

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## Preparatory Committee for the Trade Negotiations

### MEETING OF 31 JANUARY AND 1 FEBRUARY 1973

#### Note by the Secretariat

1. The Committee, which was established by the CONTRACTING PARTIES at their twenty-eighth session (L/3773/Rev.1), held its first meeting on 31 January and 1 February 1973. This note, which has been prepared by the secretariat, sets out the main points raised at the meeting.
2. The Director-General was elected Chairman of the Committee.
3. The Committee adopted the agenda circulated in Prep.Com/W/1.

#### Review of present status of preparatory work

4. Introductory statements on the work of their committees were made by Mr. P. Nogueira Batista, Chairman of the Committee on Trade and Development; Mr. G. Stuyck, Chairman of the Committee on Trade in Industrial Products; and the Director-General, Chairman of the Agricultural Committee. The texts of these statements are annexed.

#### General statements on the work of the Preparatory Committee

5. The following were the main points made in these statements.

##### (a) The Committee's task and method of work

6. In their general statements many delegations gave their views of the task of the Committee. Many delegations said that the Committee should provide the best possible basis for a Ministerial decision to launch the trade negotiations. Some delegations said that the Committee's report should define clearly the areas to be dealt with in the negotiations, the objectives to be attained in each area and the negotiating approach which could best be used to achieve them. One delegation added that, if there was no consensus in a particular area, the report should set out alternatives. One delegation said that the Committee's report should be used as the basis of a draft resolution for submission to Ministers. One representative said that the Preparatory Committee should not be over-ambitious; its job was to prepare the ground for a decision by Ministers and much time would be lost if it attempted to solve all the problems.

7. As to the method of work to be adopted, there was widespread agreement on the need for adequate preparation in capitals and on the need to ensure that work in capitals and work in the Committee went on in parallel. It was therefore suggested that the Committee should draw up the outline of its report and gradually fill in the details as the work proceeded.

(b) Relationship with other GATT bodies

8. A number of delegations referred to the relationship between the work of the Preparatory Committee and the work going on in the Agriculture Committee, the Committee on Trade and Development and the Committee on Trade in Industrial Products. Some delegations said that the Preparatory Committee should ensure that all aspects of the work were adequately covered. They said that the other Committees should continue work on the present basis, and that the Preparatory Committee should draw on the work of these Committees and, where possible, solve problems that had not been resolved in the other Committees. One delegation said that, in its view, work in the other Committees had been insufficient to provide an adequate basis for a draft resolution for submission to Ministers. This delegation regretted the lack of specificity in the work of other Committees, especially the Agriculture Committee, and the lack of progress towards solutions to certain specific problems, e.g. those related to standards. This delegation suggested that it was necessary for the Preparatory Committee to give a new impetus to the work of these Committees. One representative said that the reasons for the lack of progress in the standards field had already been discussed in the Committee on Trade in Industrial Products. One delegation urged the developing countries to take an active part in all the Committees that were engaged in the preparatory work, in order to ensure that their interests were fully taken into account.

(c) Principles and objectives for the negotiations

9. Many delegations said that the Committee's report should deal with the principles and objectives on which the negotiations should be based. It was recalled that in the Chairman's summing-up at the twenty-eighth session (L/3773/Rev.1) the CONTRACTING PARTIES had "recognized the importance of the proposed multilateral negotiations and agreed that the stated objectives of expansion and ever greater liberalization of world trade, and improvement in the standards of living of the people of the world could best be achieved through co-ordinated efforts to solve in an equitable way the trade problems of the developed and the developing countries." and had also "agreed that the multilateral trade negotiations should aim to secure additional benefits for the international trade of the developing countries so as to achieve a substantial increase in their foreign exchange earnings, diversification of their exports and an acceleration of the rate of growth of their trade, taking into account their development needs" (L/3773/Rev.1).

10. Delegations from developing countries emphasized the importance which they had attached to making the negotiations global in character. They referred to declarations made at the twenty-eighth session, Resolution 3040 dated 19 December 1972 of the General Assembly of the United Nations and Resolutions 73, 76, 77, 82, and 83 of UNCTAD III. Representatives of some developing countries, both contracting parties and non-contracting parties, stressed that only when the principles and guidelines for the negotiations had been clarified could their authorities decide on their participation in the negotiations, and emphasized the need for special principles as well as global and sectoral objectives which would ensure that the needs of the developing countries were met. They urged in particular that full account should be taken of the principles put forward by developing countries but not included in the Chairman's summing-up at the twenty-eighth session, as recommended in paragraph 4 of Recommendation 3040 of the General Assembly of the United Nations.

11. Some delegations stressed the difficulty of obtaining practical results from statements of general principles and said that the objectives of the negotiations should be defined in realistic terms and related to particular problem areas. Some delegations said that developing countries should define specifically what their problems were, what should be done about them and, although they did not expect reciprocity from the developing countries, what contribution they could make consistent with their development needs. Delegations of some developing countries said that the problems which they faced were well known in both general and particular terms, referring, inter alia, to the second report of the Group of Three which should be used as basis for action. They were quite ready to be specific but this would only be useful when the political decisions had been taken and the basis for their participation had been worked out.

(d) The scope of the negotiations

12. Many delegations said that all classes of products should be covered, including both agricultural and industrial products, and recalled, in this connexion, the declarations of the countries which had taken the initiative of calling for negotiations (L/3669 and L/3670). Some delegations from countries with a narrow range of export products stressed the need for the negotiations to deal effectively with problems affecting these exports, tropical products and industrial raw materials being referred to in this regard. Many delegations said that the negotiations should deal with both tariffs and non-tariff measures. Some delegations said that the negotiations should also deal with problems related to safeguards, one delegation also stressing the importance which it attached to the establishment of new rules for the fairer conduct of world trade. Some delegations stressed the inter-relationship between these various aspects of the negotiations. Reference was also made to the relationship between the interests of countries as exporters and their interests as importers, between the extent of trade liberalization which they aimed at and the safeguards which they required. One delegation said that the Committee should be flexible as to the order in which it dealt with various matters.

13. One delegation stressed the need for an overall framework which would permit different countries to participate in a way consistent with their own possibilities and aspirations.

14. Some delegations drew attention to the importance of securing wide participation in the negotiations by both contracting parties and developing countries which were not contracting parties. Some delegations said that legal questions regarding the participation in the negotiations by developing countries which were not contracting parties should be examined and, in particular, the form of the instrument which would permit non-contracting parties to benefit from concessions. One delegation enquired whether there was a possibility of arranging for the co-operation in the preparations for the negotiations of other countries which played an important part in world trade.

(e) Negotiating approaches

15. Some delegations said that the report of the Committee should deal with techniques for tackling problems in the field of agriculture, industrial tariffs and non-tariff barriers, problems relating to safeguards and the specific problems of developing countries. Approaches and techniques should be devised to achieve the objectives of the negotiations.

Identification of matters which the Preparatory Committee should take up in the course of its work and which should be included in its report

16. The Director-General suggested that some of the matters which might be included in the report of the Preparatory Committee were:

1. The principles and objectives of the Multilateral Trade Negotiations including those concerning the trade of developing countries
2. The Coverage of the Multilateral Trade Negotiations
3. The special conditions and procedures for the participation of developing countries
4. Approaches or combinations of approaches to be followed in negotiating tariff reductions and removals
5. Approaches or combinations of approaches to be followed in negotiations on agricultural products, including tropical products
6. The selection of non-tariff barriers on which negotiations are to take place, the procedure for adding additional ones if that proves to be necessary in the course of the negotiations, and the approaches or combinations of approaches to be followed

7. Are there provisions of the GATT, or procedures thereunder, which should be reviewed during the negotiations, e.g. safeguards?
8. The mandate to be given to the Trade Negotiations Committee
9. Procedural questions:
  - (a) How is membership of the Trade Negotiations Committee to be determined?
  - (b) Are any special conditions and procedures to be established for the participation of developing non-contracting parties and, in particular, what is the nature of their obligations if they accept the results of the negotiations?
  - (c) Is there to be a deadline established for terminating the negotiations? If so, when?
17. The Director-General said that this list was not intended to be exhaustive, nor limitative; its aim was to provide delegations with a basis for reflection and a basis for discussion of a common list of chapter headings in the Committee at an appropriate time.
18. Many delegations welcomed the fact that the Director-General had put forward his suggestions. There was general agreement that delegations would take these points into consideration and come to the next meeting of the Committee ready to reach agreement on the matters which would be dealt with in its report and, as far as possible, to discuss these matters in greater detail.
19. The Committee did not examine the precise wording of the Director-General's suggestions but the following specific points were made during the discussions. There was general agreement that these points should be taken into account in the preparatory work.
20. It was suggested that an introductory section should be inserted before Point 1, and that it should contain an assessment of achievements in previous GATT negotiations and provide guidelines for future action.
21. In answer to a question about the meaning of the word "coverage" in Point 2, the Director-General said that this, and other headings, should be interpreted in a broad sense.
22. It was suggested that the words "including improvements to the Generalized System of Preferences" should be added to the end of Point 3. It was also suggested that Point 3 should cover both negotiations between developed and developing countries and negotiations between developing countries.
23. One delegation said that it was their understanding that Points 4 and 6 related to agricultural as well as industrial trade.

24. A suggestion was made that more emphasis should be given in the list to negotiations on tropical products which should be the subject of a separate point, rather than being included in Point 5.

25. Some delegations supported the inclusion of Point 7 in the list. They expressed the hope that this review would provide an opportunity for the strengthening of Part IV of the General Agreement and that the review of safeguards would have full regard to the interests of developing countries. One delegation noted that Point 7 was cast in the form of a question and said that, in their view, a review of safeguards was necessary. Another delegation pointed out that a review of the GATT provisions was likely to be a long job and questioned whether this should necessarily be made part of the trade negotiations.

26. Some delegations, referring to Point 9(a), said that the Trade Negotiations Committee should be open to all developing countries, whether or not they were contracting parties, if they desired to participate. Some non-contracting parties underlined the importance which they attached to Point 9(b) and said that a clear decision on this point, among others, would be crucial when they were deciding on their participation in the negotiations. The fact that this was a separate point should not imply that developing countries which were not contracting parties would be placed on a lower tier than other parties to the negotiations. Some delegations said that this point should be included in Point 3, dealing with the special conditions and procedures for the participation of developing countries. Some other delegations considered that Point 3 related to conditions for participation of developing countries in general and thus was concerned with a separate question.

27. One delegation noted that no reference was made in the list of points to the sector approach to trade negotiations but also noted that the list was not exhaustive.

28. Some delegations stressed the importance which they attached to the treatment of industrial raw materials, including minerals, in the negotiations. One delegation drew attention to studies prepared elsewhere which were relevant to this matter.

#### Organization of work and future meetings of the Preparatory Committee

29. The Committee recalled the consensus at the twenty-eighth session supporting the convening of a meeting at ministerial level in September 1973 to consider the report of the Preparatory Committee (L/3773/Rev.1). It agreed that it should finalize its report by 25 July 1973 at the latest and that its programme of meetings should be organized with this aim in view.

30. Some delegations recalled that they had agreed to the ministerial meeting in September in the hope that at that date the preparatory work would be sufficiently advanced and the countries would have the necessary authority.

31. The Committee agreed that some flexibility in the dates of meetings was necessary to ensure that its meetings were productive and that preparatory work in the Committee and in capitals proceeded in parallel. It was decided to reserve 16-18 May and 2-25 July for meetings of the Committee, although the possibility of meetings on other dates was not excluded.

Annex

STATEMENT BY CHAIRMAN OF COMMITTEE ON  
TRADE AND DEVELOPMENT

Mr. Chairman, following the declarations by a number of contracting parties early in 1972 with respect to their intention to enter into comprehensive multi-lateral trade negotiations in 1973, the rôle of the Committee on Trade and Development has been increasingly geared to promoting progress on points of interest to the developing countries in the preparatory work for the negotiations. Among other things, the Committee has reviewed developments in other GATT bodies on these points and taken up any issues of interest to developing countries as a whole which had not been discussed or which could be pursued further in the other main Committees and Working Groups.

Thus, in the Committee's report to the twenty-eighth session, of the CONTRACTING PARTIES, the comments and suggestions of developing countries on certain aspects of the preparatory work were reflected. Reference was made to the views expressed at the March 1972 meeting of the Council, when representatives of developing countries indicated that their association with the negotiations was dependent upon the details to be applied to their participation. They considered that the stage had not been reached which would enable them to make a judgment with respect to their participation because the objectives and principles underlying the negotiations as well as their overall scope had not been sufficiently defined.

Nevertheless, some developing country representatives submitted to the Committee certain proposals relating to their interests for consideration. Among other things, they referred to the importance of non-reciprocity, non-discrimination and general preferential treatment. The possible implications of the negotiations for the Generalized System of Preferences were also registered.

With regard to tropical products, some preliminary consideration was given to matters affecting trade in these items which might be taken up in the negotiations. A number of delegations referred in particular to the problems of tariff escalation and special preferential arrangements as well as the question of internal taxes.

Mr. Chairman, it will be recalled that following the consideration of the reports of the main Committees by the twenty-eighth session of the CONTRACTING PARTIES and the review of international economic relations, there was general agreement among delegations that the multilateral trade negotiations should aim to secure additional benefits for the international trade of the developing countries so as to achieve a substantial increase in their foreign exchange earnings, diversification of their exports and an acceleration of the rate of growth of their trade, taking into account their development needs.

It is intended that the future work of the Committee on Trade and Development will be pursued in this light. The CONTRACTING PARTIES have agreed that the Committee will focus attention on matters relevant to the interests of developing countries in the forthcoming trade negotiations including the preparatory work currently proceeding on techniques and modalities in other GATT committees and bodies. There was also agreement that tropical products should be given particular attention in the negotiations because of their importance to many developing countries.

The next meeting of the Committee is scheduled for 13 and 14 February. It is expected that delegations will wish to undertake an overall review of developments so far in the preparatory work for the negotiations on points of interest to developing countries, so that they may offer comments and suggestions concerning future work which could be undertaken. The review will cover such subjects as tropical products, tariffs (including the GSP), import restrictions, other non-tariff barriers and safeguards. In addition, the secretariat will shortly circulate a note on the question of reciprocity which will contain a summary of past discussions on this matter.

The Committee will be informed of the work programme envisaged by the Group of Three having regard to the mandate given to it by the CONTRACTING PARTIES. In this connexion, it will be recalled that at the twenty-eighth session some delegations considered that the Group could play a useful rôle in the context of the trade negotiations.

No doubt, Mr. Chairman, delegations will also wish to raise other points of interest to developing countries during the Committee's session including any matters arising out of the discussions in this Preparatory Committee.

STATEMENT BY THE CHAIRMAN OF THE  
COMMITTEE ON TRADE IN INDUSTRIAL PRODUCTS

My introductory statement at the twenty-eighth session outlined the status of the work of the Committee on Trade in Industrial Products, which is set out in detail in the report of the Committee to the Council, document L/3756. At their twenty-eighth session, the CONTRACTING PARTIES adopted this report, thus endorsing the Committee's work programme.

Since that time the Committee has held a further meeting, the main aim of which was to organize the next phase of the Committee's work. I think I am speaking for all members of the Committee when I say that the meeting was very constructive and should enable good progress to be made at its forthcoming meetings. A note by the secretariat on this meeting has been circulated as COM.IND/W/96.

As will be seen from the note, the Committee first addressed itself to the question of techniques and modalities for the forthcoming negotiations.

In the tariff field it brought much more clearly into focus the techniques which might serve as basis for the future negotiations. There was general agreement, in the light of the views which had been expressed by various members of the Committee, that duty-free trade in industrial products, techniques for the linear reduction of tariffs and harmonization techniques invited detailed study, and that the possibility of a combination of different techniques should also be kept in mind. A number of other suggestions were also made.

The Committee set in train a further review of the Inventory of non-tariff barriers, which will enable it to have an overall view of the non-tariff measures that could possibly be dealt with in the negotiations.

It was suggested that the sector approach, which called for all factors affecting trade in specific sectors, including tariffs and non-tariff measures, to be dealt with together, should also be examined.

The Committee also took steps to ensure an adequate factual base for the examination of the safeguards question. A majority of delegations supported the proposal for the establishment of a sub-group to examine this question. However, the Committee agreed to defer a decision on this until its next meeting.

Developing countries have taken the view that an examination of the implications for them of specific negotiating techniques would be facilitated when a better understanding had been reached regarding the principles and objectives of the negotiations.

In addition to the work on techniques and modalities for the negotiations, the Committee's Working Groups are pressing ahead with the work of drawing up ad referendum solutions to problems created by a range of non-tariff measures. Working Group 1 is examining export subsidies and will also be dealing with countervailing duties and domestic subsidies that stimulate exports. Working Group 2 is dealing with import documentation and consular formalities. Standards are being dealt with in Working Group 3, while Working Group 4 is soon to have its first meeting on quantitative restrictions (including embargoes) and export restraints. In working out ad referendum solutions on these subjects, each Working Group is inter alia directing its attention to drawing up solutions to particular problems of developing countries.

STATEMENT BY THE CHAIRMAN OF THE AGRICULTURE COMMITTEE

I am certain that all delegations present here today are very familiar with the work that has been done by the Agriculture Committee so far.

In the course of its past work, the Committee has established a detailed and very comprehensive inventory of measures affecting the agricultural exports and imports of the major trading countries. This inventory is continuously kept up to date in order that it might provide a concrete basis for the negotiations. This is one part of the Committee's work.

The other part of the work is reflected in the latest report of the Committee (COM.AG/25), which is a survey of techniques and modalities for dealing in the forthcoming negotiations with the principal problems of trade in agricultural commodities. The report, as well as a secretariat note on the implications for developing countries of the various techniques and modalities, was thoroughly discussed at the last session of the CONTRACTING PARTIES.

Since then, the Agriculture Committee has met again, in the first two days of this week. At that meeting, which was the first held by the Committee since the twenty-eighth session of the CONTRACTING PARTIES, three main topics were discussed. The first topic was the objectives for the negotiations as they related to agriculture, as indeed had been requested by a number of members in the Agriculture Committee's last report. The second topic was the principles and procedures that should govern the negotiations on agriculture. The third topic was the examination of the applicability of the techniques and modalities identified in the Committee's report. A number of suggestions and proposals were made regarding the manner in which the work should be carried out. Understandably, no consensus was reached for the time being as to the precise way in which this should be done, since the Committee was confronted for the first time with the real problem, namely what the trade negotiations that are to begin next September will involve where agriculture is concerned. Nevertheless, the discussion provided members with an ample basis for further reflection on the objectives, the principles and procedures, the applicability of the techniques and modalities and the usefulness for those purposes of possible pilot studies. Of course, the last-mentioned matter also presupposes agreement about the products or product-groups to which they should relate. It is important that members should devote deep thought to these questions and engage in very detailed consultations before the next meeting of the Committee, the date of which will be set by the Chairman in consultation with delegations.

In the meantime, the secretariat will carry out certain work that will help to prepare that meeting. This work will consist essentially of drawing up

- (1) a list of objectives for the negotiations as they relate to agriculture, on the basis of the discussions which have just taken place;
- (2) a list of principles and procedures which might govern these negotiations. This list would be neither exhaustive nor selective and its sole aim would be to facilitate the choice which governments will be called upon to make.

Lastly, with a view to ensuring that progress is made with the work, the suggestion was made and agreed to that any government which so desired should be invited to communicate its views to the secretariat in writing, for immediate circulation to other delegations.