

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)  
Negotiating Group on GATT Articles

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COMMUNICATION FROM SWITZERLAND

The following communication, dated 18 June 1987, has been received from the delegation of Switzerland with the request that it be circulated to members of the Group.

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Article XXVIII Negotiating Rights

1. In accordance with the negotiating plan of the Negotiating Group on GATT Articles and further to the oral presentation made by the Swiss delegation at the first meeting of that Group on 3 March 1987, hereunder are some details on one important aspect of Article XXVIII which needs review because of the lack of balance between rights and obligations under the existing system.
2. The negotiating right which is granted under Article XXVIII:1 (i.e. to the principal supplier on the two principal suppliers - see note 4 ad Article XXVIII:1) is based on the criterion of share in the importing market. In addition, paragraph 5 of the explanatory notes ad XXVIII:1 stipulates that exceptionally a principal supplying interest may also be recognised on the basis of the significance of the trade affected in relation to a country's total exports. This note 5, which is imprecise, is virtually never applied. However, the structure of world trade has developed in such a way as to concentrate "principal supplier" rights on an increasingly limited number of contracting parties.
3. To remedy this unsatisfactory situation, which was unforeseeable in 1948, the best way would no doubt be to supplement the relevant existing provisions so as also to take account of the significance of the trade concerned for exporting countries and thereby achieve a more equitable distribution of the interest of contracting parties in tariff negotiations.
4. To this end, Switzerland proposes adding to the existing rights under Article XXVIII a negotiating right for the exporter for which trade in a specific product has the most importance. So that the right of the "principal exporter" may be recognised and undisputed, the criterion used must inevitably be objective (based on recognised statistics such as those

of the United Nations for example), subject to a minimum of fluctuations, simple to calculate and meaningful as regards the importance of the exports concerned for the various exporting countries, whatever their size.

5. A criterion that would meet these characteristics would undoubtedly be the value of exports of the product to the market concerned by head of population of the exporting country: accordingly, the country for which the value of exports of the product to the market concerned represented the highest amount per head of population (of the exporting country) would also obtain a negotiating right (see example in annex hereto).

AnnexExample1. Negotiating rights under Article XXVIII

Structure of imports of product x into country z:

<u>Imports from</u>	<u>Value of imports</u>	
	<u>\$m</u>	<u>%</u>
Country A	100	50
Country B	50	25
Country C	30	15
Country D	20	10
Total	200	100

Under Article XXVIII the negotiating right goes to country A as principal supplier (50 per cent of imports)

2. Negotiating rights under the Swiss proposal

Significance of exports of product x to country z per head of population of exporting country:

<u>Population</u>	<u>Value of exports</u> <u>(\$ million)</u>	<u>Value of exports</u> <u>per capita (\$)</u>
Country A 250	100	0.25
Country B 100	50	0.2
Country C 10	30	3.0
Country D 50	20	0.4

Under the Swiss proposal, a negotiating right would likewise go to country C (\$3/per capita) in addition to the negotiating right of principal supplier A, in accordance with Article XXVIII.