

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:

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/6

22 November 1985

Special Distribution

SENIOR OFFICIALS' GROUP

Record of Discussion

Discussions on 23 October (2nd part)¹

The Chairman invited statements on MTN agreements and arrangements.

The representative of Colombia stated that an important objective of any negotiations in GATT should be to ensure that the majority of contracting parties, particularly the developing contracting parties, were able to participate in the multilateral trading system, which, for this reason, should be operated on the basis of clear and transparent principles and objective criteria. He recalled that this had been the objective in the Tokyo Round when the CONTRACTING PARTIES had approved a number of agreements and arrangements with provisions for the special and differential treatment of developing countries aimed at encouraging their accession. However, over the years, developing countries had realized that these instruments had not succeeded in protecting their legitimate interests. A major area of concern was the way the Agreement on Subsidies and Countervailing Measures had been implemented. While contracting parties had the inalienable right to accede to any or all the MTN Codes, they could not reasonably be expected to do so if this implied taking on undertakings more difficult than those envisaged in the Codes or which ran contrary to the letter and spirit of the Codes and, in fact, of the General Agreement. Furthermore, this method of negotiations was discriminatory in character as it was only from developing countries that compromises were expected. Under the circumstances, even those developing countries which wanted to participate in the MTN Codes and the GATT system found themselves unable to do so. The representative hoped that when the new round began, these anomalies would be corrected with a view to ensuring greater unity of the GATT system and the sharing of its advantages and obligations by all contracting parties. A positive sign was that the proponents of the new round had stated that they would like all countries, including developing countries, to derive advantages from the negotiations.

The representative of Yugoslavia stated that his country had acceded to most of the MTN Agreements and Arrangements concluded in the Tokyo Round. Yugoslavia had done so believing that participation would provide greater predictability and certainty to Yugoslavia's trade. As a party to the MTN Codes, Yugoslavia had also undertaken the obligations applicable to developing countries. While agreeing that it was difficult to assess what would happen in the absence of the MTN agreements and arrangements, the representative stressed that the expectation of his authorities had not been realized. The main problem had been the manner in which the Codes had been applied rather than the provisions of the Codes. In this context, the representative particularly referred to the manner of implementation of the

¹ Statements made on 30 October on certain of the subjects covered in this record are also included in the present document.

provisions relating to differential and more favourable treatment for developing countries. He stressed that the appropriate and effective application of the rules would be fundamental to the acceptance of the MTN Codes by a larger number of interested developing countries. Fuller participation by these countries would, inter alia, lead to a more universal application of the rules which was important for the GATT system as a whole. The issue deserved, therefore, the full attention of the CONTRACTING PARTIES. In this context, there was need for the Working Group on MTN Agreements and Arrangements to continue its work in terms of the Ministerial Declaration of 1982 so as to facilitate the proposed negotiations in this field. The representative considered that the examination of the MTN Agreements and Arrangements must take place in a more general forum, other than that of the Committees or Councils set up service the individual agreements and arrangements. Deliberations in this area should pay special attention to the full observance of basic GATT principles such as the most-favoured-nation principle and aim at identifying specific ways and means for eliminating the danger of restrictive or distorted interpretations of key provisions.

The representative of Israel referred to the particular problem which had arisen in regard to the Code on Subsidies and Countervailing Duties because of developing countries being encouraged to enter into commitments to reduce or eliminate their export subsidies. He recalled that attempts had been made in the Subsidies Committee to arrive at conditions concerning such commitments which would enable developing countries, not yet members, to accede to the Code. Surprisingly, these attempts had been frustrated by other developing countries. The representative thought that this was an untenable position. He was not certain whether it was necessary to put this item on the agenda of any future negotiations but some way had to be found to eliminate the problem and to ensure, through agreed conditions for the accession of developing countries, that these countries joined this particular Code in larger numbers.

The representative of Egypt felt that this important subject would have to be taken into account in any future negotiations. The MTN Agreements and Arrangements had been the result of long and arduous negotiations. Egypt had acceded to most of these, but, like other developing countries in the same position, had continued to encounter problems sometimes with the provisions of certain agreements and arrangements and on other occasions with the way these provisions had been interpreted or implemented. The same reasons also caused difficulties for those developing countries which were not members and found that they were not able to join the Codes even when they wanted to. These developments had raised serious doubts with respect to the adequacy and effectiveness of these agreements and arrangements. The representative recalled that it was in this context that the CONTRACTING PARTIES had, in 1982, decided to review their operation, focussing on their adequacy and effectiveness and the obstacles to their acceptance by interested parties. The Working Party, established in pursuance to this decision, had done some work and also come up with a report. The representative felt that work should continue in this forum or

in the Council as the main problem remained to be tackled. Additionally, specific problems in respect to certain agreements and arrangements needed to be discussed in detail and should be taken up in the proposed new round of negotiations if it was not found possible to deal fully with them before the start of the negotiations. The latter course was preferable particularly in view of the fact that most of these problems could quite easily be dealt within the regular bodies and institutional framework of the GATT. An examination of the status of acceptances showed clearly that the majority of developing contracting parties had not acceded to the agreements and arrangements. Contracting parties should jointly try and identify the reasons for this trend and the obstacles that these countries may be encountering in their accession. This exercise should also take account of the problems of those developing countries which were members of these agreements and arrangements but considered that there was little or none of the expected benefits coming their way. Such a generalized, but intensive, examination would give the CONTRACTING PARTIES a clearer idea of the sort of conditions, including special and differential treatment, that were required to encourage the developing countries to participate. Larger participation would assist in strengthening the GATT system and bringing about a more global application of its disciplines. It would also lead to greater unity and consistency in the GATT system - between the General Agreement itself and the MTN agreements and arrangements which were subsidiary and nothing more than an interpretation and elaboration of certain articles of the General Agreement. The present problem was serious as it applied not only to the question of attracting larger participation, but also creating more secure conditions for members so that they did not withdraw from individual agreements or arrangements. The representative recalled that in certain cases, the GATT secretariat had, indeed, received notices of withdrawal from members.

The representative of Norway, speaking on behalf of the Nordic Countries, stated that the Nordic countries held the view that the MTN agreements and arrangements, with a few exceptions, had been functioning in accordance with the intentions of their drafters. The agreements and arrangements had generally led to increased disciplines in trade policies and thereby also to a strengthening of the multilateral system for open trade. He noted that consultations had been conducted within several agreements like the Code on Anti-Dumping, the Code on Government Procurement, and the Code on Subsidies and Countervailing Duties, for the purpose of arriving at a more uniform interpretation of the relevant provisions and concepts. It was likely that in the broader context of the new round of negotiations, contracting parties would have to see how some of the MTN Codes could be improved. It would seem appropriate to bring any follow-up of the report of the Working Group on MTN Agreements and Arrangements into this negotiating process. The Nordic Countries had, on earlier occasions, expressed concern at the relatively limited number of signatories to the MTN Codes. They deemed it important that there should be as large a participation as possible in these agreements and arrangements. As regards the further elaboration and improvement of the existing Codes, the Nordic Countries attached importance to the current negotiations on the Code on Government Procurement and to the further elaboration of the Code on Subsidies and Countervailing Measures. For non-tariff measures not covered by the Codes, the scope for multilateral disciplines should be further explored.

The representative of the United States stated that five years of experience with the MTN agreements and arrangements had shown that there were areas where some of the Codes could be improved. The United States supported negotiations aimed at making such improvements, particularly in the area of subsidies. The United States continued to believe that the GATT needed improved disciplines over the use of export subsidies, especially agricultural subsidies. It was no secret that the United States had been disappointed with the way in which the understanding negotiated during the MTNs had been implemented in practice. Subsidies were another form of protection, perpetuated structural rigidities and distorted international trade. Moreover, in the absence of agreed disciplines in this area, such subsidies led others to offer competing subsidies, a practice which was not only costly but inefficient and, as others had pointed out, could affect world prices and hurt innocent third country suppliers. The United States was willing to seek an improved and clearer understanding in this area that would enable contracting parties to avoid a subsidy war and the contentious issues of the past few years.

The representative of Japan stated that the MTN agreements and arrangements had exercised a significant influence in their respective fields on the international trading system. They had complemented the General Agreement, promoted trade liberalization and reduced trade barriers. The Japanese authorities considered that some of the Codes needed amendments to bring them up-to-date with recent changes and developments in international trade. As stated in Japan's submission paper, some of the Codes might be reviewed as part of the new round of negotiations.

The representative of Pakistan recalled that the question of the MTN Agreements and Arrangements had been one of the important elements in the Ministerial Work Programme and noted that suggestions had been made that this should be included in the proposed new round. Before doing that, it was necessary to identify the problem clearly or, as stated in the Work Programme, to determine what action, if any, was called for in terms of the Decision of November 1979. He noted that the delegations who had made submissions on this subject had adopted a somewhat selective approach to the problem, focussing particularly on the Codes on Subsidies and Government Procurement. He stressed that if this topic was to be taken up at all, it would have to be looked at in its entirety and that all the agreements and arrangements would have to be examined. He referred to the problem of accession facing developing countries in the Code on Subsidies and Countervailing Measures and to the comment pertaining to the difficulties allegedly being created by some other developing countries who were members of the Code. He stated categorically that this was not the case. The basic problem was the lack of clarity whether the proposals being advanced pertained to an elaboration of the rules in order to foreclose the possibility of misunderstanding or dispute or whether they involved the question of contracting parties, particularly developing contracting parties, taking on additional and more burdensome obligations. In regard to the creation of conditions favourable for larger participation, the representative felt that a great deal of good work had been done by the

Committee on Anti-dumping. The question of taking on additional obligations was a more difficult and complex subject and this was not the appropriate time for it. Another aspect which should receive priority attention was that the codes, originally drawn up with the intention of curbing protectionism and introducing predictability and uniformity in the trading system, had, in the last few years, tended to be used instead as restrictive instruments causing considerable damage to the trade of contracting parties, particularly that of the developing countries. The dispute settlement procedures had proved to be too long and cumbersome to prevent or rectify damage already done. Pakistan had had the experience of the provisions of certain Codes being used against its trade in an arbitrary manner and with steady recurrence invariably as a threat or bargaining lever to obtain voluntary export restraints. The representative stressed that this problem had to be addressed urgently. As an example, he cited the case in 1984 when countervailing investigations were initiated against thirteen countries in the area of textiles when the exports of these countries were already restrained under quantitative restrictions. This had resulted in considerable harassment to these countries. He recalled that the matter had been raised in several meetings of the Council. He reminded members that the range of countries affected by these arbitrary measures had varied from Argentina to Sri Lanka, and in every case action was taken on their exports of textiles.

The representatives of Uruguay and India reserved their right to revert to this topic at a later date. The representative of India stressed that the question of the MTN arrangements and agreements had to be seen as a whole and that it would not be correct to pick out one or the other Code on a selective basis. The basic question was the application of the most-favoured-nation principle in regard to accession to these Codes.

Certain delegations who had reserved their rights to revert to this topic at a later stage, did so on 30 October. Their comments are summarized below.

The representative of Argentina began by briefly recalling some of the points which were to be found in L/4905, the Decision of the CONTRACTING PARTIES of 25 November 1979. By that decision, the CONTRACTING PARTIES could take measures in order to survey the totality of the GATT system. Also, the committees or councils established to service individual agreements and arrangements were required to submit appropriate information on their implementation. The submission of such information had to be done on a regular basis in terms of paragraph 4 of L/4905. Paragraphs 3 and 4 of L/4905 stated that the CONTRACTING PARTIES could ask for additional information on the work carried out by the committees and councils. He noted that until now the committees and councils had merely submitted brief reports which had not been the subject of any in-depth examination either at the level of the Council or at the level of the CONTRACTING PARTIES at their regular Sessions. Little or no effective surveillance had, therefore, been carried out by the CONTRACTING PARTIES. The representative stressed that this surveillance had to be improved. On the subject of the reports

presented by the Committees and Councils, he stated that they should be presented in a clear and orderly manner, not just covering the work done in those bodies and the questions examined, but also designed to enable the CONTRACTING PARTIES to have an overview of developments. With this end in view, the reports should have a uniform format to include: (i) a summing-up of the work carried out during the year; (ii) notifications, understandings or interpretations on the text of the said agreement; (iii) decisions, if any, taken on definitions; (iv) dispute settlement; and (v) problems, if any, relating to implementation. As to the Codes on Subsidies and Anti-Dumping Measures, apart from notifications of measures or actions taken on a semi-annual basis, the reports should also undertake an evaluation and estimation of the effects of the measures taken, in particular the impact on individual product sectors. As to the review of these reports by the CONTRACTING PARTIES, it should be ensured first of all that all notifications, understandings or decisions taken by the committees and councils were submitted for the consideration of the CONTRACTING PARTIES. In the process of the review, either at meetings of the Council or at regular sessions of the CONTRACTING PARTIES, contracting parties which considered that their interests had been affected by such notifications, understandings, or interpretations should be able to request immediate consultations; in these cases the notifications, understandings or decisions in question would be suspended until the consultations had been concluded. In short, all decisions, understandings or notifications reached in the committees or councils should enter into force only after they had been examined by the CONTRACTING PARTIES.

The representative of Chile stated that concerted efforts were needed on the part of the CONTRACTING PARTIES to facilitate and encourage the participation of the developing countries in the MTN Agreements and Arrangements resulting from the Tokyo Round. He particularly referred to the subject of the Subsidies Code. He believed that it was necessary to review the relevant provisions of the General Agreement in order to devise more efficient multilateral disciplines and rules designed to eliminate the negative influence of subsidies on international trade. Chile believed that particular attention should be given to the need to evolve a Code with much clearer rules pertaining to the prohibition of export subsidies with the exceptions being very carefully defined. The subject of financial aids for exports should also be examined. The area of subsidies in agricultural trade should be looked into in detail. The participation of developing countries in the Subsidies Code should be facilitated and, to this end, the CONTRACTING PARTIES should consider concrete and efficient action to take into consideration the needs of the weaker contracting parties as compared to the stronger ones, particularly in situations when the former had to impose countervailing duties on goods imported from the latter.

The representative of Brazil considered that two aspects of the Ministerial Declaration of 1982 concerning the MTN Agreements and Arrangements deserved particular attention. The first aspect was the review of the operation of these agreements and arrangements in terms of the Decision of the CONTRACTING PARTIES of November 1979. The second aspect

related to the review itself, namely that it should focus, inter alia, on the obstacles to the acceptance of these agreements and arrangements by interested parties. The 1979 Decision reaffirmed the CONTRACTING PARTIES' intention to ensure the unity and consistency of the GATT system and oversee its operation as a whole. At the same time, it was clearly established that the existing rights and benefits under the GATT of contracting parties which were not members of these agreements and arrangements would not be affected. In this context, he recalled that serious doubts had been raised in the Subsidies Committee on the conformity of the so-called commitments policy of a signatory with the afore-mentioned Decision of the CONTRACTING PARTIES. The non-application provision of the Subsidies Code was being used by the signatory in question as an instrument to extract from developing countries commitments on their export subsidy policies. This had become a source of additional discrimination. There was considerable concern among the contracting parties, mainly the developing contracting parties, that the MTN Agreements and Arrangements had not arrested the trend towards protectionism and, in some cases, had even contributed to it. It had been argued that anti-dumping and countervailing measures did not constitute barriers to trade since they were taken to offset unfair trade practices. Brazil agreed that in their pure form such measures were indeed legitimate devices at the disposal of governments under certain precise conditions, but experience had shown that a disproportionate number of often unfounded investigations had been initiated against competitive suppliers of the very products which were restrained through other types of discriminatory measures. This raised serious doubts as to whether the anti-dumping and countervailing actions taken were in conformity with the purpose for which they had been designed. Another matter of concern for those countries which were being systematically penalized by anti-dumping and countervailing measures was the tendency of several major trading partners to adopt legislation which facilitated the arbitrary resort to such measures. The same motivation to enact such legislation was to be found in the persistent attempts that were transforming the Codes, in particular the Anti-Dumping and Subsidies Codes, into increasingly trade restrictive instruments. The representative of Brazil referred to the statements of several developed contracting parties on the need for a review or interpretation of certain provisions of certain Codes with a view to bringing them up-to-date with the realities of the trading situation or improving them in specific areas. In Brazil's view, the essential task was not the revision or improvement of the agreements but their implementation in the light of the CONTRACTING PARTIES' Decision of November 1979. It should also be recognized that in some cases the provisions of the MTN Agreements and Arrangements represented an improvement over certain existing rules and disciplines of the General Agreement, as, for example, some of the provisions of the Subsidies Code. Consideration should be given to the integration of these improvements into the General Agreement - a move which would reinforce the unity and consistency of the GATT system.

The representative of Korea expressed particular concern in regard to the abuse of procedures relating to anti-dumping and countervailing duty actions to restrict, and in some cases, stop altogether, export flows from competitive developing country suppliers. He stated that this serious problem would need to be addressed in the context of the proposed new round with the aim of ensuring that anti-dumping and countervailing duty actions were used strictly for achieving their original and real purpose, namely the control and elimination of unfair trade practices.

The representative of India stated that in the area of MTN Agreements and Arrangements, he was particularly interested in the Agreement on Subsidies and Countervailing Measures and the Agreement on Anti-Dumping. He recalled that when the Subsidies Code was negotiated and the Anti-Dumping Code revised during the Tokyo Round, the main objective that the negotiators pursued was to devise certain provisions which would impart uniformity and certainty to the implementation of the provisions relating to countervailing measures and anti-dumping measures. Contracting parties should now review whether this general objective, namely that of imparting uniformity and certainty, had been fulfilled. There had been a great deal of discussion in the two Committees on the national legislations of Code signatories. There was need to further examine if the interpretations inherent in individual national legislations were in conformity with the provisions of the Codes. India had serious doubts regarding the conformity of many of these national legislations with the provisions of Codes. Contracting parties had also to examine if in actual implementation, countervailing and anti-dumping actions, instead of being legitimate devices to protect domestic industry from unfair trade practices, had become techniques for the harassment of the exporting countries. It should be examined whether additional guidelines were required to prune the unduly restrictive features of national legislations and practices. Recently, the Indian authorities had come across the practice of cumulation of injury which enabled countervailing duties and anti-dumping duties to be imposed on suppliers having even a fraction of one per cent of total imports. The representative stressed that practices such as these would also have to be subjected to detailed examination. In short, of the MTN Agreements and Arrangements, those on Subsidies and Countervailing Measures and Anti-Dumping would need particularly detailed scrutiny.

The representative of Jamaica stated that there seemed to be general agreement in regard to the importance of the subject of the MTN Agreements and Arrangements. He wished to underscore the point made by the delegations of Japan and Switzerland, in their written submissions, regarding the integration of certain non-tariff measure codes into the General Agreement. If this were done, it would, inter alia, also meet the concerns regarding participation and coverage, expressed by certain delegations like that of the United States in respect to these agreements and arrangements.

Referring to the serious and distortive effects of subsidies in the international trading system, including trade in agriculture, the representative of Australia mentioned that the Leutwiler Report on Trade Policies for a Better Future had stated that subsidies had become the main

source of unfair competition and were the root of the most serious and intractable trade disputes that had been brought before the GATT. In this situation, it was clear that the GATT itself and the Subsidies Code had proved ineffectual, so that distortions to world trade remained unchecked. As was known, subsidies as such were not prohibited in the GATT though the notion of subsidy was inadequately defined in the GATT. The Leutwiler Report noted that a clearer GATT definition was needed of what comprised a subsidy. This, in Australia's view, would assist with coming to terms with some of the problems. Beyond this, Article XVI of the GATT presently imposed practically no obligation in the case of subsidies other than export subsidies except that they should be notified if they affected imports or exports, and a contracting party granting a subsidy which caused serious prejudice to the interests of any other contracting party should, upon request, discuss the possibility of limiting the subsidy. Article XVI:4, however, proscribed export subsidies for other than primary products while Article XVI:3 only required contracting parties "to seek to avoid" their use on primary product exports. Such subsidies were not to be applied so as to obtain a "more than equitable share" of world export trade. The Subsidies Code itself did not succeed in establishing firmer obligations since it used similar language and contained weakened disciplines for primary products although it did remove minerals from the definition of that category. It had failed to provide workable definitions of "equitable share" or "serious prejudice" and it had in Article 14 removed a degree of obligation from the developing countries about which differences of interpretation remained. Despite its aim of providing for the speedy, effective and equitable resolution of disputes, the Subsidies Code had been rendered inoperative by unresolved disputes between the European Communities and the United States on wheat flour and pasta. Most of these difficulties were evident prior to the GATT Ministerial Meeting of 1982 but subsidies did not appear in the Ministerial Declaration other than as one of the issues to be examined by the Committee on Trade in Agriculture. Both that Committee and the Committee on Subsidies and Countervailing Measures had since done extensive work on national legislation and other measures affecting trade, but neither had progressed far towards agreed approaches to correct the deficiencies giving rise to the present trade distortions. In any case a large number of contracting parties had not signed the Subsidies Code. In pressing for a reduction in trade distortions caused by subsidies - and this must be a major objective of a new trade round - the following principles might be agreed: (i) acceptance that Article XVI of the GATT and the Subsidies Code had not been effective in promoting the objectives of the GATT, and required substantial revision; and (ii) the revision and tightening of the rules on subsidies, to incorporate a clarification of the measures to which the rules apply; a stronger commitment toward the prohibition of export subsidies; much firmer rules on the control of production subsidies; application of the same disciplines to trade in primary products as were applied to manufactures; strengthened disciplines on notification and consultation; and finally, integration with improved dispute settlement procedures to assist the effective resolution of disputes.

As there were no further speakers, the Chairman invited the Group to turn to the next topic for discussion, namely structural adjustment and trade policy.

The representative of Peru said that at the Ministerial Meeting of 1982, it had been decided to continue work on structural adjustment and trade policy in order to focus on the interaction between structural adjustment and the fulfilment of the objectives of the General Agreement. She said that although the industrialized countries bore the historical responsibility for favouring the adjustment process some of them continued to give incentives to production in such industries as textiles, clothing and mass consumption goods where developing countries enjoyed comparative advantage. She said that any future exercise of GATT should lead to an analysis of the rigidities, which impact on trade flows and which hamper the process of adjustment, with a view to arrive at specific agreements in the area. She suggested that a GATT committee intended to facilitate the process of structural adjustment could be established. The committee might have the task of surveillance in the area. It could also see what were the appropriate means to make sure that the barriers to trade introduced to strengthen the adjustment process did not remain indefinitely in force.

The representative of Jamaica said that structural adjustment ought to be a subject for the new trade round and that it was an area that required a careful look in the context of trade liberalization and trade expansion. He said that surveillance of structural adjustment would not necessarily imply that it leads to binding rules or disciplines in the area. He also said that a smooth and efficient structural adjustment would in a number of cases obviate the need for safeguard measures.

The representative of Brazil said that work on structural adjustment carried out in pursuance of the 1982 Work Programme had fallen short of the objective of galvanizing contracting parties into effective action in this sphere. He noted that with the benefit of hindsight it had become clear, in the past few years, that economic recovery did not of itself bring about a return to the liberal trade policies conducive to the autonomous adjustment process advocated by many. He said that his country had witnessed a process of economic recovery which had been characterized by persisting and in some instances increasing protectionism and reluctance to adjust in several market economies. He stressed that for developing countries this reluctance to adjust on the part of several major trading partners had represented a tremendous loss in trade opportunities as a multiplicity of import restrictions originally introduced as temporary relief measures had on most instances become permanent shields against imports from more efficient producers.

He recalled that his government had on repeated occasions denounced the incoherence of those who argued that governments should refrain from actions to further structural adjustment while readily defending government intervention for protectionist aims, distorting or impeding the operation of market forces at the international level. He said that developed economies which had shown a marked vulnerability to foreign competition must not transfer abroad their adjustment problems either through safeguard or other measures and considered that unless this was recognized his government did not see how a new round of multilateral trade negotiations could hold any prospects of sustained benefits for developing countries.

In the view of Brazil further work in the field of structural adjustment in GATT should contribute to shedding light to the present incoherence in the global approaches to trade policy which had in the past been imposed upon developing countries to their great disadvantage. The delegation of Brazil stressed that beyond any analytical exercises it would be necessary to envisage modalities of cooperation at the international level conducive to improved adjustment, without which it would be difficult if not impossible for LDC's to assume greater responsibilities in GATT.

The Chairman invited statements on trade in counterfeit goods.

The representative of the European Communities stated that the Community had for some time insisted that the subject of counterfeit should be dealt with. He recalled that the Community's position was duly indicated in their written communication (L/5835). He hoped that discussions would focus on the issues pertaining to preparations for a negotiation in this area. Such a discussion would permit the Community to present further arguments designed to convince its trading partners that they were dealing with a serious problem. The representative drew attention to a press report concerning the problem of counterfeiting as it had affected Cuba's cigar industry, hoping that Cuba also would recognize the need to act in the GATT on the growing problem of counterfeit.

The representative of Cuba thanked the representative of the European Communities for his concern for Cuba's cigar industry but stated that her country's position on the problem of counterfeit was well known. Cuba recognized that the problem was a serious one and participated actively in the work of the organization that dealt with it, i.e. the World Intellectual Property Organization (WIPO).

The delegation of the United States stated that it had made its views known on the need for joint action in the GATT to combat trade in counterfeit goods and that these views were adequately reflected in the recently prepared report of the Group of Experts on Trade in Counterfeit Goods, circulated in L/5878. The United States was disappointed that the Group did not come to a common view on the appropriateness of such action, particularly since it was able to clarify the legal and institutional aspects involved according to the mandate laid down by Ministers in 1982. The United States continued to believe that GATT had the legal and institutional framework appropriate to deal with the trade aspects of commercial counterfeiting, including the machinery for notification, transparency, consultation and dispute settlement necessary to ensure the effective implementation of joint action of trade in counterfeit goods. The United States looked forward to a full discussion of this issue in the Council pursuant to the 1984 decision of the Contracting Parties. In the course of the work of the Group it was generally recognized that the problem of trade in counterfeit goods was growing. This problem had to be addressed on an urgent basis. There had been a number of recent cases in the United States and other countries. For example, imported counterfeit birth

control pills were being distributed in the United States and in other countries. The United States believed that all contracting parties should join in seeking agreement in the new round on actions and procedures that would ensure that a proliferation of individual country practices in the area of intellectual property did not act as a barrier to trade. The United States was among those in the Group who believed that GATT should focus its attention on trade in goods bearing unauthorized representations of legally protected trade marks. In the longer term, GATT's experience in this area could be extended to reduce trade distortions resulting from inadequate treatment of other intellectual property rights.

The representative of Finland speaking on behalf of the Nordic countries, stated that over the recent years, trade in counterfeit goods had not been perceived as a significant problem in the Nordic countries. It appeared however, from statements made in the Group of Experts on Trade in Counterfeit Goods and from some submission papers, that this trade was becoming a considerable problem in international trade. Consequently, there seemed to be a need for action against trade in counterfeit goods. In the view of the Nordic countries, this action should be taken in the multilateral framework as national measures taken unilaterally would create new barriers to trade in genuine goods. The possibilities and modalities for an international framework for action against trade in counterfeit goods should be carefully examined and in this connection consideration should be given to counterfeiting affecting all forms of intellectual property rights. GATT was both a competent and appropriate forum for dealing with the trade aspects of counterfeiting. Efforts made within the GATT would naturally be without prejudice to work done in other international bodies. In recent discussions as well as in some submission papers reference had been made to issues pertaining to intellectual property rights other than counterfeiting. These references or suggestions had, however, been so vague that it was not possible to take any stand on them.

The representative of Japan stated that his country placed great importance on the suppression of counterfeit goods. The Japanese Government had taken domestic measures in this area, for example its decision to appoint officers to check counterfeit in the National Police Agency from April 1986. The Government was also introducing measures, including appropriate legislative measures, to make the control of counterfeit goods more swift and effective. Under instruction from the National Police Agency the local police forces had already adopted policies to strengthen law enforcement against counterfeit goods. The suppression of trade in counterfeit contributed to the promotion of trade which was the basic objective of GATT. Work should therefore be continued in the GATT with this in view. Contracting parties should also examine how to deal with this issue in the context of the new round.

The representative of Switzerland noted that in recent years trade in counterfeit goods had been flourishing. Such trade had gone beyond consumer goods into the area of industrial and capital goods and acquired a magnitude enabling it to destabilize the markets and constitute a serious threat to individual entrepreneurs. The representative wanted to point

particularly to the phenomenon of counterfeiting in the area of capital goods such as parts of machines. As a result of this development the impact of counterfeiting on the purchaser was much higher and this, in turn moved governments to take protective measures. These would eventually threaten the stability of trade and the unitary character of the international trading system. For these reasons Switzerland considered that the problem of trade in counterfeit goods should be tackled in the context of a negotiation.

The representative of Brazil stated that without prejudice to Brazil's future interventions in the next meeting of the Council and elsewhere, he would like to indicate that his Government was also concerned by the problem posed by counterfeiting. Brazil's concern was evident from the initiative taken by its delegation of proposing a decision which had been adopted by consensus in the World Intellectual Property Organization (WIPO) and that, in accordance with that decision, an intergovernmental Group of Experts was going to examine the relevant provisions of the Paris convention in order to determine to what extent such provisions could adequately provide for the efficient protection of industrial property. The Group was also to recommend appropriate provisions to be incorporated in national legislations pertaining to industrial property in order to strengthen the protection of industrial property titles.

The representative of Canada stated that his country's position on this issue was well known and set out in the report of the Group of Experts on Counterfeit Goods, contained in document L/5878. Canada recognized that the problem of trade in counterfeit goods was a growing international problem and one that needed to be addressed on a multilateral basis so as to avoid the creation of new non-tariff barriers to trade. The GATT was an appropriate forum for addressing the trade aspects of this issue. Canada was prepared to examine this issue in the context of a multilateral round of trade negotiations.

The representative of Nicaragua stated that the position of his country in respect to counterfeit goods was well known and had been stated quite clearly during the Ministerial session of 1982. He fully appreciated the concerns of the developed countries but considered that GATT had enough work of its own, including pressing problems on which progress had yet to be made. He was of the view that trade in counterfeit goods should be dealt with by WIPO because it was the competent body in this area.

The representative of Pakistan stated that the problem of trade in counterfeit goods, though important, should not be exaggerated out of proportion. In the context of trade, the practice of counterfeiting succeeded mainly because the consumer was attracted to well-known labels. Moreover, the basic objective of GATT was to encourage the trade flow of genuine goods. It would be regrettable if instead of focussing on this area, the GATT were to take on peripheral problems which could be addressed more properly in an organization like the WIPO. In view of the fact that there existed so many protective instruments within the GATT through a misuse of GATT provisions many contracting parties were naturally concerned that multilateralization in the GATT on this issue might become yet another protective device in the hands of certain contracting parties.

The representative of Austria stated that in the view of his country, trade in counterfeit goods was of growing importance and had seriously affected fair trade. Unilateral measures could create new barriers to the trading system and this had to be avoided at all cost. Possibilities for multilateral discipline in this field should be explored within the GATT.

The representative of the European Communities stated that counterfeiting was not peculiar to any individual country or society but was a general problem faced by all contracting parties. It was therefore a cause for serious concern. The Communities estimated that trade in counterfeit goods represented about 2 per cent of total world trade in manufactured goods. He recalled that this estimate had not been contested. It seemed that trade in counterfeit goods was beginning to equal or even overtake traditional trade in goods such as watches and cigars. It had also begun to affect other products like vital components of automobiles, helicopters and aircraft which had obvious implications for human health and safety. In this context, contracting parties should not attempt to hide behind flimsy arguments such as the competence of the WIPO. If GATT was to be strong then contracting parties had to ensure clean trade. If this issue were left unsolved, it would lead to the further weakening of the GATT system.

The representative of Pakistan agreed that the problem was a serious one and had to be looked at seriously. If, however, the problem was that of discriminatory and arbitrary rules of origin, which forced the adversely affected exporter to circumvent them, inter alia, through false labelling, then contracting parties should try and address this problem, and the problem of counterfeiting would largely be solved automatically.

Certain delegations who had reserved the right to revert to this subject and other subjects at a later stage did so on 30 October 1985. Their comments are summarized below.

The representative of the European Communities, in a general comment, recalled that the Community's views had already been reflected in their written communication and made fully known in previous statements in meetings of the Council, or CONTRACTING PARTIES. Apart from this the Community's silence in other areas should be taken to mean that the subject was either not ripe for discussion or that no new developments had recurred to motivate the Community to re-state its position. The Community reserved its right to take the floor at any other time to make their views known either in a general discussion or through negotiations.

The representative of Argentina stated that with regard to the matter of counterfeit goods, his delegation, like those of the other developing countries in GATT, had taken an active part in the work of the Group of Experts, set up by the CONTRACTING PARTIES. This Group had been working during the past year. While recognizing the need to find solutions in this area Argentina was convinced that the subject did not fall within the framework of the General Agreement. Argentina was convinced that the WIPO was the appropriate forum because the subject concerned matters of pertaining to the violation of basic rights of intellectual property. The representative recalled the discussions that took place in the WIPO in September this year and underscored the significance of the fact that decisions had been taken by consensus. Argentina believed that future work should be conducted within the framework of the WIPO.

The representative of Cuba said that, as stated by her delegation in the discussions of the Group of Experts on Trade in Counterfeit Goods, Cuba believed that this matter was a subject for study by the WIPO. She agreed with the representative of Argentina that the decision adopted by the WIPO in September this year was aimed at providing that organization with a definite mandate to solve all problems in this area. The representative agreed that the problems were serious and that her authorities were fully aware of the need for an urgent solution.

The representative of Brazil observed that since the adoption by the Contracting Parties, meeting at Ministerial level in 1982, of the procedural decision on trade in counterfeit goods, considerable work had been done in GATT on the issue. In the consultations held by the Director-General of GATT with the Director-General of WIPO, as requested by the Contracting Parties, it became evident that the battle against trade in counterfeit goods, including its aspects of unfair competition, was one major concern of the century-old Paris Convention, administered by WIPO, which specified the law applicable in the field of industrial property. In 1984, some developed contracting parties insisted on the establishment of a Group of Experts on Trade in Counterfeit Goods. Brazil thought that the creation of such an organ was not advisable inasmuch as any action to combat counterfeiting fell clearly within the competent of WIPO, which had the jurisdiction in the United Nations system for promoting the protection of intellectual property throughout the world. It had to be noted that the WIPO carries out that jurisdiction outstandingly, as had been demonstrated by the words of praise addressed to that organization by all delegations to its Governing Body Sessions. Nevertheless, taking into account that there were still views on the part of some developed countries as to a possible legitimate rôle of GATT in this area, Brazil had agreed to the establishment of a group with the mandate to examine available background information, including a further clarification of the legal and institutional aspects involved. The Group did not reach any conclusion as to the legitimacy of joint action within the GATT framework. On the contrary, discussions held among the experts reaffirmed the validity of the position held by Brazil and other countries, i.e. that the attempt to control counterfeit trade was really a matter of ensuring effective protection to industrial property titles in force. Brazil firmly believed that adequate solutions could only be found through cooperation within the framework of the national and international industrial property systems. The positive change in the approach and attitude could be seen from the fact that the General Assembly of WIPO, at its last session, had been able to adopt, by consensus, a proposal presented by Algeria, Egypt, the Federal Republic of Germany, India, the United Kingdom, the United States and Brazil on the subject of counterfeiting. Much valuable time had been lost in clarifying this question in the GATT at the expense of attention to matters of trade liberalization in the area of goods which was the only mandate of the General Agreement. It was hoped that from now on, the matter of counterfeit would be left to the responsibility of the organization, which was competent in this area, namely the WIPO.

The representative of the European Communities considered that it was pointless to continue discussions relating to procedure and competence. Developments in the WIPO were of no relevance. However, he did understand that for certain governments it would be helpful to their domestic employment situation not to have the problem of counterfeit addressed in the GATT. The representative sounded a warning that failure to achieve progress in this area would only further encourage unilateral protectionist measures.

The representative of India wanted to endorse the observations and conclusions presented by the delegations of Argentina and Brazil. Developing countries had agreed to the establishment of a Group of Experts not so much because they had any doubts about the appropriateness or competence of the WIPO to take joint action in this area but because they felt that, in view of the importance of the problem there should be discussion and consultation to see whether consensus could be reached on possible joint action in the GATT forum. The representative noted that the Group had not been able to come to a clear conclusion in this regard. In the meanwhile, developments had taken place in the appropriate organization, the WIPO, to which reference had been made by the representative of Brazil: The decision taken by the WIPO in October was an important one and many governments were party to it. This decision provided sufficient basis for further joint action in order to meet the problem of counterfeit goods and commercial counterfeiting. India therefore believed that any future action should be pursued in the WIPO.

The representative of the United States stated that, like the representative of the Communities, he did not want to get into a debate on where negotiations might take place on the question of counterfeit goods. One important fact was - and he believed it was generally accepted - that there was a need for joint action and improved discipline in this area. He expressed interest in the remark of the representative of India concerning the WIPO's competence in this area and wondered whether this meant that India intended to join the convention that dealt with this subject in the WIPO. He stated that intellectual property issues were not new to the GATT and recalled that there were a number of important references to intellectual property in the existing GATT Articles, such as Articles XII, XVIII and XX. The trade distortions arising from different levels of intellectual property protection were in many ways similar to the trade distortions discussed during the Tokyo Round with respect to product standards. While the GATT was not the principal international organization responsible for either intellectual property or product standards, trade distortions in these areas could seriously inhibit international commerce. There was thus a legitimate rôle for the GATT to play in developing international rules to ensure that these trade distorting effects were minimized. These negotiations might be approached in a similar fashion to the Tokyo Round discussions which resulted in the negotiation of the Standards Code. In the discussions that took place in the WIPO on counterfeit, a number of delegations clearly respected or recognized this separate and independent rôle that GATT could play in addressing the trade-distorting effects of intellectual property.

The representative of Chile noted that work in GATT in the area of counterfeit goods had not progressed enough and that there was as yet no consensus on GATT's competence in this area or on the type of action to be started in this organization. He felt that closer examination was needed of the issues involved.

The representative of Egypt reiterated his country's position with regard to this subject and endorsed the remarks and statements made by the representatives of Argentina, Brazil, India and Cuba in this respect. He believed that the competent organization had been and should remain the WIPO and any further joint action to deal with this matter should also be in that same organization.

The representative of India took the floor to respond to the specific comment made by the representative of the United States and confirmed that his Government would stand by the decision taken in the General Assembly Session of the WIPO in October this year. India was not a member of the Paris Convention but it was a member of the WIPO. The Government of India would carefully consider the report of the Expert Group which had been set up as the result of the decision taken by the WIPO.

The representative of Japan considered that the concerns expressed by some countries were legitimate and that the practice of counterfeiting had trade distorting effects. There was a need to consider ways and means of containing this practice. Contracting parties should also bear in mind the danger of leaving the situation as it was as inattention may provoke unilateral actions by the countries affected which may, in due course, become non-tariff barriers to trade. In this context, he stressed the importance of addressing the question on a multilateral basis.

The representative of Switzerland reiterated his country's position that joint action under GATT auspices should be taken in the area of counterfeit. He stated that this position was motivated by the nature of the problems of counterfeit as they related to international trade and the danger which they represented for the international trading system. In this respect he supported the views expressed by the representative of the Communities. He added that WIPO had of course a rôle to play in the area of counterfeit, that there were also important reasons for dealing with this matter within the GATT too in the context of the relationship of counterfeit trade with the international trading system.

The representative of the European Communities referred to the warning sounded earlier by him in regard to the danger posed to the multilateral trading system by the phenomenon of trade in counterfeit goods. Elaborating further upon this point, he stated that the specific danger was the proliferation of unilateral measures.

The representative of Austria remarked that there were two separate aspects to the problem of counterfeit. He believed that the aspect of intellectual property rights could be dealt with by the WIPO but the other aspect, namely, the problem of trade distortions caused by counterfeit goods had clearly to be dealt with in the GATT.

The Chairman invited statements on the subject of exports of domestically-prohibited goods.

The representative of Sri Lanka noted that this subject had been put on the agenda of the Ministerial Meeting of CONTRACTING PARTIES in 1982 on the initiative of Nigeria and his delegation. It was observed that there were a large number of products apart from pharmaceuticals and drugs such as chemicals and pesticides which were banned from sale in their country of origin on grounds of human health and safety and yet were being increasingly marketed abroad. As the problems of trade in such products were of a general nature and affected the interests of a large number of countries it was felt that an in-depth examination in the GATT of the issues involved would lead to appropriate actions to deal with them. The notification procedures decided upon in the Ministerial Declaration of 1982 as a first step in dealing with the problems had so far not provided a sufficient data base to assess what might usefully be done in the GATT context in this area. Nor had the consultations that had taken place to date progressed in any significant manner. Useful work was being done in this area by some international agencies, such as UNEP, WHO, FAO as well as the OECD, and many of their programmes would be the subject of review in 1987. But this should not preclude GATT's involvement in this area to deal with the trade aspects as this is a subject within its competence. The provisions of Article XX provided the basis for the regulation of trade in hazardous products, either by exporting or importing countries. Actions by both exporting and importing countries were necessary in the view of his delegation to deal effectively with these problems. The proposed solution advanced by Nigeria and Sri Lanka at the time the issue was first raised was an acceptance of an obligation by exporting contracting parties to ban exports of products which were domestically-prohibited from sale, or an advance notification to customs authorities in the importing countries that products being exported are banned from sale in the exporting country. He noted that US legislation provided for such advance notification in respect of pesticides and chemicals which were subject to requirements to notify importing governments of the first annual shipment of the products in question. It was equally incumbent on importing countries to take action to regulate imports of hazardous goods, and his own authorities had taken steps to regulate imports of disinfectants, pesticides, pharmaceuticals and drugs. But this presupposed the existence of adequate information and effective administrative machinery to undertake such regulation. The provision of information from authorities in exporting countries to enable importing countries to make informed judgements on such products entering into trade was a necessary input for effective implementation of such measures. As there were measures which could be taken by exporting and importing countries alike in this field, GATT's involvement in this area should be to address itself to such measures which might usefully be adopted by either party to deal with the problem of exports of domestically-prohibited goods.

The representative of Egypt endorsed the declaration made by the representative of Sri Lanka, and observed that the situation required that measures be taken by exporting as well as importing countries.

The representative of Zaire said that this question was of great interest to developing countries because they were particularly the victims of such practices, which occurred in the pharmaceutical and chemical sectors and unlike counterfeit, where losses were counted in millions of dollars - attached the very health and security of people. It was therefore very important to find an approach to discourage those who traded in this fashion. Normally such a trade should be driven out because it put thousands of lives in danger. His delegation's view was that the contracting parties continue to notify to the secretariat of GATT the exported products whose domestic sale had been prohibited. Moreover, the secretariat should not simply content itself with such notifications, but should obtain from WHO and other concerned organizations lists of pharmaceuticals and other products whose sales were domestically-prohibited in the industrialized countries. The secretariat could perhaps benefit from the services of the International Trade Centre for other products. If the secretariat would publish the information received in all of the developing countries which did not have surveillance services, this would be a great service. It was necessary to pursue our efforts in GATT on this problem, to decide what type of action could be undertaken internationally.

The representative of India, endorsing the basic elements of the statement made by the representative of Sri Lanka, noted that this matter was an important item in the 1982 Ministerial Declaration and the Work Programme. The time collectively spent on discussing this subject had been extremely inadequate, and the possibility of joint action had not been thoroughly explored. Experts who had studied this subject in various fora had come to the conclusion that such action was needed and feasible. GATT should continue exploring this important subject and come to some conclusions. The suggestion had been made, with regard to the effects of commercial counterfeiting, and the representative of the Communities had emphasized in that context that "we must ensure clean trade". In his view, the first priority in ensuring clean trade was in the area of prohibiting the exports of domestically-prohibited goods. Unfortunately, some national administrations' attitudes in this regard were ambiguous, while other national legislations provided a number of loopholes, as a result of which goods which had been recalled because they were found dangerous or unsafe, were subsequently being allowed to be exported to other countries. National legislations had been found inadequate in meeting the problem. There was a clear possibility and need for action, and the subject should be given the priority it deserved.

The representative of Switzerland said that his delegation understood and shared the concerns mentioned. It was quite ready to enter into the subject in order to examine ways and means of facing the problem. He felt, however, that the approach to this important problem had to be somewhat nuanced. One could not simply say that any product prohibited for sale in the country which produced it should not be exported elsewhere. In certain cases this would be going beyond what is reasonable. As an example, his country, for its own reasons prohibited the sale of ultra-light aircraft. He doubted whether this was a reason not to manufacture and export these ultra-light planes, which were absolutely innocuous, to countries which accepted them. Similarly, should a country which had very strict laws on the use of motor cars not be allowed to export motor cars which were not in conformity with their national laws to other countries, the standards of

which were less strict? He did not think that such exports could be prohibited. Another example would be chemicals against insects found only in tropical regions. Could one say that a country should not export such chemicals, even if their sale was prohibited on the domestic market because these insects did not exist in that country? For these reasons, his delegation had a more flexible attitude. One could not approach the problem as a whole, and take a decision as a whole, but he was ready to participate in the search of a solution. As a second remark, he agreed that part of the problem was protection of the consumer, of human lives. But the same could certainly be true of the problem of counterfeit. If a counterfeit spare part broke at a dangerous moment and a serious accident result, there too human lives were at stake. He did not understand how the very valid and justifiable argument of human safety in the field of domestically-prohibited goods was not accepted in the other field of counterfeit. In his view, both problems had to be accepted, and the motivations for bringing both into the trade concerns of GATT were very close.

The representative of the Ivory Coast said the matter was very important to his delegation from two viewpoints: moral, obviously, since it was a matter of sale of products which were sometimes dangerous or harmful for health and for the environment, and also from the trade aspect. When a harmful product was sold on a given market, it went into competition with other products which were properly regulated. This should be of concern to GATT. The matter of counterfeit goods was an important matter, but so was the sale of domestically-prohibited goods. Goods should not be distributed which were dangerous or harmful to populations. As regards the comments by the representative of Switzerland, he felt that if certain goods are produced in a given country it was initially because there was a need for that product there, and that if one produced a good which has no use domestically and was being exported then one should explain to the importing countries why the product concerned was not allowed to be sold on the domestic market. He cited a radio report concerning pharmaceuticals which were not allowed for sale in their country of origin, but which could be sold in developing countries under another name. It was therefore very important, in his view, that appropriate bodies carry out studies on these products and provide this information to developing countries so that they could detect which were the prohibited goods.

The representative of European Communities expressed sympathy for the statement made by the representative of Sri Lanka. He also found impressive the exposition made by the representative of Switzerland. He agreed that the issue was a concrete one which deserved more exploration, discussion and negotiation. He was somewhat concerned because it was clear from the statements of various delegations that the matter was complex, and that the results of the negotiations might be something which would be over-rigid due to its complexity, whereas the purpose of GATT's efforts was to allow trade to develop in a context of minimal constraint. Nevertheless, with this reservation he saw good possibilities of understanding, while respecting the competence of the work of other organizations. This was a very interesting matter, and delegations should sit down and negotiate.

The representative of Chile supported the positions of other delegations who had referred to this matter as he believed the pharmaceuticals and other products concerned might already have caused a great deal of harm, especially in developing countries. He recalled that the General Agreement on Tariffs and Trade already provided for the implementation of measures to prevent the introduction of harmful products; this of course would provide an immediate solution to the problem.

The representative of Argentina also believed that the matter was a very important item. He agreed with the representative of the Communities that one should consider how to move ahead with this matter. As regards the point made by the representative of Switzerland on the prohibition for light aircraft, this prohibition perhaps concerned manufacture. If there was a prohibition for export or import, this should be notified to the GATT in due course.

The representative of Singapore said that although the issue of exports of domestically-prohibited goods had been introduced in 1982 by developing countries, it was not an issue limited to developing countries on the one side and developed countries on the other side. The exports of such prohibited goods could create problems between developed countries themselves, as he recalled regarding a medical product sold by a European country on the Japanese market, which had ill-effects. He noted, however, that the judiciary system in Japan was strong enough to demand compensation, whereas in many developing countries this was not the case. He agreed with the representative of the United States that one should move into the next stage of seeing what could be done about the issue.

The representative of Zaire said that the issue was of major interest to developing countries and to Zaire in particular, because these countries knew they were the main victims of these practices. The problem arose in the pharmaceutical field, where very often medicines, whose sale was prohibited in the manufacturing countries were exported to developing countries. It was his delegation's view that the notification to GATT of prohibited goods must be widely publicized. Developing countries lacked the necessary surveillance bodies; GATT was perhaps better equipped, and it would be very helpful to developing countries if it could give some publicity to lists of such products.