

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

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Consultative Group of Eighteen

Twenty-fifth Meeting

25-26 October 1984

PRESENT STATUS OF THE MINISTERIAL WORK PROGRAMME

1. This note describes developments in the implementation of the Ministerial Work Programme which have taken place since 30 September. The state of work at that date was set out in a "non-paper" dated 4 October, a copy of which is attached for easy reference. The present note refers only to subjects on which there are significant developments to report; on subjects not mentioned, the position remains as described on 4 October.

Paragraph 7(i) of the Ministerial Declaration

2. The latest secretariat review of developments in the trading system, covering the period April-September 1984 has recently been issued as C/W/448. It will be the basic document for the Special Council meeting on 6 November.

Safeguards

3. On 15 October the secretariat circulated on its own responsibility a new draft paper which examines two approaches to the safeguards problem. The first (sometimes referred to as the "building blocks" approach) is directed towards a broader agreement on certain of the elements listed in the Ministerial Declaration. The second is directed towards a broader agreement on a comprehensive understanding, which would take into account the progress made in discussion of the "building blocks". The paper outlines what might be, in the secretariat's view, the content of such an understanding and is based on the thesis that Article XIX should be implemented in a non-discriminatory manner and that so-called "grey area" measures should be progressively phased out.

Agriculture

4. The Committee on Trade in Agriculture was established to carry out a comprehensive examination of measures affecting trade in agriculture and to make recommendations with a view to achieving greater liberalization of trade in agricultural products. Under its mandate the Committee is required to make appropriate recommendations to the Council and the CONTRACTING PARTIES for consideration not later than their 1984 Session. The meeting of the Committee which had been arranged for 30-31 October has been postponed to November.

5. The examination phase of the Committee's work was completed in early 1984. The Committee then proceeded to the consideration of conclusions to be drawn from this exercise, which had involved the examination of the trade measures of 51 participating countries and an examination of the operation of the General Agreement as regards subsidies affecting agriculture, especially export subsidies.

6. Following a meeting of the Committee at senior policy level in April, the secretariat, in consultation with the Chairman, was commissioned to prepare the text of a set of draft recommendations. This text was the subject of initial consideration at a meeting of the Committee in June. In the light of the discussions at that meeting and of subsequent informal discussions, a revised version of the draft recommendations (AG/W/8/Rev.1), which purported to encompass the main concerns expressed, was presented for further consideration, together with an explanatory note by the secretariat on the general approach embodied in the draft recommendations (AG/W/9).

7. At the meeting of the Committee on 26-27 September, divergent views emerged on several aspects of the revised draft recommendations, particularly on the approach proposed for elaboration on export subsidies and other forms of export assistance, and on certain matters relating to the overall balance of the draft text. The amendments proposed by certain delegations were subsequently presented in the form of an alternative revised version of the draft recommendations (Spec(84)53). The main issues on which views have diverged within the Committee may be summarized as follows:

8. On export subsidies and other forms of export assistance, AG/W/8/Rev.1 provides that the approach to be elaborated should be developed within the framework of a general prohibition, subject to carefully defined exceptions, in conjunction with the parallel elaboration of improvements in the existing framework of rules and disciplines.

9. In the view of certain delegations, this formulation is now considered to be unacceptable insofar as it confines the approach to be elaborated to only one track (viz., a general prohibition with exceptions), and one necessarily involving changes in the existing GATT rules. These delegations consider that all options for avoiding the prejudicial effects of export subsidies and other forms of export assistance should remain open, particularly an approach based on improving the operation of the existing rules and disciplines. As a matter of balance between the operative sections of the draft it is also argued that, as no particular approach had been specified on access matters or on technical and other barriers, there was no need to provide anything more than a general orientation for the work on export subsidies. It has also been suggested that certain export subsidy practices would not necessarily be covered by the proposed general prohibition and that accordingly there was an element of imbalance in the proposed text of paragraph 1(b) itself.

10. Other delegations have argued in support of the AG/W/8/Rev.1 text, that while the general prohibition approach is given priority, the text of the draft recommendations as a whole does not exclude the elaboration of other approaches, including the elaboration of improvements in the existing rules and disciplines. These delegations have indicated that if, as prescribed by the Ministerial Declaration, the approach to be elaborated is to

succeed in bringing export competition under greater discipline, it would be necessary to limit the use of export subsidies as well as their prejudicial effects. It has also been urged that the draft recommendations as a whole adequately safeguard individual positions and that many of the objections raised could only be properly addressed in the context of the elaboration process itself.

11. With regard to access (paragraph 1(c) of AG/W/8/Rev.1), there is a divergence of views regarding a number of measures (voluntary restraint agreements, variable levies and charges, unbound tariffs and minimum import price arrangements) for which the draft recommendations propose that appropriate rules and disciplines should be elaborated. Several delegations have proposed that having regard, *inter alia*, to the nature of some of the measures and to the broader implications involved, the elaboration of "negotiating rules" would be more appropriate. The counter arguments have generally been that an approach should be elaborated which is as comprehensive and as comparable as possible for all categories of measures affecting access to markets.

12. With regard to the overall balance of the draft recommendations, it has been proposed by a number of delegations that the references to "specific characteristics and problems in agriculture" and to "the need for a balance of rights and obligations" should appear in the chapeau rather than in paragraph 3 as is presently the case. These delegations consider that, with greater prominence having been given in the revised text to "liberalization", this proposal is justified. On the other hand, some other delegations consider that if a higher presentational profile is to be given to the specific characteristics of agriculture, it may be necessary to also include a reference to "comparative advantage".

13. At the conclusion of the September meeting, the Chairman indicated that he and the secretariat would undertake consultations with a view to achieving a substantive compromise on these and the other points on which divergent views have emerged.

#### Quantitative Restrictions and other Non-Tariff Measures

14. The Group met on 15 and 16 October for a second reading of its report to the Council and the CONTRACTING PARTIES. Most of the report is now agreed. There is agreement that further work must be done in this area, but differences of opinion remain on a few important points, in particular on the procedures that should be adopted for securing further progress towards the elimination or liberalization of quantitative restrictions and non-tariff measures. There is also a difference of view on the institutional arrangements needed for carrying out further work. The Group will meet again on 24 October with the objective of adopting the report.

### Rules and Activities Relating to Developing Countries

15. (i) Part IV Consultations. Between 9 and 12 October the Committee on Trade and Development held consultations on Part IV with the EEC, the United States, Japan and a group of developing countries members of ALADI (Argentina, Brazil, Chile, Colombia, Peru, Uruguay). It was generally felt that consultations have been useful and helped to focus on specific problems and issues in the light of Part IV. It was agreed that further consultations should be held in 1985. Australia, Canada, New Zealand and Switzerland have declared their willingness to carry out such consultations next year.

16. (v) Trade of Least Developed Countries. The Sub-Committee of Trade of Least Developed Countries held an ad hoc consultation with Tanzania on 18 October. This was generally felt to be a useful opportunity to examine the trade, and the wider economic, problems of Tanzania. A further discussion was also held with Bangladesh as a follow-up to last year's ad hoc consultation with that country. Delegations were also able to report on specific measures taken recently to benefit the trade of least developed countries in general.

### Trade in Counterfeit Goods

17. Informal consultations have been held on procedural and substantive questions relating to this subject. Many delegations are of the view that further consideration should be given to the subject in the GATT. There is a difference of view on how this should be done, some delegations advocating the establishment by the Council of a formal body for the purpose of examining the possibility of joint action in the GATT. Some others consider that the Council should agree to continuation of the process of informal consultations.

### Textiles and Clothing

18. The Working Party on Textiles and Clothing continued on 3-4 October its examination of the possibilities of bringing about the full application of GATT provisions, involving a movement towards liberalization, in this sector and took note of suggestions for other work. On 23 October the Working Party adopted its report to the Council. The report notes that the Working Party was unable to complete its work in time for consideration at the 1984 Session of CONTRACTING PARTIES. At its meeting of 6-8 November, the Council may wish to consider an extension of the mandate of the Working Party for such further period as would permit it to make a more complete report to the Council and the CONTRACTING PARTIES.

### Exchange Rate Fluctuations

19. Informal consultations are continuing in an effort to agree the terms in which the Chairman of the Council will report to the Council meeting of 6 November.

Services

20. Since 30 September a national study has been received from Finland and transmitted to all contracting parties. Additional informal meetings have been held and the Chairman of the Council convened a further meeting on 23 October to assess how to proceed in order to enable the Council to assist the CONTRACTING PARTIES in the implementation of the 1982 ministerial decision concerning services. Differing views were expressed and it was decided that further reflection was needed. The Chairman of the Council will convene another meeting before the next Session of the Council.

Dispute Settlement Procedures

21. Informal consultations have taken place among delegations on the question whether a roster of non-governmental panelists should be created, from which the Director-General would be authorized to appoint panel members in order to prevent delay in the establishment of panels due to disagreement over membership.