

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG8/1  
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Group of Negotiations on Goods (GATT)  
Negotiating Group on MTN Agreements  
and Arrangements

NEGOTIATING GROUP ON MTN AGREEMENTS AND ARRANGEMENTS

Meeting of 6 March 1987

Note by the Secretariat

Appointment of the Chairman

1. Dr. Chulsu Kim (Korea) and Mr. John M. Weekes (Canada) were appointed Chairmen of the Negotiating Groups on MTN Agreements and Arrangements and on GATT Articles for the initial phase. They were appointed on the understanding that Dr. Kim would have primary responsibility for MTN Agreements and Arrangements and Mr. Weekes the primary responsibility for GATT Articles.

Suggestions by participants indicating the issues that they wish to raise with respect to individual MTN Agreements and Arrangements

2. Many delegations said that the MTN Agreements and Arrangements had made an important contribution to a more stable and open trading environment, but that there was room for improvement. One way in which the Group could make a positive contribution in this regard was by ensuring open discussion and by examining the possibility of fuller participation in the Codes. Some concern was expressed about the effects of the Codes on the unity and integrity of the GATT system and the threat that the Codes could pose to the balance of rights and obligations under the General Agreement. Another view was that whilst the fullest possible participation in the MTN Agreements and Arrangements was desirable, the Codes did not undermine the unity of the GATT system insofar as they reflected differing degrees of willingness among contracting parties to enter into higher levels of contractual obligations.

3. It was considered essential by many delegations that all participants in the Uruguay Round should take part fully in the work of the Group. In this connection, attention was drawn to the statement by the Chairman at the time of the adoption of the Punta del Este Declaration to the effect that it was understood that all participants in the multilateral trade negotiations had the right to participate in all negotiations on all issues. Some delegations suggested that the Code Committees ought to examine ways in which they could contribute to the work of the Group, bearing in mind that the Ministerial mandate for this Group had placed negotiations on the Codes firmly within the ambit of the Uruguay Round. Other delegations said that it could not be expected that signatories to the Codes would forego their

right to discuss and change any Code provisions if they so decided. It was also noted that certain Codes contained provisions for further negotiations. Certain delegations emphasised the complementary nature of the work of the Negotiating Group and the Committees. It was suggested that the Group should begin immediately to address the substance of the work and leave aside for the time being the question of the nature of participation in any decisions which might subsequently be taken on the Codes. Certain delegations felt that the question of participation in the work of the Group needed clarification before substantive work could begin and requested the Chairman to hold consultations. The Chairman agreed to hold consultations with interested delegations before the next meeting of the Group.

4. Some delegations expressed the view that it was for non-signatories to explain what difficulties they had in signing the Codes. It was noted that this question had been taken up by a Working Group following a decision by the CONTRACTING PARTIES in November 1984. It was suggested that this work might be continued in the Group in an effort to identify fully the nature of obstacles to the acceptance of MTN Agreements and Arrangements. Some delegations said that one obstacle to agreement was the lack of precision in some of the Codes. In other cases, a lack of full observance of provisions of certain Codes by existing signatories made them less attractive to potential signatories.

5. It was emphasised by certain delegations that it was not within the Group's mandate to seek to overhaul completely or to re-write the MTN Agreements and Arrangements. The words "as appropriate" in the Ministerial text made this clear. The Group should concentrate on the examination of specific points identified by participants. It was noted that it was open to any delegation to raise any issue concerning any of the Codes for consideration in the Group. It was suggested that the most appropriate way to proceed with the work would be to take each Code for discussion in turn.

6. The delegation of the United States circulated a document (MTN.GNG/NG8/W/1) containing suggested negotiating topics on certain Codes. On import licensing procedures, the United States proposed negotiations on the improvement of criteria for the use of non-automatic import licensing. Another delegation expressed the view that there was a need for clarification of the distinction between automatic and non-automatic licensing systems. This delegation also called for greater clarity of definition with respect to trade "restricting effects", and "legal requirements", as referred to in Articles 2 and 3 of the Code. This delegation was also of the view that the balance of obligations under the Code should be defined for signatories in terms of the nature of the licensing system that they had in place.

7. In document MTN.GNG/NG8/W/1 the United States also proposed negotiations aimed at improving or extending certain provisions under the Agreement on Technical Barriers to Trade. These related to the mutual acceptance of test data, greater transparency in regard to bilateral standards agreements and regional standards activities, and a clarification

of the Agreement's coverage in relation to Processes and Production Methods. Several other delegations were in agreement on the need to improve the Codes's provisions concerning certification systems and to extend the scope for the mutual acceptance of test data among signatories.

8. Several delegations expressed their dissatisfaction with the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII and also the Agreement on Implementation of Article VI. Reference was made to the problem of "trade harrassment" in the area of countervailing and anti-dumping duties and it was suggested that the application of certain provisions of the Codes had in some cases led to increased protectionism. The view was also expressed that difficulties in this area had been compounded by lack of adherence to GATT provisions. In regard to the Anti-dumping Code, one delegation expressed the view that there was a need for greater clarity in the concepts of "like product", "cumulation of injury", "best information available", and also in relation to the margin of dumping and the definition of injury.

9. A number of delegations expressed their support for the work currently taking place under Article IX.6(b) of the Government Procurement Code, which aimed to broaden, improve and expand the coverage of the Agreement. These delegations considered that the Code Committee should continue with this work. Other delegations were of the view that it would be more appropriate for this work to be undertaken in the Negotiating Group on MTN Agreements and Arrangements.

10. It was agreed that the secretariat would prepare, for the next meeting, a factual background note on MTN Agreements and Arrangements, with particular reference to their provisions on special and differential treatment for developing countries.

#### Observer Organisations

11. The Chairman noted that a number of international organisations had sought observer status in the Uruguay Round or in specific Negotiating Groups. Consultations had taken place among delegations on this matter and the GNG would take a decision at its next meeting on the requests received, taking into account any views expressed in the Negotiating Groups in this regard. No proposal was made regarding observer status in this Group.

#### Other Business

12. It was agreed that the secretariat would prepare a short factual note on the proceedings of each meeting.

13. It was agreed that the next meeting of the Group would take place in the week beginning 18 May 1987.