

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**RESTRICTED

MTN/P/4

19 July 1978

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Trade Negotiations CommitteePROCEEDINGS OF THE SESSIONHeld on 3 July 1978Subject discussed: Review of progress in the negotiations.

Opening the meeting, the Chairman made a brief factual statement outlining the current state of play in the negotiations.

A statement, the full text of which has been circulated as MTN/W/35, was then made on behalf of the developing countries. The following were among the main points in this statement. Participants should participate fully on an equal footing on all the subjects of negotiation that were of common interest since developing countries were not interested only in negotiations on special and differential treatment. No adoption of a negotiating document would be accepted unless the large majority of participants declared themselves in favour of it. Whenever amendments were made in the General Agreement, the CONTRACTING PARTIES should approve them according to the existing rules. Quality was more important than the time element and a time-table for negotiations should be agreed which would effectively involve all participants. Developing countries were justly apprehensive that they might come out of the negotiations with a negative balance sheet and this point should be examined on an ongoing basis.

The speaker went on to summarize the situation in different areas of the negotiations from the point of view of developing countries, concluding that very much remained to be done in the next few months if the objectives of the Tokyo Declaration were to be achieved. He added that some rethinking and an important effort would be required before mutually satisfactory solutions were found. Concluding, the speaker said that the stage was very near when all participants in the negotiations had to take part in the final phase of effective negotiation leading to the adoption of the results by the Trade Negotiations Committee.

Representatives from many developing countries said that they fully supported the statement made; they stressed and developed particular points in it and made certain additional points.

A number of these delegations stated that while they recognized the importance of informal bilateral and plurilateral consultations in international trade negotiations, they considered that major decisions should be taken at meetings in which all countries, including developing countries, were able to participate. They emphasized that the legal instruments which were being negotiated should be implemented if and after a sufficient number of the contracting parties had decided to adhere to them. Further, in cases where the provisions in the draft legal instruments involve deviation from provisions in the General Agreement, the procedures for the amendment laid down in the General Agreement should be followed.

Some of these delegations pointed out that as in some areas of the negotiations proposals worked out among major participants were only now being presented to the other participants, developing countries needed time to study them and to examine their implications. While they were in favour of the early completion of the negotiations, they considered that quality or substance should not be sacrificed for the sake of meeting deadlines laid down by a few participants.

Some of these delegations stated that while the Tokyo Declaration provided that the multilateral trade negotiations should result in additional benefits for the international trade of developing countries, they were apprehensive that they may come out of the negotiations with a negative balance sheet. They feared that benefits accruing to their trade as a result of tariff reductions on products of interest to them were not likely to be significant and might be offset by the erosion of their preferential advantages under the GSP. The new proposals in the field of safeguards involved departure from the MFN principle and might have serious implications for the trade of developing countries. The proposals made in the field of subsidies and countervailing duties had failed so far to recognize the right of developing countries to use subsidies for the development of their exports of manufactures. As regards the work of the Group "Framework", the proposals made failed to meet the expectations of developing countries. They were also concerned at the introduction in these and other proposals of the graduation concept, the acceptance of which could lead to discrimination being made among different developing countries.

The representatives of a group of developing countries stated that they were apprehensive that they may come out of the negotiations as net losers, as the preferences which they enjoyed were likely to be eroded as a result of reductions in tariffs on an MFN basis. Some of these representatives said that, as most countries in this group were also least developed, they were handicapped in making requests for tariff reductions on a product-by-product basis, as they could not claim substantial supplier interest.

They, therefore, emphasized the need on the part of the developed countries, to take suitable measures which would ensure that they receive special treatment in accordance with the provisions of the Tokyo Declaration.

The representative of a least developed country suggested that certain developed countries should consider extending duty-free access to all imports from his country, as had been done by one country under its Generalized System of Preferences.

Many delegations welcomed the fact that the meeting had been convened since this gave all participants an opportunity to take an overall look at the situation in the negotiations, to make their points of view known, and to air concerns which were inevitable at the present crucial stage.

Many delegations welcomed the constructive suggestions that had been made by developing countries. Many delegations also paid tribute to those delegations who were taking the initiative in the negotiations and stressed the fact that a major political effort was necessary at this stage.

Many delegations at the same time stressed the need to obtain a broadly based agreement in the negotiations and the need to develop negotiating techniques which would ensure this. Many delegations placed particular emphasis on the need to ensure transparency in the negotiations, and to ensure that some participants were not unduly marginalized. Some delegations made the point that when offers were being discussed in politically sensitive areas there was a need for confidentiality at some stages. Some delegations summarized the action they had taken to ensure that information was available to all interested delegations and referred to numerous bilateral consultations held by them with various delegations.

Delegations from developed countries said that full attention had been and would continue to be given to proposals and requests made by developing countries in the negotiations. They outlined positions that they had taken on points of interest to developing countries in the draft codes and the specific offers made on tariffs and non-tariff measures affecting the trade of these countries. Some delegations from developed countries recalled that they had already put into effect their offers on tropical products. Certain delegations said that, when developing their position with regard to matters of interest to developing countries they had to strike a balance between differing requests from different developing countries.

Some delegations emphasized their interest in securing maximum participation in the negotiations and emphasized the importance which they attached to contributions from developing countries which were compatible with their development, financial and trade needs. Some delegations from developing countries referred to action which they had taken or to other contributions which they might make to the negotiations. Some delegations from developing countries said that acceptance of codes should be regarded as a contribution but that their acceptance would, however, depend on whether the codes took care of their special situation.

Some delegations from developed countries emphasized the very large scale of benefits which were now within the grasp of the negotiators, one delegation saying that the present negotiations might come to be known as the "fair trade round". Some delegations from developed countries said that the results of the negotiations would benefit all participants. The point was also made that developing countries might well be the largest beneficiaries of the negotiations. It was, however, emphasized that it was necessary for all delegations to seize the opportunity that existed. Some delegations said that they were determined to arrive at a series of important understandings by 15 July. One delegation announced the tabling of a tariff offer on a linear basis. Some delegations indicated that they were prepared to take the major decisions necessary, despite the difficult economic and political climate and the pressures for protectionism which had built up around the world. Some delegations stressed that such decisions would only be possible if full reciprocity were forthcoming in the negotiations among developed countries and if the results of the negotiations were a balanced whole. Some delegations said that they did not yet see a balance in some areas. The importance of additional offers was stressed, agriculture being mentioned specifically in this regard.

Some delegations said that the fact that important understandings were reached by 15 July would not mean that the negotiations would be over by that date: the negotiations would continue for some time thereafter and decisions taken after that date might be of crucial importance for some delegations.

In closing the meeting the Chairman said that at this stage of the negotiations it was altogether normal that delegations should see a good many problems which still had to be solved. It was also inevitable that as we are approaching the stage for finalizing concessions and for taking decisions on various rules or codes etc., there should be concerns as to whether all points of view had been heard and whether all negotiating interests had been duly and fully taken into account. It was essential that all delegations gave most careful consideration to the points of both substance and procedure that had been made. He added that he had no doubt that this would be done and stated that he was encouraged by the awareness of the importance of these negotiations for all participants and by the positive tone of the

interventions that had been made. He assumed that the multilateral Groups and Sub-Groups would meet as frequently as would be useful and that the delegations be keeping the situation under close review. It was also his expectation that delegations would be giving consideration as to how further negotiations should be organized after the middle of July.

In answer to questions the Chairman said that it was not possible to foresee the significance of the date of 15 July but that serious problems remained to be solved and the fate of the negotiations was in the hands of all participants which must follow developments carefully and decide together the best way of proceeding. In the short discussion that followed it was suggested that the Director-General should draw up a time-table for meetings of Groups and Sub-Groups. Concluding the meeting, the Chairman pointed out that no delegation had suggested that negotiations would finish on 15 July.