

SENIOR OFFICIALS' GROUP

Record of Discussions

Note by the Secretariat

1. The Group of Senior Officials, established by the Decision of 2 October of the CONTRACTING PARTIES (L/5876), instructed the secretariat to issue summary records of the Group's discussions.

2. At the meeting of the Group on 12 November, the Chairman stated his understanding that the record would cover only substantive discussions, and noted that most of the Group's discussions after the meeting of 1 November had covered points of procedure.

3. These summary records are accordingly being issued by the secretariat under the symbol SR.SOG/- as follows:

SR.SOG/1	14 October	SR.SOG/7	30 October (first part)
SR.SOG/2	15 October	SR.SOG/8	30 October (second part)
SR.SOG/3	16 October	SR.SOG/9	31 October (first part)
SR.SOG/4	22 October	SR.SOG/10	31 October (second part)
SR.SOG/5	23 October (first part)	SR.SOG/11	1 November (first part)
SR.SOG/6	23 October (second part)	SR.SOG/12	1 November (second part)

Substantive points made at the meeting of 8 November will be included in SR.SOG/11.

4. During the discussions, a number of delegations referred to explanations of their positions given in written communications and statements¹ with regard to the proposed new round of multilateral trade negotiations. Reference was also made to relevant statements in the Council debates on 5-6 June and 17-19 July 1985 (C/M/190 and C/M/191, respectively) and in the special Session of the CONTRACTING PARTIES held on 30 September - 2 October 1985 (4SS/SR/1-5).

5. Some delegations stated in the Group that they had frequently refrained from intervening in the discussions because they felt that their positions had been adequately set out in the communications, statements and records referred to in paragraph 4 above, or had been expressed by another delegation, or because they had reserved their right to revert to some of these matters at a later stage in the preparatory process.

6. Two copies of these summary records will be issued to each contracting party. Further copies will be available on request.

¹These communications and statements are: Developing countries L/5647 and L/5744, 24 Developing countries L/5818 and Add.1, ASEAN countries L/5848, Australia L/5842, Austria L/5849, Brazil L/5852, Canada L/5834 and L/5836, Chile L/5850, EFTA countries L/5804, European Communities L/5835, Jamaica (informal paper circulated to the Group), Japan L/5833, Korea L/5851, New Zealand L/5831, Nordic countries L/5827, Switzerland L/5837 and L/5883 (originally issued as Spec(85)52), United States L/5838 and L/5846.

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.SOG/3

22 November 1985

Special Distribution

SENIOR OFFICIALS' GROUP

Record of Discussions

Discussions on 16 October

The Chairman recalled that at its last meeting the Group had concluded its discussion on objectives. He invited delegations to discuss matters relating to standstill and rollback and recalled that many delegations had already developed their positions at the previous meeting of the Council or during the Special Session of the CONTRACTING PARTIES or in the documentation submitted by them.

The representative of the European Communities said that he would not in general advise having summings-up on a meeting-by-meeting basis, although a summing-up of the discussion on objectives of the new round might be useful. He thought that the Group should wait for a final summing-up at the end of the discussions.

The representative of Uruguay noted that there could be no negotiations without a prior agreement on standstill which was a minimum necessity for establishing confidence. He said that Uruguay suffered from the application of a series of restrictive trade measures which were unjustified, and that standstill, which was absolutely indispensable, had to be accompanied by a rollback commitment. He also noted that the definition of rollback, given by the representative of New Zealand, provided a good basis for future discussions.

The representative of the United States agreed that standstill and rollback were interesting concepts, but noted that they needed further clarification. He wondered whether the concept of standstill referred to actions outside the scope of Article XIX, whether it applied to so called grey area measures and whether it covered actions by all contracting parties including developing countries. He said that standstill was an important concept for negotiations, and noted that if the end result was to liberalize trade so that trade could flow more freely in all directions then his country was prepared to work in earnest along those lines. He felt that the best way to roll back protectionism was through negotiations.

The representative of Japan said that in his understanding standstill signified that countries should introduce no new protectionist measures and agreed that no such measures should be introduced before the commencement of negotiations. He noted that standstill and rollback were very important as confidence building measures, and urged each contracting party to renew its commitment to standstill and rollback, not only within the context of the proposed new round of negotiations or during the negotiations, but even before the launching of the negotiations.

The representative of the European Communities said that the process of standstill, dismantling restrictions and progressive liberalization through negotiations should be seen as the same process. He stated that standstill and rollback should be autonomous, though consultations should take place between contracting parties, in order to share the burden. Liberalization, the third element, should be progressive and contractual (i.e. through negotiations).

The representative of Austria said that standstill and rollback were important elements in creating the proper climate for the launching of a new round of trade negotiations. He considered that an important step in this direction would be a renewed formal commitment by the CONTRACTING PARTIES to the observance of standstill, and that further efforts must be made to fulfil the rollback commitments made by contracting parties in GATT and elsewhere. He said that his government will advance by one year the implementation of the eighth stage of duty restrictions under the Geneva Protocol of 1979, i.e. with effect from 1 January 1986.

The representative of Brazil stated that the commitment on standstill and rollback undertaken by contracting parties in 1982 but not observed, should constitute an essential preliminary measure and confidence-building measure for any process of further trade liberalization. Document L/5818 presented by a number of developing countries, clearly set out Brazil's position in this area. The commitments to standstill should be firm, unequivocal, and undertaken with reference to a specific time frame. Even more important, was the question of credibility. Such commitments should also be credible, made at the highest possible executive level and backed by legislative authority where necessary. The argument that a commitment to a standstill should be taken at a later date did not seem valid because one was not dealing with something new, but with the implementation of commitments taken in 1982. A major responsibility in this area lay with the proponents of a new round who, strangely enough, seemed to be the more reticent in taking the lead and fulfilling their commitments. One of the main arguments employed by the proponents of the new round was the need to halt and revert the trend towards protectionism and disrespect for GATT rules. Nothing would be more consistent with that than an immediate firm and credible renewed commitment to standstill. The commitments should cover trade in all products, particularly products of special interest to developing countries, such as textiles, and apply both to tariff and non-tariff measures including subsidies, especially in the area of agriculture. Turning to the question of rollback, the representative of Brazil stated that the same characteristics should apply as in the case of standstill, and that the rollback of grey area measures, especially those affecting exports of developing countries, should be immediately initiated according to a time-bound schedule. In fact, some developed countries were already taking rollback measures although these were mainly geared to satisfying the interests of other developed countries. It was remarkable to know that developing countries with serious balance-of-payments problems were being requested to roll back measures fully consistent with the GATT provisions. In the case of Brazil, significant liberalization of import measures taken for balance-of-payments purposes and justified in the

Balance-of-Payments Committee had been carried out and duly notified to the GATT in document L/5818, and this had been done in the context of increasing and unjustified restrictions to Brazil's exports in the major developed countries' markets. In this context, it was important to stress the abundantly condemned movement towards trade sectoralization which undermined the m.f.n. and controlled an ever-increasing proportion of international trade. Although condemned, these trends remained unchecked and developed countries again and again resorted to these measures. Furthermore, anti-dumping and anti-subsidy measures had assumed the form of contingency measures of a clearly protectionist nature. Safeguard actions under Article XIX were being adopted in place of and frequently as a preliminary step to grey-area measures. There could be no question of negotiation on measures illegally applied outside the disciplines of the GATT. The representative said that the observance of standstill and the implementation of rollback commitments should be fully monitored by the Council. He stated that his government would examine the credibility of the proposed new round of trade negotiations, and specifically the possibility of a decision by the contracting parties as regards the establishment of a Preparatory Committee in the light of prior individual commitments taken in matters of standstill and rollback by all major trading partners. He expected these contracting parties to notify the GATT prior to the next session of the CONTRACTING PARTIES of their firm undertakings in these matters.

The representative of Argentina fully supported the proposal presented in document L/5818 and found the proposal put forward by Brazil an interesting one. He stressed that commitments on standstill and rollback should cover all sectors, including subsidies for agricultural products, and recognized that there was a need for some sort of monitoring or surveillance of the commitments entered into in this area.

The representative of Peru said that the industrialized countries, who had a historical responsibility for creating the proper climate for negotiation, should start by undertaking commitments not to adopt new restrictive measures incompatible with the General Agreement and to dismantle those measures which were inconsistent with the General Agreement. She called for "emergency treatment" for countries that were affected by problems of foreign debt and difficulties on their balance of payments. She further suggested that this emergency treatment should consist of: (a) the binding of zero duties on all products covered by GSP schemes of the developed countries, without restrictions of any kind, nor quantitative restrictions, nor tariff measures, nor clauses of conditionality; (b) the extension of GSP coverage, under this type of emergency treatment, for all products of interest to indebted developing countries. She stated that it was necessary to have effective unilateral surveillance of these commitments to ensure that they were implemented and to ascertain that all measures in force were consistent with the General Agreement. She further suggested that developed contracting parties consider the unconditional binding at zero duties of all products that were included in GSP schemes, without quantitative restrictions for any other non-tariff measures, and ensure GSP

coverage for all products of export interest to developing countries. She said that there should also be a priority time-table for the liberalization of trade in tropical products and textiles, as well as for concluding a comprehensive safeguards agreement on the basis of the m.f.n. principle. She felt that the proposed round of negotiations should deal with tariffs and non-tariff measures for manufactured goods and primary products, particularly raw materials, natural resources, non-ferrous metals, agricultural products, forestry and fishery products - areas in which various groups set up in the GATT had identified major trade problems. She said that any new round of negotiations had to bear in mind the principle of special and differential treatment for developing countries and that industrialized countries should not expect reciprocity from the former, nor try to extract concessions incompatible with their development needs. She noted that developing countries were in need of flexibility in regard of their accession to certain MTN agreements, e.g. the Agreement on Subsidies and Countervailing Measures. She hoped that prior to the proposed negotiations, there would be some agreement on the reform of the international monetary system so as to achieve greater stability through substantial changes in the present rules for international monetary and financial cooperation and the transfer of resources.

The representative of Hungary questioned the view of the EEC that standstill should be autonomous. He recalled that several Articles of the GATT, such as XI, XIII, XIX and certain provisions of the protocols represented embodied standstill commitments, and obliged the contracting parties to take trade measures in conformity with these provisions. Consequently, respecting the contractual obligations stemming from these provisions of the GATT should not be regarded as an autonomous action.

The representative of Chile believed that standstill and rollback should be an agreed starting point in the preparatory process, and suggested that the two concepts should include quantitative restrictions, variable levies, the MFA, export subsidies, grey area measures without any exceptions, renegotiation under Article XXVIII, safeguard measures, unbound tariffs and the various exceptional measures allowed under Article XXV:5 or under the Protocols of Accession. Similarly, the preparatory process must also define the rollback of protectionism, in particular measures not in conformity with the General Agreement. He said that he could not agree with the Communities statement that the measures inconsistent with the GATT needed to be clearly defined, and underlined that the dismantling of measures inconsistent with the General Agreement was not a concession and was not negotiable. He also called for special treatment for countries that were affected by problems of foreign debt or natural disasters, and expressed his support for immediate trade liberalization. Implementation of these commitments required a sound basis of operation on the principles of transparency, limited duration and progressive reduction. In the negotiating process, full account must be taken of the implementation of these commitments since the Ministerial Declaration of 1982.

The representative of Australia said that commitments on standstill and rollback should not be considered as a precondition for initiating the new round of negotiations, or for the decision to establish a Preparatory Committee, but rather as an essential element for ensuring the success of the new round. He said that it was necessary to give some additional credibility to existing commitments on standstill and supported the suggestion by the representative of Brazil in respect of the need to establish some machinery for monitoring the commitments. He felt that the declaration to launch the new round (which he saw as the culmination of the work of the Preparatory Committee) should include a recommendation that the standstill commitments undertaken by contracting parties in general, and the major trading nations in particular, should be the subject of regular multilateral surveillance and that this surveillance should be an integral part of the process of the round.

The representative of Korea said that his country's support for the proposed new round was motivated by the desire to achieve standstill and rollback and that it was the most important and most immediate goal of Korea's participation. He said that the two concepts should cover all types of trade restrictions, including grey area measures and unjustified anti-dumping investigations which severely affected Korea's trade. He stated that commitments on standstill and rollback should be included in the Ministerial Declaration of launching the proposed new round. He also supported the suggestions made by many delegations for the establishment of a multilateral surveillance body as part of the machinery for the proposed new round, rather than as part of the functions of the Council of Representatives.

The representative of Pakistan said that standstill and rollback commitments were already implicit in the General Agreement, e.g. in Articles XI, XIII and XXXVI and Part IV in general. He suggested that future commitments on standstill and rollback should have a clearer legal or quasi-legal status than the previous declarations of intent made by contracting parties. He said that the commitments should be undertaken before the preparations for the proposed new round were initiated, and should specifically include tariffs, non-tariff barriers, subsidies, export credits, legislative actions, voluntary export restraints and even pressures for voluntary restraint arrangements. Such commitment should also apply to any parallel or subsidiary negotiations that might take place under the aegis of GATT, for example in the areas of textiles and steel. While agreeing that the rollback of measures had to be negotiated to some extent, he underlined that this should not apply to illegal measures, derogations, or grey area measures, and that autonomous measures at liberalization should include liberalization on a preferential basis in favour of developing countries. He stressed that negotiations, if any, had to be conducted strictly under the guiding principles of the provisions of the General Agreement and that notifications, including reverse notifications, were necessary to monitor progress in the area. He said that surveillance should not rely on a general debate in the GATT Council, but rather on a more strict mechanism similar to that of the Textiles Surveillance Body or the Committees established to monitor the implementation of the MTN Agreements and Arrangements.

The representative of Egypt recalled that the subject of standstill had been considered in the earlier rounds of negotiations and also incorporated in Part IV of the General Agreement and, more recently, in paragraph 7(i) of the Ministerial Declaration of 1982. He said that clear, firm and unconditional commitments on standstill and rollback were needed before a decision could be taken on the establishment of a Preparatory Committee. These commitments should particularly concentrate on non-tariff measures.

The representative of Romania said that standstill and rollback represented fundamental elements for establishing appropriate conditions for the success of the proposed new round of negotiations as well as for ensuring the credibility of negotiations and for building-up confidence among the participants. He suggested that permanent surveillance of the commitments should be ensured by the GATT Council.

The representative of India endorsed statements by a number of other developing countries and reiterated the view that standstill and rollback commitments were not to be seen as part of the proposed negotiations, but rather as an essential prerequisite for them. He said that standstill and rollback had to move away from rhetoric to concrete undertaking. In this context, the representative of India endorsed the specific suggestion made by the representatives of Brazil and Pakistan. He stressed that these commitments should have appropriate legal backing and should be made without any reservation or condition. Referring to document L/5818, he stated that standstill and rollback should cover all measures inconsistent with GATT and all products, including the products of special export interest to developing countries, such as textiles and clothing. The commitments should encompass tariffs and non-tariff measures. He stressed that the matter of monitoring the commitments on standstill and rollback was equally important and that it was necessary, in the light of past experience, to ensure effective surveillance.

The representative of Singapore, speaking on behalf of the ASEAN countries, said that all contracting parties should agree to standstill and rollback commitments as this would greatly facilitate preparations for the launching of the proposed new round. He said that his country was ready to explore with other contracting parties proposals in regard to achieving an effective standstill, including a machinery for multilateral surveillance. On the question of rollback he suggested that all protectionist measures inconsistent with the General Agreement should be eliminated, and developed contracting parties in a position to do so should continue to liberalize other non-tariff measures affecting products of trade interest to developing countries.

The representative of the European Communities clarified that by autonomous liberalization he had meant liberalization for which no reciprocity was expected, and that by contractual liberalization he had in mind liberalization for which negotiations would be necessary. He said that in order to strengthen the multilateral trading system it was necessary to launch a dynamic movement aimed at negotiation, rather than to continue the present debate on obligations.

The representative of Yugoslavia said that the implementation of commitments on standstill and rollback undertaken by Ministers in 1982 was necessary for strengthening the credibility of the GATT system. In this respect, he considered it necessary that even in the preparatory phase of the proposed new round, a standstill on new measures inconsistent with GATT or outside GATT disciplines should be effectively implemented. Equally there should be an effective multilateral surveillance of the implementation of standstill commitments in the GATT along the lines suggested by Brazil. As regards rollback he said that agreement should be reached on a time-bound programme whose implementation should be monitored by the GATT Council. Priority should be given to the elimination of measures affecting exports of developing countries, starting with measures which had been introduced after the adoption of the 1982 Work Programme. Yugoslavia considered that there could be no counterpart or negotiations for the rollback of measures inconsistent with GATT.

The representative of Malaysia stressed that the question of standstill and rollback was a crucial and integral part of the process leading to the proposed new round and essential for ensuring its ultimate success. He recalled that Malaysia had participated in the 1982 Ministerial Meeting in good faith and had accepted the undertakings on standstill and rollback also in good faith, as these had been supported by contracting parties. However, the failure of contracting parties to implement these commitments had led to disappointment. Malaysia had studied the proposal for a new round of negotiations and its implications, and after much analysis had decided to support the initiative, once again in good faith. The Malaysian authorities hoped that the proponents of the new round and all those contracting parties who supported the idea would respond in equal measure. The best way to build confidence and good faith would be by accepting the principles of standstill and rollback and implementing the commitments undertaken in these areas. The Malaysian representative urged the Senior Officials' Group to discuss this matter further, if necessary with a view to reaching a commonly acceptable understanding of the concept of standstill and rollback which all contracting parties could support without reservation. Questioning the elements of standstill and rollback after having accepted them in 1982 did not lead to the generation of confidence in the multilateral system.

The representative of the Philippines stated that he had heard some of the statements on standstill and rollback with a degree of apprehension, particularly as it seemed that several delegations regarded these two commitments as being separate. Standstill and rollback should be implemented as an integral whole. Even if the rollback of measures inconsistent with the General Agreement must of necessity be a progressive process, it must be implemented with due priority being accorded to measures affecting products of export interest to developing countries. This was essential, inter alia, to improve market access for the exports of developing countries, and thereby enable them to increase their import capacity.

The representative of Cuba said that standstill and rollback were the two major objectives that should be fulfilled before a new round of multilateral trade negotiations was launched. She noted that it was of vital importance to eliminate all obstacles for exports from developing countries to the markets of developed countries and particularly those obstacles which were not in conformity with the General Agreement and were of a discriminatory nature, and to ensure that no new discriminatory measures would be introduced.

The Chairman invited statements on treatment and contribution of developing and least-developed countries.

The representative of the United States said that last year his country had passed legislation that provided for enhanced GSP treatment for least-developed and developing countries. In October last year the United States had presented to the Committee on Trade and Development its views with regard to special and differential treatment. The United States was not looking for a rewrite of the GATT in this respect and could reaffirm the views presented last October.

The representative of Norway, on behalf of the Nordic countries, agreed that questions relating to developing countries and their special problems and particularly the special problems of the least-developed countries were most important. These issues had figured very prominently in the Tokyo Ministerial Declaration and no doubt would be most important in any new round of negotiations. He would not make a full-fledged expression of position with regard to these questions but would just underline that in the context of a new round particular attention should be given to the matters of interest to developing countries and especially the least-developed countries. Part IV and the Enabling Clause were the most important instruments to safeguard their interests and facilitate efforts to achieve a consolidation and expansion of their trading possibilities. These elements constituted the framework and the basis for further action. There was and there should be a dynamic element in the situation of developing countries and in the relationship between developing and developed countries. This element had already been reflected in the Enabling Clause. The multilateral trading system would benefit from a fuller integration of the developing countries including their active participation in multilateral trade negotiations. On the basis which existed in the Enabling Clause, all countries participating in the negotiations would be expected to make reciprocal commitments to the extent consistent with their level of individual development, financial and trade needs.

The representative of Japan stated that one of the objectives of the proposed new round was to help improve the trading environment of the developing countries as provided in Part IV and the Framework Agreement. Japan had announced the inclusion in the recent Action Programme of a number of measures to improve market access as well as improvements in the GSP in order to help promote the economic development of developing countries. A new round of negotiations should continue to give the maximum attention to the interests of developing countries. More specifically the Group should explore what items and areas would be included in the negotiations. Some of these issues should be the improvement of market access, expansion of GSP, tariff escalation, etc. Commitment to the standstill and rollback would also be important contributions. It would be desirable that as many developing countries as possible participate actively in the new round of negotiations.

The representative of Argentina noted that he had already addressed these issues. Differential and more favourable treatment for developing countries had to constitute one of the corner-stones of multilateral trade negotiations with a view to liberalizing world trade, improving the world economy and bringing about greater justice and symmetry in the relations between developed and developing countries. Formulae to quantify the implementation of GATT provisions on special and differential treatment for developing countries should be established in the negotiations. The foreign debt problem of developing countries as well as their import capacity and export needs had to be taken into account in order to ensure special and differential treatment in all the areas of negotiation. Moreover, priority should be given to matters or areas of interest to developing countries. Developed countries should implement undertakings already agreed in this respect.

The representative of Bangladesh recalled that the new round of trade negotiations should aim at securing substantial additional benefits for the international trade of developing countries so as to achieve the acceleration of the rate of growth of their trade and also a substantial improvement in the conditions of access for the products of interest to these countries. In this context, the problems of the least-developed countries should be given particular importance. As in the Tokyo Round, special attention should be given to ensure that the least developed countries receive special treatment in the context of any general or specific measures taken in favour of developing countries during the negotiations. The GATT Ministerial Declaration of 1982 had requested contracting parties to apply to the least-developed countries the measures mentioned in paragraph 3 of the Annex to the Declaration. The negotiations should aim at the expeditious implementation of these measures.

The representative of the European Communities said that he would not repeat once again what the Communities had already accomplished in the context of the implementation of the Decision taken by the Ministers in 1982. He would concentrate on four points for the future in the perspective of the new round of multilateral trade negotiations. First, the Communities and Member States reaffirmed clearly that they did not wish to question either Part IV or the Enabling Clause. However, their implementation should be carried out intelligently and dynamically not statically. Dynamic implementation meant that developing countries would not maintain that status forever. At a certain point in time, for certain sectors at least, developing countries might wish to assume a larger share of obligations and commitments, perhaps even participate more actively in the future round of negotiations. Such an approach would ensure a full and unquestioned future for Part IV and the Enabling Clause. Second, with reference to the implementation of the Enabling Clause and in particular paragraph 2(c) thereof, the Communities and Member States had supported, politically at least, the GSTP initiative. However, the GSTP should be established in a way which would not lead to a collapse of unity among the developing countries as a result of differing trade and economic interests. The GSTP process was being followed very closely and, in accordance with the General Agreement, the CONTRACTING PARTIES would have to appreciate and approve the

results. Third, the Communities supported the statement made by Norway on behalf of the Nordic countries, regarding least-developed countries. Recently, the Communities had decided to extend the STABEX to least-developed countries which were not associated with them. Finally, in paragraph 4 of the Annex to the Ministerial Declaration of 1982 the CONTRACTING PARTIES had agreed to strengthen the programme of technical cooperation of the GATT. The Communities and their member States intended to help to reinforce the GATT's efforts in this field.

The representative of Korea said that differential and more favourable treatment for developing countries was an important subject matter for the new round and should include tariff measures, GSP, tariff escalation, relevant provisions in the various MTN Codes such as Subsidies, Anti-Dumping, etc. Developing countries should also receive special and differential treatment in the negotiations on trade in services and other new issues.

The representative of Jamaica said that his delegation had circulated an informal discussion paper entitled "Subject Matter and Modalities of a Proposed New Round of Multilateral Trade Negotiations" which touched upon some of the issues related to the topic under discussion and listed a series of relevant questions. He would add two points. First, appropriate work should be done to quantify the autonomous trade liberalization measures taken by a number of developing contracting parties outside the context of any multilateral trade negotiations. A number of developing contracting parties had significantly liberalized trade on an autonomous basis. In the context of the discussions on standstill and rollback these measures should be recognized as contributions. The second point related to the fuller integration of developing countries into GATT taking account Part IV, the MTN Framework Agreement and Articles XII and XVIII of the General Agreement. This issue was also related to paragraph 7(iv)(a) of the GATT Work Programme of 1982 as well as to the Decision on unity and consistency of the GATT system. Recalling the Swiss proposals about the integration of developing countries in the GATT and a proposal for North/South negotiations, he enquired where in the classification contained in document Spec(85)52 would Switzerland place the subject matter of GATT rules and activities relating to developing countries. It did not come under rule making work "on GATT", either traditional or new issues. Perhaps there were elements to be found under work "in GATT", and possibly elements under work "as GATT".

The representative of Australia was of the view that the particular interests and circumstances of developing countries should be addressed in the new round of trade negotiations. Australia supported special and differential treatment for developing countries. In this respect the liberalization of trade in textiles and clothing and tropical products should be key priorities. However, in respect of certain other issues the maximum benefit to all countries, developed and developing alike, would be realized by seeking multilateral solutions in the new round. These issues included safeguards, quantitative restrictions and non-tariff measures, agriculture and a reduction in the incidence of tariff escalation.

The representative of Uruguay supported the full implementation of Part IV and the provisions of the Ministerial Declaration concerning the developing countries. His delegation had noted the questions raised in the Jamaican document concerning the developing countries. At the preceding meeting, his delegation had stated that one of the objectives of a possible new round of negotiations should be economic development and other forms of development for all economies, in particular those of developing countries, in order to enable them to comply with the commitments due to their external debt while maintaining domestic growth rates consistent with their development needs. In the course of a multilateral round of negotiations one of the aspects which deserved attention would be to create conditions favourable to improving the foreign exchange situation of the indebted developing countries, such as increased access to export markets. Thus, the new negotiations should deal with the ties existing between access to markets and foreign indebtedness.

The representative of Chile said that in the past developed countries had supported free trade but now the situation was different. Developed countries were protectionist and the banner of free trade was on the side of the developing countries. Chile believed that the indebted developing countries needed access to markets. If developed countries applied the General Agreement strictly to the letter developing countries would be obtaining great benefits. Referring to document Spec(85)45 he said that the multiplicity of under-development realities should have an important place in the analysis which would have to be carried out within the framework of the new negotiations. This multiplicity of situations within the developing world was clearly evident with respect to countries which in addition to a high level of indebtedness had experienced natural catastrophes. Chile requested immediate measures of trade liberalization on a provisional basis in favour of these countries. Trade should be liberalized in the area of agriculture and subsidies should not be allowed to constitute one of the weapons of protectionism.

The representative of Pakistan said this issue was more fundamental than many of the other issues. This was not a developing countries' problem but rather a GATT problem. Thus the real question was not how to integrate the developing countries into the trading system, but how to integrate the developed countries particularly in the legal sense. His views on the question of special and differential treatment for developing countries were contained in document L/5818, part (C). Those proposals could perhaps be the modalities on the basis of which developed and developing countries could negotiate concessions. Developing countries should have the means to participate in the negotiations, something which had not happened in the Tokyo Round nor in previous negotiations. Developing countries were willing to discuss in the negotiations the question of the GSP. However, for some of these countries who were not major beneficiaries of GSP schemes, the GSP was a sort of compensation for whatever wrongs were done in other areas through quantitative restrictions and other measures not in conformity with GATT. With reference to the GATT system, he said that Part IV had even ceased to be a best endeavours clause. The question to be addressed, therefore, was how to elevate Part IV to a higher status, so that it could serve as a basis to develop a stable and durable relationship between the

developing and developed countries in GATT. Pakistan had supported the idea of Part IV consultations. The problems that those consultations had brought to the surface had to be addressed in any set up of negotiations. Paragraph 7(iv) of the 1982 Ministerial Declaration related to the effective implementation of GATT rules concerning developing countries. In a system based on a balance of retaliation, how could countries without the power to retaliate be assured the fulfilment of their rights under the system? The developing countries' problems should be addressed, not as a kind of special dispensation but in the context of the general GATT problems. For instance, the safeguard system of Article XIX was based on the balance of retaliation but what could countries without that power do in GATT? This was a golden opportunity to develop a comprehensive safeguards system which would take care of everyone's problems. Similarly, the problems of developing countries had to be addressed in the context of the problems of agriculture where everybody knew that the developing countries could not become involved in the subsidies war. In addressing the problems of the developing countries, contracting parties should not think in terms of special dispensations but focus on the hard core problems in the real crucial areas. The exercise on agriculture, for instance, should have a broader focus. With respect to agriculture, Pakistan an exporter of cotton and rice was not affected by the problem of subsidies but also by the problem of export credits.

The representative of Switzerland said that the question of special and differential treatment for developing countries in the general framework of the GATT was too important to be disposed of in a few sketchy remarks or general statements. In answer to the question raised by Jamaica, he said that in the general plan of negotiation submitted by his delegation, this particular topic would fit under the negotiations items or tasks that had been called improving the balance of rights and obligations. The integration of developing countries in the GATT system might require improving Part IV and the Enabling Clause to make their provisions more effective. Many other subject matters for negotiations such as the MTN Codes, rules of origin, agriculture, textiles, etc. were linked to special and differential treatment for developing and least-developed countries. Other problems of interest to developing countries came under a whole set of normative items with respect to, for instance, technical cooperation, training activities, etc. The integration of developing countries in the GATT system should take place through a more intensive participation in defining and implementing GATT rules.

The representative of Egypt said that this was an important subject for developing countries. These delegations wanted first to listen to the views of the proponents of the idea of the new round with regard to the treatment of developing countries. Furthermore, certain expressions being used in these discussions were not easy to comprehend. For example, what was meant by the reference to dynamic elements in the relationship between developed and developing countries, what was meant by evolutionary process in the respective obligations of developed and developing countries, what was meant by the expression full integration of the developed and developing countries

in the GATT system, what was the meaning of the expression a better balance between developed and developing countries? All these elements and their impact on the future work and the possible new round of negotiations should be understood. He recognized that some developed countries had been positive on the question of special and differential treatment for developing countries. This was an important subject which needed to be dealt with in detail and he would come back to it at the right time.

The representative of India said that his delegation would like to know how the developed world looked upon special and differential treatment for developing countries in the context of the new round of negotiations that they had proposed. After listening to the various statements carefully, the answer to this question was not yet very clear to his delegation. Its own views had been carefully stated in document L/5818. He had been somewhat reassured by the statement that the United States did not intend to rewrite Part IV. But at the same time, he was a little intrigued by the United States' observation that the asymmetry lay in the eye of the beholder. The asymmetry between developed and developing countries was not a matter of such subjective perception. It was an objective reality. It had been recognized in the provisions of the GATT itself. He also did not understand the meaning of expressions such as "dynamic, intelligent interpretation", "progress in the integration of the developing contracting parties", etc. In his opinion, the question of the contribution to be made by the developing contracting parties was to be decided by them on the basis of their own autonomous assessment of their development, financial and trade needs. It was not a matter to be dictated to them by others. This was the basic principle that had been enshrined in the recognition of the special and differential treatment in the GATT, in Part IV as well as in the Enabling Clause. It was for the developing contracting parties, as their economies progressed, to decide to take more obligations. Many developing countries, including India, had been engaged in a process of autonomous trade liberalization consistent with their requirements and their capacity and had not waited for anyone to extract concessions from them in this regard. The trade policies of countries like India over the last decade gave ample proof of trade liberalization measures taken on the basis of autonomous perception of their own development, financial and trade needs. Therefore, there was no need to further complicate the issue or raise doubts by introducing new expressions capable of ambiguity and, maybe, even misleading to the listener. This issue should be clearly understood at the very beginning of any possible preparatory work for the negotiations. Otherwise it would be difficult for developing countries like India to look upon the negotiations as an exercise designed to make a constructive contribution to the welfare of all contracting parties. A simple proposal made in the Committee on Trade and Development in order to have a clear and objective assessment of the effective implementation of Part IV commitments had unfortunately not been accepted. The definition of measures for the effective implementation of special and differential treatment in favour of developing countries was an essential preliminary step of any possible negotiations. With reference to the GSTP negotiations he said that all the contracting parties participating in the GSTP exercise were fully aware of the obligations and commitments contained in the Enabling Clause and would, in due course, discharge those obligations. The Group should revert to the topic of special and differential treatment for developing countries at the next meeting. Full knowledge of the views of delegations of major trading partners was necessary for commencing the preparatory work for the negotiations in a constructive atmosphere without any misunderstandings.

The representative of Thailand recalled the statement made at the Special Session of the CONTRACTING PARTIES. The principle of special and differential treatment for developing countries should form a cornerstone for the new round of multilateral trade negotiations and be applied to all areas of interest to developing countries including the new issues which may be discussed during the new round. In this respect he supported the last part of the statement made by Korea. Lastly, he supported the statement that would be made by Singapore on behalf of ASEAN.

The representative of Romania recalled that among the objectives of the round of negotiations he had mentioned the improvement of the economic position of developing countries, adequate consideration of their trade interests and implementation of the special and differential treatment provisions which were part of the present set of GATT rules. Whatever the approach adopted for the new round of negotiations, the interaction of trade questions and monetary matters including in particular the foreign debt problem of developing countries were questions which should not be ignored.

The representative of Brazil reserved the right to revert to this matter at the next meeting of the Group. Egypt, India and other delegations had also indicated their intention to revert to this subject. Brazil would like to make a somewhat lengthy contribution to the debate at the next session.

The representative of Singapore said that ASEAN had repeatedly reminded the contracting parties of the need to ensure that the principle of special and differential treatment for developing countries would be strictly adhered to and observed by all developed contracting parties. The new round should not only reaffirm this principle but should ensure its effective implementation by developed contracting parties. He agreed with the representative of the European Communities that Part IV should not be reopened. In response to some other comments by the Communities' representatives he referred to GATT/1374, Prospects for International Trade, Chapter I, page 12 which states as follows: "In particular, the development of an increasingly diversified manufacturing sector in a number of developing economies became a dynamic source of export earnings which, in turn, resulted in the expansion of their imports".

The representative of Colombia recalled earlier discussions on the question of special and differential treatment for developing countries. The 1982 Ministerial Declaration had recommended that the Committee on Trade and Development carry out a series of consultations on Part IV of the General Agreement whose results had been disappointing. Up to now very little had been done for developing countries in practical terms. In spite of the provisions on special and differential treatment developing countries suffered from restrictions in textiles trade, encountered most of the grey area measures, were expected to enter into special commitments in connection with the Subsidies Codes, were deprived of GSP benefits, did not get derogations or waivers on agriculture, etc. Special and differential treatment in favour of developing countries was to be found nowhere. The new round had to take into account the special situation of developing countries and ensure to their economies concrete benefits and a fuller participation in world trade.

The Chairman said that the Group should return briefly to this item at the next meeting since a number of delegations had so requested. With reference to the time-table for the deliberations of the Group he proposed that the next meeting be held at GATT headquarters on 22 and 23 October, then 31 October and 1 November, then 4 and 8 November with a Council Meeting in between, and finally on 12 and 13 November a two-day meeting devoted to the adoption of the report.

The representative of Brazil proposed having two three day meetings instead of meeting on 4 and 8 November.

The Chairman noted that the Council would meet on 5, 6 and 7 November.

The representative of Brazil proposed that the Group meet on 30 and 31 October and 1 November without meeting on 4 November.

The Chairman said that the Group would meet on 30 and 31 October and 1 November and would not meet on 4 November. The following meeting on 8 November would start having a look at the report and if need be would go on with the report on 12 and 13 November.

The representative of India proposed keeping the meeting of 8 November in reserve rather than deciding on it.

The Chairman said that the Group had agreed to meet on 22, 23, 30 and 31 October and 1 November. These were firm dates. 8 November would be held in reserve. 12 and 13 November would be earmarked for adoption of the report. On 22 October at 10 a.m. the Group would return briefly to the topic discussed this afternoon, namely treatment of developing countries and then would move on to agriculture, safeguards, dispute settlement, textiles, etc.