

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

Trade Negotiations Committee

MEETING OF JULY 1975

Statement by Chairman of Group "Safeguards"

1. The Group on Safeguards has held two meetings since the last meeting of the Committee; the first in April and the second in June-July. I have summarized the results of these meetings in two documents, MFN/SG/1 and 2, and in this short statement now I will go over the highlights of the Group's work, indicating in particular the decisions which the Group has taken regarding its future work.
2. Differences of opinion have been expressed regarding the Group's mandate. The Group has adopted a flexible and pragmatic approach to its work, it being understood that at some point the Group might have to return to the question of its mandate.
3. There was wide agreement in the Group that the work should be carried forward in two phases which would to some extent overlap:
  - (a) Examination of the operation of the present multilateral safeguards system, and
  - (b) if this reveals inadequacies, an examination of what elements should be built into a possible new or revised system. The Group has agreed that in both phases of the work it would bear in mind the particular interests and problems of the developing countries.
4. The secretariat was instructed to prepare a number of documents to facilitate the work of the Group and perhaps the work of other groups. These were:
  - (a) A digest and synthesis of the replies to a questionnaire designed to find out what safeguard actions had been taken in the recent past.
  - (b) A paper relating to the use that had been made of a number of GATT provisions and actions taken without reference to any GATT provision.
  - (c) A preliminary analysis of the impact of safeguard measures taken by developed countries which affect developing countries.
  - (d) A paper on the use which had been made of Article XXVIII.

5. At its meeting in June-July, the Group had an extensive discussion on the basis of these various documents. A number of delegations explained in detail their own national safeguard policies and procedures. Many delegations gave their views on the operation of the present system and a number of delegations drew attention to what, in their view, were its deficiencies. Some delegations remain to be convinced that there were major deficiencies in the present system.

6. During the Group's work at its last meeting, it became clear that it would be difficult to draw a sharp dividing line between the two phases I have referred to earlier. While it was recognized that further examination of the operation of the present multilateral safeguards system was necessary, a number of delegations thought that the time had also come to commence consideration of very specific elements of a possible new or revised system. The Group established a checklist of questions which would constitute the agenda for the next meeting of the Group on the understanding that it is not exhaustive, that it does not indicate priorities and that it is without prejudice to the adequacy or inadequacy of the existing multilateral safeguard system and without prejudice to the position of any delegation as to the substance of the points to be discussed. This checklist which comprises some fifteen issues, is contained in paragraph 6 of my summing-up of June/July, document MTN/SG/2. It contains such basic issues as:

- what are the implications for the work of the Group of the fact that actions are frequently taken under a number of Articles of the GATT other than Article XIX and sometimes taken even outside the GATT, and that action has not always been transparent (i.e. known to all)?
- is it necessary to strengthen mechanism for notification or prior notification and consultation and to introduce periodic reporting procedures?
- is it necessary or desirable to fix a minimum level for imports, to fix definite time-limits and also to agree on a concept of degressivity for safeguard action?
- should the existence of a domestic adjustment programme be a prior condition for action?
- should Article XIX action continue to be applied on a most-favoured-nation basis?

- How can differential measures for developing countries, as envisaged in the Tokyo Declaration and in pursuance of the objectives of Part IV of the General Agreement, be provided in this area? Should all developing countries be automatically exempted from safeguard action taken by developed countries?
- Should there be multilateral surveillance?
- What mechanism should there be, if any, for the settlement of disputes and for arbitration?
- Is there a lack of balance of obligation between importing and exporting countries?
- Should there be provision for burden sharing among importing countries?
- Is there a need to distinguish between short and long-term problems?

You will note that the elements, which I have just listed, are very specific and it will be the task of the Group, at its next meeting in November, to enter into a detailed discussion of these points with the aim of making substantial progress. Other points could of course be added by delegations as the basis for a discussion of whether improvements in the present system are called for and could be achieved. As pointed out earlier, the Group will at the same time continue its discussion on the operation of the present multilateral safeguards system. It will be essential, in order for the Group to make progress, that between now and the next meeting of the Group in November delegations focus their attention on the issues identified.