

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/SG/2
7 July 1975

Special Distribution

Multilateral Trade Negotiations

Group "Safeguards"

MEETING OF JUNE--JULY 1975

Summing-up by the Chairman

1. The Group met from 30 June to 4 July 1975. It invited the Secretary-General of UNCTAD or his representative to attend this session of the Group as an observer.
2. The Group discussed the operation of the present multilateral safeguard system with a view to revealing any inadequacies and bearing in mind the particular interests and problems of the developing countries.
3. Differences of opinion were expressed regarding the mandate of the Group. The Group agreed to continue to adopt 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.
4. The Group took note of the documentation distributed by the secretariat and found that it threw a good deal of light on the operation of the present multilateral safeguard system. Some delegations gave further precisions on their own domestic policies and procedures.
5. Many delegations gave their views on the operation of the present system. A number of delegations drew attention to what, in their view, were its deficiencies. Some delegations remained to be convinced that there were major deficiencies in the present system.
6. The Group accepted the following check list of questions as 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:
 - (a) 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 taken has not always been transparent (i.e. known to all)?
 - (b) Is there need for greater precision in the criteria for invocation of safeguard clause, including the terms "cause serious injury" and "threaten serious injury"?

- (c) Is it necessary to strengthen mechanism for notification or prior notification and consultation and to introduce periodic reporting procedures?
- (d) Should there be greater precision for criteria with regard to "critical circumstances" in which prior consultation is not required?
- (e) 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?
- (f) Should the existence of a domestic adjustment programme be a prior condition for action?
- (g) In what circumstances are retaliation or compensation appropriate?
- (h) Should Article XIX action continue to be applied on a most-favoured-nation basis?
- (i) 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?
- (j) Should there be multilateral surveillance?
- (k) What mechanism should there be, if any, for the settlement of disputes and for arbitration?
- (l) Is there a lack of balance of obligation between importing and exporting countries?
- (m) Should there be provision for burden sharing among importing countries?
- (n) How should the interests of third countries and new exporters be taken into account?
- (o) Is there a need to distinguish between short and long-term problems?
- (p) Is there a need for future guidelines for domestic procedures to be followed prior to safeguard action?

7. Other points could be proposed by delegations as a basis for a systematic discussion of whether improvements in the present system could be achieved.

8. The Group requested the secretariat to examine the feasibility of drawing up a survey of the most important surveillance systems used in the commercial policy field in different international bodies.

9. The Group agreed to hold its next meeting in either the second or third week of November, the exact date to be announced later.

10. The Group agreed that the Chairman should make an oral report to the Trade Negotiations Committee on the work of the Group.