

SENIOR OFFICIALS' GROUP

Record of Discussions

Note by the Secretariat

1. The Group of Senior Officials, established by the Decision of 2 October of the CONTRACTING PARTIES (L/5876), instructed the secretariat to issue summary records of the Group's discussions.

2. At the meeting of the Group on 12 November, the Chairman stated his understanding that the record would cover only substantive discussions, and noted that most of the Group's discussions after the meeting of 1 November had covered points of procedure.

3. These summary records are accordingly being issued by the secretariat under the symbol SR.SOG/- as follows:

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|----------|--------------------------|-----------|--------------------------|
| SR.SOG/1 | 14 October | SR.SOG/7 | 30 October (first part) |
| SR.SOG/2 | 15 October | SR.SOG/8 | 30 October (second part) |
| SR.SOG/3 | 16 October | SR.SOG/9 | 31 October (first part) |
| SR.SOG/4 | 22 October | SR.SOG/10 | 31 October (second part) |
| SR.SOG/5 | 23 October (first part) | SR.SOG/11 | 1 November (first part) |
| SR.SOG/6 | 23 October (second part) | SR.SOG/12 | 1 November (second part) |

Substantive points made at the meeting of 8 November will be included in SR.SOG/11.

4. During the discussions, a number of delegations referred to explanations of their positions given in written communications and statements with regard to the proposed new round of multilateral trade negotiations. Reference was also made to relevant statements in the Council debates on 5-6 June and 17-19 July 1985 (C/M/190 and C/M/191, respectively) and in the special Session of the CONTRACTING PARTIES held on 30 September - 2 October 1985 (4SS/SR/1-5).

5. Some delegations stated in the Group that they had frequently refrained from intervening in the discussions because they felt that their positions had been adequately set out in the communications, statements and records referred to in paragraph 4 above, or had been expressed by another delegation, or because they had reserved their right to revert to some of these matters at a later stage in the preparatory process.

6. Two copies of these summary records will be issued to each contracting party. Further copies will be available on request.

¹These communications and statements are: Developing countries L/5647 and L/5744, 24 Developing countries L/5818 and Add.1, ASEAN countries L/5848, Australia L/5842, Austria L/5849, Brazil L/5852, Canada L/5834 and L/5836, Chile L/5850, EFTA countries L/5804, European Communities L/5835, Jamaica (informal paper circulated to the Group), Japan L/5833, Korea L/5851, New Zealand L/5831, Nordic countries L/5827, Switzerland L/5837 and L/5883 (originally issued as Spec(85)52), United States L/5838 and L/5846.

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.SOG/1

22 November 1985

Special Distribution

SENIOR OFFICIALS' GROUP

Record of Discussions

Discussions on 14 October

Ambassador F. Jaramillo (Colombia), opening the first meeting of the Senior Officials' Group in his capacity as Chairman of the CONTRACTING PARTIES recalled the Decision of the CONTRACTING PARTIES of 2 October 1985 circulated in document L/5876. He noted that the Decision did not refer to the question of Chairmanship of the meeting and invited nominations for the Chairmanship of the Group.

The representative of the European Communities proposed that Ambassador F. Jaramillo (Colombia), Chairman of the CONTRACTING PARTIES remain in the Chair.

The representative of the Philippines on behalf of developing countries supported the nomination of Ambassador F. Jaramillo.

The representative of Brazil seconded the proposal made by the representative of the European Communities and supported by the representative of the Philippines.

The Chairman thanked the Group for the trust placed in him and requested the cooperation of all delegations for the important work ahead of the Group.

The Chairman recalled that the CONTRACTING PARTIES' Decision had specified that the Senior Officials' Group (SOG) would be open to all contracting parties but had not mentioned the possible attendance of observers. Consequently, the Group should decide whether it wished to invite observers. He noted that the secretariat had received inquiries which indicated that a number of governments which were not contracting parties as well as several international organizations would be interested in taking part in the meetings as observers. There were not many precedents that could be used as a guide in taking a decision. This Group was an ad hoc group set up by the CONTRACTING PARTIES with a special purpose. If the Group were to decide to invite observers it could either decide to take decisions on a case by case basis, i.e. decisions responding to specific requests, or decide to admit all the observers admitted in the Council.

The representative of the European Communities asked the Chairman to remind the Group of the contents of the Decision of the CONTRACTING PARTIES adopted at the Special Session which had established the Group. He recalled that there were certain agreed clarifications. The Group should work within the bounds set by the CONTRACTING PARTIES and if need be, in due course, make recommendations to the CONTRACTING PARTIES that might facilitate the adoption of any necessary decisions.

The Chairman read out the CONTRACTING PARTIES' Decision and noted that nothing had been said about possible attendance by observers. Since some governments which were not contracting parties and some international organizations had expressed the wish to attend the meetings of the Group in an observer capacity, the Group should address this issue.

The representative of the United States expressed the anticipation that the Preparatory Committee would be established in November. Because the airgram convening the Group referred only to contracting parties his delegation had no instructions on this question which might preferably be addressed by the Preparatory Committee itself once it was established.

The representative of Jamaica supported this proposal without prejudice to any decision the Group might wish to take for any future meetings after having had time to reflect.

The representative of Nicaragua recalled the principle of law which states that anything which is not expressly prohibited is permitted. Therefore he considered that observers should be allowed to attend meetings of the Group. He viewed this as a very important meeting of interest to non-contracting parties which applied the GATT system and to countries which were in the process of acceding to GATT. Moreover, one of the essential elements that had to serve as a basis for the new negotiations was complete transparency.

The Chairman said that he would have consultations with delegations in this respect and hoped that it would be possible to resolve this matter the following day at the beginning of the Group's meeting.

The Chairman said that the Group would have to examine in due course questions such as dates and duration of the meetings; the nature of the report which would have to be submitted to the Session of the CONTRACTING PARTIES in November, and the type of minutes which would be drafted by the secretariat after the discussions. The Group had to take into consideration that it would be necessary to submit a report to the CONTRACTING PARTIES at the Forty-First Session which would start on 25 November 1985. For governments to have sufficient time to consider the report in advance of the Session, the Group ought to aim at completing its work by 13 November at the very latest. This would permit circulation of the report on 14 or 15 November in all three working languages. The Chairman invited delegations to start immediately to deal with the substance of the Group's work. He drew the Group's attention to the documentation available. Apart from the Decision taken by the CONTRACTING PARTIES relevant documentation had been listed in the telex by which this meeting had been convened. In addition, the summary records of the statements made at the Special Session had been distributed that morning, with the exception of the record of the final meeting which would be ready shortly. Finally, he drew attention to document Spec(85)52 circulated by the delegation of Switzerland.

The representative of the United States proposed that to carry out its work the Group might consider the compendium of views put forward by the secretariat in document Spec(85)45 with the understanding that any other views could also be put forward by delegations.

The Chairman invited statements on the objectives, including modalities for the proposed new round of multilateral trade negotiations.

The representative of Finland, on behalf of the Nordic countries, presented some general views regarding the modalities and subject matter of the proposed trade negotiations. The agreement reached at the Special Session of the CONTRACTING PARTIES constituted a most important step in the direction of a new round of multilateral trade negotiations. As all the contracting parties had agreed that the preparatory process of the proposed new round of multilateral trade negotiations had been initiated, the prospects of launching the new round now seemed greater. It was incumbent upon all contracting parties to advance this process in an expeditious manner. The agreement also contained the decision to establish a Senior Officials' Group to further the preparatory process. The preparatory process from today until the November session should be a clarification process where the members of the Group examined the various issues that could be taken up in a new round area by area. This discussion should take place without any preconditions and without prejudging anybody's final stand on the issues. A thorough and transparent preparatory process was of paramount importance to ensure that the interests of all contracting parties were taken into account. He believed that the synopsis in document Spec(85)45 was an excellent basis for discussion. The Senior Officials' Group should look at its table of contents and go through the substantive issues one by one. The task of this Group should be to prepare for a formal decision by the CONTRACTING PARTIES in November on the establishment of a Preparatory Committee. The report of the Senior Officials' Group's discussions on substantive issues should form the basis for the decision by the CONTRACTING PARTIES. This could be called the clarification process. The aim should be to formulate a mandate for the Preparatory Committee. When the Preparatory Committee had been established the second phase in the preparations would begin, namely the identification process. During this latter phase the different subject matters or issues to be included in the new round would be thoroughly analysed. The whole preparatory process would end when the new round was formally launched. Until such time the issues to be included in the negotiations should be discussed without preconditions and no issue should be excluded from these discussions. The Nordic countries had said before that substantive progress on the GATT Work Programme could only take place within the framework of the new multilateral trade negotiations. Substantial time and work had been spent on the Programme with meagre results. In his view it was necessary to create the necessary political stimulus to achieve the common objectives: preservation of the GATT system in the face of strong protectionist tendencies; promotion of trade liberalization and development of the trading system in a changing economic environment. New trade negotiations under GATT auspices were the road to follow. Furthermore, a strict observance of the standstill commitment and the implementation of the rollback commitment would greatly contribute to the preparatory process and to the new round. He hoped that all countries would be prepared to engage in an exchange of views on ideas related to the trade negotiations with an open mind. The rules and principles of Part IV and the Framework Agreement would have to be taken into account when formulating the objectives of the negotiations. These principles should not be seen as reflecting a static state of affairs but should take into account the dynamic changes taking place within the group

of developing countries. He underlined the acute risk of unilateral actions and bilateralism if all contracting parties did not work together towards the observance and improvement of the GATT multilateral trading system. In this respect small industrialized countries and developing countries had much in common. The new trade negotiations should be put in the wider macro-economic perspective. Improvements in the trade field alone were not sufficient. Efforts in the monetary, financial and debt areas were other essential components in order to improve the imbalances in the world economy. The launching of multilateral trade negotiations should not however be conditional on progress made in other fora. He reiterated, finally, that broad consensus should be sought on issues to be negotiated as well as on negotiating modalities. He looked forward to an early agreement among the contracting parties to launch the new round of trade negotiations in the near future. The Nordic countries were fully prepared and looked forward to actively participating in a substantive discussion for which the secretariat document Spec(85)45 would be an appropriate basis together with the statements made at the Special Session of the CONTRACTING PARTIES.

The representative of Chile said that document Spec(85)45 represented an excellent basis for the discussions in the Group even though certain positions of developing countries had not been taken into consideration in this document. Some developing countries had somewhat different positions from those summarized in the so-called position of the 24 developing countries. The secretariat might be asked to prepare a revised version of this document and take into consideration these other positions. Moreover, this document did not take into consideration sectors which had been considered under the Work Programme such as problems of trade in certain natural resource products and new subject matters that could be studied such as compensatory trade; it did not take into consideration disciplines which were deficient in particular issues concerning Article XXIV and Article XVII; it did not take into consideration questions relating to the functioning of certain organs such as the Group of Eighteen, its possible elimination or modification. Between the option of having summary records or a report, he would prefer a report prepared by the secretariat which would be easier to digest.

The representative of Switzerland said that the task of the Senior Officials' Group could be subdivided into various sub-elements. The first element was the question of the definition of the subjects that could be included in the new multilateral trade negotiations. The Work Programme and the Ministerial Declaration of 1982 as well as the written submissions and the statements made during the Special Session of the CONTRACTING PARTIES mentioned a very important number of these subjects. The problem was not limited to the definition of the subjects to be dealt with in the negotiations but also to organizing the general structure of their treatment. Within the framework of this Senior Officials' Group meeting the priority task was to prepare the general structure and the scenario of the treatment of the subjects and of the negotiations. It was within this framework that his delegation had put down in writing very succinctly the ideas expressed at the Special Session of the CONTRACTING PARTIES which appeared in document Spec(85)52. These ideas would be explained in detail in due course.

The representative of the European Communities noted that time was short. The Senior Officials' Group should avoid making general statements to the extent possible and consider the method of work to be used in order to fulfil the mandate set out in the terms of reference. The Senior Officials' Group should deal with the subjects and modalities of the negotiations and would have to make a report. Generally speaking reports had conclusions and included recommendations. This report should be submitted to the CONTRACTING PARTIES so that they would be in a position to take a decision concerning the creation of a Preparatory Committee. As the discussions would concern the subject matter and modalities of the new round of negotiations the easiest starting point would appear to be document Spec(85)45. This document had to be updated in order to include in the various sections the contents of the statements made by the contracting parties at the last Special Session as well as the statements which would be made during the work of the Senior Officials' Group. In carrying out its mandate the Group should not lose sight of the 1982 Work Programme. It should also take into account as provided in paragraph 7 (ix) of the 1982 Ministerial Declaration the need to give continuing consideration to changes in the trading environment so as to ensure that the GATT is responsive to these changes. As the Senior Officials' Group had very little time available, it would have to work non-stop in order, in due course, to prepare the report containing appropriate recommendations which would enable the CONTRACTING PARTIES to take an appropriate decision with respect to the creation of the Preparatory Committee. The Communities would spare no effort to ensure that the CONTRACTING PARTIES might come to an agreement before the end of November. The Communities would do their best to facilitate convergence of views and to avoid misunderstandings. In any case, he hoped that the objectives set by the Communities and the Member States would be achieved before the end of November 1985.

The representative of Jamaica said that he believed the Senior Officials' Group could agree that any new initiative should lead to trade liberalization benefiting all contracting parties. On that basis it was expected that trade liberalization would lead to trade expansion. All trade sectors should be brought within the effective multilateral disciplines of GATT. There should be unequivocal consensus that the first objective of the negotiations would be trade liberalization and trade expansion and that the modality would be the liberalization of tariff and non-tariff measures for all trade sectors. The second objective of the negotiations should be the reinforcement of the basic principles and objectives of the General Agreement. The third objective should be the adaptation of the General Agreement and this adaptation might be described as reform both of the General Agreement and of the GATT as an institution. In this respect document Spec(85)52 was useful as a guide to what was meant by adaptation of the General Agreement and reform of the GATT as an institution. Another element with respect to the objective of adaptation was the inclusion under GATT disciplines of new areas. The fourth objective should be that the negotiations should contribute to a macro-economic environment conducive to growth and development and equally that the macro-economic environment also be conducive to trade liberalization. These four objectives might serve as

the basis for the negotiations and for implementing existing commitments. In conclusion he said that it would be useful if at this session of the Senior Officials' Group, contracting parties were to make known the steps being taken and the time-table for the announcement of expected trade liberalization measures which would constitute a major contribution to the exercise.

The representative of Spain referred to the statements made at the Special Session and in other bodies concerning the subjects before the Group. At this meeting his delegation would develop what had been said in a preliminary way particularly on the modalities and subject matter of the negotiations. Trade liberalization as an objective was, in his view, unrealistic because in the present circumstances it did not seem possible to achieve complete liberalization. Thus, it was more sensible to refer to greater liberalization of trade on the basis of the Ministerial Declaration of 1982. Another objective of the negotiations should be safeguarding the multilateral trading system and therefore to reinforce and update GATT so that it can attain its objectives through increased cooperation among all contracting parties. Another objective of great importance, almost a matter of principle, should be to arrive at a better balance of rights and obligations among participants. To that end the negotiations should bring about results which would benefit all contracting parties. In order to attain collective benefits, contracting parties should exchange reciprocal concessions with a mutual understanding of each others problems bearing in mind the characteristics and problems of the larger and the smaller countries, as well as taking into account their respective levels of development and the possibilities to be derived from those levels of development. The negotiations should also aim at achieving GATT's objectives as they are stated in the preamble to the General Agreement, i.e. to raise standards of living, ensuring full employment and a growing volume of real income and effective demand. He added that the troubles of the world economy could not be remedied by the mere improvement of trade relations. The world community had to take measures in the macro-economic spheres, including general economic policies and also financial, fiscal and monetary policies as well as with respect to structural adjustment in the various areas of economic activity. With respect to modalities for the negotiations, he noted that document Spec(84)45 combined objectives and modalities. As a preliminary comment about modalities he said that various bodies or organs might have to be set up to deal with various negotiating topics or subject matters. All these various bodies should work in parallel and jointly trying as far as possible to move ahead at the same pace in order to permit participants to make a global evaluation of developments and to allow each contracting party to take stock of the situation. In his view the negotiations should be carried out on a multilateral basis to the fullest extent possible. With reference to participation in the negotiations, he said that these should be open to all contracting parties and to other countries that could meet conditions to be established. He added that it should be made clear that participation in the negotiations was without commitment. Commitments would only come into existence once the individual and collective balance sheets of the results of the negotiations had been drawn up. In conclusion, he insisted that the negotiations should go ahead in a realistic spirit without trying to have over-ambitious objectives.

The representative of Uruguay said that the Senior Officials' Group should set up a programme of intensive meetings with a view to concluding its work by 13 November 1985 at the latest. The question of the report might be considered later on, once the Group's work had proceeded further. In his view the usual secretariat summaries of the deliberations might be useful. His delegation agreed to use document Spec(85)45 as a basis for the discussions. Even though this document did not cover the whole range of views and proposals it could be taken up topic by topic to give some direction and order to the deliberations.

The representative of Pakistan said that document Spec(85)45 which was dated 26 September 1985 required certain changes, for instance the section in page 7, dealing with the High Level Meeting was out of date. The Decision adopted at the Special Session and reproduced in document L/5876 was the framework to guide the deliberations of the Senior Officials' Group. In the table of contents of Spec(85)45 the section entitled "Relationship with the Work Programme" should be brought forward because that was the framework in which the deliberations of the Group had to take place. This section should be followed by standstill and rollback and then should come the section on special treatment and developing countries' contribution. The relationship of the proposed trade negotiations with the monetary and financial areas should be part of the general framework in which all substantive issues would be discussed. For this delegation the issues of safeguards, agriculture, tropical products and textiles, should be addressed in the first place, because these issues had appeared in every submission.

The representative of Brazil agreed with the representative of Pakistan that there were issues presented in the section on modalities of Spec(85)45 which should have priority over certain others. In his view, the question of standstill and rollback were priority issues in terms of any discussion of market access. He suggested that the Senior Officials' Group follow closely the 1982 Ministerial Declaration and the Work Programme using document Spec(85)45 as a guide to organize the different topics under discussion by modalities and substantive issues.

The representative of Argentina said that the Senior Officials' Group should proceed with maximum transparency, and as usual in GATT act on the basis of consensus. He agreed that the report of the Group should be adopted before 13 November 1985. He suggested commencing the work with standstill and rollback as these topics, in his view, had the greatest priority. He believed that the best way to go ahead would be to consider the various topics in the order in which they appear in the 1982 Ministerial Declaration. Spec(85)45 could be used as a guiding document. He stressed that the Senior Officials' Group should work within the GATT legal framework because it did not have a mandate to reform the General Agreement. His delegation supported in every respect the views of developing countries which appeared in document L/5818. In carrying out its work the Senior Officials' Group might set up various bodies, groups and sub-groups to deal with individual topics or subject matters and have summary records as usually done in GATT.

The representative of Bangladesh considered document Spec(85)45 which adequately summed-up the views of different groups and countries, as a good basis for further discussion of the modalities and subject matter of the proposed multilateral trade negotiations. However, the topics should undergo some readjustment depending upon their priorities, particularly the question of special treatment and developing countries' contribution summarized in pages 13 and 14. At the Special Session of the CONTRACTING PARTIES his delegation had underlined the need for attending to the special problems of the least-developed among the developing countries within the context of more favourable treatment to the developing countries. In the statements made by the developing countries reference had also been made to the particular situation and problems of the least-developed countries and the need to ensure that these countries received special treatment. Special treatment for the least-developed countries was also mentioned in the GATT Ministerial Declaration of 1982 and specific commitments had been undertaken by the CONTRACTING PARTIES to facilitate the trade of these countries. Furthermore, at the 6th Session of the Sub-Committee on Trade of the Least-Developed Countries some specific proposals had been put forward by the Chairman of the Sub-Committee to give operational content to the GATT Ministerial Declaration and the Enabling Clause. In any negotiations these issues should receive due attention.

The representative of Canada said that the focus should be kept on laying the groundwork for the establishment of a Preparatory Committee at the November CONTRACTING PARTIES' Session. The central task therefore should be to consider recommendations as to the draft terms of reference of the Preparatory Committee and also a time-table for its report. This did not assume that all delegations agreed on the establishment of a Preparatory Committee or the timing of any possible negotiation. Obviously responsibility to specify the subject matter and modalities of any multilateral trade negotiations should rest with the Preparatory Committee itself as long as no subject matter, including services, is excluded from its terms of reference. The question of modalities of the negotiations might be examined in the light of document Spec(85)46, which gave some background as to how things had been done in the past without prejudging how they might be done this time. He supported the proposal to consider document Spec(85)45 which represented a widespread spectrum of views. Points of view which were not included should be incorporated in this document. The Summary Records of the Special Session would also be helpful in this respect. The Senior Officials' Group exercise should aim at ensuring that the differing views about the objectives and modalities for new multilateral trade negotiations were accurately reflected and clarified. He agreed with the position of the Nordic countries that the process of clarification was the Senior Official Group's major initial task. Obviously different delegations had different priorities. He hoped that the Group would not spend a lot of time negotiating which part of the document would be examined first. Another important element of the Group's report to the November session should be a clear indication of the priority attached to completing the 1982 Work Programme. All delegations agreed that this was an integral part of the proposed multilateral trade negotiations. The question of what standstill and rollback commitments would be appropriate when the negotiations were officially launched should be addressed by the Preparatory Committee when drafting a possible ministerial declaration for the launching of the negotiations. The consideration of this issue at the Senior Officials' Group meeting or at the November session would not be appropriate.

The representative of India said that it was necessary to make a distinction between the mandate and the documentation. The mandate of the Group had been established by the CONTRACTING PARTIES in the Decision adopted at the last Special Session, and the elaboration of that mandate was quite clear in the two understandings which had been incorporated in the Decision. In his view the Group had no other mandate. The documentation mentioned in the Airgram issued by the secretariat, was only a ready reference to the documents available. As had been pointed out by some other delegations there were many other documents and many other statements which should be referred to. In accordance with the specific mandate given by the CONTRACTING PARTIES, the work of the Group should follow the sequence of the Ministerial Work Programme. It was in the light of the Work Programme that the Group had to carry out the examination of the subject matter and modalities of the proposed negotiations. He emphasized that the Group should work strictly within the parameters of the Decision taken by the CONTRACTING PARTIES. The parameter that the Senior Officials' Group should not prejudge the work on services going on elsewhere in GATT had to be kept constantly in view. He hoped that there would be more consultations on the duration and the dates of the future Senior Officials' Group meetings than had taken place in the past. With reference to the nature of the report, and the possibilities of conclusions and recommendations, he believed that the Group should try to bring about a positive and substantive outcome of this meeting. The guiding principle in these efforts should be the principle of consensus, which had been collectively reasserted at the last meeting of the CONTRACTING PARTIES. The same process of consensus should apply to whatever was done in this Group. In conclusion he stated that it was appropriate to place the proposed negotiations in the context and parameters of the Work Programme.

The representative of Zaire said that document Spec(85)45 represented a good basis for the work of the Senior Officials' Group. In his opinion each delegation should give more precision to its position and if necessary add to the document presented by the secretariat. This review should enable the Group to determine where divergences existed so as to try to find a consensus which in turn should lead to the adoption of the final report that would be presented to the CONTRACTING PARTIES.

With reference to modalities, the representative of Jamaica said that the modalities for achieving the objective of trade liberalization and trade expansion must clearly be the fulfilment of commitments in the areas of standstill and rollback, and special and differential treatment for developing countries in accordance with contractual obligations. In document L/5818, 24 developing countries had stated that the negotiations must ensure effective protection and enforcement of the rights of the individual less developed contracting parties so that each one had a stake in the outcome. In their opinion it would be useful, at some future stage, when discussing the techniques and the modalities to concretely quantify the application of the GATT provisions on special and more favourable treatment for less developed countries. These developing countries had also indicated that trade liberalization through the fulfilment of commitments did not

necessarily mean that their implementation had to be multilaterally negotiated; the commitments could be unilaterally or autonomously implemented, consistent with obligations under the GATT. In this respect, the modality could be appropriate negotiations on trade sectors on which there was already consensus. That would be consistent with work in GATT on tariffs and non-tariff measures. Another modality related to the general objective of reinforcing the basic principles and objectives of the General Agreement should be that the negotiations be consistent with the basic principle of m.f.n. and that the results should be non-discriminatory. In other words, trade liberalization should benefit all contracting parties and should not be limited to concessions exchanged between major, principal or substantial suppliers because those rules did not take account of the interests of the smaller less developed contracting parties. Another modality was linked to the question of adaptation or the reform of the General Agreement and GATT as an institution. He did not believe that document Spec(85)46 served necessarily as a precedent for this proposal but it was instructive. With reference to the methods and procedures of the negotiations some delegations had proposed parallel or sequential negotiations, or an evolving process. Other delegations had indicated that they were prepared to hold separate meetings to discuss different aspects, i.e. one set of meetings to discuss trade liberalization on areas on which there was already consensus and other meetings to discuss those areas on which a consensus had not yet emerged. In his view to consider the adaptation of the General Agreement and GATT as an institution, consensus to adapt the General Agreement had to exist among all contracting parties. Finally, referring to methods and procedures, he believed that these questions were critical to an understanding or a decision as to whether participation should be or not limited to contracting parties. Because contracting parties might need to consider whether the outcome of any new round of negotiations, or any new obligations undertaken, should be extended to those who had not participated in negotiating the concessions, the question of invitation to observers to attend was not merely a procedural matter but rather a substantial point. Finally, referring to modalities, he believed that the CONTRACTING PARTIES should develop a consensus regarding what they wished to present as those conditions under which the macro-economic environment would be made supportive of trade liberalization, so that it would be clear that issues which were properly in the financial or monetary field, would not be dealt with in the field of trade policy.

The representative of Japan said that his delegation advocated the establishment of a Preparatory Committee at the next session of the CONTRACTING PARTIES. In the meantime the Senior Officials' Group should discuss the modalities and the subject matter of the proposed negotiations on the basis of the proposals submitted by contracting parties using document Spec(85)45 as a guide and without prejudice to additional items being raised by delegations. Spec(85)46 was also a very useful document when considering the future course of the proposed new round of multilateral trade negotiations. His delegation believed that the subject matter for the new round should be as broad as possible covering items of interest to all participating countries, such as textiles, tropical products, agriculture,

safeguards, tariffs and services. In his view these were some of the major elements contained in the 1982 GATT Work Programme. He added that the deliberations in the Senior Officials' Group should be carried out without any precondition and without any prejudice. Moreover, participation in the preparatory stage would not mean a commitment to participate in the negotiations proper and participation in the negotiations would not mean a commitment to accept their results. The aim of the whole process would be to build up a broad consensus of as many countries as possible.

The representative of Australia said that the primary objective of the work in the Group should be to lay a basis for a decision about the establishment of a Preparatory Committee for the proposed trade negotiations at the CONTRACTING PARTIES' Session. In a sense therefore some of the issues to be discussed would form a mandate for a Preparatory Committee. Although it was not the Senior Officials Group's task to decide a mandate for a Preparatory Committee it should certainly list all those matters upon which a mandate could be drawn. The Senior Officials' Group had to address two sets of issues. First, the major issues which would need to be considered in a round of trade negotiations. A Preparatory Committee would have to refine these matters in its preparation for the formal launching of a new round. Second, major matters germane to the launching of a round such as standstill had to be settled at the time when a round was launched. In his view this was a major question to be definitely settled by a Preparatory Committee which the Senior Officials' Group needed to discuss. He supported the use of documents Spec(85)45 and Spec(85)46 as a basis for discussion. However, the list of items reproduced in Spec(85)45 did not represent a decision by the Group about relative priorities. Even though document Spec(85)45 needed some updating it might be used as a working document and data base together with other sources of information. With reference to the organization of the work, he said that the Senior Officials' Group should aim for three milestone meetings of this Group. In between those periods informal meetings could take place depending on time available, secretariat resources and the schedule of other meetings.

The representative of the European Communities agreed that the Senior Officials' Group should act within its mandate. The CONTRACTING PARTIES' Decision of 2 October 1985 provided that the Group should examine the subject matter and modalities of the negotiations not "on the basis" but "in the light" of the GATT Work Programme and priorities for the 1980s as contained in the Ministerial Declaration of 1982 and the continuing consideration of changes in the trading environment so as to ensure that the GATT is responsive to these changes. Obviously the subject matter and modalities would not be derived only from the Work Programme and from the continuing consideration of those changes but would emerge from the various statements submitted by contracting parties some of which had been summarized in document Spec(85)45 and from the requests that had led to the drafting of document Spec(85)46. The Group must take topics one after the other without any priority, and then decide on the appropriate course of action and what priorities it would recommend. The Group should work continuously giving those delegations who were in favour of the proposed

negotiations the opportunity to say why they wanted a new round of negotiations and allowing those delegations who were reticent to explain their views. On this basis, the Senior Officials' Group should be able make a clear recommendation to the CONTRACTING PARTIES on the decision to be taken at the November Session, without indulging in politics or pointless rhetoric. With reference to the rule of consensus, he recalled the views expressed by the Community at the informal meeting of Heads of Delegations during the Special Session. In his view a distinction should be made between the legal aspect of decision making in GATT which was based on either majority, whether simple or weighted, or unanimity, and the political concept of consensus which was not the same as the legal concept of unanimity. If necessary the Communities could develop these ideas further. With respect to services, the Communities would fully respect the mandate of the Senior Officials' Group, and would do nothing that might prejudice the work on services being pursued in terms of the 1982 and 1984 decisions and agreed conclusions of the CONTRACTING PARTIES. As sovereign contracting parties, if the topic was raised the Communities would state their position. In due course he would argue against the view that GATT could not handle services. With reference to objectives, the ideas put forward by the representative of Jamaica were very interesting and a thorough discussion of this subject should enable the secretariat to update its document. He agreed with the objectives of liberalization of trade in all sectors, and securing individual benefits for all participants in the negotiations. Trade liberalization must however be done progressively in order to achieve trade expansion that would bring benefits to all; liberalization simply for the sake of the principle was not appropriate. With reference to standstill, he stressed that it was only conceivable as the beginning of a dynamic process that would lead on to a second phase - rollback - to be followed by a third phase - the negotiation of trade liberalization on a contractual basis. A standstill on its own, which would freeze imbalances or consolidate privileges, was not acceptable. To avoid misunderstandings as to the meaning of a standstill, concrete situations should be considered and clarified. For instance, if a standstill was established would safeguard measures under Article XIX be allowed? Would countervailing duty measures be permitted, etc? If CONTRACTING PARTIES were to be able to set up a Preparatory Committee in November, all members of the Group should begin disclosing their negotiating aims.

The representative of New Zealand accepted the proposition to use document Spec(85)45 as a basis for the discussions in the light of the Work Programme as well as other views which existed and which had not been encapsulated in this document, or in the documents which had been submitted. He agreed with Jamaica's views on objectives. An important objective of the proposed negotiations would be to reinforce the basic principles and objectives of the General Agreement. The objective of bringing all trade sectors within effective multilateral discipline was important because in certain areas no effective multilateral disciplines had ever existed. A further objective was to liberalize tariff and non-tariff measures. Another objective would be to take appropriate measures to enable the GATT to respond to new developments in the composition of international trade without forgetting the original objectives of the GATT, that is raising the

standards of living, and ensuring full employment. The question of standstill and rollback was crucial to this delegation. An essential way of ensuring an adequate climate for a new round of negotiations would be to establish from the outset a credible firm commitment to refrain from introducing any new restrictive measures. But this was the least that might be expected from the standstill and rollback. He agreed with the European Communities that standstill was only credible if it was the beginning of a process. Consequently, he would put his cards on the table. His delegation wanted three things from a standstill. First, a commitment to refrain from taking steps to reduce overall existing levels of access whether by means of tariff or non-tariff measures applying to all sectors of international trade. Second, a commitment to refrain from exceeding existing levels of trade-impacting subsidization on both agricultural and industrial products. And thirdly, the establishment of a surveillance group under the aegis of the GATT to monitor the implementation of those undertakings.

The representative of Korea supported the suggestion that the work of the Group should be finalized by 13 November. However, he was not clear as to what kind of report the Senior Officials' Group was supposed to submit to the CONTRACTING PARTIES in November. He thought that the report was not going to be a summary of all the discussions and that it should definitely be a separate report which would lay in clear and concise form the goals which had been stated repeatedly by all the contracting parties. The report should cover the subject matters leaving out the country positions not only because no report could do justice to a country's position on each subject matter but also because his delegation would want to reserve its position until the actual negotiations started. With respect to the subject matter the report should lay down each topic contained in the Work Programme, and maybe some comments or major highlights of the discussion, including any new issues raised in the Senior Officials' Group. With reference to modalities, in addition to a standstill, the report should indicate the various suggestions made by delegations for the reference of the future Preparatory Committee, even though consensus might not have emerged. Lastly, the report should include any other suggestions made by delegations. He added that the Special Session of the CONTRACTING PARTIES had decided that the Senior Officials' Group would discuss the subject matter and modalities of the proposed negotiations in the light of the Work Programme, with the understanding that this discussion should not prejudice or prejudice ongoing work in terms of the 1982 the Work Programme.

The representative of the United States said that the work of the Senior Officials' Group should take priority over other issues and proposed that the Group met again the following morning. His delegation would be prepared to use the document Spec(85)45 which reflected the views of a great number of contracting parties with any necessary updating as a basic document which would be examined item by item, giving delegations the possibility to add points if they felt that their views were not incorporated. A number of items included in this document were in fact Work Programme items. By using the secretariat document the Group would be working in the light of the Work Programme, and would also be trying to

ensure that the trading system improves and adapts itself to the changing environment. In order to try to ensure that a meaningful, substantive report be given to the CONTRACTING PARTIES the work should proceed on a continuous basis. The Group had no choice but to report to the CONTRACTING PARTIES because that was its mandate. The report should include a review of the substantive positions, the discussion on the modalities, and recommendations to the CONTRACTING PARTIES.

The representative of Egypt said that the Senior Officials' Group had to follow the mandate in document L/5876, in particular the two understandings that had been referred to by previous delegations. The reference in the mandate to "the continuing consideration of changes in the trading environment" which had come from paragraph 7(ix) of the 1982 Ministerial Declaration only implied consideration of these changes or as stated in the French text "rester attentif". Moreover, the mandate stated that the work of the Senior Officials' Group would not prejudice the work on services in terms of the 1982 and 1984 decisions and agreed conclusions of the CONTRACTING PARTIES. Thus, the decision of 2 October 1985 was the framework of the Senior Officials' Group. His delegation was in favour of examining the points in the 1982 Ministerial Declaration taking into account document Spec(85)45 but following, nevertheless, the legal parameters set for each subject in the GATT and in the Ministerial Declaration. The Senior Officials' Group should work on the basis of consensus and take into consideration the views which 24 developing countries had submitted in document L/5818. The preparation for a new round was a very important subject with such serious implications for the economies of all contracting parties that all the subjects had to be considered in detail and without undue haste. At the start of the Senior Officials' Group meeting it was premature to refer to a report to the CONTRACTING PARTIES and to the establishment of the Preparatory Committee by the CONTRACTING PARTIES. The subjects which deserved attention were paragraph 7(i) of the Ministerial Declaration, standstill, rollback, and safeguards. The preparatory process to be successful required careful preparation and close cooperation among all participants.

The representative of Singapore, on behalf of ASEAN, said that their priorities which had been stated many times in the past both in the Council and at the Special Session included standstill, rollback and the need to fulfil past commitments of the Tokyo Round, as well as the relevant elements of the Work Programme. ASEAN delegations could agree to use Spec(85)45 as the basis for work in the Senior Officials' Group. However, the Work Programme had also to be taken fully into account. Spec(85)45 could be supplemented or amended if it did not contain elements important for contracting parties which appeared in the Work Programme.

The representative of Korea said that documents Spec(85)45 and Spec(85)46 were not the format to be used in the report. He suggested that the secretariat establish the format of a new document more systematically laid out and organised that might be used as a basis for the Group's report to the November session.

The Chairman said that the discussions had clarified a number of important questions. He believed that everybody agreed that document Spec(85)45 was a good summing-up of the presentations made by delegations at the Council level. These submissions had been complemented either through statements by delegations at the Special Session of the CONTRACTING PARTIES or at the Council meetings. Therefore, in the light of what had been said by delegations it would be possible to take as a guide for the work this document on the understanding that its use did not represent any suggestions as to priority. With respect to modalities and substantive issues, the Group might follow the order found in the 1982 Ministerial Declaration with any additional points that delegations might wish to raise or which they had already raised in the past. As to the programme of meetings, he would be in a position to propose a tentative programme of meetings before the end of the session to enable the Senior Officials' Group to have a report ready for 13 November. With respect to the report itself, he thought that the Senior Officials' Group could come back to this matter later on in the light of the discussions.

The representative of Brazil requested that the Chairman clarify the summing-up in terms of organisation of the work.

The Chairman suggested that as a guide to organize the discussions, the Senior Officials' Group use the content of document Spec(85)45 following the order in which the points appeared in the 1982 Ministerial Declaration.

The representative of Brazil objected to the use of document Spec(85)45 to organise the work because it was a synoptic table not requested but offered by the secretariat which had some shortcomings and included matters which were not within the competence of GATT.

The representative of Jamaica said that he had omitted to say what the report should be like because he thought that after representatives had made their statements the secretariat would have the basis for presenting a report. At that point the report would take the shape on the basis of what delegations had actually said and not on the basis of what others wanted to be reflected in the report. He had not addressed the question of organization of work because he had felt it was preferable to consider issues of substance with respect to objectives, subject matter and the modalities to achieve those objectives in the proposed negotiations. The Decision reproduced in L/5876 clearly said that the Senior Officials' Group would not prejudice the ongoing work of the GATT in terms of the 1982 Work Programme nor prejudice the work on services. Clearly the approach should be to try to define those areas of agreement, while identifying the areas of disagreement on subject matter and modalities. In his view the Senior Officials' Group should deal with substantive matters so that the Group could arrive at a necessary balance. For this purpose it was not necessary to work on the basis of any single document. Each delegation could make its own observations based on its own submission, other submissions, Spec(85)45 and any other document of its desire. The Senior Officials' Group should discuss the issues within its mandate and not try to get into the substance of work which was ongoing in the appropriate bodies of the GATT.

The representative of the United States said that he saw no need for procedural arguments. The basic document was the Decision of 2 October 1985. His delegation did not in any way agree that the only matter to be discussed by the Senior Officials' Group was the Work Programme, and did not agree with the view that services was outside the competence of GATT. At some point his delegation would state its position in this respect.

The representative of Canada said that the Senior Officials' Group could look at document Spec(85)45 and Spec(85)46 and the Ministerial Declaration so that delegations used these documents when they were addressing particular issues. Without carrying the debate any further, the Senior Officials' Group might agree that those delegations that wish to present their position on the basis of the Ministerial Declaration should do so. This approach would go a long way to answering questions about the legality of services, a subject which was included in the 1982 Ministerial Declaration.

The representative of Uruguay suggested that the next meeting discuss the objectives of the proposed new round. Each delegation would use the documents of its desire.

The representative of Korea supported the proposal of Uruguay to start the next meeting with the consideration of the objectives of a new round of trade negotiations.

The representative of Egypt said that in order to examine the subject matter and modalities proposed for the new round in the light of the Work Programme, the Senior Officials' Group should start with the Work Programme. He would like to start considering paragraph 7(i) of the Ministerial Declaration, standstill and rollback, which were the most important points that would be taken up at the beginning of the negotiations. He noted that the Senior Officials' Group could not meet in the morning of the following day because a meeting of the Committee on Trade and Development had been scheduled previously.

The representative of India said that if document Spec(85)45 was treated merely as a reference document and not as a basis for the discussions, there should be no problem. The Group's discussions should, however, proceed on the basis of the agreed mandate of the Group. He took note that the Chairman had not referred to document Spec(85)46.

The Chairman suggested the following order for the Senior Officials' Group deliberations: (1) Objectives; (2) Modalities; and (3) Substantive Issues. The Programme of Work would be the guideline for specific items.

The representative of Canada said that the Work Programme was not the working document any more than Spec(85)45.

The representative of Brazil said that it had been made clear that the only document which could be considered as a basis for the deliberations was the Work Programme. Informal documents, such as those produced by the secretariat, which represented a summary of the views of some contracting parties could not be given the same status as a Ministerial Declaration.

The Chairman noted that he had proposed using Spec(85)45 simply to organise the work without giving it any special standing.

The representative of the European Communities said that he could support Uruguay's proposal to start the next meeting with the consideration of objectives. As a basis for the discussion, the Communities would make use of any document that they chose.

The representative of Canada said that he would also use whatever document he wished as a basis for the discussion.

The Chairman agreed that each delegation was free to put forward its theses on whatever basis it chose.

The representative of the United States suggested that the Senior Officials' Group meet the following morning.

The Chairman said that unfortunately this was not practical.

The representative of Uruguay repeated the proposal to agree to consider the objectives at the forthcoming meeting. Each delegation would make use of whatever documents it wanted to use.

The Chairman said that this was agreed.

The representative of Brazil said that consultations should have taken place on the organization of the work of the Group. He suggested that the Chairman should undertake further consultations in terms of organization prior to the next meeting of the Group.

The representative of the United States said that as it had been agreed to discuss objectives, modalities and substantive issues, without reference to any particular documents, he saw no need for consultations.

The representative of the Philippines said that in presenting his views, his delegation would use any document which might be useful. He suggested that the meeting be adjourned.

The Chairman said that at the next meeting the Group would discuss the objectives of the proposed negotiations, and if time permitted would go on to the modalities.

The representative of Yugoslavia said that there would again be difficulties if the discussion was not kept within the framework of the mandate of the Senior Officials' Group. The mandate was clear, the Senior Officials' Group should examine the subject matter and modalities of the proposed negotiations in that order. He suggested that the Group start with objectives, move to the subject matter and continue with modalities.

The representative of Chile said that there were four specific objectives for the negotiations: tariff matters, non-tariff matters, disciplines, and sectors. With respect to tariffs the aim should be to promote improved market access through a lowering of customs duties and reduction of non-tariff measures. As a result of this negotiation exercise, all tariffs must be subject to bindings. Furthermore, the coverage and depth of preferential treatment for developing countries should be increased in areas of real interest. With respect to non-tariff measures, he expected a strict implementation of GATT obligations, inter alia those of Articles XI and I especially, concerning quantitative restrictions, other non-tariff measures and the so-called grey area. Quantitative restrictions and other measures with equivalent effect must be eliminated or limited, since even if duly justified or covered by the General Agreement, they had a negative impact on market access. In such a case, elimination should be achieved through negotiations. As regards disciplines, the m.f.n clause should be strengthened, particularly as regards exceptions provided for in the text of the General Agreement. The use of export subsidies should be prohibited on all products, with certain clearly defined exceptions, and the present disciplines should be clarified. The safeguard mechanisms would have to be disciplined, with strict observance for the principle of non-discrimination. The dispute settlement system would have to be strengthened, in particular by making it more effective and providing efficient mechanisms to ensure prompt adoption and implementation of the recommendations made. As regards sectors, it would be necessary to restructure agricultural trade, fully incorporate the Multifibre Arrangement in the GATT rules and disciplines, and achieve above-average liberalization in the areas of fisheries, mining and forestry.

The Chairman adjourned the meeting.