

GENERAL AGREEMENT ON TARIFFS AND TRADE

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PREPARATORY COMMITTEE

Record of Discussions

Discussions of 8-31 July 1986

1. The Chairman said that at this session the Preparatory Committee would divide the time available to it between formal and informal meetings. At the present meeting, delegations would be invited to introduce documents which they had submitted to the Committee. These documents were PREP.COM(86)W/42 on tropical products which was submitted by Colombia and Sri Lanka, PREP.COM(86)W/45 on agriculture which was submitted by Australia, Chile, Colombia, Hungary, Thailand and Uruguay, and PREP.COM(86)W/46 on trade and intellectual property rights which was submitted by the United States.

TROPICAL PRODUCTS

2. The representative of Sri Lanka in introducing PREP.COM(86)W/42, said he wished to reiterate the need to treat tropical products as a special sector in the negotiations. Tropical products were of importance to a large number of developing countries and particularly to the least-developed and low-income countries. Over seventy developing countries depended on primary products for more than 50 per cent of their export earnings, and such dependence was often limited to one or two commodities. If it was intended to have the widest possible participation of developing countries in the negotiations, it was necessary to ensure that their participation would be meaningful. In addition, given the present low level of commodity prices, it was necessary to give a boost to this trade through the fullest possible liberalization. An increase in the export earnings of developing countries would result in increased imports from the industrialized countries and would therefore be to the mutual benefit of both groups of countries. In the light of these considerations, the results of the negotiations should be implemented immediately. Finally, tropical products had been on the agenda of GATT negotiations for over twenty years and it was time that the stated aim of "fullest" liberalization was realized. Tropical products were treated as a special and priority sector in the Tokyo Round and they should be so treated in the new round.

3. The representative of Colombia said that the document submitted together with Sri Lanka expressed the views of his authorities on the subject of tropical products. These views had been stated on a number of previous occasions and did not need to be repeated now.

4. The representative of Bangladesh said his delegation had previously spoken of the importance of tropical products to developing countries, and more particularly to the least-developed among them, who were critically dependent on exports of tropical products. He supported fully the paper which had been submitted by Colombia and Sri Lanka, and hoped that the ideas it contained would be fully reflected in the Ministerial Declaration and in the negotiations.

5. The representative of Malaysia said he fully endorsed the points made by the representative of Sri Lanka with regard to the importance of tropical products to developing countries.

6. The representative of Chile said his delegation supported the draft recommendation contained in the document submitted by Colombia and Sri Lanka.

7. The representative of the European Communities said that the document submitted by Colombia and Sri Lanka was a useful contribution to the discussion. While his authorities could fully support paragraph 2 of the document, the overall proposal required further examination. It was well known, for example, that the Communities had difficulty in accepting the notion of priority in the negotiations. Similarly, if the results of the negotiations on tropical products were implemented immediately this would run the risk of upsetting the balance of the implementation of the results of the negotiations. However, this did not mean that the Communities were closed to the idea of doing something in the field of tropical products, but whatever initiatives were taken would need to be carefully examined beforehand.

8. The representative of Jamaica said the document submitted by Colombia and Sri Lanka reflected a number of the concerns of developing countries. The reference to developing countries in the first paragraph should read "less-developed contracting parties", since if there was to be special and priority attention, it had to be in respect of those participating in the negotiations. In the second paragraph, it might be useful to indicate that problems facing tropical products were sometimes not exclusively, nor even primarily, those of access to markets. In paragraph 3, the reference to Part IV of the General Agreement should be supplemented by a reference to the contractual obligations between some less developed contracting parties and some developed contracting parties. Taking account of these points, Jamaica could support the approach of this document.

9. The representative of Japan said that his authorities were fully aware of the importance of tropical products to the trade of many developing countries. His delegation considered that the language on tropical products contained in the draft Ministerial Declaration circulated informally by nine countries was more appropriate than that proposed by Colombia and Sri Lanka. The modalities of the negotiations should be decided once the negotiating phase had been embarked upon. On the question of the early implementation of results, his delegation considered that in

principle all areas of negotiation should progress in parallel. However, consideration could be given to early implementation of certain results, depending on the progress of the negotiations.

10. The representative of Uruguay said that his authorities supported the document circulated by Colombia and Sri Lanka. It had been widely agreed that the tropical products sector was one where there could be advanced implementation of results. It was also a sector where there was a reasonable expectation of rapid results from negotiations. Early results for tropical products would certainly improve the possibility of success in the negotiations as a whole.

11. The representative of Austria said that his Government acknowledged the importance of tropical products for the trade of many developing countries, and especially for the least-developed among them. However, his authorities did not consider it appropriate to single out any particular area of the negotiations and treat it on a priority basis. Furthermore they wished to place a reservation on the reference to internal taxes contained in the draft text submitted by Colombia and Sri Lanka.

12. The representative of Brazil said that the paper which was circulated by Brazil on behalf of ten countries included a chapter on tropical products which was in line with the proposal made by Sri Lanka and Colombia.

13. The representative of Hong Kong said that of the texts submitted so far on tropical products, that of Colombia and Sri Lanka offered the best opportunity for further development and incorporation into the Ministerial Declaration. Referring to the notion of a balanced package in the negotiations, he said that such a package must contain elements of interest to smaller contracting parties, and to developing countries. Tropical products was an example of a traditional subject of interest to these countries, which had not been adequately addressed in the Tokyo Round.

14. The representative of Pakistan said that attention had been focussed for many years on tropical products and it was a sector of interest to a large number of developing countries, including Pakistan. The draft text submitted by Sri Lanka and Colombia should be accepted as the basis for negotiations on this subject in the next round.

15. The representative of the European Communities said that it was clear that any negotiating package and package of negotiation results would have to reflect the interests of all participants in a negotiation, including small and developing countries. This was not at issue. However, the package that emerged from a negotiation must be balanced within an overall context, and must be one that a negotiator could defend to his authorities as representing a balance of gains and concessions. A negotiator could not agree to the early implementation of certain results if this prejudiced the final results of a negotiation. This would make it very difficult to draw up a clear balance sheet of where each party to the negotiations stood at

the end of the exercise. Nevertheless, it should not be forgotten that tropical products represented a subject which had been of particular interest to developing countries for some considerable time and a positive outcome should not be delayed.

AGRICULTURE

16. The representative of Australia, in introducing document PREP.COM(86)W/45, which was submitted by Australia, Chile, Colombia, Hungary, Thailand and Uruguay, said that the sponsors of the document were all countries for whom agricultural trade was extremely important and for whom it was therefore important that there were successful negotiations on agriculture in the new round. The document contained elements which, in the opinion of the six countries, were necessary ingredients for a successful launch of negotiations on agriculture.

17. The representative of Uruguay called the attention of the Committee to the fact that the document was presented by countries from various geographical regions and at various stages of economic development. The document was intended to contribute to defining the conditions under which contracting parties would see mutual benefit in entering into a trade negotiation. For the countries sponsoring the document, agriculture represented a key element in the negotiations. If agriculture was not adequately addressed, this would raise a serious doubt about the utility of the entire negotiating exercise.

18. The representative of Argentina said that many, if not all, elements contained in the document before the Committee were already part of the draft Ministerial Declaration which had been presented by Brazil in the name of ten countries. It was widely recognized that the treatment given to agriculture in the new round would condition the nature and degree of participation by developing countries in the entire negotiating exercise.

19. The representative of Romania said that his delegation attached considerable importance to the liberalization of trade in agriculture, the elimination of subsidies, and the application of GATT rules in this field. The document submitted by six countries covered these matters and was a positive contribution to the Committee's work.

20. The representative of the European Communities said that the document on agriculture submitted by six countries risked blocking a process which could lead to the inclusion of agriculture in the new round. At best, it would delay the inclusion of agriculture in the new round. The document prejudged the outcome of the negotiations, and in effect left nothing to negotiate. The proposed language on the elimination of subsidies within six years was a case in point. Another difficulty was that neither this document, and nor for that matter, the 1984 recommendations, had addressed the problem of agricultural commodity surpluses. No discussion of problems in the agricultural sector would go far if it failed to address this problem.

21. The representative of Japan said that while he appreciated the importance that exporters of agricultural products attached to negotiations in this sector, and accepted that agriculture would be treated as a separate item in the Declaration, it had to be recognized that this sector was a very difficult one. Past experience had shown the need to be realistic as regards the objectives and modalities of negotiations in this field.

22. The representative of Argentina expressed concern at the statement by the European Communities that the document tabled by six countries risked blocking the entire negotiation. He noted that countries in the Latin American region had recently stated, in the context of consultation meetings held in Montevideo on the proposed new round of negotiations, that without adequate treatment of agriculture in the new round, the participation of the countries in the region in the negotiations would not be justified.

23. The representative of Uruguay said that the document which his country had co-sponsored had been the object of very careful consideration at the highest level, and it had been supported because it reflected the reality of Uruguay's problems. The Japanese representative was correct in stating that the agricultural sector was a very difficult one. The depressed prices that farmers faced as a result of the policies of some countries were a hard part of the daily reality which they lived. The position reflected in PREP.COM(86)W/45 would have to be taken seriously if the negotiations were to lead anywhere.

24. The representative of Chile expressed regret at the negative attitude which the European Communities had adopted to a document which his country had co-sponsored. For his country, this was a subject with absolute priority. It was notable that the document was supported by a wide cross-section of countries. One point lacking in the document was that relating to phyto-sanitary measures, which should be dealt with in a draft recommendation.

25. The representative of New Zealand said that the proposal before the Committee had been studied at high levels in the New Zealand Government. New Zealand fully shared the objectives implicit in the proposal, and did not have to sponsor it in order to be supportive of it. New Zealand did not add its name to the document because it had for many months held a well established position on both the mandate and the modalities for negotiating agriculture in the new round. New Zealand believed that its position was sensible and that it provided a negotiating platform that would be commensurate with the scale of severity of the problems facing world agricultural trade.

26. The representative of Australia recalled that his Government had submitted an earlier paper on agriculture, on 5 May, which included many of the elements contained in the present document. The earlier document had not provoked any reaction from the European Community, and perhaps the

strength of its reaction to the present one could be explained by the wide cross-section of support that it enjoyed. The strength of the Community's reaction suggested that the paper had hit upon the central elements in the debate, and it was to be hoped that the Community would show itself sensitive to the vital economic interests of many of its trading partners and to the need for due process in a multilateral trading framework.

27. The representative of the European Communities said that he could not over-emphasize the sensitivity of agriculture for the Community. In the face of considerable disquiet, the Community had given serious consideration to participating in a negotiation on agriculture. It was obvious that this participation could not be counted upon at any price. The conditions had to be right. The immediate task was to secure agreement on how to include agriculture in the negotiations. The dynamics of the negotiations themselves would clarify the kinds of issues dealt with in PREP.COM(86)W/45. If this document gained further currency, all it would achieve would be to undermine the chances of a serious and mutually beneficial negotiation which included agriculture.

28. The representative of Jamaica said that agriculture, and the inclusion of agriculture in the new round, were important to his country. As in other fields, negotiations in agriculture must guarantee a balance of advantages to exporters and importers. The document presented by six countries was a positive contribution to the discussion and had the particular merit of being supported by a wide spectrum of countries. One question emerging from the document was what was meant by the term "minimum levels of access". A danger with this kind of concept was that it could be taken to imply some kind of administrative or quota arrangement, and that once a minimum level was established, it would be difficult to change that level of access. A second point about the document was that the reference to governments progressively adjusting national policies might more appropriately refer to economic groupings as well. Finally, the reference to the special needs of developing countries was not obviously necessary, since the principle that negotiations would be based on a balance of mutual advantage was generally accepted. In this connection, the balance between tropical products and agriculture should be restored.

29. The representative of Australia said that although he could not speak on behalf of all the sponsors of PREP.COM(86)W/45, he was sure there would be a willingness to consider some of the points made by the representative of Jamaica. In particular, it was possibly inconsistent to seek both liberalization and a guarantee of minimum access. On the other hand, seeking minimum access could be seen as a first step in trade liberalization. In regard to the remarks of the representative of the European Communities, he said he did not recall any statement having been made to the effect that the document had been presented on a "take it or leave it" basis. This would not be a correct interpretation of the spirit in which the document had been tabled.

30. The representative of Uruguay said that the exchange of views in the Committee on Agriculture had been frank and useful. It was this kind of process which would make it possible to reach agreement.

31. The representative of Brazil noted that Australia had attached its name to two proposals on agriculture and was also a co-sponsor of a draft Ministerial Declaration informally tabled by nine countries. He wished to know what the final position of Australia was on the subject of agriculture.

32. The representative of Australia said that the draft Ministerial Declaration tabled by nine countries represented an approach or a first approximation of a declaration. It did not represent the total sum of positions of one or all of the sponsors. While it may have been unusual to table a document under such circumstances, it was considered necessary as a contribution to solving an impasse. It was the decision to take this initiative which may have created the false impression that Australia was not clear about its position on the question of agriculture.

TRADE AND INTELLECTUAL PROPERTY RIGHTS

33. The representative of the United States, in introducing document PREP.COM(86)W/46, said that the protection of intellectual property rights was a matter of great importance to his country. The failure to protect and enforce intellectual property rights resulted in trade distortions which should be addressed in the GATT. Improved intellectual property protection was an objective that should be shared by all GATT contracting parties. Inadequate recognition and protection of intellectual property rights in a number of countries was a serious and growing problem. Violations of intellectual property rights through piracy, counterfeiting, misappropriation and infringement not only distorted international trade, but also deprived innovators, creators and inventors of rewards and opportunities that were rightfully theirs. A failure to protect intellectual property adequately would have serious consequences for international trade and the world economy. The language contained in the draft Ministerial Declaration tabled informally by nine countries provided an adequate basis for further discussion of this issue.

34. The representative of Brazil said that the protection of intellectual property was a non-GATT issue, and an issue which had never been discussed in GATT. Any recommendation made on this subject was not relevant to the Committee's work. If any contracting party wished to change the GATT, it had to follow the rules for amending the GATT.

35. The representative of Switzerland said that the basic issue before the Committee was whether infringements of intellectual property, including counterfeit, caused distortions in international trade. If this was the case, which seemed likely, then it was appropriate to take up this question in discussions on the new round.

36. The representative of the European Communities said there could be little doubt that the question of protection of intellectual property was a matter that had a bearing on international trade. The question before the Committee was the extent to which the GATT was an adequate vehicle to tackle this issue. It was clear there were a number of Articles of the GATT which were of direct relevance to intellectual property and some of them were cited in the paper submitted by the United States. It was not clear to what extent it would be possible in the course of the new round to deal with the problems of intellectual property. Further exploratory work was required, but this was a matter which deserved attention and should be mentioned in the Ministerial Declaration.

37. The representative of Canada said that the issue of protection of intellectual property rights should be dealt with in the context of the new round of multilateral trade negotiations. The initiative of the United States in this matter was therefore welcome.

38. The representative of India noted that a Group of Experts had examined the question of trade in counterfeit goods and related issues in pursuance of a decision taken by the CONTRACTING PARTIES. There had been no consensus in that Group on whether this question should be handled in GATT. India's view was that this issue was outside the competence of GATT and therefore had no place in the deliberations of the Committee. In relation to the substance of the paper, he said that he did not share the view that problems arose as a result of inadequate enforcement of national laws and weaknesses in international conventions. The real problem was an increasing tendency to seek to use the GATT and its procedures to handle issues outside its competence, and to try to establish linkages between extraneous issues and trade in goods.

39. The representative of Argentina said that while the Group of Experts may have agreed that violations of intellectual property rights were sometimes a problem, there was certainly no agreement in the Group that the GATT was competent to deal with the matter. It was evident that intellectual property right violations should be dealt with by the World Intellectual Property Organization. Moreover, it was unacceptable to argue that the GATT should deal with this issue because it had a dispute settlement system. That reasoning would permit the inclusion of any subject at all under the GATT's competence. If intellectual property issues were dealt with under GATT's dispute settlement system, it was possible to imagine a situation in which concessions on goods were withdrawn on account of divergences of views concerning intellectual property rights. This would upset the system of rights and obligations under the General Agreement. For these reasons, and because the references to Articles XII, XVIII and XX in PREP.COM(86)W/46 were marginal as far as intellectual property issues were concerned, Argentina was opposed to any further discussion of this matter in GATT.

40. The representative of Austria said that his delegation had initially been reluctant to take up this matter in GATT, believing that national laws and regulations were adequate to meet any eventualities. However, it had subsequently become apparent that intellectual property right violations, including counterfeit, were having an adverse effect on trade. Austria therefore supported the inclusion of this subject in the new round.

41. The representative of Japan said that the protection of intellectual property was clearly relevant to international trade. Whilst the World Intellectual Property Organization had competence in this field, there was no reason why there could not be co-operation between that organization and the GATT insofar as intellectual property issues touched on trade issues.

MEETING OF 16 JULY 1986

42. The Chairman said that since the last formal session of the Committee on 8 July, the Drafting Group had met on 9 and 10 July, working on the basis of a tabulation prepared by the secretariat which comprised the various texts proposed by delegations and by the secretariat for adoption by the Committee as recommendations to Ministers. Since 8 July, two further documents had been circulated. Firstly, PREP.COM(86)W/41/Rev.1 was a revised version of a draft Ministerial Declaration submitted by Brazil on behalf of ten delegations. Secondly, the group of nine delegations which had previously circulated informally a draft Declaration had distributed a revision of this draft. He urged the Committee to make the best use possible of the limited time left in order to accomplish its work. The remaining time would be used in informal meetings and the Committee would be reconvened as necessary to approve texts or take decisions.

DRAFT REVISED DECLARATION CIRCULATED BY BRAZIL ON BEHALF OF TEN COUNTRIES (PREP.COM(86)W/41/Rev.1)

43. The representative of Brazil introduced document PREP.COM(86)W/41/Rev.1, which was a revised version of the draft Ministerial Declaration submitted previously by ten countries. The full text of the statement by Brazil is contained in document PREP.COM(86)W/41/Rev.1/Add.1.

44. The representative of the European Communities said that he had noted the remarks of the Chairman about time being short. The revised version of PREP.COM(86)W/41 raised the question whether it was realistic in the time still available to hope for a consensus on the Committee's recommendations to Ministers. It was not even clear that the revised draft Declaration launched a round of negotiations. Neither was it clear whether the possibility of including non-traditional issues in the negotiations had been entirely ruled out. In the circumstances, it may only be possible to move the work forward in the Committee on the basis of a recognition of fundamental differences among delegations. These differences would have to be resolved by Ministers in September.

45. The representative of Argentina said that the revised document of the group of ten countries represented an honest attempt to find a compromise solution, and should be regarded as such. A major point underlying that document was that respect for the law and for legal norms provided the best possible defence of national interests and of the multilateral trading

system. While the GATT could and must adapt to changing circumstances, this could only be done in conformity with legal requirements which had been clearly set out in the General Agreement. In the area of services, any further work in the GATT would have to be based on the recommendations to the CONTRACTING PARTIES of the Group established to study this matter. For that reason, and because the Ministerial Meeting in September would have to take a number of technical and political decisions concerning the work of the Committee, as well as that of the Group on Services, his delegation believed that the Ministerial Meeting should be a session of the CONTRACTING PARTIES. While it was clear that there were divergent views in the Committee on a number of issues, the task before it was to seek consensus.

46. The representative of Egypt said that most of the previous interventions indicated that delegations were willing to work towards a consensus. Most delegations had already put their proposals on the table and the Committee's task now was to minimize the divergencies in positions. In view of the time factor, delegations which had put proposals on the table should sit together in a drafting group in an attempt to produce a consensus document.

47. The representative of Nigeria agreed with the representative of Egypt that all delegations were willing to work towards a consensus. This objective must be pursued in a spirit of understanding and compromise. Those who had reservations about the inclusion of what they regarded as extraneous subjects were not seeking to obstruct the negotiations. They had genuine concerns, and like any country, were seeking to defend their vital interests.

48. The representative of Malaysia said that the Committee had a responsibility to produce a consensus text which would enable the Ministers in September to launch the next round of multilateral trade negotiations. Despite the hard work that had taken place there were still no signs of agreement, but this did not mean the Committee should stop its work. A drafting group should be established in order to minimize the divergence of views.

49. The representative of the European Communities said that the basic problem was not whether delegations wanted to remain within the law, but one of divergent interpretations of the basic law. While some believed that this basic law covered only trade in goods, others believed that it covered trade in general. His delegation's suggestion that the Committee agree to present these different views to the Ministers and let them resolve the problem had been rejected. As long as delegations were denied the right to present their own points of view, there was no possibility of reaching a consensus. Convening a drafting group could only be justified if the stumbling block concerning the presentation of non-traditional subjects had been eliminated.

50. The representative of Yugoslavia said that no real effort had been made to find a consensus text. Much time had been wasted in unproductive discussion which had not resulted in a common stand. His delegation supported the proposal made by the representative of Egypt that the Chairman of the Committee convene a drafting group composed of those delegations which had already submitted proposals either on the final document to be submitted to the Ministers in Punta del Este or on individual issues, in order to work towards a consensus text. His delegation believed it was possible to reach a consensus text on most of the issues. Where this was not possible, it would be reflected in the report of the Committee to the Ministers, who would then take decisions on these matters.

51. In closing the meeting the Chairman said that the Committee remained on call.

MEETING OF 30 JULY 1986

52. The Chairman said that the purpose of this meeting was to consider the documents which had been circulated by delegations since the last meeting of the Committee. These documents were: PREP.COM(86)W/48, which was a proposed amendment by Chile to PREP.COM(86)W/47 concerning sanitary and phyto-sanitary measures; PREP.COM(86)W/41/Rev.1/Add.1, which contained the statement made by the Ambassador of Brazil when introducing the revised version of the draft Declaration submitted by ten contracting parties (PREP.COM(86)W/41/Rev.1); PREP.COM(86)W/44/Add.1, which was the recommendations of the Latin-American Consultation Meeting on Multilateral Trade Negotiations, circulated at the request of the Nicaraguan delegation; PREP.COM(86)W/47/Rev.1 and Rev.2, which were versions of a draft Ministerial Declaration submitted by Colombia and Switzerland following intensive consultations among a large number of delegations; and PREP.COM(86)W/49, which was presented by the delegation of Argentina as a proposed amendment to PREP.COM(86)W/47/Rev.1.

53. The representative of Switzerland, in introducing PREP.COM(86)W/47/Rev.2 on behalf of his delegation and that of Colombia, said that this document represented the culmination of intensive consultations among a large number of participants in the Preparatory Committee. They believed that there was broad support for the proposal that this document should form the basis for discussion by Ministers at Punta del Este and they therefore requested that it be forwarded to the Ministers as the basis for their consideration. The document contained square brackets around certain subjects, most notably the non-traditional ones. These brackets reflected the view that Ministers should decide what, if any, action should be taken in respect of these subjects. Certain questions relating to the organization of the negotiations had been left open and, since they were not urgent, could be addressed at a later date. The consultations which led to PREP.COM(86)W/47/Rev.2 had been carried out in a constructive and co-operative spirit. They were confident that this spirit would prevail in Punta del Este and throughout the negotiations.

During the course of the subsequent discussion, many delegations expressed their thanks and appreciation to the representatives of Colombia and Switzerland for their contribution and efforts in the process which had produced document PREP.COM(86)W/47/Rev.2.

54. The representative of Argentina made the following statement in explanation of PREP.COM(86)W/49, which his delegation had submitted on 29 July 1986:

"First, my delegation wishes to stress very strongly the constructive intent of the document. Everyone is aware that we have been working along two different lines of thought, which it has proved impossible to harmonize, even now that the formal time-limit for this Committee's work has expired. What we are trying to do with our proposed amendments to document PREP.COM(86)W/47 is to create a bridge of possible compromise between the latter document and document PREP.COM(86)W/41, which my delegation is sponsoring along with nine other delegations. We wish to be very clear, Mr. Chairman. This is a political initiative taken exclusively by the Argentine delegation. In no way whatever does it estrange us from document PREP.COM(86)W/41. It is an effort at rapprochement which is being addressed to all, but very particularly to the developing countries. In short, it is an effort to find openness, flexibility and consensus.

It could be argued, Mr. Chairman, that this has been submitted somewhat late in our work. We are not unaware of that, but there was much that we had to consider before taking this step, which was finally decided on when we realized in the meetings of the Green Room that it was proving very difficult to make progress towards consensus and also when we noticed that our partial amendments were not being discussed and had not even been distributed.

Moreover, we cannot agree that it is late, since we understand that all the contracting parties wish to achieve a dynamic and positive consensus that really reflects the interests of all. The fact is, Mr. Chairman, that there is still a month and a half before the Punta del Este meeting. Although some delegations find it difficult to attend meetings during August, there is too much at stake for us now to shirk our responsibility for arriving at an understanding. For example, it would be possible to continue our contacts and call a meeting of senior officials prior to the Ministerial Meeting.

Mr. Chairman, we still have a number of possibilities before admitting defeat. There is too much at stake in the next multilateral round for us to abandon without further ado, and prematurely, the effort in which we are engaged. These days, Mr. Chairman, there have often been heard in this room the following words voiced by the principal contracting parties: 'The objective pursued by this round of negotiations is to organize the international trade of the 21st century'. We have often asked ourselves whether we have not erred in the road followed so far, whether by choosing this path we are not running the risk of putting

together a very limited enterprise, neglecting the opportunity to tackle the genuine transformation that international trade requires, by adapting it to the needs of a new reality while operating within the framework of the law, which for us is the General Agreement on Tariffs and Trade, and at the same time by according greater justice and equity to the developing countries, beginning with the non-application of trade-policy instruments for coercive purposes. But above all, Mr. Chairman, we have been repeatedly asking ourselves these days why we are heading so inexorably towards confrontation, why we were not facing up to correction of our course, and it is this which finally determined us to submit the amendments.

Turning now to the technical explanation of the document, I wish, Mr. Chairman, to state the following:

In our view, the document takes into account the main content of the proposals submitted earlier and, basing itself on that sponsored by Colombia and Switzerland, emphasizes the need to preserve the General Agreement, with a clear text involving a serious compromise of political will to make progress in traditional areas and an attitude of openness in the consideration of international trade, within a dynamic framework. Thus, we deal with the question of services in the light of what has been done so far in GATT. In the same way, we shall duly express our position on the subjects of investment and intellectual property, and on the way in which to inform the Ministers of what has happened in our work. For the rest, we take it that the square brackets appearing in document PREP.COM(86)W/47 indicate a serious division regarding the possibility of including these subjects in the new round, and this leads us even more to the conviction that there is not much that separates us if we work with transparency, patience and mutual tolerance.

Secondly, we have stressed the need to preserve the GATT as a prerequisite for the strengthening and development of the multilateral trading system. This can only be achieved through a firm and binding undertaking among all the contracting parties concerning standstill and rollback. It is in this sense that, using the text of document PREP.COM(86)W/47, we have proposed the signature of individual protocols.

Thirdly, we have deemed it appropriate to recognize the need to observe the rules of the GATT. For that purpose, mention is made of the most-favoured-nation clause in connection with safeguards, of the need to accord agriculture equitable treatment vis-à-vis the other sectors of international trade, of observance of differential and more favourable treatment for developing countries, and lastly of the incorporation of the various Codes into the General Agreement.

Fourthly, we believe that the situation of the developing countries deserves a fundamental approach guaranteeing that their aspirations can receive from these negotiations additional benefits and substantive advantages that would ensure their full participation in international trade. To that end and among other modifications, we have suggested that the section on general principles governing negotiations should include the ideas concerning differential and more favourable treatment approved by the Informal Group of Developing Countries and contained in document PREP.COM(86)W/15, with a view mainly to preventing them from being trimmed down in the course of the negotiations.

Finally, we have also wished to stress the link that exists between monetary, financial and trade questions and, on the strength of the understandings reached among Latin American countries, we want to stress the importance of a reform in these fields, parallel with that proposed in trade matters, as a co-ordinated action aimed at achieving sustained growth of the international economy and a balanced distribution of benefits among all our countries."

DISCUSSION OF DRAFT MINISTERIAL DECLARATION CIRCULATED BY COLOMBIA AND SWITZERLAND (PREP.COM(86)W/47/Rev.2)

55. The representative of Japan said that document PREP.COM(86)W/47/Rev.2 represented a broad consensus among both developed and developing countries. It was the result of hard bargaining and realistic compromises. His delegation strongly supported this document and was prepared to co-sponsor it. The document should be the only one presented to Ministers at Punta del Este. It was to be hoped that those contracting parties which had not yet joined the consensus that had built up around PREP.COM(86)W/47/Rev.2 would be able to do so.

56. The representative of the European Communities said his authorities were examining the draft Ministerial Declaration proposed by Colombia and Switzerland and that he would be in a position to comment upon it the following day.

57. The representative of Austria said that PREP.COM(86)W/47/Rev.2 represented the result of lengthy discussions amongst a large group of countries. It could not be expected that every country would find all its views reflected in the document to its full satisfaction, but this was the essence of compromise amongst countries with divergent interests. The document was well balanced and provided an adequate basis for the attainment of a consensus among all contracting parties. His delegation was prepared to become a co-sponsor of the document.

58. The representative of Chile noted that his delegation's proposed amendment to an earlier version of the document presented by Colombia and Switzerland had been incorporated into the present version. His delegation was of the view that the Committee's work could be usefully carried forward only if it was agreed to proceed on the basis of a single text. Different texts had been presented, both formally and informally, at various stages of

the Committee's deliberations and had contributed to the process of formulating recommendations to Ministers. PREP.COM(86)W/47/Rev.2 was a good basic document and should be presented to Ministers for their consideration at Punta del Este. It was his understanding that the document remained a draft, or a reference document, and could only be finalised by Ministers. There were a number of areas, including agriculture, natural resource products, safeguards and compensatory trade, which his delegation would have liked to see treated on a priority basis. In addition, his delegation would have liked to see a reference in the section on agriculture to the phasing out of export subsidies within a specified time frame. He would have also preferred an explicit mention of Articles XVII, XXIV and XXVIII in the text. These examples indicated that delegations had been prepared to make certain compromises in order to permit the process of drafting to progress. It was in this spirit that Chile supported and was prepared to co-sponsor PREP.COM(86)W/47/Rev.2 as the working document to be presented to Ministers.

59. The representative of Zaire said that document PREP.COM(86)W/47/Rev.2 represented a realistic compromise accepted by many contracting parties with divergent interests in a spirit of mutual confidence and co-operation. No party could expect its interests to be fully accommodated in every respect. The document should be forwarded to Ministers as the basis for a Ministerial Declaration. As far as the sections of the text in square brackets were concerned, it was his understanding that the positions of all contracting parties had been respected, and that Ministers would be required to decide what, if any, action was to be taken in the relevant areas.

60. The representative of Mexico said that the draft Declaration presented by Colombia and Switzerland was the outcome of intense negotiations and consultations in which his delegation had participated. He said that this document should be forwarded to Ministers and used as a basis for their discussions.

61. The representative of Israel said that while his delegation could support the basic approach of PREP.COM(86)W/47/Rev.2, he could not regard it as a consensus document. One reason for this was that the formulation on textiles was unacceptable to his delegation. Furthermore, in the second paragraph under the section on safeguards, the reference should be to the principles of the General Agreement and not to the basic principles of the General Agreement.

62. The representative of Norway, speaking on behalf of the Nordic countries, said that PREP.COM(86)W/47/Rev.2 represented a compromise between the different interests of a large number of countries. It was a balanced document which safeguarded the vital interests of each country or group of countries. This document should constitute the basis for the Ministerial Declaration which would launch a new round of negotiations at Punta del Este. The Nordic countries strongly supported the document and were prepared to co-sponsor it.

63. The representative of the United States said that document PREP.COM(86)W/47/Rev.2 was the result of many hours of hard work and compromise. While the text did not necessarily reflect fully all the interests of his delegation with respect to the new round, it constituted a productive set of compromises and he strongly supported it. This document should be forwarded to the Ministers in Punta del Este as the basis for their deliberations.

64. The representative of Cyprus said that document PREP.COM(86)W/47/Rev.2 was a well balanced document which represented a fair reconciliation of different positions among delegations. His delegation was ready to accept it as the basis for the deliberations of Ministers at Punta del Este.

65. The Representative of Korea said that the draft Declaration submitted by Colombia and Switzerland did not satisfy fully the interests of his delegation. However, the successful launching of a new round in September was his delegation's greatest concern. In order to achieve that, and to ensure the participation of many countries, including the large trading countries, it was necessary to show flexibility and a willingness to compromise. The document should be sent to Ministers in Punta del Este as the basis for their deliberations.

66. The representative of Hong Kong said that document PREP.COM(86)W/47/Rev.2 was the product of many hours of work among a large number of delegations. While it might not reflect all the views of those delegations as they might have wished, it was a negotiated compromise and the only document before the Committee which represented a comprehensive approach to a draft Declaration. His delegation supported this document as the basis for a Declaration by Ministers in Punta del Este.

67. The representative of Hungary said that like others which had participated in the drafting of PREP.COM(86)W/47/Rev.2, his delegation was not fully satisfied with all aspects of the document. Some of Hungary's proposals had been taken into account and others had not been. Hungary nevertheless supported the document and proposed that it be a basis or the basis for discussion by Ministers at Punta del Este. In regard to the formula for participation contained in the document, Hungary's preference would have been for the participation of as many countries as possible. For this reason, Hungary favoured the formula used in the Tokyo Round, which permitted any country that had shown an interest to participate in the negotiations. Despite the decision to adopt a more restricted formula, he was convinced that in the course of the negotiations there would be situations where a satisfactory solution would require participation by those who were unable to take part in the negotiations under the present formula.

68. The representative of New Zealand said his country had participated fully in drafting PREP.COM(86)W/47/Rev.2, together with a large number of other delegations who represented a wide spectrum of contracting parties. The draft declaration was a delicately balanced document, particularly in

respect of agriculture. The compromises made represented a realistic balance between sharply conflicting views. This document was the only one that was comprehensive and covered the vital interests of contracting parties. It should be the document put before Ministers as representing the results of the Committee's work.

69. The representative of Canada said that document PREP.COM(86)W/47/Rev.2 did not represent Canada's position on all issues, but it did represent in overall terms a common position shared by many delegations. Any document supported by a large number of delegations with different views was necessarily a compromise. It was not a compromise, however, in its commitment to the successful launch in Punta del Este of a comprehensive round of negotiations. There had been lengthy discussions in the Committee and elsewhere, and inevitably there had been differences of view which were not always easy to reconcile. The consultation process which led the tabling of PREP.COM(86)W/47/Rev.2 had been intensive and dynamic, and based on a spirit of accommodation between different interests. The Canadian delegation supported the proposal that this text be sent by the Committee to Ministers at Punta del Este as the only document for their consideration. Canada stood ready to co-sponsor the text and urged all members of the Committee to respond positively to the many statements of support that had been made in favour of it.

70. The representative of Uruguay said that his delegation had taken due note of the statement of the Ambassador of Argentina when he introduced document PREP.COM(86)W/49. In particular, he noted that this document had been referred to by the Argentinian delegate as a political initiative and considered that the document should be seen in that light and as a contribution to the Committee's discussions on the terms of its recommendations to Ministers. The Uruguayan delegation had participated actively in the drafting of PREP.COM(86)W/47/Rev.2. In his view, this was a good working document that should go to Punta del Este, where it would need to be further improved. As it stood, it contained a number of imperfections and in certain important respects did not fully accommodate Uruguay's interests. This was perhaps to be expected, however, in a document which was the product of compromise amongst many contracting parties. Uruguay was aware that as host country for the Ministerial Meeting, it had a particular responsibility to contribute towards a satisfactory outcome for that meeting, and therefore must approach matters in a spirit of conciliation. For this reason, Uruguay was not in a position to co-sponsor document PREP.COM(86)W/47/Rev.2.

71. The representative of Turkey said that it was important to avoid transferring the present difficulties faced by the Committee to Punta del Este, as this might prejudice the chances of a successful Ministerial Meeting. It was necessary to forward only one document to Ministers. Although document PREP.COM(86)W/47/Rev.2 did not reflect Turkey's preferred positions on all issues, it constituted the best available basis for discussion by Ministers. He therefore supported the proposal that it be forwarded to Punta del Este.

72. The representative of Czechoslovakia said that document PREP.COM(86)W/47/Rev.2 was not perfect, but it covered all important problems confronting international trade and was generally well balanced. It was understood that items in square brackets would be put before Ministers for further consideration. He said that on the question of participation in the negotiations, his delegation remained convinced that the best formula would be one permitting the participation of all interested countries, as this would benefit international trade as a whole. Nevertheless, he considered that PREP.COM(86)W/47/Rev.2 was a good basis for discussion by Ministers at Punta del Este.

73. The representative of Poland said that her delegation supported the proposal that document PREP.COM(86)W/47/Rev.2 be forwarded to Ministers as the basis for their discussions in Punta del Este. It was not a perfect document in that it did not accommodate fully the interests of all contracting parties, but it was reasonably well balanced and a fair reflection of existing realities. Poland's main concern about the document's deficiencies related to the question of participation in the negotiations. Her delegation had always supported the idea of encouraging as great a degree of participation as possible by all interested countries, as being of benefit to international trade as a whole.

74. The representative of Romania said that his delegation had been involved in the consultation and negotiation process which led to the drafting of PREP.COM(86)W/47/Rev.2. His delegation supported the document and also the proposal that the Committee send it to Punta del Este as the basic document for consideration by Ministers.

PROCEDURAL MATTERS

75. The Chairman said that following consultations which he had held with a number of delegations it appeared that Committee members wished to respect the deadline of 31 July, which had been set some weeks ago, for finishing the Preparatory Committee's work. It was his intention to hold a closing meeting on 31 July and he wished to give some indication of the outstanding matters on which decisions were still required. The decision on the nature of the Meeting still had to be taken and it was the Chairman's working hypothesis that the Meeting would be a Session of the CONTRACTING PARTIES at Ministerial level, with participation on the same basis as for the 1982 Ministerial Meeting. He believed the Chairman of the CONTRACTING PARTIES would be prepared to convene such a Session at the request of the Committee. As far as speaking rights at such a Meeting were concerned, all representatives of contracting parties of course had the right to speak, but a convention had been established to request that representatives limit their speaking time to 8 minutes. Observer countries also had a right to speak after contracting parties had spoken, with the same time limitation. Finally, in the case of international organizations with observer status, the convention at Ministerial Sessions of the CONTRACTING PARTIES appeared to have been that certain institutions such as the International Monetary Fund, the World Bank, the United Nations Conference on Trade and Development and the United Nations might address the meeting. Other interested Organizations would be able to submit written statements if they so wished.

Another question facing the Committee was how it would present the results of its work to Ministers. He recalled that it had been agreed in January that summary records of the Committee's discussions would be prepared and that it would therefore be unnecessary to draft a separate report on the Committee's proceedings. It was therefore his intention to transmit the basic documentation of the Committee to Ministers, drawing attention to the three draft Declarations which had been tabled with a very factual and non-committal covering note prepared on his own responsibility.

76. The representative of Brazil enquired whether it was the Chairman's intention to provide time for an exchange of views on the various proposals before the Committee in order to try to establish a consensus.

77. The Chairman said that he was receptive to the wishes of Committee members, which were not always easy to reconcile. It remained his understanding that the Committee would terminate its proceedings on 31 July, although he had always hoped that it would be possible to forward a single set of recommendations to Ministers.

78. The representative of Colombia, speaking on behalf of Switzerland as well as his own delegation, said that he wished to thank all delegations which had given support to PREP.COM(86)W/47/Rev.2. He was confident that the Chairman would forward the results of the Committee's work to Ministers in the manner most appropriate to the situation.

79. The representative of Brazil said that he regretted the apparent unwillingness of the co-sponsors of document PREP.COM(86)W/47/Rev.2 to allow time in the Committee for a proper discussion of their proposals and for a genuine attempt to achieve a consensus. Moreover, in the absence of such an opportunity, some contracting parties had spoken as if they expected all other proposals before the Committee simply to be dropped and PREP.COM(86)W/47/Rev.2 to be the only document submitted to Ministers. Those members of the Committee who had not participated in the preparation of this document had been ready for several weeks now to negotiate for a consensus. There had been too few meetings of the Committee and a lack of transparency in the manner in which the Committee had worked. He sought guidance from the Chairman as to how, in line with the normal GATT practice of consensus-building, this situation could now be rectified.

80. The representative of Switzerland said that the reasons why all members of the Committee had not been involved in the negotiations leading to PREP.COM(86)W/47/Rev.2 were well known and did not need repeating. Although this document had been introduced by Colombia and Switzerland, it had received widespread support and was clearly not just a proposal by two delegations. It represented the common views of many delegations. It was quite normal that certain delegations did not share the views expressed in the document and they had a sovereign right to express their own views to

Ministers on these matters. He hoped that it was in a spirit of mutual respect for differing views that contracting parties would be willing to put all issues of interest to them before the Ministers and thus contribute to a successful launching of negotiations.

81. The representative of Colombia said he shared the views expressed by the Ambassador of Switzerland. He recalled that the Preparatory Committee had held a number of informal meetings, to which all members of the Committee had been invited, where various proposals had been discussed. Moreover, the present document was merely a revision of proposals which had been tabled three weeks earlier. In his view, transparency had been present throughout the Committee's work. PREP.COM(86)W/47/Rev.2 had not appeared spontaneously, but was a reaction of a number of delegations to a refusal by certain other delegations to accept any discussion of some non-traditional subjects which had been raised for consideration by the Committee, or even to accept that such subjects could appear in a text between square brackets, as was the traditional GATT practice in cases where agreement had not been reached.

82. The representative of Nigeria said that the Committee's work in the last few weeks had been carried on in a wholly non-transparent fashion. Attempts initiated by the Chairman to discuss the structure of a possible Ministerial Declaration and to discuss an earlier draft of PREP.COM(86)W/47/Rev.2 had been thwarted. Furthermore, it seemed that none of the sponsors of document PREP.COM(86)W/41/Rev.1, which had been on the table since 10 July, had ever been invited to participate in any consultations of the group engaged in drafting PREP.COM(86)W/47/Rev.2. It was unreasonable that Committee members should now be expected to endorse a document which a number of them had only just seen for the first time. The Nigerian delegation was ready to make a constructive contribution to discussions, held in a transparent manner, which could lead to a consensus. It was the responsibility of the Chairman to ensure that such a process be initiated forthwith.

83. The representative of Gabon said that his delegation had not participated in the informal consultations leading to the tabling of PREP.COM(86)W/47/Rev.2. It was a source of regret to his delegation that they had not participated in this process and as a consequence they were unable to express a view on the document which had just been presented to the Committee.

84. The representative of Nicaragua said that his delegation was as concerned as any that the Ministerial Meeting at Punta del Este was a success and that negotiations which addressed problems facing international trade began as soon as possible. He considered that there had been no transparency in the Committee's proceedings and that despite the efforts of the Chairman, the preparatory process had taken place outside the GATT. In these circumstances, document PREP.COM(86)W/47/Rev.2 could not be regarded as the basis for deliberations by Ministers at Punta del Este. There were three papers on the table and it was the Chairman's responsibility to continue his efforts to try to establish a consensus.

85. The representative of India said that his delegation had been given very little time to consider PREP.COM(86)W/47/Rev.2 which had just been presented to the Preparatory Committee that afternoon, and it was therefore not possible at this stage to comment on the structure and content of the document. Considering that the draft was the result of many days of work by a large number of delegations, it was only reasonable that sufficient time be devoted to the examination and discussion of such an important document. It was implausible for those who had presented this document to claim to be interested in consensus while at the same time making it impossible to discuss the issues contained therein adequately in the Committee. He noted that document PREP.COM(86)W/47/Rev.2 stated that the negotiations should be conducted in a transparent manner. If that sentiment were sincere such transparency should have also informed the preparatory process for the negotiations. Submission of the document at the last moment and virtual denial of the opportunity for transparent discussions in the Preparatory Committee amounted to a breach of the principle of transparency. A failure to respect procedures in the GATT, including those relating to transparency, would lead to failure to respect the due process of law. Only through scrupulous observance of the due process of law could the rights of contracting parties be protected. He appealed to the Chairman to ensure that the institution of GATT was not eroded in this manner. Considering the way in which document PREP.COM(86)W/47/Rev.2 had been prepared and that it had only just been presented to the Committee, it was worrying to hear the co-sponsors of the document claiming that it should be the sole basis for deliberations by Ministers. Whilst it was important to respect deadlines, they should not be an obstacle to the attainment of consensus. Consensus was fundamental to the GATT and every effort should be made to secure it.

86. The representative of Egypt said that his delegation would like to seek clarification with respect to certain elements contained in PREP.COM(86)W/47/Rev.2, but required further time to examine the document. He enquired about the number of delegations which had participated in the drafting of the document, since his delegation had not been one of them. This information would make it easier to assess the degree of support that the proposed text enjoyed in the Committee. A failure to allow sufficient time to discuss PREP.COM(86)W/47/Rev.2 adequately in the Committee would sacrifice an opportunity, which a number of delegations believed existed, to achieve a consensus.

87. The representative of Tanzania recalled that an informal paper had been presented some time ago by certain delegations, and said that it was in response to some of the concerns that his delegation felt about the contents of that paper that they had participated in the drafting exercise which led to PREP.COM(86)W/41/Rev.1. In addition, Tanzania had considered it unrealistic to expect that its interests would be accommodated merely because it was classified as one of the least-developed countries. The only hope of protecting its national interests was to co-operate with other

developing countries which had similar interests. Having worked in that context in the Preparatory Committee, it was puzzling now to be confronted by a new paper which the Committee was being asked to endorse. The only way to clarify this situation was to set aside adequate time to discuss all proposals before the Committee and to work out a consensus with respect to recommendations to be placed before Ministers in Punta del Este.

88. The representative of Zimbabwe said that PREP.COM(86)W/47/Rev.2 covered a wide range of issues in a seemingly thorough way and represented a positive contribution to the Committee's work. However, since the document had only just been presented, more time was required for an exchange of views on this and the other papers before the Committee. Zimbabwe was not in a position at this stage to endorse any single document as the basis for deliberations by Ministers at Punta del Este.

89. The representative of Yugoslavia thanked the Chairman for convening the meeting and those less-developed countries who had asked for it because they were concerned about the non-transparency in the Committee's proceedings. He said that his delegation would transmit the document PREP.COM(86)W/47/Rev.2 introduced by the co-sponsors to the capital for further consideration. He expressed his satisfaction that at least agreement was ultimately reached that the Punta del Este meeting would be a meeting of the contracting parties. He said that the document before the Committee was the first draft of the Ministerial Declaration presented after the draft tabled by ten less-developed countries on 16 July. The Committee had not met for two weeks, during which period the Chairman had organized consultations with about twenty countries in the Green Room. The procedure applied had prevented any progress towards a consensus text. The draft proposed by Colombia and Switzerland had not been made available for consideration before Monday 28 July. That had prevented the Committee from functioning properly and from achieving a consensus outcome to be remitted to the Ministerial Meeting in accordance with the mandate received by the CONTRACTING PARTIES. The consultations showed complete disregard for the proposals that had been presented during the course of the consultations which began on 28 July. He expressed his concern that the formal proposals submitted to the Committee had not been considered at all. That was the case with the draft Ministerial Declaration proposed by ten less-developed countries on 16 July. He was deeply concerned that such a procedure and practice had set a precedent and excluded a number of contracting parties from exercising their sovereign rights based on the General Agreement. That could have far-reaching consequences for the Ministerial Meeting, for future negotiations and for the GATT itself, while the responsibility lay with those who had imposed such a practice. Yugoslavia reserved its right to raise the matter at the beginning of the Ministerial Meeting. It had been apparent at the outset that there were substantive differences amongst countries, especially with regard to safeguards, agriculture and new themes. The only way to overcome these differences was to respect the positions and interests of each contracting party and to work towards a consensus on that basis. His country was vitally interested in launching a new round of multilateral trade negotiations, but on the basis of a respect for the

interests and rights of all contracting parties. The situation of fait accompli and the take-it-or-leave-it principle were unacceptable. It was to be hoped that there would be time and possibility, before the Ministerial Meeting on 15 September, to make efforts to reach a consensus agreement.

90. The representative of Cuba said that the unwillingness manifested by some delegations to seek a consensus on recommendations to Ministers was not conducive to a fundamental aim of the negotiations, that of strengthening the GATT system. All Committee members had a right to submit proposals, and to express themselves on proposals submitted by any other Committee member. This right was apparently being denied at present. In these circumstances it was clearly impossible for PREP.COM(86)W/47/Rev.2 to be accepted as the basis for discussion by Ministers and it was necessary to continue to search for a consensus among all members of the Committee.

91. The representative of Peru said that, on the basis of the discussion that had taken place so far, it was not clear how extensive support for PREP.COM(86)W/47/Rev.2 actually was. There was no evidence so far that the document was supported by a majority of contracting parties. Neither this document, nor PREP.COM(86)W/41/Rev.1 had been properly discussed in the Committee. Unwillingness to have such a discussion clearly denied some contracting parties their rights. Although time was valuable, the future of the GATT was even more valuable, and the Chairman of the Committee had a responsibility to ensure that every possibility of achieving consensus was fully explored.

92. The representative of the European Communities said that he had reacted on several occasions to the proposals made by Brazil on behalf of ten developing countries, and now contained in PREP.COM(86)W/41/Rev.1. He had made it clear that his attitude towards these proposals was conditioned by the treatment that their sponsors were prepared to give to certain non-traditional issues raised in the Committee. He had received negative or evasive responses to his questions on this matter, and had therefore stated that he was unable to accept document PREP.COM(86)W/41/Rev.1 as a basis for discussion. The participation of the Communities in the process leading to the drafting of PREP.COM(86)W/47/Rev.2 had been on the understanding that no issues would be excluded from discussions.

93. The representative of Canada observed that there seemed to be some confusion about the concept of transparency. A number of delegations had said that work had not been conducted in a transparent manner. It was the case that different groups of delegations had held consultations amongst themselves and that not every delegation had been invited to these consultations. However, it was necessary to distinguish between the drafting process, which often occurred amongst a restricted group of delegations, and the manner in which the results of the drafting process were presented. It was difficult to see how a drafting process could of itself be regarded as non-transparent, since its results were there for all to see. Turning to the question of consensus, he said that it was an

attractive idea that consensus could be achieved amongst all trading partners as they were about to embark upon a negotiation. The experience of the last two or three years, however, indicated that full consensus had not been achieved on a number of issues. Instead of interpreting consensus to mean widespread majority support, the continued search for consensus had resulted in a situation where the veto of a minority had paralyzed work in the GATT. Consensus was not an end in itself, but merely a means to an end, and the GATT provided for other decision-making processes. It was failure to achieve consensus which had led to the establishment of groups of delegations seeking to develop common positions and present specific proposals. This was the background to the initiative which led to PREP.COM(86)W/47/Rev.2. It was a process motivated by a common desire to identify the terms on which contracting parties could agree to launch a comprehensive round of multilateral trade negotiations. The commitment to launch a new round was clearly strong enough for those participating in the drafting of this text to compromise on some quite basic differences and to produce a comprehensive set of proposals. It was obvious that PREP.COM(86)W/47/Rev.2 was imperfect in a number of respects, but it provided a good basis for addressing issues and launching a new round. It appeared that there was a wish among some members of the Committee to spend more time in trying to reduce the disagreements and differences implicit in the different texts before the Committee. It was for the Chairman to consider how best such discussions could be carried forward. Committee members had a right to request sufficient time to study a document and to express their views on it.

94. The representative of Ghana said that it had been his understanding that the Committee was going to discuss both PREP.COM(86)W/47/Rev.2 and PREP.COM(86)W/49. This had proved not to be the case and it appeared that some delegations simply wanted to adopt PREP.COM(86)W/47/Rev.2 as the sole basis for discussion among Ministers at Punta del Este. There had not been sufficient time to discuss the text fully. It was also necessary to know whether Committee members were expected to examine the proposals by Brazil on behalf of ten contracting parties (PREP.COM(86)W/41/Rev.1) at the same time as other texts. Until these matters were clarified, it would be difficult to make progress.

95. The representative of Brazil said that he had not referred to transparency in relation to the preparatory phase of any document or proposal. Contracting parties had a right, individually or in a group, to take as much time as necessary to prepare proposals. The problem of a lack of transparency to which reference had been made concerned the manner in which certain proposals had been put forward for consideration. It was at this stage of the process that it was essential for all participants to have as much time as they needed to examine proposals and form views on them. This seemed not to have happened in the Preparatory Committee. As far as consensus was concerned, the matter was simple. There could be no confusion about its meaning. Consensus was an objective rule to be applied in an effort to come to agreement once different proposals had been tabled and discussed. Nobody had insisted that consensus had to be established before

a negotiating process could begin. If the GATT deviated from its tradition of consensus decision-making in matters affecting the rights and obligations of contracting parties, it would cause irreparable damage to the institution.

96. The Chairman said that the Committee would reconvene in the afternoon of the following day.

MEETING OF 31 JULY 1986

97. The representative of Colombia said that in response to the question posed the previous day by the delegation of Egypt, he wished to inform the Committee that the following countries had taken part in the process which led to the text which was presented by Colombia and Switzerland (PREP.COM(86)W/47/Rev.2): the ASEAN countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand), Australia, Austria, Bangladesh, Canada, Chile, Korea, the European Economic Community, Finland, Hong Kong, Hungary, Iceland, Jamaica, Japan, Mexico, New Zealand, Norway, Pakistan, Poland, Romania, Sri Lanka, Sweden, Turkey, United States, Uruguay and Zaire.

98. The representative of Jamaica said that there seemed to be a general consensus that the Preparatory Committee would complete its work at the present meeting. During the course of its work, the Committee had taken a number of decisions, including to hold the Ministerial Meeting at Punta del Este on 15 September 1986, and to recommend that Uruguay's Foreign Minister be invited to preside over the Meeting. There also seemed to be a wide consensus that the Meeting would be a meeting of CONTRACTING PARTIES at Ministerial level. A final decision on this had to be taken. The report to be forwarded by the Committee to the Ministers should be factual, covering the formal presentations made in the Committee. The Committee's working papers and the summary records would presumably form an integral part of the report. The report should also include a short descriptive section dealing with organizational matters. The most important part of the report however, should be the recommendations for the programme of negotiations which would be considered by Ministers for adoption. There were at present three documents on the table which included proposals for the programme of negotiations. The delegation of Jamaica had also prepared a draft Declaration on the programme of negotiations on 10 July 1986, which had not been circulated to the Preparatory Committee. This draft (attached to this Summary Record) was used as a basis for consultations among a group of developing countries and a number of improvements were made. It had appeared towards the end of June that work in the Committee had reached an impasse. At that point, a number of delegations, including Jamaica, undertook an initiative to break out of the impasse and it was at that stage that the proposals by Jamaica were used in the process of consultations and negotiations. The final set of proposals emerging from that process were contained in PREP.COM(86)W/47/Rev.2. His delegation supported this document as a good working basis on which to build a common position for launching a new round. It was clearly understood that in supporting these proposals, Jamaica was not committed to all the details of the document, particularly on those subjects where there were square brackets. Ministers in Punta del Este would, of course, be free to take up all issues which they considered important.

of the document, particularly on those subjects where there were square brackets. Ministers in Punta del Este would, of course, be free to take up all issues which they considered important.

99. The representative of Korea supported the proposal that the September meeting should be a Session of the CONTRACTING PARTIES at Ministerial level. He said that the Chairman should produce a report under his own responsibility in order to forward relevant documents of the Committee to Ministers.

100. The representative of Sri Lanka said that his delegation broadly supported document PREP.COM(86)W/47/Rev.2 as the basis for discussion by Ministers at Punta del Este. He noted there was a clear understanding that a number of questions addressed in this document remained open, particularly those contained within square brackets. Whilst the document was clearly the result of compromises among many countries with widely differing views, it had succeeded in taking account of the main issues of interest to delegations. His delegation supported the proposal that the September meeting should be a Session of the CONTRACTING PARTIES at Ministerial level.

101. The representative of Bangladesh said that PREP.COM(86)W/47/Rev.2 constituted a sound basis for further discussions by Ministers. This document was the product of many hours of consultation and negotiation among delegations who were committed to seeking a solution to the impasse in which the Committee had seemingly found itself. The delegations participating in this exercise represented a broad spectrum of countries at different stages of development and with widely diverging priorities and interests. The document itself did not adequately reflect all Bangladesh's concerns, but it was the best available starting point from which Ministers could discuss the launching of the new round of negotiations.

102. The representative of Pakistan said that his delegation attached great importance to a successful launching of a new round of negotiations. To this end, his delegation had participated actively in the work of the Committee and in various informal consultations. His delegation supported the proposal that PREP.COM(86)W/47/Rev.2 be submitted to Ministers at Punta del Este as the basis for their discussions. The proposals contained in this document were the result of compromises and did not give full satisfaction to all those who had sponsored or supported them. However, he was confident that the proposals would be further improved and that it would be possible in due course to remove the square brackets from the text.

103. The representative of Argentina said his delegation considered that the September meeting should be a Session of the CONTRACTING PARTIES at Ministerial level. The work of the Preparatory Committee had come to an end and it should be the function of the Chairman's Report to transmit to Ministers the results of that work. A new stage in the process had been reached, where it was necessary to engage in a political dialogue to see what more could be done in order to draw closer to consensus. One possibility would be to have a meeting of high-ranking officials two or three days before the Ministerial Meeting to explore the possibility of making consensus recommendations to Ministers.

104. The representative of Nigeria expressed the view that it was possible to move closer to consensus on the documents before the Committee, provided this was done on the basis of equal treatment for all the documents. His delegation was ready and willing to participate in any initiatives that the Chairman might take in this regard. On the question of participation, he wished to draw the Committee's attention to an issue of particular concern to his delegation, both as regards attendance at Punta del Este and participation in the new round. This issue related to the apartheid policy pursued by one contracting party, which resulted in systematic denial of basic human rights for the vast majority of the population in that country. This policy was pursued in defiance of numerous resolutions of the United Nations and in violation of international law. There was growing pressure in favour of the imposition of comprehensive sanctions against this contracting party, as it was becoming increasingly clear that this was the only mechanism left to the international community if the apartheid system was not to provoke a racial war. In the event that a decision were taken to impose sanctions, it was to be hoped that contracting parties would support that decision, and implement agreed measures in accordance with the provisions of Article XXXV of the General Agreement. This possibility should be borne in mind in the context of the launching of the new round.

105. The representative of Singapore said that his delegation had participated in the consultations leading to the tabling of the text contained in PREP.COM(86)W/47/Rev.2. Though from the point of view of the overall interests of the ASEAN countries, there were many shortcomings in this text, Singapore supported the proposal that the text be forwarded to Punta del Este for the consideration of Ministers and as the basis for drawing up the final document launching the new round of multilateral trade negotiations. It was his delegation's understanding that Ministers would be at liberty to discuss all the issues raised in the text and to agree on appropriate action concerning them.

106. The representative of Malaysia said that although the Preparatory Committee had now finished its work, the process would continue in Punta del Este as Ministers met to launch a new round. The Ministers would require a text on which to work, and in his delegation's view document PREP.COM(86)W/47/Rev.2 contained the most suitable text for this purpose. This text had not met all his delegation's expectations and contained several shortcomings, but it had moved the process forward and could be further improved.

107. The representative of Norway speaking on behalf of the Nordic countries said he regretted that it had not been possible to reach a consensus on the outcome of the Preparatory Committee's work. He hoped that progress could be made in this regard at the political level at Punta del Este. He supported the proposal that the Punta del Este meeting should be a Session of the CONTRACTING PARTIES at Ministerial level. He understood that Ministers would be entitled to take up all matters for discussion and

decision, including the so-called non-traditional issues. The Chairman should present, on his own responsibility, a brief report on the Committee's work to the Ministerial Meeting. The Nordic countries strongly supported document PREP.COM(86)W/47/Rev.2, and considered it the best, and the most balanced and comprehensive, basis available on which Ministers could agree the final Declaration.

108. The representative of Egypt said that the meeting in Punta del Este should be a Session of the CONTRACTING PARTIES at Ministerial level. The report should be a brief factual document, which transmitted chronologically all proposed Declarations submitted to the Preparatory Committee. In relation to participation in the meeting normal procedures could be followed, but his delegation was open to any alternative suggestions in this regard. He supported the statement by Nigeria in relation to the participation in the work of GATT of one contracting party which practised the policy of apartheid.

109. The representative of Austria said that the Punta del Este meeting should be a Session of the CONTRACTING PARTIES at Ministerial level. Ministers must be at liberty to discuss and take decisions on all issues, including the so-called non-traditional issues.

110. The representative of Indonesia supported document PREP.COM(86)W/47/Rev.2. Although this document did not satisfy all delegations, it should be taken as the basis by Ministers for drawing up the final Declaration launching the new round.

111. The representative of the Philippines said that his delegation had participated in the discussions which led to the tabling of document PREP.COM(86)W/47/Rev.2, but had also paid serious attention to other proposals which had been made. Since the beginning of the Preparatory Committee's work, his delegation had been under firm instructions to co-operate fully in the preparations for launching a new round. It was still his hope that a common set of proposals would emerge, but if this proved impossible, the next best alternative would be a document which expressed the greatest number of views that contracting parties could agree to adopt. In common with the other ASEAN delegations, his delegation considered that there were certain deficiencies in document PREP.COM(86)W/47/Rev.2, but in view of the time constraint, believed that this document should be sent to Punta del Este to serve as the framework for discussions among Ministers. The meeting at Punta del Este should be a Session of CONTRACTING PARTIES at Ministerial level. Ministers would take up any matter they wished, and it was not within the Committee's competence to circumscribe that right. The Chairman's report to the Ministerial Meeting should be factual, and should not be subject to negotiation in the Committee.

112. The representative of Thailand said that his delegation had participated in the consultations leading to the tabling of document PREP.COM(86)W/47/Rev.2. Despite the fact that this document contained many shortcomings, particularly in regard to its treatment of agriculture, his

delegation supported the proposal that it be forwarded to Punta del Este for further consideration by Ministers. It was his delegation's understanding that all participants in the Ministerial Meeting would have the right to raise for consideration all issues addressed in the document and to take any appropriate decisions.

113. The delegation of Zimbabwe regretted that it had been impossible to synthesize the different proposals contained in documents PREP.COM(86)W/47/Rev.2, PREP.COM(86)W/49 and PREP.COM(86)W/41/Rev.1. In these circumstances, all of these documents should be forwarded to Ministers, together with a factual report by the Chairman. His delegation was opposed to the participation in the new round of negotiations of the contracting party which practised the policy of apartheid.

114. The representative of Ghana considered that the Ministerial Meeting to be held at Punta del Este should be a Session of CONTRACTING PARTIES. Like certain other countries, Ghana had not participated in any of the consultations leading to the various proposals now before the Committee. It was a source of some regret to his delegation that an opportunity had not been provided for all delegations to express their views on these proposals and to participate in an effort to merge them. He noted that the sponsors of document PREP.COM(86)W/47/Rev.2 had not intended that this document be discussed in the Committee, since they had requested the Chairman to forward it to Punta del Este as the basis for deliberations by Ministers. He said that the three proposed Declarations before the Committee should be forwarded to Ministers, and expressed the hope that Ghana would be given the opportunity to express its views at Punta del Este.

115. The representative of Nicaragua said that as the Preparatory Committee was going to conclude its work at this meeting, the three proposals which were before it should be sent to Ministers at Punta del Este, together with a report from the Chairman on the work of the Committee. His delegation remained open to any proposal which might contribute towards a consensus. The Punta del Este Meeting should be a Session of the CONTRACTING PARTIES at Ministerial level. Nicaragua supported document PREP.COM(86)W/41/Rev.1, which it considered to be the most complete, and the one which best defended the interests of developing countries.

116. The representative of Australia said that a long-standing objective of his government had been to seek the launching of negotiations without delay. The current state of the world trading environment was so serious that any further delay in this process ran the risk of aggravating the drift towards protectionism. For this reason Australia had worked actively with those who supported a new round to develop a comprehensive draft Ministerial Declaration. His delegation considered that PREP.COM(86)W/47/Rev.2, which was the result of these efforts, represented useful progress towards a framework for a Declaration which would launch negotiations. This document was comprehensive in its coverage of subject matter which was of interest to contracting parties and identified negotiating objectives and modalities on virtually all issues. It was, however, a matter of regret to Australia that there were profound shortcomings in the text dealing with agriculture, in

that it did not represent an adequate basis for launching negotiations on this matter. Historically, agricultural trade had neither benefitted from the same disciplines nor enjoyed the same degree of liberalization as trade in manufactured goods. The time had come to confront this problem. The situation had become so serious that trade patterns were now determined by the degree to which countries were able and willing to subsidize the production and export of agricultural products. The more efficient producers were being forced to retreat from world markets. The forthcoming negotiations would need to deal not only with the problem of liberalizing access, but also with the problem of subsidies. In the past, the GATT had dealt effectively with problems of this nature, for example, in the phasing out of quantitative restrictions in the 1950s and export subsidies on manufactured products in the 1960s. The text on agriculture in PREP.COM(86)W/47/Rev.2 gave rise for concern because it was not adequate to face the present challenge confronting agricultural trade. For this reason, Australia considered that the relevant elements in the papers circulated by Australia with others and subsequently taken up by Argentina should be introduced into the discussion. This did not mean, however, that his delegation agreed with the attitude of those delegations who were supporting document PREP.COM(86)W/41/Rev.1. The approach encapsulated in this latter document did not hold out the prospect of successfully launching a new round of negotiations at Punta del Este. For its part, the Government of Australia was dedicated to a successful launch for the trade negotiations. His delegation would, therefore, be consulting actively with others whose interests were similar in order to develop an effective approach to the Ministerial Meeting. This approach would ensure the most secure and appropriate basis for launching negotiations which would solve the chronic problems facing international trade in agriculture. He concluded by again noting that, while his delegation had reservations about the adequacy of the text on agriculture in PREP.COM(86)W/47/Rev.2, it remained the most comprehensive basis available on which Ministers should commence discussions at Punta del Este.

117. The representative of Argentina said that he supported the statement by the representative of Australia. Argentina had participated in discussions on agriculture with those delegations involved in the drafting of PREP.COM(86)W/47/Rev.2. The other co-sponsors of document PREP.COM(86)W/41/Rev.1 were informed accordingly. Argentina's participation in these consultations had provided an opportunity to state clearly that there was an absence of political will among certain contracting parties in relation to negotiations on agriculture. As a result of this lack of political will, the text on agriculture in PREP.COM(86)W/47/Rev.2 was inadequate. Argentina would continue to hold consultations at the highest level in order to secure adequate treatment of agriculture in the new round.

118. The representative of Gabon said that he supported the idea that the September meeting should be a Session of the CONTRACTING PARTIES at Ministerial level. In regard to the documents before the Committee, he noted that PREP.COM(86)W/41/Rev.1 raised important points concerning the stabilization of export earnings which were of vital interest to Gabon. However, even if some of the other proposals before the Committee did not

address issues of interest to his country, it would be appropriate to forward all relevant documents to Ministers. He supported the statement by the representative of Nigeria in relation to the problem of apartheid, which he said was a fundamental issue for all African countries.

119. The representative of the United States said he was confident that in Punta del Este Ministers would have the state of the trading system and of the GATT foremost in their minds. They would be able to build on all the preparatory work that had been undertaken in the Committee and elsewhere and launch a comprehensive new round of trade negotiations. The United States had come to the conclusion that the Ministerial Meeting should be a Session of the CONTRACTING PARTIES. It was understood that at such a meeting Ministers were at liberty to discuss and take decisions on all issues that had been considered by the Preparatory Committee. His delegation was firmly of the view that the only draft Declaration which provided an adequate basis for the CONTRACTING PARTIES to launch a comprehensive new round of trade negotiations was that contained in PREP.COM(86)W/47/Rev.2.

120. The representative of the European Communities said that the Community had previously stated the conditions in which it had participated in the process initiated by the drafters and promoters of the draft in document PREP.COM(86)W/47. The Community had fully and actively contributed to this process. The Community and all its member States wished to express their gratitude to Ambassador Jaramillo of Colombia and Ambassador Girard of Switzerland for their initiative, efforts, dedication, wisdom, sensitivity and ingenuity.

The Community and its member States had listened attentively to the statements of those who had supported PREP.COM(86)W/47/Rev.2 while making it clear that on particular points the interests of their countries had not been fully reflected in the text, owing to the need for co-operation in seeking compromise. They had also heard with respect, and would reflect upon, the numerous messages of hope, disappointment and expectation which had been delivered and which contained veritable lessons in political wisdom, international co-operation and in the tactics of negotiation for the protection of essential national interests.

With reference to the documents before the Preparatory Committee - W/41/Rev.1, W/47/Rev.2, and W/49 - the Community had to repeat that it could not take W/41/Rev.1 into consideration so long as this document failed to take into account the presentation of points of view, even if they were divergent points of view, on the non-traditional subjects. As regarded W/49, this was in effect an appendage of 47/Rev.1. As to 47/Rev.2, this was of fundamental and considerable importance and it was precisely for this reason that the Community and its member States were obliged to undertake a detailed study of this document. That study was not yet completed. In these circumstances the Community wondered whether it would be possible to prolong a little the work of the Preparatory Committee in order to permit the Community and its member States to express Community views on the document. But it was clear that at this stage and in present circumstances his preference must go to W/47/Rev.2.

In the process of studying this document within the Community, care would be taken:

- not to call into question or to unravel the process led by Ambassadors Jaramillo and Girard;
- not to jeopardize the success of the Punta del Este meeting, which must result in the launching of the new round;
- to assume in full the responsibility of the Community, which implied the rejection of any negative or unconstructive attitude.

121. The representative of Uruguay said that the Ministerial Meeting to be held in Punta del Este should be a Session of the CONTRACTING PARTIES. His country had held this view for a long time. He shared the concerns expressed by Argentina and Australia in relation to negotiations on agriculture.

122. The representative of Cameroon said that while he sympathized with the concerns of all those delegations which had prepared the various documents now before the Committee, his delegation nevertheless supported the draft Declaration contained in PREP.COM(86)W/47/Rev.2. He also supported the suggestion that the Chairman prepare a report on the work of the Preparatory Committee to submit to Ministers under his own responsibility. Finally, he wished to endorse the statement made by Nigeria, and supported by several other delegations, in relation to the problem of apartheid and the fact that trade should be of benefit to all members of any nation or community.

123. The representative of Tanzania agreed with the proposal that the meeting to be held at Punta del Este should be a Session of the CONTRACTING PARTIES at Ministerial level. He supported the statement made by the representative of Nigeria concerning the apartheid policies of one contracting party. His delegation was opposed to the participation of this contracting party in the meeting at Punta del Este.

124. The representative of Brazil said that he wished to read the list of countries which had been consulted during the preparation of the proposals contained in document PREP.COM(86)W/41/Rev.1. These countries were: Argentina, Bangladesh, Brazil, Burma, Burundi, Cameroon, Chile, Colombia, Cuba, Egypt, Gabon, Guyana, Hong Kong, India, Indonesia, Israel, Côte d'Ivoire, Jamaica, Kuwait, Korea, Madagascar, Malaysia, Mexico, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Romania, Senegal, Singapore, Sri Lanka, Tanzania, Thailand, Trinidad and Tobago, Turkey, Uruguay, Yugoslavia, Zaire and Zimbabwe. In addition, he said that it would be useful when referring to PREP.COM(86)W/41/Rev.1 to make it clear that this document should be circulated and read together with its Addendum 1, which contained the statement made by Brazil when introducing the revised version of the draft Declaration contained in PREP.COM(86)W/41.

125. The representative of Haiti said that having examined all the proposals before the Committee, his delegation had come to the conclusion that PREP.COM(86)W/47/Rev.2 provided the most suitable basis for discussions by Ministers. He supported the proposal that the meeting in September should be a Session of the CONTRACTING PARTIES at Ministerial level. Finally, he endorsed the statement made by Nigeria in relation to the apartheid policies pursued by one contracting party.

126. The representative of Mexico said he wished to make it clear that although he had been invited on one occasion to participate in consultations with some of the countries which had co-sponsored PREP.COM(86)W/41/Rev.1, he had not been at all involved in the preparation of this document, nor had he proposed any amendments to it.

127. The representative of Brazil said he had not suggested that Mexico had participated in the preparation of PREP.COM(86)W/41/Rev.1, but rather that Mexico had been present on more than one occasion when the document was discussed in the Informal Group of Developing Countries. The document had been prepared at the request of the Group, and no country represented in that Group had expressed an objection to the document at any plenary session of the Preparatory Committee.

128. The representative of Jamaica said that Addendum 1 to PREP.COM(86)W/41/Rev.1 had not been presented to the Informal Group of Developing Countries and his delegation had never been consulted on it. Moreover, although the draft Declaration contained in PREP.COM(86)W/41/Rev.1 had been discussed in the Informal Group, this was not a process which had permitted full consultations on the issues involved.

129. The representative of Brazil acknowledged that Addendum 1 of PREP.COM(86)W/41/Rev.1 had not been the subject of consultations, and said that he had been referring to the proposals which were contained in the main document.

130. The representative of Colombia said that his delegation's position was the same as that of the Mexican delegation. He recalled that when PREP.COM(86)W/41/Rev.1 was tabled by the representative of Brazil, his delegation had made a number of comments which were recorded in the summary records and had also presented certain amendments to the text in an informal meeting of the Committee.

131. The representative of Chile said that there seemed to be some confusion over the meaning of the word "consultation". Like the Ambassador of Mexico, he did not consider that his delegation had participated in any way in the process leading to the tabling of PREP.COM(86)W/41/Rev.1.

132. The representative of the Philippines said that he felt the present discussion was unprofitable. He had held discussions with the Ambassador of Brazil which had provided a useful opportunity for a mutual exchange of views. These discussions - and he was sure this applied to other such contacts - had been held in a constructive spirit and in the context of a genuine attempt to ensure transparency.

133. The representative of Zaire said that like other developing countries, Zaire had participated in meetings of the Informal Group of Developing Countries where PREP.COM(86)W/41/Rev.1, and earlier versions of it, had been discussed. Zaire had participated in the drafting of document PREP.COM(86)W/47/Rev.2 as a contracting party pursuing its commercial interests and not as a member of any group. The present discussion about who had been consulted in the drafting of documents was not constructive. What was required now was to see whether it was possible to move towards consensus. He said that he supported the statement made by Nigeria in regard to the policy of apartheid.

134. The representative of Switzerland said that both the document presented by Brazil on behalf of ten developing countries and that presented by Colombia and Switzerland had gone through the process of consultation and redrafting over a number of weeks. Many delegations had directly or indirectly participated to differing degrees in this process during formal and informal Preparatory Committee meetings and in the course of informal consultations held by the Chairman of the Preparatory Committee. It was therefore not helpful to prolong a discussion on which delegations had or had not been consulted on a particular document.

135. The representative of Cameroon said that his delegation had not been consulted on document PREP.COM(86)W/41/Rev.1. However, as a developing country, Cameroon participated in the work of the Informal Group of Developing Countries, in which this document had first been tabled.

136. The Chairman proposed that the Committee decide to ask the Chairman of the CONTRACTING PARTIES to convene a Session of the CONTRACTING PARTIES at Ministerial level which would commence on 15 September 1986 at Punta del Este. The Committee so agreed. The Chairman also stated his understanding that there was agreement in the Committee that he should send forward to Ministers the documents which had been formally tabled in the Preparatory Committee, drawing attention to the drafts of the Ministerial Declaration. This would be done in the form of a short letter of transmission which would be prepared on his own responsibility, though he would be available for consultations on the form of this letter. The Committee so agreed.

The Chairman declared the proceedings of the Preparatory Committee to be concluded.

Draft of Ministerial Declaration referred to by the representative of Jamaica (see paragraph 98 above).

DRAFT

Punta del Este Declaration
and
Programme of Negotiations for A New Trade Round

CONTRACTING PARTIES meeting at Ministerial Level

DETERMINED to reverse protectionist measures, restore dynamism to an international trading system geared to the 21st century, and to expand trade in which all participants share equitably through a new round of multilateral trade negotiations,

REAFFIRMING their commitment to observe the principles and rules of the GATT trading system,

COMMITTING themselves to preserving and strengthening the GATT trading system, by maintaining its integrity and consistency,

UNDERTAKING to fulfill scrupulously their commitments to standstill and rollback undertaken individually and collectively,

AGREED that macro-economic policies designed to overcome structural imbalances in international trade and payments and complementing growth-oriented adjustment programs would create an environment preserving and strengthening the open multilateral trading system.

AGREED further that in parallel with the new round of negotiations, efforts should be redoubled to find a lasting solution for the debt problem requiring not only sustained adjustment, growth and development in developing countries, but also industrial country policies which will promote a further decline in real interest rates, expansion of international trade, improvements in commodity prices, greater stability in exchange markets, and increased external capital flows.

DECIDE to launch formally a round of multilateral trade negotiations within the framework and under the aegis of GATT.

GENERAL NEGOTIATING PRINCIPLES

1. The negotiations will be undertaken to achieve agreed interpretations or to amend GATT rules, and to elaborate disciplines on aspects of trade not adequately covered by existing provisions. It shall provide for further liberalization and an increase in the predictability and security of access to the markets of each contracting party.

2. The principles of mutual advantage and overall reciprocity shall guide the negotiations and shall be the bench-mark against which the results are judged.

3. The results of the negotiations must provide benefits to each participant, and in particular special and differential treatment recognizing each developing country participant's development, financial and trade needs. Special attention should be given to the particular situation and problems of the least developed among them taking into account, inter alia, the need for immediate implementation of the provisions of the Ministerial Declaration of 1982 in respect of facilitating an expansion of their trade. In this context each contracting party undertakes to notify to the GATT one year after the commencement of negotiations the specific measures undertaken in favour of least developed countries. The GATT secretariat may also provide the Trade Negotiations Committee with relevant information.

4. Obligations assumed as a result of the negotiations shall be binding on each contracting party, and consequently domestic legislation shall be made consistent.

5. The negotiations shall be considered as one undertaking. However, multilateral agreements, particularly those providing differential and more favourable treatment for less developed contracting parties may be implemented prior to the formal conclusion of the negotiations.

6. Any measures relevant to the standstill commitment shall be notified to the Trade Negotiations Committee (TNC) by participants and/or the GATT secretariat and shall constitute a basis on which the actual negotiations commence.

7. Restrictive measures inconsistent with the General Agreement on Tariffs and Trade shall be phased out (Rollback) or brought into conformity with the provisions of the GATT in an agreed timeframe.

8. Concessions will not be sought for the removal of the Rollback measures, nor should concessions be requested in those areas where principles, rules and disciplines have not been multilaterally agreed in exchange for concessions in trade in goods.

9. Trade liberalization measures implemented by less developed contracting parties in the context of growth and development oriented structural adjustment programmes shall be considered as contributions and taken into account in assessing overall reciprocity and the balance of rights and obligations.

10. The surveillance machinery must ensure transparency and operate equitably in monitoring the trade measures of all participants.

II

Negotiating Framework

STANDSTILL

1. Commencing immediately and continuing until the formal completion of the negotiations, each participant in the negotiations undertakes the following commitments, which shall apply to trade in all goods;
 - i) neither to intensify nor take any new restrictive measures inconsistent with, or not based on the provisions of the General Agreement and the Instruments negotiated within the framework of GATT or under its auspices;
 - ii) to abstain from introducing measures, in the exercise of its GATT rights, that adversely restrict or distort international trade; and that any such measures will not go beyond what is strictly necessary to remedy specific situations as provided for in the General Agreement and the Instruments referred to in 1(i) above. In the exercise of GATT rights, particular care should be taken not to restrict or distort trade in products or sectors of special importance for the exports of less developed contracting parties;
 - iii) not to take any restrictive measures, in all areas under negotiations, with a view to improving negotiating positions.
2. Each participant in keeping with the Understanding on Notification, Consultation, Dispute Settlement and Surveillance should, to the maximum extent possible, notify the trade measures in force at the time of the commitment. This should provide, in a transparent manner, the information required for negotiations. Participants and the GATT secretariat may also provide relevant information.

ROLLBACK

1. Commencing immediately and continuing until the final completion of the negotiations, each participant in the negotiations undertakes the following commitments in conjunction with those on standstill and which shall apply to trade in all goods;
 - all trade measures inconsistent with or not based on the provisions of the General Agreement and Instruments negotiated within the framework of GATT or under its auspices, should be phased out or brought into conformity, in accordance with a staged programme by the formal completion of the negotiations and in any case not later than [...] years from its commencement. In any event, there should be no concessions requested for the elimination of these measures.

2. Each participant shall notify the Trade Negotiations Committee (TNC) prior to (date), of the measures on which it proposes to take action in fulfilment of its rollback commitment. This notification shall include the first set of rollback measures to be applied as from that date.
3. Differential and more favourable treatment for products of export interest to less developed contracting parties shall be given in implementing the rollback commitments.

SURVEILLANCE OF STANDSTILL AND ROLLBACK

Participants agree that the commitments on standstill and rollback shall be subject to multilateral surveillance. Surveillance of both commitments shall be carried out under the authority of the Trade Negotiations Committee, with the support of other relevant GATT bodies. Any participant may bring to the attention of the surveillance body any actions or omissions it believes to violate these commitments, or affect adversely its trade interests. The surveillance body will examine them with a view to determining if they violate the commitments and to ensure strict compliance.

III

ORGANIZATION AND CONDUCT OF NEGOTIATIONS¹

The TNC shall supervise, monitor and facilitate the conduct of the negotiations in the exercise of its mandate. It shall establish general modalities and specific Negotiating Frameworks for each subject or group of subjects.

Accordingly, the TNC shall establish initially the following six (6) Negotiating Groups to exchange concessions and to prepare multilateral rules and disciplines for incorporation, as appropriate into the General Agreement on Tariffs and Trade. Dispute Settlement, Structural Adjustment and Trade Policy and other subjects will also be assigned to Negotiating Groups as the TNC considers it appropriate.

NEGOTIATION GROUP 1 - Safeguards

The Negotiating Framework is attached as Annex 1.

NEGOTIATION GROUP 2 - Gatt Articles and MTN Agreements and Arrangements

The main issues identified are to be found in Annex 2. The Negotiating Framework is to be elaborated.

NEGOTIATION GROUP 3 - Agriculture

The Negotiating Framework is attached as Annex 3.

¹ Annexes referred to in Sections III and IV are not attached

NEGOTIATION GROUP 4 - Subsidies

The main issues are to be found in Annex 4. The Negotiating Framework is to be elaborated.

NEGOTIATION GROUP 5 - Tariffs and Non-Tariff Measures

The bilateral and plurilateral negotiations for the exchange of concessions should provide differential and more favourable treatment to the products of special interest to less developed contracting parties, in particular, agriculture, and other commodities in raw, semi-processed or processed forms. The main issues on these subjects are to be found in Annex 5.

NEGOTIATION GROUP 6 -

This group will examine those subjects on which Negotiating Frameworks have not been elaborated at the launching. These include:

1. Services
2. Trade and Intellectual Property Rights
3. Restrictive Business Practices

The main issues and the understandings on each of these subjects are to be found in Annex 6.

IV

Those subjects which have been discussed in the Preparatory Committee and which have not been included in any of the six (6) Negotiating Groups, will be dealt with in the appropriate bodies of the GATT in accordance with the understandings reached in the Preparatory Committee. See Annex 7.

PART II

1. CONTRACTING PARTIES, MEETING AT MINISTERIAL LEVEL AT PUNTA DEL ESTE, URUGUAY, SEPTEMBER 15-19, 1986, HEREBY ADOPT A DECLARATION AND PROGRAMME OF NEGOTIATION COVERING OBJECTIVES, SUBJECT MATTER, MODALITIES FOR AND PARTICIPATION IN A NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS.
 2. CONTRACTING PARTIES COMMIT THEMSELVES TO RESPECT FULLY, AND TO ADHERE TO THE PRINCIPLES, RULES AND DISCIPLINES OF THE MULTILATERAL TRADING SYSTEM AS EMBODIED IN THE GENERAL AGREEMENT ON TARIFFS AND TRADE.
 3. CONTRACTING PARTIES DECLARE THE NEGOTIATIONS OPEN BASED ON THE DECLARATION AND PROGRAMME OF NEGOTIATIONS. THEY COMMIT THEMSELVES TO OBSERVE STRICTLY THE STANDSTILL MEASURES NOTIFIED, AND TO ROLLBACK IN AN AGREED TIMEFRAME, RESTRICTIVE TRADE MEASURES, INCONSISTENT WITH OR NOT BASED ON SPECIFIC PROVISIONS OF THE GENERAL AGREEMENT AND INSTRUMENTS NEGOTIATED WITHIN THE FRAMEWORK OF GATT OR UNDER ITS AUSPICES. DEVELOPING COUNTRIES NOT CONTRACTING PARTIES, PARTICIPATING IN THE NEGOTIATIONS ARE INVITED TO MAKE SIMILAR COMMITMENTS.
 4. CONTRACTING PARTIES TAKE NOTE OF THE BRASILIA DECLARATION OF MAY 1986 LAUNCHING THE FIRST ROUND OF NEGOTIATIONS LEADING TO A GLOBAL SYSTEM FOR TRADE PREFERENCES AMONG DEVELOPING COUNTRIES.
 5. A TRADE NEGOTIATION COMMITTEE (TNC), COMPRISED OF CONTRACTING PARTIES IS ESTABLISHED WITH THE FOLLOWING MANDATE:
 - (1) TO INVITE INTERESTED DEVELOPING COUNTRIES NOT CONTRACTING PARTIES TO PARTICIPATE IN THE NEGOTIATIONS AS APPROPRIATE,
 - (2) TO ELABORATE NEGOTIATING FRAMEWORKS ON EACH SUBJECT OR GROUP OF SUBJECTS, AS APPROPRIATE.
 - (3) TO ESTABLISH, SUPERVISE AND DETERMINE PARTICIPATION IN THE NEGOTIATING GROUPS,
 - (4) TO UNDERTAKE ALL NECESSARY TASKS, INCLUDING SURVEILLANCE OF COMMITMENTS ON STANDSTILL AND ROLLBACK,
 - (5) TO REPORT ON THE RESULTS OF THE NEGOTIATIONS TO CONTRACTING PARTIES AT MINISTERIAL LEVEL.
- THE TRADE NEGOTIATIONS COMMITTEE (TNC) SHALL BE CONVENED BY THE DIRECTOR-GENERAL BEFORE THE END OF 1986 TO ELECT FROM AMONG ITS MEMBERS A CHAIRMAN AND BUREAU, AND TO ORGANIZE ITS PROGRAMME OF WORK.
6. CONTRACTING PARTIES EXPRESS THEIR FIRM INTENTION TO CONCLUDE THE NEGOTIATIONS BY THE END OF 1989. THEY AGREE TO MEET IN THE COURSE OF THE NEGOTIATIONS TO REVIEW PROGRESS MADE, AND TO THIS END, REQUEST THE

CHAIRMAN OF THE CONTRACTING PARTIES, IN CONSULTATION WITH THE CHAIRMAN OF THE TRADE NEGOTIATIONS COMMITTEE AND THE DIRECTOR-GENERAL TO FIX A DATE, PREFERABLY AT THE END OF 1987. THIS REVIEW OF THE RESULTS TO DATE SHALL BE CARRIED OUT TAKING ACCOUNT OF THE OBJECTIVES AND COMMITMENTS SET OUT IN THE DECLARATION AND PROGRAMME OF NEGOTIATIONS:

7. CONTRACTING PARTIES AFFIX THEIR SIGNATURES TO THIS DECISION AS AN ATTESTATION OF THEIR INTENTION TO PRESERVE AND STRENGTHEN THE GATT TRADING SYSTEM.

NEGOTIATING FRAMEWORK

INTERNATIONAL TRADE IN SERVICES

Contracting parties recognize the significant contribution of the Services sectors to production, income and employment in their economies and their already substantial and steadily growing share in international trade. They recall that the stability provided by the GATT trading system has been a major element in the expansion of international trade in goods. They believe that this experience may provide a useful frame of reference in developing a set of principles, rules and disciplines to govern international trade transactions in services.

The exchange of information in GATT, and in other international institutions has helped to develop a better understanding of the complex issues involved in a highly heterogeneous number of activities loosely described as Services. Much further work is required. However, contracting parties consider it timely to begin an examination of the modalities including transparency, which could be applied to international trade in Services.

They therefore agree to intensify the exchange of views under the aegis of GATT with a view to determining, to the extent possible the appropriateness of a multilateral framework of principles, rules and disciplines covering international trade in the services sectors.

The development objectives of developing countries and their entitlement to differential and more favourable treatment in certain specific areas in the field of Services will be respected fully.

Contracting parties individually and collectively undertake not to request concessions in trade in Services in exchange for concessions in trade in goods. Further, they undertake to observe Negotiating Principles agreed so as not to constrain in any way the development and expansion of service industries in developing countries.

Contracting parties agree that these understandings do not in any way prejudice their GATT rights nor do they imply that any principles, rules or disciplines which may be elaborated would automatically be brought within the framework of GATT, although negotiated under its aegis. All options therefore remain open and are subject to the decision of CONTRACTING PARTIES.

In this spirit, contracting parties undertake to work cooperatively and constructively in the Negotiating Group.