

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG2/8/Add.1
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Group of Negotiations on Goods (GATT)

Negotiating Group on Non-Tariff Measures

MEETING OF 18-19 JULY 1988

Chairman: Ambassador L. Duthie (Australia)

Note by the Secretariat

Addendum

1. MTN.GNG/NG2/8 contains a note by the Chairman setting out some of the main points raised at the meeting of the Group held on 18-19 July 1988. This note gives a more detailed summary of the discussion at that meeting. The agenda of the meeting is contained in GATT/AIR/2629.

A. First examination of proposals which participants would submit by 30 June 1988 in accordance with the decision adopted by the Group at its meeting of 25 February 1988 (MTN.GNG/NG2/6, Annex, paragraphs 3 and 7)

2. The Negotiating Group heard introductory statements by the participants which had put forward submissions, in which they explained the different elements contained in these submissions. Several other delegations informed the Group that they were preparing submissions which they proposed to put forward in the near future. Some also reserved their right to comment in more detail on the existing submissions once they had had an opportunity to examine them. Several participants underlined the existence of points of convergence in the different submissions. Some stressed the view that no concession should be sought for the dismantling of restrictions maintained under the Multifibre Arrangement (MFA). They also considered that the mere substitution of one trade barrier by another could not be viewed as liberalization. Some also drew attention to the need to develop appropriate procedures to implement the principle of differential and more favourable treatment for developing countries with a view to facilitating their participation in the negotiations. Some recalled that the secretariat had identified in the past products of interest to developing countries, which in their view should receive priority in the liberalization of non-tariff measures. Several participants stressed their preference for multilateral and formula approaches to the negotiations, rather than bilateral requests and offers. Some also stressed the need to address within the Negotiating Group, as broad a product and measure coverage as possible, without prejudice to work carried out in other Negotiating Groups.

3. The Negotiating Group subsequently held a discussion on the following suggestions for future work by the secretariat:

- Request put forward in the submission by a group of participants, for the secretariat to sort notifications made to the Group, drawing on the categories of the Inventory of Non-Tariff Measures (Industrial Products), (MTN.GNG/NG2/W/15, page 3).
- Request by the European Communities for background papers on customs and consular formalities, and fees, dues and other import charges, similar to the secretariat's earlier notes on pre-shipment inspection and rules of origin (MTN.GNG/NG2/W/11 and 12), (MTN.GNG/NG2/W/16, page 4).
- Request by the delegation of Australia that the secretariat determine:
 - (i) whether the "Effective Rate of Assistance" (ERA) could help reveal trends in overall levels of distortion to trade in particular sectors;
 - (ii) whether this information could be used to help evaluate progress in the achievement of the negotiating objectives;
 - (iii) what measurement approaches or techniques would be appropriate given the variety of levels of development and of assistance measures employed among contracting parties.

4. After some discussion, the Negotiating Group agreed that, in time for its next meeting, the secretariat would prepare a paper on its own responsibility, sorting the notifications to be received before 30 September 1988, using the classification contained in the Inventory of Non-Tariff Measures (Industrial Products), (NTM/INV/I-V).

5. The Negotiating Group discussed the Australian request. Some delegations expressed doubts about the applicability of the ERA to the negotiations, though they acknowledged that it was a useful tool at the national level. Some also considered that the request called for more than a factual study. The delegation of Australia then suggested that the secretariat prepare a factual information document on the work done on the ERA in the GATT and other international organizations, with a view to helping delegations make their own assessment on its usefulness in the negotiations. The Negotiating Group also examined the suggestion from the delegation of the European Communities for two secretariat background papers, one on customs and consular formalities, and the other on fees, dues and other import charges, a suggestion which many delegations found useful. The Negotiating Group agreed to revert to this suggestion and the modified suggestion by the delegation of Australia at its next meeting.

6. The Negotiating Group also heard a statement on rules of origin, in which a delegation referred to the secretariat's background paper where mention had been made of the imposition of unilateral rules of origin for textile products (MTN.GNG/NG2/W/12, para. 25). This delegation stressed that the question had not been settled, despite a recommendation by the Textiles Surveillance Body for the parties involved to engage in bilateral consultations with a view to restoring the balance of rights and obligations between them, which had been upset by these rules of origin. The same delegation welcomed the submission made to the Negotiating Group by the country which had imposed these unilateral rules of origin, which pointed to the potential for significant disruption of international trade as a result of the increasing diversity of rules of origin (MTN.GNG/NG2/W/14, page 52). It agreed with the suggestion contained in the submission for efforts to be made in the Negotiating Group to develop a harmonized approach to rules of origin and considered that this should be a priority subject.

7. The representative of Zaire introduced a communication from his delegation on preshipment inspection (PSI) (subsequently issued as MTN.GNG/NG2/W/17). A number of other speakers from countries which maintained PSI programmes agreed that PSI did not constitute a priority subject for the Negotiating Group to deal with. They did not consider that PSI constituted a non-tariff measure acting as a barrier to trade and argued instead that it was a useful instrument which prevented fraud and capital flight. They also believed that unilateral action to prevent the implementation of PSI programmes would constitute an obstacle to trade. The Negotiating Group agreed to hold a fuller discussion on this subject at its next meeting.

B. Other business

8. The Chairman recalled that at its last meeting, the Negotiating Group had agreed to meet on 18-20 October 1988. Owing to the rearrangement of the autumn schedule, he suggested that the meeting be held instead on 17, 18 and 21 October 1988. It was so agreed.