

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 statements 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.

¹ These 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**

SENIOR OFFICIALS' GROUP

Record of Discussions

Discussions on 1 November (second part)

The Chairman invited delegations to make observations and comments related to the overview exercise, earlier agreed to by the Group. The aim was to try and draw up a kind of balance-sheet of the Group's discussion and see whether it was possible to reach some conclusions on the contents and modalities for the proposed new round of negotiations.

The representative of the United States recalled that the Special Session of the CONTRACTING PARTIES had established the Group for the purpose of holding discussions at a high level and submitting a report to the CONTRACTING PARTIES at their next regular session. It was clear from the discussions that the Group had not come to an agreement in all areas. However, the meetings had been useful and necessary. In terms of their submission in July, the United States had put forward the specific issues of initial interest to them and how they wanted these issues discussed. The United States' delegation had further clarified these issues in the meeting. In addition, the meeting had been useful in that the Group had gone through a wide variety of subjects that were clearly of interest to developing countries and even in these areas, the United States' position had been clarified. This process of clarification had been helpful and should assist delegations in better understanding the United States' views. With regard to standstill and rollback, the United States representative reiterated that his authorities recognized this as an important subject and as one that would have to be addressed in one form or another prior to the launching of the negotiations. In this context, he stated that the United States was firmly committed to the further liberalization and expansion of trade and was aware that this could not be done by moving backwards. On the other hand, the United States' perception was that there was no forward movement either and that discussions were focussed mainly on describing issues and reiterating old and known positions. The United States could go only so far before the next logical step - the establishment of the Preparatory Committee - after which it would be possible to consider solutions to the problems identified. It would then be up to individual contracting parties to determine whether the new round of negotiations was, for them, necessary or desirable or appropriate. If some contracting parties wanted more time to make up their minds on these issues, it was their choice. The United States had clearly stated that they recognised that for the new round negotiations to be a success, it would have to be in the commercial interests of all countries. The United States did not see international trade as a zero-sum game with winners and losers. Efforts were necessary to find results that all could agree on and regard as beneficial. This implied trade-offs and negotiations. Contracting parties were spending too much time on defining problems rather than negotiating them. The United States had indicated its willingness to work further on tropical products, despite the fact that the United States Government had already undertaken considerable liberalization in this area. With regard to textiles, though it was a difficult issue, the United States Government was trying its best

to hold off domestic protectionist pressures and move the system forward. On the safeguard issue, the representative recalled that the United States was prepared to take some kind of a decision even though some developed countries and a number of developing countries could not agree to such an approach. The United States' interest in agriculture - an area of concern for the majority of the developing countries - was well known. Under the circumstances the representative of the United States could not understand the hesitation of contracting parties in moving to the next logical step of preparing for negotiations. He felt that since consensus was not possible the Group's report should contain a clear expression of the views of all countries. Attempts to reach consensus was a function of the negotiations and the Group of Senior Officials was not a negotiating forum. It was for the Preparatory Committee to lay the basis for negotiations. Moreover, even after the negotiations were launched, contracting parties were free to participate or keep away. As far as the United States was concerned, the process of the new round had begun. The United States had made known the issues of its interest and concern and considered that the next step was to establish the Preparatory Committee to enable serious work to commence.

The representative of the European Communities stated that after having heard the discussions he had concluded that there had been no opposition to the idea of a new round of multilateral trade negotiations. He had also noted that there had been widely shared agreement on the general global objectives for the new round. As to the subject matter for the negotiations, he had observed that many subjects had had the concurrence of almost all the delegations, though at various levels of commitment. However, there were a few subjects on which important and serious reservations had been made by a number of delegations. The Group should take note of these convergences. In regard to modalities, a number of differences and diverging perceptions were seen to exist though there were also a number of points of agreement. He felt that in all these matters the secretariat should assist the Group in arriving at a clearer picture of the level of convergence. The representative felt that the Group had not been able to give sufficient attention to questions such as the timing, speed or calendar of the negotiations. A certain number of participants had shared perceptions and views in these areas. Others had reserved their comments for a later stage. Still others seemed not to have formulated their positions and views. The overall conclusion to be drawn from these facts was that contracting parties were in the process of preparation for the new round of negotiations - a process that had indeed been initiated with the decision taken by the CONTRACTING PARTIES at their Special Session in October. The purpose of the Group's discussions was to prepare for the decision on the establishment of the Preparatory Committee scheduled to be taken by the CONTRACTING PARTIES in November. Discussions in the Group were therefore to be seen as a useful transitional phase designed to smoothen the way for the establishment of the formal mechanism for the preparation of the negotiations.

The representative of Japan agreed that the discussions had been useful in the sense that his delegation had increased its understanding of the positions of other contracting parties. The Japanese delegation had also had the opportunity of clarifying Japan's position. He had noted that there had been very wide consensus on the new round of trade negotiations. As for modalities, there had been divergent views but these were only to be

expected during the early stages. The Japanese representative believed that the respective positions of individual contracting parties should be accommodated in the framework of discussions in the Preparatory Committee which should be established at the forthcoming Session of the CONTRACTING PARTIES. Japan was prepared to accommodate, to the extent possible, the concerns expressed by the developing countries and hoped that they, in return, would appreciate Japan's positions and concerns. The new round of negotiations was of vital importance for the functioning of the international trading system, the stagnation of which would be the ruin of developed and developing countries alike. In this context, Japan appealed to both groups of countries to understand and help each other.

The representative of Egypt stated that, looked at from the viewpoint of the developing countries, the prospects of meaningful results in the proposed new round of negotiations were indeed bleak. His feeling of disappointment had been further reinforced after hearing the statements made by the delegations of the major trading nations. The developing countries were being asked to join the negotiations with no assurances that any of their long-pending demands would be considered or met. None of the proposals made by the developing countries on a range of subjects such as agriculture or standstill and rollback, or special and differential treatment for developing countries had met with a positive response from their developed trading partners. Neither had the developed countries clarified the purpose and intent of the proposed new round which they were so keenly pursuing as their goal. Under the circumstances, the attitude of the developing countries to the proposed new round could only be a big question mark. The representative feared that there was not likely to be any improvement in future discussions of these issues.

The representative of Brazil considered that the discussions had shown a considerable degree of understanding among the developed and the developing contracting parties in respect to problems such as standstill and rollback. He had also noted a certain degree of understanding on the need for an agreement on safeguards based on the most-favoured-nation principle. He hoped that the comments by his delegation on the previous day would be taken into consideration by the secretariat in preparing the draft report. He stated that the day before the Brazilian delegation had left the meeting with a certain degree of satisfaction, but subsequent events and discussions had caused it to reconsider the situation and evaluate it afresh.

The representative of Chile said that he had participated in an interesting discussion. All contracting parties had made important contributions, although, perhaps, not always along the same lines. However, even as the opinions were sometimes conflicting, there were always possibilities to make progress. For that reason, he believed that all opinions had to be taken into consideration. The final decisions on these matters, including the subject matter for the proposed new round of discussions would have to be taken by the Preparatory Committee which had to be presented with the maximum number of options. No idea or proposal presented in the Group must be lost or ignored. It should be kept in mind that the mandate of the Group was simply to present a report to the CONTRACTING PARTIES. Chile believed that the substance of the report should be limited to a full and complete summing up of all that had been said to enable the Preparatory Committee to have at its disposal, all the available material.

The representative of Zaire thought that the nature of the discussions were such as to make it difficult to draw conclusions. He agreed with the representative of the Communities that all contracting parties, developed and developing, had expressed a desire to start negotiations in order to address the questions of their concern. There was a shared realization that international trade was going through a serious crisis and that there were problems to which appropriate solutions had to be found. On modalities, the representative had noted the existence of divergent views and this matter would require further serious and intensive consultations which should take into account the requirements of the developing countries and their proposal for a firm commitment on standstill and rollback. The representative expressed support for the statement made by the representative of Switzerland on behalf of the EFTA countries earlier on in the discussions. Further discussion was also required on the subject matter and the timing and calendar for the proposed negotiations. It should be remembered that the negotiating phase had not begun and that, in the Group, delegations were only presenting their perceptions as to the problems involved. Particular difficulties had been encountered on the question of services. It was clear that the majority of developing countries did not accept that the question of services be placed within the framework of the proposed new round of negotiations. An effort must be made to find consensus as only this would ensure success in the negotiations. On the other subjects, there had been nuances perhaps but no real difficulties because each country had tried to defend its national interest. There had also been a problem on the timing of the negotiations. Very few delegations had proposed exact dates. The United States delegation had referred to April 1986 and another delegation had spoken of the spring of 1986. This problem could also be solved within the framework of the Preparatory Committee. Regarding objectives, the representative noted that all delegations had spoken of trade liberalization and the need to resist protectionism. Developing countries had also indicated their specific positions and the overall thrust of their demands was also that they wanted liberalization. The establishment of the Preparatory Committee was, of course, dependent upon the decision of the CONTRACTING PARTIES. As to the Group's report, it was important to have a report which would enable the CONTRACTING PARTIES to take the required decision. The report should contain a chapter listing out in parallel form, the points of convergence along with the points of divergence. This would be a kind of table which would enable the CONTRACTING PARTIES to determine whether it was necessary for the Group to continue working in order to find compromise solutions or whether it was necessary to proceed to the next stage, i.e. the establishment of a Preparatory Committee. Such a presentation would facilitate the work of the CONTRACTING PARTIES.

The representative of India agreed with the representatives of the United States, the European Communities, and Japan that the discussions had been useful. An opportunity had been provided for a detailed exchange of views on respective positions and even though, at times, reactions had been cryptic or disappointing, the experience had been a valuable one. The representative noted that delegations were not in a process of negotiations. The attempt was rather to assess the pros and cons of the proposed negotiations. It was clear that individual countries would only come to a positive assessment if they concluded that the proposed negotiations would be worth their while. It was therefore, necessary to take a bird's-eye view of the situation. The representative of India proceeded to give his

assessment of the discussions, taking as examples responses and reactions received in respect of the several specific proposals tabled by the developing countries. On tropical products, he considered that no indication had come forward with respect to acceptance of the idea of a special and short timetable. He recalled that this was not the first time that the proposal had been advanced by the developing countries. On textiles, while difficulties were mentioned, there had not been any firm, positive response to the many suggestions put forward, including the full application of GATT rules at the margin in this sector. On quantitative restrictions and other non-tariff measures, the response had been equally disconcerting, fraught with the risk of GATT rules being adapted to legitimize measures and practices that were presently not in conformity with the General Agreement. On the matter of an agreement on safeguards based on the most-favoured-nation principle, responses were equally disappointing and uncertain. Even the most-favoured-nation principle was referred to as "negotiable" by some delegations. In regard to special and differential treatment, there had been no assurance that concrete measures would be taken to redeem previous commitments. On standstill, there had been some indications that the importance of such action was recognized but, in this context, the lack of implementation of previous commitments had to be kept in view. Specific action was required rather than a general affirmation of support. The situation in respect of rollback was the same. The representative of India stressed that the proposals of the developing countries in these areas were modest and realistic, taking into account the difficulties that these countries had faced over the years. In respect of the new topics proposed, he stated that he had found a great deal of enthusiasm for them in certain quarters and this was not surprising. The Group had spent a great deal of time discussing them. On the question of services, the representative of India limited his remarks to reiteration of the view which had engaged the time and attention of the Group disproportionately and contrary to the understanding governing the decision of the Special Session, that the subject was outside GATT's competence. One encouraging upshot of these discussions had been that the problem of exports of domestically prohibited goods had belatedly emerged as an area of concern to a number of contracting parties. Regarding procedures for launching the proposed negotiations, he said that the procedures of Article XXV of the General Agreement could not be made to apply in the case of the proposed new round as the new round sought to encompass subjects of a different genre from the previous rounds of negotiations held under GATT auspices. He awaited a response to this position from the proponents of the new round. He cautioned against too much enthusiasm in expediting the process and taking the existence of consensus for granted. He stressed that positive answers and a recognition of the basic concerns of the developing countries were needed for the broadening of consensus. In conclusion, he stated that the overall picture that had so far emerged was not a reassuring one for his delegation. He considered that the exercise must be continued further.

The representative of Switzerland stated that he had not expected from the Group more than it had achieved. He had envisaged the exercise as being one of clarification of issues through a meaningful dialogue. In this sense, the Group had been successful. He hoped that Switzerland's position on standstill had been taken note of as also the comments made by the delegation in respect of Article XXVIII of the General Agreement. The work conducted by the Group should be seen as confirmation that the solutions to

certain problems which had been under consideration in the GATT for many years could only be found through new negotiations. The representative believed that the time had come to proceed to the next stage of the work, namely the establishment of the Preparatory Committee which would deal with the subject matter, modalities and framework for a possible new round of negotiations. Referring to the statement made by the representative of India, he stated that the final answers to the questions and issues raised by him could only be found in the more formal framework of the Preparatory Committee and in the process of the negotiations themselves.

The representative of Argentina stated that he had both positive and negative feelings in regard to the discussions. The exchange of views had been useful. It had also highlighted the feelings of cordiality and respect among delegations. Contracting parties, both developed and developing, had a meeting of minds on several issues. There had also emerged a clear understanding of the interests of all concerned and an awareness of the fact that all must draw something from a GATT negotiation. There had also been a great deal of goodwill displayed in the discussions concerning the objectives for the proposed new round of negotiations. However, it had to be recognized that on issues such as modalities and subject matter, it had not been possible to achieve a common view as differing national interests were involved. The representative recalled that the Group was not a negotiating forum. However, he considered that it would be useful, in order to assist delegations in commencing the preparatory phase of the work, if some of the prior commitments sought by developing countries were to be taken seriously into consideration when the process of negotiation was reached. Contracting parties should reflect further on the various views and positions put forward with a view to moving together in the formal preparatory phase of the negotiating process.

The representative of Finland, speaking on behalf of the Nordic countries also considered that the debate had been very useful. The Nordic countries had not wanted to repeat their well-known views on general or specific questions such as those of standstill and rollback. As to the conclusions they had drawn from the debate, the representative stated that the Nordic countries had found the process of clarification useful as part of the preparatory process for the proposed new round. There had been a recognition of the need to continue the process started in the special Session of the CONTRACTING PARTIES without preconditions. It had also been felt that further work should be done in the more formal framework of a Preparatory Committee which would identify the subject matter to be negotiated and develop methods and procedures for negotiations with a view to launching the new round of multilateral trade negotiations as soon as possible. The Nordic countries had consistently advocated the view that this work should proceed without preconditions. This implied also that in the continuation of this work no areas should be excluded from discussion in the Preparatory Committee.

The representative of Korea stated that he had been impressed by the seriousness and sincerity of the discussions. He agreed that the exchange of views had been useful, particularly as all delegations had participated and made valuable contributions. This degree of participation had made him optimistic with respect to the future. The discussions had also highlighted a general convergence of views among developed and developing countries in

important areas. There were sharp differences of view between these two groups of countries on certain subjects and issues while on certain other issues such as agriculture, the lines had crossed. He had, for example, noted that on the subject of holding periodic meetings in GATT at Ministerial level, the delegations of Korea, New Zealand and Australia had taken the view that this was desirable while Brazil, India, the United States and Japan had advised caution. This notwithstanding, he had felt that a clear dichotomy of interests existed between the developed and the developing countries and a way would have to be found in the proposed new round of negotiations to bridge this gap. The representative noted that major differences existed on the subject matter for the proposed new round - especially on the question of including services - and on modalities. However, even in these areas the discussion had been useful in the elaboration of positions and the clarification of specific points of difference. This had made future work easier. The representative stressed that in future work the views and positions of "the silent majority" would also have to be taken into account.

The representative of Pakistan recalled that the Meeting of Senior Officials had been called not to discuss the idea of a new round of negotiations but to examine the objectives, the subject matter and the modalities for the proposed new round. He had expected that the proponents of the new round would take the opportunity to elaborate upon their ideas and proposals put forward in July this year. With some notable exceptions, the elaborations had been neither sufficient nor reassuring. The representative noted that there had been a convergence of sorts, at a general, almost rhetorical level, on the objectives of the proposed negotiations in the area of trade in goods. On the subject matter, he had only been able to see a wide divergence in positions. This applied both to the traditional subjects and to the new topics proposed for negotiation. Regarding modalities, he expressed concern at the trend of discussions on specific issues, particularly the question of standstill and rollback. Under the circumstances, it was not possible at this stage to clearly discern the nature or purpose of the proposed negotiations nor their appropriateness or value for the developing countries. He felt there was a need to proceed slowly and cautiously. The message for the developed countries' capitals was that the developing countries needed concrete and specific assurances to facilitate their whole-hearted participation in the proposed new round of trade negotiations.

The representative of Singapore, speaking on behalf of ASEAN, felt that the developing countries should move forward with confidence and see what they could make of the proposed new round of negotiations as it was always possible to change course if the problems of participation proved to be too burdensome. At this stage, however, it was important to move the process forward so that the very genuine and legitimate concerns of the developing countries could be squarely tackled in a more formal setting.

The representative of Spain felt contracting parties needed to avoid the pessimistic approach to the issues involved. He recalled that the stage of negotiations had not yet been reached and that, for the time being, delegations were only engaged in elaborating and clarifying positions. The Group's discussions had been helpful in this regard. The representative considered that differences were normal, or negotiations would not have been

necessary. It was important to proceed to these negotiations in a spirit of understanding and compromise. He hoped that it would be possible to establish the Preparatory Committee at the forthcoming Session of the CONTRACTING PARTIES in November with a view to putting the new round of negotiations firmly on the rails.

The Chairman adjourned the meeting after the conclusion of discussions on this topic.