

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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COMMUNICATION FROM SEVERAL DELEGATIONS

The following communication, dated 14 September 1987, has been received from the delegations of Argentina, Austria, Canada, Chile, Colombia, Czechoslovakia, Hong Kong, Hungary, Korea, Mexico, New Zealand, Pakistan, Singapore, Switzerland and Thailand with the request that it be circulated to members of the Group.

Negotiating rights under Article XXVIII

The delegations of Argentina, Austria, Canada, Chile, Colombia, Czechoslovakia, Hong Kong, Hungary, Korea, Mexico, New Zealand, Pakistan, Singapore, Switzerland and Thailand would like to submit to the other members of the Negotiating Group on GATT Articles the following comments in relation to negotiating rights under Article XXVIII:

1. A review and improvement of the negotiating rights under Article XXVIII is appropriate in view of the fact that the trade situation and structure as well as the number of contracting parties has considerably changed since 1948. Furthermore, the concept of giving consideration to the significance of the trade involved, not only from the import side but also from the angle of the affected exporter, is not new to the GATT. In fact, the interpretative note 5 to Article XXVIII already refers to such a possibility: the CONTRACTING PARTIES can determine a principal supplying interest on the basis of the affected trade as a major part of the exports of a contracting party.

A wider and more balanced recognition of the affected exporting contracting parties' interests would be in accordance with the objectives set out in the Declaration of Punta del Este. While maintaining existing rights of initial, principal and substantial suppliers interest under Article XXVIII, the application of additional criteria in respect of negotiating rights as proposed by some delegations could improve and strengthen the multilateral trading system.

2. The determination of additional criteria for establishing negotiating rights on the basis of the significance of the affected exports to the exporting contracting parties should be based on criteria which comply with certain characteristics, i.e. they should be manageable, objective and meaningful. The necessary data should also be readily available.
3. In order to better assess the feasibility and practical meaning of each of the various criteria specifically proposed by delegations, we invite the secretariat to illustrate these proposals on the basis of a representative sample from recent Article XXVIII negotiations of countries participating in the tariff study. Such an illustration should be available to the Group at the beginning of the second phase of the Uruguay Round negotiations.

It would be envisaged that for each sample Article XXVIII negotiation the illustration would consist of:

- (a) a specification of those countries which would have negotiating status under the present situation (INR, principal suppliers, substantial interest);
- (b) for each specific approach proposed by delegations, a ranking of countries supplying the product concerned in accordance with the criteria in the respective proposals;
- (c) an indication, in each case, of the calculations by which the results were achieved.

Calculations would be based on best commonly available data in relation to the respective criteria involved. The secretariat should indicate the nature and extent of any difficulties encountered in making relevant calculations.

4. It is understood that the above comments are without prejudice to the wider views of these delegations on the full range of issues related to Article XXVIII and any additional proposals that may be submitted.