

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Multilateral Trade Negotiations Group "Safeguards"

NOTE BY THE CHAIRMAN

Meeting of 10 and 11 April 1975

1. The Group elected Mr. H. Colliander (Sweden) as its Chairman and invited the Secretary-General of the UNCTAD or his representative to attend this session of the Group as an observer.
2. Summing up the meeting, the Chairman said that the Group noted the differences of opinion expressed on the interpretation of its mandate and agreed to adopt a flexible and pragmatic approach to its work.
3. There was, with a few exceptions, wide agreement 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 Safeguard System, and
 - (b) if this reveals inadequacies, examination of what elements should be built into a possible new or revised system.

In both phases the Group would bear in mind the particular interests and problems of the developing countries.

4. To facilitate its work, the Group requested the secretariat to circulate a number of documents in advance of its next meeting. The secretariat would consult as necessary with interested delegations as to what is possible in each of these tasks in the time available:

- (a) A digest and synthesis of the replies to the questionnaire showing:
 - (i) the types of measures taken,
 - (ii) the products affected and trade coverage,
 - (iii) the countries maintaining the measures and the countries whose exports are affected,

- (iv) international procedures or arrangements, and
- (v) domestic procedures.

The full replies would be available for consultation in the secretariat.

- (b) A paper based on the Australian proposal as amended by other delegations, bearing in mind the comments made in the discussion.
- (c) A preliminary analysis of the impact of the safeguard measures taken by developed countries which affect developing countries on the lines requested by Brazil, Mexico and other developing countries.
- (d) An expansion of the information relating to the use which has been made of Article XXVIII requested by the delegation of the United States.

5. The Group agreed to hold its next meeting in the week of 30 June in alternation with the Sector Group, on the assumption that the documentation to be prepared by the secretariat is available in time. At its next meeting the Group would conduct an examination of the operation of the present multilateral safeguard system, with a view to revealing any inadequacies. When doing so the Group would bear in mind the particular interests and problems of the developing countries. During the discussions the hope was expressed that it would be possible, in a large measure, to complete the first phase of the work at that meeting but this remains to be seen, *inter alia*, in the light of the adequacy of the material at the disposal of that meeting.

6. During the meeting a large number of general statements were made. While there was general agreement that a systematic discussion of all the issues would not be possible at the present meeting, many delegations referred to issues to which they attached importance in this area. But no conclusions were reached, not even conclusions of a tentative nature. Without attempting to refer to every point made, it seemed to the Chair that the following were among the main issues that emerged from this preliminary discussion.

- (a) What are the implications for the future work of the Group of the fact that many countries act outside the framework of the GATT?
- (b) Should Article XIX be completely rewritten, or reinforced in certain areas, or should it be retained basically in its present form?

- (c) Should Article XIX action continue to be taken on an m.f.n. basis or should a selective approach be adopted?
- (d) What is the relevance to the work of the Group of actions taken under GATT provisions other than XIX?
- (e) What are the possibilities for according differentiated treatment for developing countries, bearing in mind the very precise and detailed suggestions put forward by developing countries which have been on the table for some time?
- (f) Should a distinction be made between action undertaken in response to short-term problems and in response to longer-run structural problems?
- (g) How should a balance be struck between:
 - (i) the interests of importing and exporting countries, and
 - (ii) rules that are so rigid that countries take action outside them and rules that are so flexible that the results of trade liberalization are nullified?
- (h) What lessons, if any, should be drawn from experience with the Arrangement regarding International Trade in Textiles?
- (i) Other specific issues which were referred to related, inter alia, to definition of injury, time-limits and degressivity, international surveillance, retaliation or compensation, adjustment assistance, and so-called voluntary export restraints.
- (j) Should the Group examine the adequacy of existing rules designed to safeguard access to markets?