

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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UNITED STATES GOALS FOR NEW MULTILATERAL
TRADE NEGOTIATIONS

The following communication has been received from the delegation of the United States with the request that it be circulated to all contracting parties.

The United States believes that there is an urgent need for action to improve and strengthen the international trading system, which is under severe strain. Pressures on governments to restrict imports are increasing, partly as a result of serious adjustment problems in key industries but also in large part due to the absence of an effective dispute settlement mechanism and the lack of meaningful international discipline over import restraints and export subsidies. These pressures give rise to trade distortive actions that prejudice the interests of trading partners and cause them, in turn, to take similar restrictive measures. This current trend needs to be reversed to secure the expansion of world trade, support global economic growth and continue the improvement of worldwide living standards. Maintenance of open markets also would assist developing countries in meeting their debt obligations and supporting their development efforts.

The GATT work program initiated in 1982 covers most of the pressing trade issues. This work program is reaching a stage where further progress will depend on the initiation of negotiations. These negotiations, to be conducted under the auspices of the GATT, would be open to any contracting party wishing to participate. In the U.S. view, the negotiations should aim to:

- strengthen and develop trading rules to better attune them to the current and future trading environment;
- expand the exchange of goods through the reduction of trade barriers to raise standards of living; and
- develop a set of rules applicable to trade in services.

This paper lays out the initial view of the United States on the first set of issues to be dealt with in the negotiations. It is based on preliminary consultations with our private sector. We expect to consult further with them, and with Congress, in the months ahead. Additional or modified proposals for negotiations may emerge out of this process.

We believe a meeting of senior officials is needed to initiate an evolving process of international consensus building on the issues to be addressed. In this context, the United States is prepared to consider trade issues proposed by other countries.

U.S. OBJECTIVES FOR NEGOTIATIONS DEALING WITH TRADE IN GOODS

I. Improving the GATT System.

The United States is seriously concerned about the erosion of GATT discipline and believes that high priority should be assigned to strengthening the GATT system by means of improving multilateral disciplines. Specifically, we believe that agreement should be sought in the following areas:

- **Dispute settlement.** The U.S. believes that if the international business community and contracting parties are to retain confidence in the GATT system, an expeditious and effective dispute settlement mechanism is essential. The current mechanism does not provide this, and the negotiations should aim to achieve a vastly improved mechanism.

- **Agriculture.** The work in the Committee on Trade in Agriculture has established a solid framework for negotiations, which should provide an effective discipline on import restrictions and export subsidies in agriculture. The United States favors greater discipline over agricultural trade practices and elimination of any permanent exceptions for agricultural trade from GATT rules.

- **Import Restraints.** The United States believes that it is important to establish an effective GATT discipline over all actions taken to restrain imports. As a first step, we seek an agreement on the application of the four building block principles -- transparency, surveillance, limited duration and degressivity -- to all import restrictive actions taken by all contracting parties. These disciplines would apply to new measures as well as existing measures. Agreement on the application of these principles would enable us to establish a firm basis for implementing standstill/rollback commitments.

Over the longer term, our objective with respect to the establishment of effective disciplines over import restraints is to reach

a comprehensive agreement on safeguard actions and achieve effective enforcement of GATT rules covering all other types of import restraints.

- Improvement in the MTN Codes. Five years experience with the agreements negotiated during the Tokyo Round indicates that there are a number of areas where improvements are needed. The United States seeks to strengthen the GATT non-tariff barrier codes (subsidies, procurement, standards, etc.) by clarifying ambiguous applications and extending participation in and coverage of the agreements.

- Intellectual Property. The United States seeks an agreement on actions and procedures that will ensure that a proliferation of individual country practices in the area of intellectual property does not act as a barrier to international trade. Trade in counterfeit goods needs to be addressed because it has become an increasingly serious problem and threatens to lead to an imbalance in the rights and obligations of contracting parties. Over the longer term, we seek to reduce trade distortions resulting from inadequate treatment of intellectual property rights.

II. Expanding Market Access.

An expansion of access to world markets is necessary to ensure that international trade and related investment increases for all countries, thereby facilitating economic growth and development, and helping to ease foreign debt burdens. As tariffs have been lowered, there has been a more prevalent use of non-tariff barriers. Negotiations on market access should aim primarily at eliminating such barriers. However, significant tariff barriers also remain and we will need to analyze what creative new approaches might be considered in this area. The United States places particular emphasis on expanding market access for high technology products.

III. Investment.

New GATT disciplines are required for a number of practices not currently covered by international trading rules but which are nonetheless proving to be increasing sources of trade distortions. The United States seeks to establish effective discipline over

such trade-distortive measures as local content and export performance requirements. With respect to international investment, the United States would like to initiate a process leading to multi-lateral discipline over practices that distort or restrict international investment flows, including barriers to investment and other discriminatory measures.

U.S. OBJECTIVES FOR NEGOTIATIONS DEALING WITH TRADE IN SERVICES

Trade in services accounts for a growing share of global trade. This trade has taken on increased significance for all countries as a result of its critical role in fostering the application of new technology, which is central to economic growth. However, there are few international rules for services trade and no established procedure for negotiations that could lead to the liberalization of barriers limiting this trade. The United States seeks the development of a general agreement of principles and procedures to ensure that trade in services is as open as possible. Negotiations should be carried out by as many interested contracting parties as possible under the aegis of the GATT, using its administrative facilities and Secretariat staff.

Negotiations on services under the auspices of the GATT should aim at an agreement on a set of rules and principles for conducting trade in services. The agreement would be based on a commitment to transparency of practices and the resolution of problems through consultation. Procedures also would be established for the negotiation of commitments dealing with the reduction of trade barriers, including provisions laying out the nature of these commitments.

The general agreement on services should be complemented by negotiations aimed at the removal of barriers in individual service industries. We also foresee negotiations in functional areas, such as standards, as well as the development of an understanding dealing with investment issues in services. The United States also believes that priority should be given to developing a multilateral agreement on international information flows.