necessary to reach agreement at the outset of the work in each area on how to identify particular products and problems of interest to developing countries for negotiation and on the rules for negotiations between developed and developing countries. It was stated by some delegations that differential treatment and additional benefits for the trade of developing countries could best be secured if their problems were treated as an integral part of the negotiations.
9. In connexion with negotiations on tariffs, some delegations said that it would at this stage perhaps be more appropriate to talk of negotiating hypotheses rather than negotiating formulae. The view was expressed that such hypotheses should be of as general application as possible. On the other hand several delegations made the point that the approach used would have to be tailored to the special characteristics of the products and countries in question, some

countries saying that, for them, an item-by-item approach appeared the most suitable. Other delegations said that in the choice of formulae, account should be taken of the differences in stages of development of individual participating countries in their trade sectors, in their revenue needs and in their debt-servicing commitments arising from the use of imported technology in particular industries. Some delegations said that whatever method was chosen, it should not limit the freedom of choice for developing countries. Other delegations stressed the need for flexibility in the adoption of a plan for tariff reduction; it was important that any method agreed upon should be broad enough to allow room for simultaneous negotiation on non-tariff measures where these applied to products the subject of tariff negotiation. Some delegations of developing countries said that it would be necessary for countries providing preferences to developing countries under the GSP to take special account of the need to maintain and improve these tariff advantages of developing countries.

10. In connexion with negotiations on non-tariff measures, some delegations stressed that no measure should be excluded from the negotiations. Some delegations supported the idea that a selection would have to be made of the categories of measures to be the subject of negotiations initially and it was suggested that those categories on which ad referendum solutions had already been developed should be among these.

11. Some delegations indicated their interest in examining the possibilities of the sector approach. Some delegations said that, as this was to be a complementary technique, the timing of such an examination would depend on progress of work in other fields.

12. Some delegations said that the examination of the adequacy of the multilateral safeguard system should be conducted pari passu with work in other fields.

13. Some delegations said that the questions posed in the illustrative list with respect to agricultural products should be answered in the affirmative. Some delegations, however, expressed certain reservations regarding the way in which agriculture had been dealt with in the list and the implications of this.

14. Some delegations emphasized that tropical products in their raw, semi-processed and processed forms should continue to receive special and priority treatment at all stages of the negotiations.

15. The Committee agreed that, on the basis of the illustrative list contained in paragraphs 3 to 17 of GATT/AIR/1104, delegations had had a useful exchange of views on the substantive questions on which governments should prepare positions with a view to the next meeting of the Committee.

Further work

16. The Committee then discussed the further preparatory work of an analytical and statistical nature to be done in Geneva before the next meeting of the Trade Negotiations Committee.

17. The Director-General said that the secretariat would, of course, get on with the technical work entrusted to it by the Committee.

18. Some delegations from developing countries suggested that the question of special procedures for the negotiations between developed and developing countries should be examined, perhaps in a joint Group to be established for the purpose. The view was expressed, however, that the problems of developing countries should not be isolated in a Special Group. It was agreed during the present preparatory stage that the secretariat should conduct a technical examination of this question with interested delegations.

19. Some delegations supported a suggestion that Group 3(e) should enter into the process of developing possible solutions, without commitment directed to the orderly marketing of meat (beef) on the basis of multilateral co-operative efforts. One delegation suggested that time would also soon be ripe for discussions on cereals and dairy products. Other delegations said, for differing reasons, that the time was not ripe for an examination of the problems of international trade in meat. Finally, it was suggested that delegations should reflect on the matter, which should be taken up again at a later stage.

20. It was noted that no points were contained in the report of Group 3(a) which would require the Group to meet as such. A number of delegations from developing countries proposed that the secretariat should undertake an analytical study of the effects on the Generalized System of Preferences of different negotiating hypotheses for tariff reduction. It was agreed that the secretariat should attempt an analytical exercise along the lines suggested. It was agreed that once the study had been prepared, the Chairman could consult with delegations regarding the desirability of convening Group 3(a) to examine it.

21. The Committee noted that in paragraph 27 of its report, Group 3(b) had agreed to refer to the Committee the question of its competence concerning export restrictions. The Director-General said that on the basis of the discussions he had had with various delegations, he had come to the conclusion that the question of export restrictions was such a complex one, and one on which so little work had been done in most capitals, that the greatest need now was for further reflexion and for informal exchanges of ideas. Only

then, in his view, could a useful and productive discussion of the matter be held in a Group or in a Committee. He therefore proposed that they all continue to reflect on the question and discuss it among themselves, with a view to considering at the next meeting of the Committee how they could best proceed to explore the question. This was agreed.

22. The Committee noted that in paragraph 41 of the report of Group 3(b) some delegations considered that concrete proposals on the question of differentiated treatment in the field of subsidies and countervailing duties would facilitate discussion on the subject and that, since the report had been prepared, the Brazilian delegation had circulated a working paper on this question (MTN/W/5). The Director-General suggested that Group 3(b) should hold a meeting to examine this question. This was agreed, one delegation remarking that the question should be examined in the context of the whole question of export aids.

23. The Committee noted that in paragraph 45 of its report, Group 3(b) had agreed that the question as to whether problems relating to marks of origin were covered by the Group's mandate could be referred to the Committee at this meeting for a decision. The Director-General suggested that this problem should be taken up in the context of non-tariff measures at an appropriate time, but without delay, in the course of the negotiations. This was agreed.

24. The Committee noted that paragraph 50 of the report of Group 3(e) (MTN/5) stated that in view of paragraphs 3, 11, 12, 43 and 49, the Group considered that the work assigned to it had not been completed in its entirety. The Committee agreed that Group 3(e) should meet to deal with these questions.

25. The Committee noted that paragraph 20 of the report of Group 3(f), (MTN/6) stated that the work which had been assigned to the Group had not been completed in its entirety. The Committee agreed that Group 3(f) should meet to deal with the questions referred to in paragraph 5 to 8 and 18 and 19 of MTN/6, and to complete the examination of the problems affecting tropical products and their implications for approaches to the negotiations. One delegation said that the Group should also undertake further work on marketing and distribution systems at an appropriate time.

26. The Committee noted that two of the Groups created at its Session of February 1974 (MTN/P/2, paragraph 13) had not yet met. The Committee agreed that Group 3(c) should meet to examine the methodology for the sector approach and that Group 3(d) should meet to carry out technical and analytical work on the

multilateral safeguard system. It was understood that in the work on safeguards account should be taken of proposals already made in the GATT and of documents prepared in other organizations.

Programme of meetings

27. The Committee agreed to the following programme of meetings for the Groups:

Group 3(b) - week of 30 September

Group 3(c) - week of 7 October

Group 3(e) - week of 7 October

Group 3(f) - week of 14 October

Group 3(d) - week of 14 October¹

28. The Committee agreed that the Trade Negotiations Committee should meet in the second half of October, the exact date to be fixed by the Chairman in consultation with delegations.

¹ Since the Committee met, the following specific dates have been set for the beginning of these meetings (see MTN/W/7):

Group 3(b) - 3 October

Group 3(c) - 7 October

Group 3(e) - 9 October

Group 3(f) - 14 October

Group 3(d) - 17 October