

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG2/21  
15 October 1990

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Group of Negotiations on Goods (GATT)  
Negotiating Group on Non-Tariff Measures

MEETING OF 19 SEPTEMBER 1990

Chairman: Ambassador L. Duthie (Australia)

Note by the Secretariat

1. The Negotiating Group held its twentieth meeting on 19 September 1990. It adopted the agenda contained in GATT/AIR/3078.

A. Information on progress in negotiations on preshipment inspection and rules of origin

2. The Chairman of the Informal Drafting Groups on Preshipment Inspection and Rules of Origin, Mr. P. Williams (secretariat), reported on his own responsibility on the recent meetings of the Groups and stated that they had been working on the basis of the texts of draft agreements contained in MTN.GNG/NG2/W/72 which had been submitted by the Chairman of the Negotiating Group to the TNC in July 1990. The Drafting Group on Rules of Origin had met on 17 and 18 September 1990 and had carried out a further reading of all the provisions of the draft text. While some progress had been made, it was evident that further efforts were needed. Participants had agreed to meet again in the week of 8 October 1990 with the aim of drawing up possible compromise solutions and had recognized that flexibility would be necessary to achieve this aim. The Informal Drafting Group on Preshipment Inspection had met on 19 September 1990 and would meet again on 20 and 21 September 1990. It had agreed to focus its attention on the principal outstanding issues and had started examining the provisions in the text dealing with an independent review mechanism where a number of problems had been identified. All participants had expressed the desire to draw up a compromise text. To this end, a further meeting would be held in the week of 8 October 1990.

3. The Group took note of these reports. The Chairman stated that he would forward the results of the meetings to be held in the week of 8 October 1990 to the Chairman of the TNC.

B. Information on request-offer negotiations

4. The Chairman recalled that this item of the agenda had provided an opportunity for participants in request-offer negotiations to report on the progress they had made in these negotiations in accordance with the procedures adopted for negotiations on non-tariff measures. At its July meeting, the Chairman of the TNC had suggested that the offers on tariffs and non-tariff measures be discussed in joint meetings of the Negotiating Groups on Tariffs, Non-Tariff Measures, Natural Resource-Based Products and Tropical Products, the first of which would be held on 21 September 1990 and would provide an opportunity for stock-taking of the situation.

5. The representative of Morocco announced that his country intended to submit its offer on non-tariff measures in the near future. This offer would consist of the consolidation of Morocco's import régime as at June 1990 and would be adapted in the light of the progress made in market access negotiations.

C. Examination of proposals on the security of concessions

6. Introducing the submission of her delegation (MTN.GNG/NG2/W/75), the representative of the United States said that they attached considerable importance to securing concessions made on non-tariff measures, because otherwise such concessions would not be meaningful. The submission took into consideration views expressed by delegations and the proposals tabled by Uruguay and Australia. Explaining the different elements of her delegation's proposal, she stated that it envisaged that in their schedules contracting parties would be able to specify special conditions associated with the non-tariff measure concession, such as a clarification of the concession, commitments additional to those to be contained in the Protocol, as well as derogations from commitments. The Protocol would contain disciplines which would be applicable to the non-tariff measure concessions specified in the schedules, unless they were overridden by special conditions.

7. Many delegations welcomed the United States' submission and stressed the importance they attached to securing concessions on non-tariff measures. Many agreed with the different elements contained in the proposal. Some regretted that it had not been submitted earlier, as the negotiations were so close to their conclusion that it might not be examined in as much detail as was needed. Many also supported the idea contained in the proposal that all non-tariff measures on which concessions had been made and had been specified in schedules would be covered by the proposed agreement. Some delegations wondered whether the proposed agreement would permit the use of "grey-area" measures, and thought that if it did, much of the benefit to be obtained from adoption of the proposal would be lost.

8. Some delegations were concerned at the establishment of new administrative structures, as foreseen in the proposal, and wondered what would be the relationship of the new body to existing ones. The need to avoid duplication was also stressed in that context.

9. Some delegations wondered whether tariffs and non-tariff measures could be included in the same schedules of concessions, in view of the special characteristics of the latter. Some wondered how non-tariff measures could be bound and whether the Article XXVIII procedures could be applied to them in view of the difficulty of identifying principal suppliers of products to which quantitative restrictions applied. Some were also concerned that consolidating non-tariff measures would run the risk of legitimizing GATT-inconsistent measures. Some delegations thought that many GATT provisions such as Articles XIX and XXVIII were undergoing examination in the Uruguay Round and that the outcome of both this examination and bilateral negotiations should be awaited before arrangements for the consolidation on non-tariff measure concessions were made.

10. Some delegations thought that countries engaged in economic reform processes should be given room for manoeuvre in the consolidation of liberalization measures which they undertook autonomously. Some also thought that the least-developed countries should be given special consideration in order for their trade, financial and development needs not to be prejudiced

11. Responding to questions on her delegation's submission, the representative of the United States said that the Group still had time to address this important issue and that submitting such a proposal at an earlier stage would not have been appropriate. The agreement would not apply to items where no non-tariff measures concessions were made. It had not been her delegation's intention to include "grey-area" measures among those permitted to contracting parties under the proposed agreement. They hoped that such measures would be dealt with as a result of efforts in the Negotiating Group on Safeguards but were ready to consult with other contracting parties on this issue. Quantitative restrictions and other non-tariff measures applied under Articles XVIII or XIX and other GATT articles were covered by paragraph 4 of the proposal. The Market Access Committee would not duplicate the work of other GATT committees but would assume the responsibilities of bodies such as the Committee on Tariff Concessions or the Technical Group on Quantitative Restrictions. The concern of the least-developed countries could be addressed through the special conditions envisaged in the schedules. Finally, her delegation's view was that the obligations contained in the agreement envisaged in the proposal would apply to the results of the bilateral market access negotiations. Issues such as Preshipment Inspection and Rules of Origin which were dealt with on a multilateral basis would be subject to the provisions and obligations negotiated in that context.

12. At the end of the discussion, the Chairman stated that the question of securing concessions made in request-offer negotiations on non-tariff measures was also of relevance to some of the other negotiating groups which would be holding joint meetings, namely the Negotiating Groups on Tariffs, Non-Tariff Measures, Natural Resource-Based Products and Tropical Products. The first such joint meeting would be held on 21 September 1990. It would therefore be appropriate for this question to be taken up in the joint meeting.

D. Examination of proposals on the recognition of liberalization measures

13. The representatives of the Philippines, Poland and Romania informed the Group that autonomous liberalization measures were being undertaken in their respective countries for which they would be seeking recognition. The Group took note of their statements.

14. The Chairman stated that, as for the question of the security of concessions, the recognition of liberalization measures was not an issue exclusively within the ambit of this Group and that delegations might wish to take the opportunity of the joint meetings on market access to introduce proposals pertaining to the recognition of liberalization measures taken by their authorities.

E. Other business

15. The Chairman recalled that the concluding statement of the Chairman of the TNC called for chairmen of individual negotiating groups to send him at the end of the first week of October their assessment of the situation in their respective groups and for the Informal Drafting Groups on Rules of Origin and Preshipment Inspection to identify possible compromise solution before 15 October 1990. At the end of the first week of October, he would therefore inform the Chairman of the TNC of his assessment of the situation prevailing at that moment in negotiations on non-tariff measures. He hoped that delegations would make all the efforts necessary for compromise solutions on Rules of Origin and Preshipment Inspection to be reached by 15 October 1990. He would forward the results of the work on these two subjects to the Chairman of the TNC on that date. Finally he indicated that he expected the next meeting of the Group to take place in the week of 22 October 1990.