

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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COMMUNICATION FROM PERU

The following communication, dated 14 September 1987, has been received from the delegation of Peru with the request that it be circulated to members of the Group.

1. Article XXVIII of the General Agreement refers to the procedures for the modification or withdrawal of tariff concessions. It provides that negotiating rights shall be granted to the so-called "contracting parties primarily concerned", namely:

- any contracting party with which a concession was initially negotiated;
- any other contracting party determined by the CONTRACTING PARTIES to have a principal supplying interest.

It also establishes that consultations shall be held with any other contracting party determined by the CONTRACTING PARTIES to have a substantial interest in a specific concession.

2. In our opinion, Article XXVIII as it now stands does not preserve a proper balance between the interests of the various contracting parties, since as its basic criterion it only takes into consideration market share, in other words it approaches the matter primarily from the standpoint of the importing country.

3. As a consequence, many contracting parties, particularly the less-developed ones, derive very little benefit from negotiating rights, since the criteria set forth in Article XXVIII discriminate in favour of countries with a large volume of trade.

4. There is therefore a need to revise this provision of the General Agreement, and the delegation of Peru considers that the Uruguay Round provides the best opportunity for conducting a study of the functioning of Article XXVIII and in particular of the definition of "principal supplier", in order to improve and supplement it taking into account the legitimate interests of all contracting parties and not only of those which have the greatest trading weight.

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5. Consequently, in order to put an end to the lack of symmetry that currently exists under Article XXVIII, the definition of "principal supplying interest" which appears by way of exception in Interpretative Note 5 to paragraph 1 of the Article in question should be placed on the same footing as the other criteria established in this provision of the General Agreement. In conformity with that Note, a negotiating right can be granted to a contracting party as a "principal supplier" according to the importance of a given product within the total exports of that contracting party.

6. Secondly, and as a formula for the specific application of the principle of differential and more favourable treatment for developing countries set forth in the Punta del Este Ministerial Declaration, it is proposed that the following criterion for the granting of negotiating rights should be added: "total value of exports of the product covered by a concession to the market of the contracting party in question as a percentage of the total value of the exports of the sector to which the product belongs of the developing contracting party".

7. In this way, by measuring the importance of a product for the economy of the developing exporting country, we would be removing the present imbalance under Article XXVIII, which prevents contracting parties, particularly developing countries, from having greater opportunities of obtaining negotiating rights.